



# Engineering Services



Annual Report  
2010-2011



  
The IL&FS Engineering House  
In Hyderabad, Andhra Pradesh

220 KV Transmission Lines for  
AP Transco in Kadapa, Andhra Pradesh



Asia's largest metering skid  
erected at Jamnagar, Gujarat in record time

Outer Ring Road In  
Hyderabad, Andhra Pradesh



Assam19 Road Project, Assam

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## Board of Directors

Ravi Parthasarthy  
Vimal Kishore Kaushik  
Ved Kumar Jain  
Anil Kumar Agarwal  
Arun K. Saha  
Karunakaran Ramchand

## Company Secretary

G. Venkateswar Reddy

## Auditors

S.R Batliboi & Associates  
Chartered Accountants  
Oval Office 18, I Labs Centre  
Hitech City, Madhapur  
Hyderabad - 500 081

## Bankers

Andhra Bank  
Allahabad Bank  
Bank of India  
Bank of Maharashtra  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
Punjab National Bank  
State Bank of Hyderabad  
State Bank of India  
Vijaya Bank

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### Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
No. 17-24, Vittalrao Nagar, Madhapur  
Hyderabad - 500 081  
Telephone No. 040 - 23420819/24  
Fax No. 040-23420814, Email : einwad.ris@karvy.com

### Registered Office

6-3-1186/1&2, IL&FS Engineering House  
Begumpet, Hyderabad - 500 016  
Tel. +91 40 40409333/23408100  
Fax No. +91 40 23401107 / 23418501  
Web site: www.ilfsengg.com

## NOTICE

**NOTICE** is hereby given that the Twenty-third **Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited** will be held on Tuesday the 13<sup>th</sup> day of September 2011 at 10.30 a.m. at KLN Prasad Auditorium, 3<sup>rd</sup> Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

### ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- (2) To appoint a Director in place of Mr. Arun K Saha, 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:

**“RESOLVED THAT** M/s S R Batliboi & Associates, Chartered Accountants, Institute of Chartered Accountants of India, Registration Number 101049W, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration as may be determined by the Board of Directors 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:

**“RESOLVED THAT** pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 and the order of the Hon’ble Company Law Board dated November 4, 2010, **Mr. Saleh Mohammed Binladin** be and is hereby appointed as a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company.”

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

**“RESOLVED THAT** pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 and the order of the Hon’ble Company Law Board dated November 4, 2010, **Mr. Mu’taz Sawwaf** be and is hereby appointed as a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company.”

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

**“RESOLVED THAT** pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 and the order of the Hon’ble Company Law Board dated November 4, 2010, **Mr. Akberali Mohamedali Moawalla** be and is

hereby appointed as a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company.”

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

**“RESOLVED THAT** pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 and the order of the Hon’ble Company Law Board dated November 4, 2010, **Mr. Ahmad Mohamad Dabbous** be and is hereby appointed as a Director of the Company, liable to retire by rotation, under the Articles of Association of the Company.”

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

**“RESOLVED THAT** the consent of the Members be and is hereby accorded to delete Clause No.12 in other objects of Memorandum of Association of the Company”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to take necessary steps including filing of various forms etc. with the statutory authorities”

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

**“RESOLVED THAT** pursuant to the recommendation of the Board of Directors (hereinafter referred to as the “Board” which term shall include any Committee(s) which the Board may constitute to exercise powers of the Board including the powers conferred by this resolution) and provisions of the Companies Act 1956 and to the provisions of Articles of Association of the Company and subject to the applicable regulations/ guidelines of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authority, as may be necessary and other statutory approvals, if any, the consent of the members of the Company be and is hereby accorded to the Board to issue and allot 15,00,000 (Fifteen Lakhs only) Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- (Rupees One hundred only) each aggregating to Rs.15,00,00,000/- (Rupees Fifteen Crore only) as Bonus Shares credited as fully paid-up by capitalisation of the Company’s Securities Premium Account, as may be considered necessary in proportion to One Bonus CRPS for every 16.67 existing fully paid up OCCRPS to such Members holding fully paid-up OCCRPS as per the Register of OCCRP Shareholders as on June 30, 2011, in such manner and terms and conditions as may be determined by the Board in accordance with applicable statutory provisions, rules and regulations”

**“RESOLVED FURTHER THAT** where the proportion of the new CRPS be allotted as Bonus Shares is not in the exact proportion of the holding of existing OCCRPS and results in any Member becoming entitled to a fraction of the new Shares to be allotted as Bonus Shares, any fraction 0.5 or above will be rounded off to next number and below 0.5 will be ignored”.

**“RESOLVED FURTHER THAT** the Bonus CRPS to be issued as fully paid CRPS are subject to the Memorandum and the Articles of Association of the Company”

**“RESOLVED FURTHER THAT** the Company be and hereby approves June 30, 2011 as the date for the issue of Bonus CRPS”

**“RESOLVED FURTHER THAT** Board be and is hereby authorized to finalise and arrange for the submission of any documents with any Government and Regulatory Authorities, Institutions or Bodies, as may be required and applicable, and all other related matters, as per applicable laws, regulations or guidelines for the time being applicable, authorise any Director or Directors of the Company or other Officer or Officers of the Company, including any power of attorney holder granted in this regard, to do such acts, deeds and things in connection with and incidental thereto, as the authorized person at his absolute discretion may deem fit and necessary or desirable in connection with the issue and allotment of the Bonus CRPS and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board, be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may at their sole discretion deem necessary, desirable or expedient to the issue and allotment of CRPS and to resolve and settle any question, difficulty or doubt that may arise in regard to any such issue, offer and allotment of Bonus CRPS, without being required to seek any further consent or approval of the shareholders”

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

**“RESOLVED THAT** pursuant to the recommendation of the Board of Directors (hereinafter referred to as the “Board” which term shall include any Committee(s) which the Board may constitute to exercise powers of the Board including the powers conferred by this resolution) and provisions of the Companies Act, 1956 and to the provisions of Articles of Association of the Company and subject to the applicable regulations/ guidelines of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authority, as may be necessary and other statutory approvals, if any, the consent of the members of the Company be and is hereby accorded to the Board to issue and allot 2,36,280 (Two Lakh Thirty Six Thousand Two

Hundred and Eighty only) Cumulative Redeemable Preference Shares (CRPS) of Rs. 100/- (Rupees One hundred only) each at par aggregating to Rs.2,36,28,000/- (Rupees Two Crore Thirty Six Lakh Twenty Eight Thousand only) as Bonus Shares credited as fully paid-up by capitalisation of the Company’s Securities Premium Account, as may be considered necessary in proportion to one Bonus CRPS for every 24.33 existing fully paid CRP Shares to such Members holding fully paid-up CRPS as per the Register of CRP Shareholders as on June 30, 2011, in such manner, terms and conditions as may be determined by the Board in accordance with applicable statutory provisions, rules and regulations”

**“RESOLVED FURTHER THAT** where the proportion of the new CRPS to be allotted as Bonus Shares is not in the exact proportion of the holding of existing CRPS and results in any Member becoming entitled to a fraction of the new shares to be allotted as Bonus Shares, any fraction 0.5 or above will be rounded off to next number and below 0.5 will be ignored”

**“RESOLVED FURTHER THAT** the Bonus Shares to be issued as fully paid shares are subject to the Memorandum and the Articles of Association of the Company”

**“RESOLVED FURTHER THAT** the Company be and hereby approves June 30, 2011 as the date for the issue of CRPS”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise and arrange for the submission of any documents with any Government and Regulatory Authorities, Institutions or Bodies, as may be required and applicable, decide terms and conditions of the CRPS, and all other related matters, as per applicable laws, regulations or guidelines for the time being applicable, authorise any Director or Directors of the Company or other Officer or Officers of the Company, including any power of attorney holder granted in this regard, to do such acts, deeds and things in connection with and incidental thereto, as the authorized person at his absolute discretion may deem fit and necessary or desirable in connection with the issue and allotment of the CRPS”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board, be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may at their sole discretion deem necessary, desirable or expedient to the issue and allotment of CRPS and to resolve and settle any question, difficulty or doubt that may arise in regard to any such issue, offer and allotment of CRPS, without being required to seek any further consent or approval of the shareholders”

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

Place : Hyderabad  
Date : August 8, 2011

**G. Venkateswar Reddy**  
Company Secretary

## 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) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
- (3) Details required under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting are incorporated in the Report on Corporate Governance forming part of this Annual Report.
- (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 11 a.m. and 5.00 p.m. on all working days prior to the date of the Annual General Meeting.
- (7) The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2011 to September 13, 2011 (both days inclusive) for the Annual General Meeting.
- (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, Plot No. 17-24 Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 in respect of their physical share folios, if any.
- (9) Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
- (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) 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.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956.

### Item Nos. 4 to 7:

In order to restore the capital base that was significantly impaired due to the provisioning/write off as a result of disruption in operations, and widen the operations of the Company in the interest of all stakeholders involved, the Company had inducted SBG Projects Investments Limited (“SBG”), Mauritius, a Saudi Binladin Group Company (a Group based in Jeddah, Kingdom of Saudi Arabia with a turnover of about USD 4.36 billion and having around 90,000 employees, including 6,830 professionals) as Strategic Investor, who effected an investment of over Rs. 300 Crores in the Share Capital of the Company. The foregoing was done after obtaining all statutory approvals required i.e., from Shareholders, Securities Exchange Board of India and Stock Exchanges etc.

Pursuant to the Shareholders’ Agreement with SBG, SBG had been provided the right to have four directors appointed on the Board. This right has been confirmed by the Hon’ble Company Law Board pursuant to the order dated November 4, 2010.

The proposal to induct four Nominees of SBG as Non-Executive Directors would not in any way tilt the balance of Management control in favour of SBG as the Company would continue to be professionally run by a management team, and would continue to be supervised on a day to day basis by the Directors nominated by IL&FS.

### Item No.8:

Reserve Bank of India (RBI) vide its letter No. No.FE.CO.FID.No.17789/10.21.167/2010-2011 dated January 24, 2011, provided its approval for the Open Offer for acquisition of upto 1,54,89,071 equity shares of the Company by SBG Projects Investments Ltd.

While providing the above approval, RBI had laid down a condition that the Company may delete the Clause 12 under the other objects of their Memorandum and Articles of Association by passing a resolution to the effect by the Board of Directors of the Company under advice to RBI.

The Clause No.12 in the other objects of the Memorandum of the Company reads as follows:

“12. To acquire by purchase, grant concession, lease or otherwise any lands, plantations, forests, timber, bamboo forests and woods of all kinds whether standing or otherwise, lumbering rights and privileges over lands situated in India or elsewhere, to raise, cultivate, produce crops, plantations, fruits, vegetables and all types of agricultural produce and to cut, sell, prepare for market and deal in all kinds and products of any such forests, timber & woods and lands & plantations.”

In the context of the Foreign Direct Investment by SBG Projects Investments Ltd., RBI had laid the above condition. The Company



had informed RBI that the same will be placed before the Shareholders in the forthcoming Annual General Meeting for their approval.

None of the Directors of your Company are concerned or interested in the said resolution.

Your directors commend the said resolution for your approval.

**Item Nos. 9 and 10 :**

Your Company was sanctioned with a Corporate Debt Restructuring Scheme during last Financial Year by Banks for various loans. One of the Components of restructured loans was Conversion of Term Loan of Rs.250 Crore and Funded Interest Term Loan of Rs.57.50 Crores into Optionally Convertible Cumulative Redeemable Preference Shares and Cumulative Redeemable Preference Shares respectively. The Master Restructuring Agreement executed with the Lenders states that " From April 01, 2010 till allotment of OCCRPS/CRPS no interest would be payable in cash. The return on the same would be cumulated along with the principal and the OCCRPS would be issued on the outstanding amount as on the date of issuance. The effective date of coupon calculation shall be April 01, 2010". The Company had allotted CRPS on December 06, 2010 and OCCRPS on March 31, 2011. Further, according to Reserve Bank of India's Circular dated May 18, 2011 non-payment of any return on preference shares make these investments into Non-Performing Investments which shall have a severe impact on the ongoing CDR implementation in the Company.

In view of the foregoing, to meet the above requirement, the Board of Directors of the Company have approved the issue of Bonus Preference Shares to the CDR Banks who are Preference Shareholders, as follows:

- (i) 15,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each as Bonus Shares to the existing Optionally Convertible Cumulative Redeemable Preference

Shareholders (OCCRPS) of the Company as on June 30, 2011 (being the record date) in the ratio of 1:16.67 (i.e. One fully paid Bonus CRPS of Rs.100/- each for every 16.67 OCCRPS held); and

- (ii) 2,36,280 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each as Bonus Shares to the existing Cumulative Redeemable Preference Shareholders of the Company as on June 30, 2011 (being the record date), in the ratio of 1:24.33 (i.e. One fully paid CRPS of Rs. 100 each for every 24.33 CRPS held).

The above bonus CRPS would carry a coupon rate of 6% per annum payable from the date of allotment till redemption. The bonus CRPS on OCCRPS would be redeemed in five tranches from 2012 to 2016 and the Bonus CRPS on CRPS would be redeemed on March 31, 2015. It is therefore proposed that a sum of Rs. 17,36,28,000/- standing to the credit of Company's Securities Premium Account as may be considered necessary be capitalized and transferred to the share capital account by issue and allotment of above CRPS of Rs. 100/- each as fully paid up by way of bonus CRPS to the preference shareholders of the Company whose names appear in the register of preference shareholders as on June 30, 2011.

The approval of the shareholders is being sought as per the provisions of the Articles of Association of the Company.

Accordingly, the Board recommends the resolution for approval.

None of the directors of your Company is, in any way, concerned or interested in this resolution.

By order of the Board

**For IL&FS Engineering and Construction Company Ltd.**

Place : Hyderabad  
Date : August 8, 2011

**G. Venkateswar Reddy**  
Company Secretary

## DIRECTORS' REPORT

The Shareholders

IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Twenty-Third Annual Report along with the Audited Accounts for the Financial Year ended March 31, 2011.

### FINANCIAL RESULTS:

(Rs. in Crores)

Particulars	2010-11	2009-10
Gross Income	1097.11	1003.96
(Loss) / Profit before Interest, Depreciation, exceptional items and Tax	10.8	(46.46)
Interest and Finance Charges	74.36	150.94
Depreciation	56.96	83.67
(Loss) / Profit before exceptional items, tax and Prior period items	(120.52)	(281.07)
Exceptional items (net)	129.08	39.48
(Loss) / Profit before Tax and Prior period items	8.56	(241.59)
Provision for Taxes	(6.07)	-
Less: Prior Period Expenses ( net)	11.72	8.05
(Loss) / Profit after Tax	2.91	(249.64)
Transfer ( from)/ to General Reserves	-	-
Paid up Equity Capital	77.37	58.85
Preference Share Capital	307.50	Nil
Share application money pending allotment	Nil	354.27
Reserves and Surplus - Net of Profit & Loss A/c debit balance	197.18	(145.41)
Net worth	582.05	268.04
Earnings per share (In Rupees)		
- Basic	(2.64)	(42.42)
- Diluted	(2.64)	(42.42)

Previous year's figures have been regrouped / rearranged to conform to those of the current year.

### DIVIDEND :

Due to the current financial conditions faced by the Company, your Directors express their inability to recommend any dividend to the Shareholders for the year.

### OVERVIEW:

During the year under review, the operations of your Company have been largely stabilized. Various new personnel were inducted in the top level management of the Company. The Company could successfully execute Master Restructuring Agreement (MRA) for restructuring of its existing debt, under Corporate Debt Restructuring (CDR) Scheme. Your Company could also successfully complete One Time Settlements with 5 other banks during the year. Your Company was able to induct Saudi Binladin Group (SBG) of Saudi Arabia as a Strategic Partner in the

Shareholders' Consortium. SBG Projects Investments Limited, a part of SBG, has executed a Shareholders' Agreement on June 19, 2010 for investment of 20% in the equity share capital of your Company i.e. Rs. 301.92 crores. The Promoters of your Company, namely Infrastructure Leasing and Financial Services Ltd. (IL&FS) had lent its brand name and the name of your Company had been changed from Maytas Infra Ltd., to IL&FS Engineering and Construction Company Ltd. SBG and IL&FS had completed Open Offer to acquire up to an additional 20% from the market as per SEBI (SAST) Regulations.

The Company has proposed to issue Bonus Preference Shares to existing Preference Shareholders. The Company also proposes to undertake Capital Restructuring Scheme to set off accumulated losses against the Securities Premium Account etc. so that going forward the Company would be able to declare dividend to the Shareholders as and when balance in profit and loss account is available in the Company.

With all these measures, your Company is now confident of undertaking and meeting future obligations.

### (1) Induction of SBG :

Your Company had approached the Hon'ble Company Law Board (CLB) for its permission to allow four nominee Directors of SBG Projects Investments Limited (SBG) on the Board of your Company. However, the Management Control of the Company was to remain with IL&FS Group and the IL&FS Group would also continue to hold a minimum of 26% share holding in the Company as per Order dated August 31, 2009 of the Hon'ble CLB. The Hon'ble CLB vide its Order dated November 4, 2010 has approved the appointment of four nominees of SBG on the Board of the Company and further advised, the nominee directors of Central Government, that they shall ensure that the Management Control of the Company rests solely with IL & FS and in case of any apprehension to the contrary they shall approach the CLB forthwith for appropriate directions.

### (2) Change of Name of the Company:

Your Company has been renamed as '**IL&FS Engineering and Construction Company Limited**' pursuant to completion of all formalities and process under the provisions of the Companies Act, 1956, and on receipt of Certificate of Incorporation dated January 7, 2011 issued by Registrar of Companies, Andhra Pradesh, Ministry of Corporate Affairs, Government of India. The Company had conducted the process of Postal Ballot pursuant to provisions of Section 192A of the Companies Act, 1956 ("the Act") for passing a Special Resolution under Section 21 of the Act, for change of name of the Company.

### (3) Capital :

#### (a) Increase in Authorised Capital of the Company and alteration of Memorandum

During the year under review, your Company has increased its Authorised Share Capital from Rs. 75,00,00,000/- (Rupees Seventy-Five Crore only) to Rs.500,00,00,000/- (Rupees Five hundred Crore only) at the Extra-Ordinary General Meeting of the Members held on July 19, 2010.

#### (b) Allotment of Shares to SBG Projects Investments Ltd.

Pursuant to the resolution of the Shareholders at the Extra Ordinary General Meeting held on July 19, 2010, the Board of Directors of the Company had allotted 1,54,59,133 equity shares of Rs. 10/- each at a premium of Rs. 185.30 per share

#### (c) Allotment of Shares to CDR Banks

During the year under review, your Company made allotments of shares to CDR Banks, pursuant to the MRA entered into with them, the details of which are follows:

- i) 30,60,086 equity shares of Rs.10/- each at a premium of Rs.177.89/-, were allotted on November 29, 2010.
- ii) 57,49,500 - 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each at par, were allotted on December 06, 2010. The CRPS are redeemable at par on March 31, 2015.
- iii) 2,50,00,000 - 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs.100/- each at face value, were allotted on March 31, 2011. Out of the 2,50,00,000 (Two Crore Fifty Lakhs) OCCRPS of Rs. 100/- each, allotted, 30% (i.e., 75,00,000 OCCRPS of Rs. 100/- each) shall be convertible into equity on September 30, 2012, if opted for, by the allottees. The price at which the same shall be converted will be determined as per the SEBI (ICDR) Regulations, 2009. Remaining 1,75,00,000 (One Crore Seventy Five Lakh) OCCRPS of Rs. 100/- each shall be redeemed in four tranches from 2013 to 2016.

#### (4) One Time Settlement with Banks (OTS):

The Company had completed OTS with certain Banks who were outside Corporate Debt Restructuring (CDR) Scheme. Accordingly, the Company successfully completed OTS Settlements with all Banks which were outside the purview of CDR Package.

#### OPEN OFFER:

SBG Projects Investments Ltd. ("SBG") along with Infrastructure Leasing and Financial Services Ltd. and IL&FS Financial Services Limited ("Acquirers"). made an Open Offer, for acquiring 20% stake from the Shareholders in the Company, at a price of Rs. 195.72/- per share, pursuant to and in compliance with Reg. 10 and 11(1) of the SEBI (SAST) Regulations, 1997. The said Open Offer had opened on March 30, 2011 and closed on April 18, 2011. The Acquirers had acquired 1,45,63,755 equity shares of Rs. 10/- each constituting 18.82% of the paidup capital of the Company in the open offer. Post Open Offer, IL&FS and SBG hold 34.56% and 32.39% respectively of Equity Share Capital of the Company.

#### FUTURE OUTLOOK:

The near-normalcy of the operations of the Company was restored by active and aggressive focus on both the acquisition of new orders and effective implementation of existing projects.

Your Company expects these efforts to bring-in complete normalcy in the current Financial Year and return to healthy operational situation. The overseas foray has also started to yield results with mandates coming in from both Saudi Arabia and UAE.

Your Company expects the contributions of these International

Operations to gradually increase and create a geographical diversification to enable the Company to address any flip in one local geography.

With the Open Offer having been completed, your Company expects the benefit of huge experience of SBG to propel the growth of Company to larger projects which would position the Company to less-competitive niche area environment.

#### RECOVERY OF INTER CORPORATE DEPOSITS (ICDs) :

During the year, your Company continued pursuing recovery of Inter Corporate Deposits (ICDs). Your Company is taking necessary steps to recover ICDs through available legal means.

#### FIXED DEPOSITS :

Your Company did not invite or accept deposits from the public during the year under review.

#### SUBSIDIARIES AND JOINT VENTURES:

A statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Subsidiaries together with financials thereof, forms part of the Annual Report. The following are the Subsidiaries of the Company:

##### (1) Maytas Infra Assets Limited (MIAL):

MIAL was incorporated in February 2008, as a wholly owned Subsidiary, to carry on the business of infrastructure projects and for consolidation of all investments made by your Company in BOT projects. Your Company has invested an amount of Rs. 0.05 crores in Equity and paid Rs. 17.46 Crores towards Share Application Money and reimbursement of expenses in MIAL till March 31, 2011. No projects were secured during the year. Out of this amount advanced, Rs. 11.08 Crores approximately has been considered as impaired as they are not represented by any realizable assets and therefore have been provided in full during the year

##### (2) Maytas Metro Limited (MML):

The Maytas/Navabharat/IL&FS/ITD lead consortium had technically qualified in the bids and won the financial bid by offering highest premium to the GoAP in July 2008. Subsequently, the Consortium had formed the "MML" as SPV in September 2008 to develop the Hyderabad Metro Rail Project on BOT basis and signed Concession Agreement with Government of Andhra Pradesh (GoAP) on September 19, 2008 for a period of 35 years of concession including the five years of construction period. The GoAP had cancelled the Concession Agreement on July 7, 2009 without giving any prior notice to the Company as per the terms and conditions of the Concession Agreement and invoked the security deposit of Rs. 60.00 Crores. The Writ Petition filed by MML in High Court of Andhra Pradesh is pending for adjudication. Your Company has invested an amount of Rs. 0.05 Crores towards the equity and arranged funds to the extent of Rs. 74.78 crores. The investment and the amount advanced aggregating to Rs. 74.83 Crores have been provided for fully during the previous year.

##### (3) Maytas Vasishta Varadhi Limited (MVVL) :

MVVL, a Subsidiary of your Company, was incorporated in April 2008 for executing the construction of bridge across Godavari River at Narasapur on BOT (Annuity) Basis, awarded

by Andhra Pradesh Road Development Corporation (APRDC). Your Company has invested an amount of Rs. 0.05 Crores towards the equity and Rs 2.70 Crores towards share application money and reimbursement of expenses till March 31, 2011. As the project could not be taken up by the Company post-Satyam developments, it had found out a partner M/s.Coastal Projects Ltd., to take up the project and made application to the State Government for approval of new partner. The Government of Andhra Pradesh approved the entry of M/s.Coastal Projects Ltd. However, when the Company filed application with the Government for extension of time, the Government of Andhra Pradesh unilaterally cancelled the Project and invoked the Bank Guarantee submitted by the Company. The Company contested the unilateral cancellation in the Court of Law and obtained stay order against invocation of Bank Guarantee by the Government. Currently, the matter is before the Hon'ble High Court of Andhra Pradesh for its adjudication.

#### **(4) Acquisition of new Subsidiaries :**

During the Year, your Company has acquired Angeerasa Green Fields Private Limited, Ekadanta Green Fields Private Limited and Saptaswara Agro-Farms Private Limited and they became wholly owned subsidiaries of your Company.

Further, your Company had also closed one of its subsidiaries namely, Maytas Mineral Resources Limited under Section 560 of the Companies Act, 1956, as the same could not carry on its stated objectives.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

The Consolidated Financial Statements of your Company, together with its Subsidiaries, Associates and Joint Venture Entities for the Financial Year ended March 31, 2011, prepared in accordance with the Accounting Standard 21, 23 and 27 notified by Companies (Accounting Standards) Rules, 2006, are attached herewith.

#### **DIRECTORS :**

During the year under review, there is no change in the composition of the Board of Directors of the Company. Mr Arun K Saha, Director and Chairman of the Executive Committee of the Board, retires by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible offers himself for re-appointment.

#### **DISCLOSURES UNDER SECTION 217(1)(D) OF THE COMPANIES ACT, 1956:**

Except as disclosed elsewhere in this report, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Section 217 (2AA) of the Companies Act, 1956 as amended in December 2000 requires the Board of Directors to provide a statement to the members of the Company in connection with maintenance of books, records and preparation of Annual Accounts in conformity with accepted accounting standards and past practices followed by the Company. Pursuant to the foregoing, and on the basis of representations received from operating management and after due enquiry, it is confirmed that :

- (1) in the preparation of the accounts for the Financial Year ended March 31, 2011, the applicable accounting standards have

been followed and that there are no material departures in the preparation of annual accounts;

- (2) the Directors have 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 as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) the Directors have prepared the accounts on a going concern basis.

#### **MANAGEMENT DISCUSSION AND ANALYSIS (MDA):**

A separate section titled "Management Discussion and Analysis" confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed hereto and forms part of this Annual Report.

#### **CORPORATE GOVERNANCE :**

A separate section titled "Report on Corporate Governance" including a certificate from the Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed hereto and forms part of this Annual Report.

#### **AUDITORS :**

The Statutory Auditors of the Company M/s S R Batliboi & Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting. M/s S R Batliboi & Associates, Chartered Accountants, being eligible, offer themselves for re-appointment and are proposed to be appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received letters from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1 B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

#### **Replies to the Audit Qualifications :**

- (1) Clause No.6 : Un-audited Financial Statements of two Joint Ventures:

Reply: Auditors have qualified their Report for the year ended March 31, 2011, stating that-

- i) One of the integrated Joint ventures has not prepared its financial statements. This qualification relates to Maytas SNC JV (presently known as SNC Power Corporation Limited) which could not produce its accounts before adoption of the accounts of the Company. Hence impact of Profit/(Loss) in the said Joint venture has not been considered in the Financial Statements.
- ii) The Company has included its share of loss of Rs. 0.11 Crore from an Integrated Joint Venture based on its Unaudited Financial Statements. This qualification relates to NCC Maytas JV (Pocharam) whose accounts were not

audited as on the date of adoption of accounts. Certified accounts provided by the Management of this JV were provided to the auditors based on which the Company's share of loss was considered in the Financial Statements.

**(2) Clause 7 - Recovery of Inter-Corporate Deposits :**

Reply : Prior to April 1, 2009 the erstwhile promoters had given inter Corporate Deposits aggregating to Rs.391.64 Crores to various companies. As at March 31, 2011, the outstanding balance of Inter Corporate Deposits to various companies aggregated to Rs 415.63 Crores [including Rs. 71.85 Crores to Maytas Properties Ltd (MPL)]. Of the foregoing, documentary evidences had been established that, for an amount of Rs 323.78 Crores, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Consolidated Statement of Assets and Liabilities as at March 31, 2011 as "Amounts Pending Investigation Suspense Account (Net) Rs. 1230.40 Crores ". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Accounts. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon. During the year, the qualification on ICDs has been restricted to the extent of Rs. 343.78 Crores in the Audit Reports in view of acquisition of MPL by IL & FS Group and the Company was confident of recovering ICD amount of Rs.71.85 Cr from MPL along with interest.

**(3) Clause (iii)(c) of Annexure to Audit Report – Loans granted to Companies :**

Reply : The maximum amount of Rs. 47.87 Crores pertains to an Inter Corporate Deposit given to Maytas Properties Limited in the Financial Year 2008-09 by the erstwhile Promoters. The Company ceased to be a Company to be covered in the Register maintained under Sec.301 of the Companies Act, 1956 with effect from September 29, 2009. The Company is confident of recovering the Inter Corporate Deposit along with interest in view of acquisition of Maytas Properties Limited by IL&FS Group as per the CLB order. Further, during the year the Company has accrued gross interest income of Rs.23.59 Crores on the said Inter Corporate Deposit.

**(4) Clause (ix)(a) – Delays in remittance of Statutory Dues :**

Reply : The Company in general has been regular in remitting the statutory dues in time. The Management has taken steps to avoid delays and as a matter of internal control also, statutory dues are being monitored for timely remittances. This is evidenced by change in the audit qualification from "serious delays" in the previous year to "delay in deposit of statutory dues have not been serious in the current year.

**(5) Clause (x) – Cash loss during the year and in the immediately preceding Financial Year :**

The Company has just come on to the revival path post unprecedented events in 2009, which led to heavy liquidity crunch effecting operations of the Company. Management has rejuvenated the operations in the projects and had negotiations with the Clients who terminated the projects for amicable settlement. Company has started bidding for new business both in India and abroad. The Company is confident

of the future business performance and growth based on the following :

- Healthy Order book
  - Restructuring of debt under the revised CDR package allowing additional credit facilities to the company
  - Strategic alliance with SBG Projects Investments Limited who was inducted as a promoter during the year which would help in developing our foreign operations
  - Critical support and guidance from Government appointed Independent Directors on the Board
- (6) Clause (xi) – Defaults in repayment of dues to banks which are not part of CDR :**

The Company has approached the CDR cell for Corporate Debt Restructuring and the Masters Restructuring Agreement (MRA) was signed in September 2010. Certain banks have opted out of the CDR package and the Management has negotiated with them for One Time Settlement (OTS). Accordingly, the Company negotiated with 5 banks and entered into OTS with them. With these OTS, no defaults in repayment of dues to Banks with whom OTS were arrived at, were outstanding at the end of the Financial Year under review

Delay in payment of interest to CDR Banks was mainly on account of negotiation and finalization of debt restructuring scheme in the first quarter of the Financial Year which was made good subsequently. In the last quarter, the Company made payment on due date only i.e. on March 31, 2011 but the Company's account was debited April 02, 2011 by banks subsequently.

**Replies to the Audit Qualifications – Consolidated Financial Statements:**

**1. Clause 3 – Representations from Auditors of Subsidiaries/ Joint Venture entities :**

Reply : Representation letters were sent by the Company to Auditors of Subsidiaries/Joint Venture entities but no response was received from the Auditors of those Subsidiaries/Joint Ventures. The Management has arranged for Audited Financial Statements in respect of these entities except as mentioned in the qualification mentioned under clause 5 (a) and (b).

**2. Clause 5 (a) – Unaudited Financial Statements of three Joint Ventures**

Reply : The Auditors have qualified their Report for the year ended March 31, 2011 stating that three of the Joint Ventures have been consolidated based on the Unaudited Financial Statements. The qualification relates to NCC Maytas JV (Pocharam), Gulbarga Airport Developers (P) Limited and Shimoga Airport Developers (P) Limited. Audited accounts of these JVs could not be received before adoption of accounts. Hence consolidation was done on the basis of accounts certified by the Management of these Investee Companies.

**3. Clause 5 (b) – Unaudited Financial Statements of three Joint Ventures**

Reply : The Auditors have qualified their Report for the year ended March 31, 2011 stating that the Company has

consolidated a jointly controlled entity based on the Audited Financial Statements as at and for the year ended March 31, 2010. This relates to Maytas SNC JV (SNC Power Corporation Limited) whose accounts were not made available as on the date of adoption of accounts. Hence the Company has consolidated based on the Audited Financial Statements as at and for the year ended March 31, 2010

4. Clause 6 - Recovery of Inter-Corporate Deposits :

Reply : Prior to April 1, 2009 the erstwhile promoters had given Inter Corporate Deposits aggregating to Rs.391.64 Crores to various Companies. As at March 31, 2011, the outstanding balance of Inter Corporate Deposits to various companies aggregated to Rs 415.63 Crores [including Rs. 71.85 Crores to Maytas Properties Ltd (MPL)]. Of the foregoing, documentary evidences had been established that, for an amount of Rs 323.78 Crores, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Consolidated Statement of Assets and Liabilities as at March 31, 2011 as "Amounts Pending Investigation Suspense Account (Net) Rs. 1230.40 Crores". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Accounts. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon. During the year, the qualification on ICDs has been restricted to the extent of Rs. 343.78 Crores in the Audit Reports in lieu of acquisition of MPL by IL & FS Group and the Company was confident of recovering ICD amount of Rs.71.85 Cr from MPL along with interest.

**EMPLOYEES :**

The relations with the employees have been cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company at all levels.

**PARTICULARS OF EMPLOYEES :**

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the Shareholders of the Company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The Members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

**ESOP 2007 and 2009**

Disclosure as required by Clause 12 of the Securities and Exchange Board of India ( Employee Stock Option Scheme and Stock Purchase Scheme), Guidelines, 1999, as amended, are as per the annexure enclosed

**Undertaking Pursuant to General Circular No: 2 /2011 No: 51/ 12/2007-CL-III**

The Company, hereby undertake to comply with the following:

- The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time.
- The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned.
- The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

**ENVIRONMENTAL POLICY :**

Your Company is committed to carrying out all its activities with requisite measures to protect the environment. Accordingly, your Company is committed by policy to not only abide by the prevailing legal requirements but also to have a futuristic approach in carrying out continuous improvement in this regard.

**DETAILS U/S 217(1)(e) OF THE COMPANIES ACT, 1956 :**

Particulars as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are as under :

**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.

**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.

**Foreign Exchange Earnings & Outgo :**

	(Rs. Crores)
Earned	NIL
Outgo	1.61

**ACKNOWLEDGMENTS :**

Your Directors place on record their gratitude to the Bankers, 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.**

Place : Hyderabad  
Date : August 8, 2011

**Ravi Parthasarathy**  
Chairman

## Annexure to Directors' Report

### Employee Stock Option Scheme (ESOS)

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2011 under the Employee Stock Option Scheme of the Company are as under:

#### (1) Summary of Status of ESOPs Granted :

The position of the existing schemes is summarized as under:

Sr. No	Particulars	ESOP Scheme 2007	ESOP Scheme 2009
1.	Details of the Meeting	Authorised by shareholders of the Company on March 30, 2007	Authorised by shareholders of the Company on November 9, 2009
2.	Approved	Upto 2% of Equity Share Capital of the Company	Upto 10% of Equity Share Capital of the Company
3.	The Pricing Formula	Exercise Price equal to IPO Price	Exercise Price equal to Market Price
4.	Options Granted	6,44,967	12,01,407
5.	Options Vested and in Force	42,978	2,42,476
6.	Options Exercised	856	0
7.	Options Forfeited / Surrendered	0	0
8.	Options Lapsed	5,82,714	2,99,193
9.	Total Number of Options in force as on March 31, 2011	61,397	9,02,214
10.	Variation in terms of ESOP	Not applicable	Not applicable
11.	Total number of shares arising as a result of exercise of options	856	0
12.	Money realised by exercise of options (Rs. in Lakhs)	3.32	0

ESOS 2008 granted on October 31, 2008 was not in operation as at March 31, 2011 because all the eligible Associates have left from their services, and therefore the same was extinguished.

#### (2) Employee-wise details of options granted during the Financial Year 2010 -11 to:

- Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year: - NIL
- Senior Managerial Personnel – ESOP 2007/ESOP 2009 - NIL
- Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - NIL

#### (3) Weighted average exercise price and Weighted average fair value of options granted during the year - No options granted during the year

#### (4) The stock-based compensation cost calculated as per the intrinsic value method for the Financial Year 2010 -11 is Rs.(0.47) Crores. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the Financial Statements for the year 2010-11 would be Rs. (0.41) Crore. The effect of adopting the fair value method on the net income and earnings per share is presented below

(Rs in Crores)

	2010 – 11 Amount Rs. Crore	2009 – 10 Amount Rs. Crore
(Loss) / Profit as reported	2.91	(249.64)
Add: Employee stock compensation under intrinsic value method	(0.47)	0.22
Less: Employee stock compensation under fair value method	(0.41)	(0.63)
Proforma profit	(17.98)	(250.05)
Earnings Per Share (Rs.)		
Basic		
- As reported	(2.64)	(42.42)
- Pro forma	(2.56)	(42.49)
Diluted		
- As reported	(2.64)	(42.42)
- Pro forma	(2.56)	(42.49)

- (5) Method and assumptions used to estimate the fair value of options granted during the year:  
The Company did not grant any options during the year.



# Management Discussion and Analysis

## (A) Economic Overview:

### – Indian Economy:

India continues to remain as one of the fastest growing economies of the world with a projected growth rate of 8-9%. The GDP growth rate for 2010 -11 recorded a growth of 8.2 percent, better than the 7.4 percent recorded for FY 2009-10.

### – Overview of Infrastructure Industry:

The construction industries turned in a satisfactory performance during 2010 -11. As against growth of 5.5 percent in 2009 - 10, the sector grew by 8.0 percent in 2010 -11.

The Infrastructure Industry continues to remain in spotlight. The Union Budgetary allocation for the FY 2011 -12 provides for an increase of 23% spend on year to year basis. The emphasis is on the need for accelerated development of high quality physical infrastructure such as roads, ports, airports and railways, which are essential for a sustained economic growth. In addition to this, the Govt of India has been pushing for growth of infrastructure on PPP model and thus creating opportunities for company like yours with the support of new promoters.

### – Global Economic Situation:

The economic situation across the globe during the past year continued to be a matter of concern. The huge stimulus packages announced by most of the developed economies halted the recession but could not achieve the desired results in most of the countries. The economic growth forecasted for 2011 in terms of world gross product is as 3.1% and for 2012 in the range of 3.5%. The recent development in terms of social unrest in many of the countries has focused most of the governments on to development and better quality of life for people and hence, we expect the growth of infrastructure space to be robust.

## (B) Opportunities:

The Eleventh Five Year Plan (2007-12) offers immense opportunities in the areas of infrastructure business:

### (1) Irrigation & Water:

- The recommended outlays for irrigation in State Plans total to Rs.1,821 Billion.
- The state sector Schemes, i.e. Acceleration Irrigation Benefit Program (AIBP) and others contribute to another Rs. 470 Billion.
- The total projected Gross Budgetary Support (GBS) for the Eleventh Plan for Ministry of Water Resources (MoWR) is Rs.325 Billion
- Eleventh plan aims to cover 100% of the urban population for drinking water, sanitation and waste management.

- The planning commission estimates total investments of Rs.234 Billion in water supply and sanitation sector over five years.

- Apart from Irrigation works in Andhra Pradesh, IL&FS Engg. is planning for taking new works in MP, Orissa, Gujarat and Chhattisgarh. Water sector has immense potential in India and abroad. IL&FS Engg. is planning to expand its capabilities to target major water pipeline works, Water treatment plants and STPs, Strategic Joint Ventures are being worked out.

### (2) Roads:

- NHAI is coming up with about 100 nos of bids of worth Rs 250 Billion in this year. Out of which ILFS and its subsidiaries is expected to bid at least 10 projects worth Rs 50 Billion.
- Various State Governments are also coming up with various Bids for developing State Highways worth of Rs.15 Billion.
- NHAI and other State Government's would call Bids for Expressways of 1000 km's to the tune of Rs.167 Billion.

### (3) Power:

- NTPC had already announced four power projects in the states of Karnataka, M.P., Orissa, whose total value is about Rs.324 Billions out of which civil works value expected to be Rs.130 Billions. Now Bids are being invited for these works.
- In order to bid for Balance of Plant (BOP) works in the Power Projects, we are discussing with Partners like UB Engineering, EMCO and SNC.
- Central and State Departments like PGCIL, AP Transco, KPTCL, BSEB, OSEB have plans to call for bids for construction of T&D Lines and Sub Stations worth Rs.500 Billion in the year 2011-12.
- Kenya Electricity Transmission Company limited (KETRACO) called for RFQ for development of HV transmission lines and associated Sub Stations in Kenya whose value is expected to be Rs.15 Billion. We submitted the RFQ in Joint venture with well noted EMCO Ltd, Mumbai.
- We are discussing with ABANGO, KOBRA, UNITECH, and EMCO for T&D works.
- Rajiv Gandhi Rural Electrification Plan to be continued during the total period of Eleventh Five Year Plan with a capital subsidy of Rs.280 Billion.
- Transmission capacity to grow from 16,550 MW to 37,150 MW by 2012.
- Govt. is promoting investment through JV with PGCIL using competitive bidding route.
- International Opportunities: There is huge potential of growth in different countries which are either Underdeveloped or Developing countries across the globe.

Your Company is making its best efforts to utilize the above opportunities.

**(4) Railways:**

- Metro Projects are being rolled out for execution in the cities like Delhi, Jaipur, Hyderabad, Chennai, Kolkata, and Bangalore and planned in cities like Pune, Ludhiana, Nagpur, Kochi etc.
- Further Dedicated Freight Corridor project has been announced whose total value is about Rs.500 Billion. ILFS Engineering is tying up with foreign partners like Matsui, Marubni, and SENZUI and is targeting to get a work of Rs 3000 Mn initially.
- We are discussing with private developers of Power plants, Ports, Logistics Ports, and Mining etc for Railway connectivity projects.
- We are discussing with MOSMETROSTROY, Shanghai Metro etc. for tie ups for underground Metro tunnel projects.

**(5) Buildings & Structures:**

- Various Government agencies like NBCC, ESIC, DSIC, State Housing Board, CPWD, MCD, and HSIIDC are coming up with various Building Projects.
- With impending economic recovery, the Corporate India is expected to go ahead with the planned capex which in turn will drive the demand for creation of commercial and industrial structures.
- There is large potential in private sector for construction of housing projects, high rise buildings, commercial complexes etc. ILFS Engineering is targeting worth of Rs.6000millions from private clients.

**(6) Oil & Gas:**

Both globally and in India importance of Oil & Gas field is only on the rise. With the crude prices being in the range of 100 USD a barrel and above all the Oil & Gas Companies are investing into major projects. Specifically in India both GAIL and GSPL have huge plans for Pipelines.

GSPL has obtained 3000 kms of Pipeline on BOOT basis and will be pushing those projects very aggressively in next couple of years. These projects will have outlay of at least Rs. 50 billion. GAIL investment plans also in the range of Rs. 50 Billion. In addition to Indian scenario, substantial work is coming into Oil & Gas field in Iraq which is in rebuilding phase. They plan to triple their Oil output in next 5 years. This will translate into USD 60 billion worth of work only in pipeline field. In addition, there is substantial storage facilities work which will come up due to huge trading volume in view of both high crude prices and political uncertainty in certain geographical regions which are Oil producing and Oil surplus. We expect spend of about USD 2

billion in storage capacity in India and Middle East and Africa region.

**(C) Performance during the year:**

During the year under review, your Company has been able to stop the trend of losses and has become marginally profitable, predominantly due to the relentless effort of the management of your company as well as that of Promoter Company. We have been able to recover some of the losses provided for earlier, make the One Time Settlement with banks and also made claims on on-going projects. The work force and the organization has been prepared to embrace the revival and also the multilocal operational situation that your company is now headed for. Subsequent to the entry of IL&FS as Promoter during September 2009, your Company has strengthened the human resources by reinforcing excellent skills in the areas of business development, estimation, engineering, planning and project execution to cater to the anticipated levels of growth. Your company is maintaining the accredited certification for Quality Management System through international certification body AQA USA. They had performed the audit at various sites as per their established protocols and recommended for continuance of certification of your organization. Empowered engineers have been deployed at all the sites to perform incoming, in-process and final inspection ensuring quality in compliance with the clients specification. Calibrated instruments having traceability to national / international standards are being used to achieve customer satisfaction, after audits of our selected projects and support functions, recommended your Company for recertification. This is certainly an achievement by its own standards and denotes commitment of the organisation towards delivering sustained international standards of quality in spite of stringent operational environment.

Details of Projects bagged during the FY 2010-11

	Description of the Project	Value
(a)	MoRTH- Widening to 2-laning of Longleng – Chantongya road, Mon-tamlu - Merankong road, Phek - Pfutsero road and Zunheboto – Chakhabama road in the state of Nagaland	11307 (Our Share Rs. 6969 Mn)
(b)	NHAI - Construction of 4-lane road for km 83.400 to km 111.000 of Maibong to Lumding Section of NH-54 in the State of Assam- (Contract Package No. EW-II AS-25 (Bal))	3726
(c)	Construction of multistoried high rise building of 120 m high (Tower QC <sub>2</sub> ) at Gujarat International Financial Tech City, Gandhinagar	2180
(d)	Construction of Modern Integrated Township "Hill County", Hyderabad	3900
(e)	KSA – Construction of correction facilities at Dammam (in JV with SBG)	1500

#### Details of Projects completed during the FY 2010-11

(Rs. Millions)

	Description of the Project	Value
(a)	MRTS-Phase-II-Extension from Velachery to St. Thomas Mont- Construction of Pile foundation and substructure and other miscellaneous works at Reach-I & Reach-II, Chennai	375
(b)	Provision of Married Accommodation for Major & Above for Army Personnel at Lucknow, Uttar Pradesh	836
(c)	Construction of Multistoried Building Complex at Air Force Station- Kanpur- Ors 10 Blocks (636 Flats), JCO's 1 Block (66 Flats), Kanpur	596
(d)	Cement Concrete (C.C) lining to Subarnarekha Main Canal from Rd 0 M to 23940 M and 26000 M to 31000 M including additional and balance works	3900

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

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

The Order book of the Company as on date is as below:

Sector	Orders on Hand (Rs. In Millions)
Irrigation.	54,279
Roads & Bridges	19869
Power	2076
Building & Structures	5376
Railways	3999
Maytas KSA	2475
Total	88074

#### Overall Financial Performance :

- Turnover: The Company has achieved a turnover of Rs 10450 Mn for the financial year as against Rs. 9554 Mn of the previous year.
- Profit after tax: Profit after tax is Rs. 29 Mn against Rs. (2496) Mn in 2009-10.
- Earnings per share: EPS has increased from Rs. (42.22) to Rs. (2.64) in 2010-11.
- Share Capital: With the infusion of SBG and allotment of shares to CDR Banks, the share capital of the company now stands at Rs 3849 Mn
- Net worth: During the year the Company's net worth increased from Rs. 2680 Mn to Rs. 5820 Mn in 2010-11.
- Debt: Your Company has been able to reduce the Debt of Rs 9000 Mn. to 8475 Mn. The details of the CDR scheme and the OTS have been furnished in the Notes to Accounts.
- Fixed Assets: The Company's fixed asset base (Gross Block) increased marginally from Rs. 5370 Mn to Rs. 5507 Mn in 2010-11.

#### (E) Outlook:

Your Company's effort of reinforcing strong work force have

commenced to show marginal results in form of new work orders from overseas and from domestic market. This new outlook and vision is expected to provide abundant scope for development. The Business Development activities have been started in the countries like Saudi Arabia, Qatar, Iraq and Africa to name a few. Your Company's actions to create initiate "Oil & Gas" vertical to tap into the vast opportunities in this sector have started showing result in form of an MOU for contract in UAE for construction of Oil Tank Farm.

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

The Indian infrastructure industry has tremendous scope for the future. In the current turbulent macro economic environment, the Company perceives following risks and concerns.

- Liquidity Position:** During the year, most of the halted projects have been revived and able to generate inflows, thereby providing movement to working capital cycle. During the year, the Company laid emphasis and put in place effective measures to collect the old dues from clients and has succeeded in doing so to some extent. The overall cash flow situation has improved during the year. However during the growth phase that the company is embarking on, much more liquidity will be required for which the management is aggressively working with banks & financial institutions.
- Changes in Government policies including change in tax structure:** While of late, Government policies are tending to be more stable than they were in the past, the Company does provide for such contingencies at the time of bidding if the attendant costs cannot be passed on to the customer through the contract itself.
- Price Inflation Risk:** Extraordinary fluctuations in the raw material prices have been witnessed over the last one year. The Company has a centralized purchase department to meet the requirements of all its projects and is therefore able to source large volumes at best price and terms.
- Slowdown in Government Spending:** Given the current size of the order book and the number of infrastructure projects that are in the pipeline, your Company is confident of maintaining the present levels of operations.

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

The Company has put in place adequate and effective internal control systems to ensure that all the assets and interests of the Company are safeguarded, transactions are authorised, recorded & reported properly, and reliability of accounting data and its accuracy are ensured with proper checks and balances. A renewed emphasis on Internal Audit process and in-house Governance policies has been the practice of the day. The Company has continued its efforts to align all its processes and controls with best practices and accordingly we have started the process of implementation of the best in class ERP system in your company

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

The Company has implemented several plans to attract and retain skilled manpower at all levels. The Company also implemented training programs for its employees to develop their both hard and soft skills required for their profession.

#### 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.

# 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

### (i) Composition:

As on March 31, 2011, the Board consisted of six Directors, of which two are the nominees appointed by the Ministry of Corporate Affairs, Government of India pursuant to the Order of the Hon'ble Company Law Board, dated August 31, 2009. The four Directors were nominated by Infrastructure Leasing and Financial Services Limited(IL&FS).

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 is a director. As required under Clause 49 of the Listing Agreement, necessary disclosures regarding committee positions have been made by the Directors.

### (ii) Board Meetings:

During the financial year 2010 – 2011, the Board met 10 times on the following dates. April 21, 2010, June 19, 2010, June 28, 2010, July 19, 2010, July 30, 2010, August 12, 2010, September 22, 2010, November 10, 2010, February 14, 2011, and March 11, 2011.

### (iii) Attendance, Directorships, Memberships/Chairmanships of Committees

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the period April 01, 2010 to March 31, 2011 along with the number of directorships and committee memberships held by them in other companies as on March 31, 2011 are given below.

The directorships in other companies exclude those held in private limited companies, associations, companies incorporated outside India and alternate directorships. The Chairmanship / Membership of the Committees include memberships of Audit and Shareholders' / Investors' Grievance Committees.

SL No.	Name of the Director	Category of Directorship	Attendance at Board Meetings		Number of Directorships in other public Companies	Number of Committee positions held in other public companies		Whether present at the Previous AGM
			Held	Attended		Chairman	Member	
1.	Mr. Ravi Parthasarathy	Non Executive Director	10	9	10	2	4	Yes
2.	Mr. Vimal Kishore Kaushik	Managing Director	10	9	6	0	0	Yes
3.	Mr. Ved Kumar Jain	Nominee Director	10	9	4	1	0	Yes
4.	Mr. Anil Kumar Agarwal	Nominee Director	10	10	2	0	0	Yes
5.	Mr. Arun K Saha	Non Executive Director	10	9	15	5	12	Yes
6.	Mr. Karunakaran Ramchand	Non Executive Director	10	6	14	1	5	No

### (iv) Directors' Compensation and Disclosures:

No sitting fee has been paid to Non-Executive Directors for attending Board Meeting or Meeting of any Committee held during the year. However reimbursement of actual travel and out of pocket expenses incurred for attending such Meetings have been made.

Remuneration paid to Managing Director is disclosed in the Notes on Accounts forming part of this Annual Report. Mr. Vimal Kishore Kaushik, Managing Director of the Company has been appointed for a period of 3 years with effect from January 08, 2010. He has been granted 30,047 stock options on March 23, 2010, 30%, 35%, 35% of which shall vest in the first, second and third years respectively from the date of grant. The vested options are exercisable within three years

from the date of vesting, subject to the vesting conditions stipulated under the Employees Stock Option Scheme 2009.

### Directors seeking appointment / re-appointment

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement are provided below

#### Mr. Arun K Saha

Mr Arun K Saha, Joint Managing Director and CEO, Infrastructure Leasing & Financial Services Limited (IL &FS), joined IL&FS as Assistant Vice President (Finance) in 1988 and later was entrusted additional responsibility as Company Secretary. He holds a Masters Degree in Commerce and is an Associate Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He was

appointed as Executive Director of the Company in February 1995 and was subsequently elevated as Deputy Managing Director in May 2006.

Directorships of Mr Arun Saha :

(I) Executive Chairman of:

- 1) IL&FS Securities Services Limited

(II) Joint Managing Director and CEO of:

- 2) Infrastructure Leasing & Financial Services Limited

(III) Director of Public Limited Companies:

- 3) IL&FS Engineering and Construction Company (formerly Maytas Infra Limited)
- 4) IL&FS Financial Services Limited
- 5) IL&FS Infrastructure Development Corporation Limited
- 6) IL&FS Investment Managers Limited
- 7) IL&FS Technologies Limited
- 8) IL&FS Transportation Networks Limited
- 9) IL&FS Trust Company Limited
- 10) ISSL Settlement and Transaction Services Limited
- 11) Maytas Properties Limited
- 12) ORIX Auto Infrastructure Services Limited
- 13) OAIS Auto Financial Services Limited
- 14) Noida Toll Bridge Company Limited
- 15) GVK Gautami Power Limited

(IV) Director of Private Limited Companies:

- 1) For-she Travels & Logistics Private Limited

(V) Director of Foreign Companies:

- 1) IL&FS Maritime Offshore Pte Limited
- 2) Elsamex S.A.
- 3) Instituto Técnico de la Vialidad Y del Transporte, S.A.
- 4) ITNL International Pte Ltd
- 5) Se7en Factor Corporation, Seychelles
- 6) IL&FS India Realty Fund II LLC, Mauritius

#### **Mr. Saleh Mohammed Bin Laden**

**Mr. Saleh Mohammed Binladen**, born in Jeddah, Saudi Arabia in 1956. He studied abroad in Lebanon, United States and got his Bachelor's degree in Business Administration from Bournemouth International College UK.

He is the Senior Vice President of the group Holding Company - Saudi Binladin Group and has direct responsibilities for the management of Portfolio of property related investment of the group. Additionally he is operationally responsible for several key Saudi Government initiatives such as the development of the Jizan Economic City, Emaar Economic City, and the development of the new Mega Airport project of Jeddah (King AbdulAziz International Airport-KAIA) He is the chairman of Huta Hegerfeld Saudi Arabia, which is one of the largest dredging company in the Middle East. He is also the Chairman of Construction Products holding company (CPC), a holding company with the concept of a "One Stop Shop" facility for all construction needs. Due to its success, similar concepts were developed in Egypt, Syria and UAE, with Algeria, Qatar and India in near future.

#### **Directorships of Saleh Mohammed Bin Laden**

- 1) Mohammed Binladen Co. of Real Estate.

- 2) Al Salem Group of Companies.
- 3) Makkah Co . for Construction & Development
- 4) Huta Hegerfeld Saudi Ltd. Co .
- 5) Arrow Co. for Food & Distribution.
- 6) International Food & Consumer Goods Co.
- 7) Jazan Economic City Co.
- 8) Knowledge Economic City Al-Madinah

#### **Executive President of**

- 9) Project Management & Development Co.

#### **Chairman of the Board**

- 10) Al-Khabeer Capital Co.
- 11) Construction Products Holding Co

#### **Mr. Mu'taz Sawwaf**

**Mr. Mu'taz Sawwaf** holds a graduate degree in Architectural Engineering from the American University of Beirut. In 1986, he entered into a management agreement with Saudi BinLaden Group to manage many of their most prestigious and honored Design & Build construction projects in Saudi Arabia and abroad. In 2005, he consolidated all factories that are owned by Saudi BinLaden Group and formed the Construction Products Holding Company, (CPC) a holding company with the concept of a "One Stop Shop" facility for all construction needs.

In 2006 he co-founded BINTEL, which is part of Saudi BinLaden Group, specializing in acquiring operating, and GSM licenses in Africa.

#### **Directorships of Mr. Mu'taz Sawwaf**

- 1) Roots Group Company - Saudi Arabia
- 2) CPC Holding Company- Saudi Arabia
- 3) MIMAR INVEST Company- Saudi Arabia
- 4) Byblos Bank Syria- Syria
- 5) United Food Services Company- Lebanon

#### **Mr. Akberali Mohamedali Moawalla**

**Mr. Akberali Mohamedali Moawalla, is the Managing Director** of Russell Wood Limited (RWL), RWL is a London Stock Exchange member and regulated by the UK Financial Services Authority (UK FSA). Mr. Moawalla holds an MBA degree from University of Massachusetts, USA. In his current role with Russell Wood Limited Mr. Moawalla is associated with the BinLaden Group as an advisor, covering diverse projects such as highway, airport and building construction.

#### **Directorships of Mr Akberali Mohamedali Moawalla:**

- 1) Russelwood Limited, UK
- 2) Russelwood Limited Holding, UK
- 3) Dar Al Istithmar, Dubai
- 4) Preferred Engineering Private Limited, India

#### **Mr. Ahmad Mohamad Dabbous**

**Mr. Ahmad Mohamad Dabbous**, is a Civil Engineer and holds a Lebanese Baccalaureate degree. He has more than 35 years of experience in construction industry. He is also a member of professional organizations like Member of Lebanese Order of Engineers and Architects and Member of Lebanese Order of Contractors – Classification No.1. He is associated with Saudi BinLaden Group (SBG) for the last 20 years and held various key positions. Earlier in his career, Mr. Ahmad Mohamad Dabbous was associated with Khalifa Algosaibi Group of Companies – Saudi Arabia for nearly 13 years.

### Directorships of Mr Ahmad Mohamad Dabbous:

- 1) Q Construction LLC, Abu Dhabi, UAE
- 2) Maytas Infra Saudi Arabia Co., Saudi Arabia
- 3) QD-SBG Constructions, Doha, Qatar

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

#### a) AUDIT COMMITTEE

##### Composition

The Audit Committee comprises of 3 Directors of whom, two are Non Executive Independent Directors (Government Nominee Directors). All the members are eminent persons with varied knowledge in their respective fields. The Chairman of the Committee Mr. Ved Kumar Jain, is the past President of the Institute of Chartered Accountants of India with vast knowledge and experience. Mr. Anil Kumar Agarwal is the past President of ASSOCHAM. He was also the council member of Institute of Chartered Accountants of India. Company Secretary is the Secretary of the Audit Committee.

The composition and terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Attendance at the meetings held during the period under review is stated below:

Seven Audit Committee meetings were held during the financial year 2010 - 2011 on the following dates: April 12, 2010, June 15, 2010, June 28, 2010, August 12, 2010, November 3, 2010, December 28, 2010 and February 14, 2011.

Sr No.	Name of the Member	No. of Meeting held	No. of Meeting attended
1	Mr Ved Kumar Jain	7	7
2	Mr Anil Kumar Agarwal	7	7
3	Mr. Arun K Saha	7	6

#### b) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

##### Composition

As on April 01, 2010, the Shareholders'/Investors' Grievance Committee (SIGC) comprised of 3 Directors namely, Mr Anil Kumar Agarwal, Mr Ved Kumar Jain, Mr Arun K Saha. The Committee was re-constituted at the Board Meeting held on June 28, 2010, due to the resignation of Mr. Arun K Saha, with effect from April 17, 2010. The reconstituted SIGC is chaired by Mr. Anil Kumar Agarwal and other members are Mr. Vimal Kishore Kaushik and Mr. Ved Kumar Jain. Company Secretary of the Company is the Compliance Officer.

##### Terms of reference

Terms of reference of SIGC are as per Clause 49 of the Listing Agreement, 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.

Attendance at the meetings held during the period under review is stated below:

Four SIGC meetings were held during the financial year 2010 - 2011 on the following dates: June 28, 2010, August 12, 2010, November 10, 2010 and February 14, 2011.

Sr No.	Name of the Member	No. of Meeting held	No. of Meeting attended
1	Mr Anil Kumar Agarwal	4	4
2	Mr Ved Kumar Jain	4	4
3	Mr. Vimal Kishore Kaushik*	3	3

\* Appointed at the Board Meeting held on June 28, 2010

During the year under review, the Company received 10 complaints and all the complaints were resolved to the satisfaction of the Investors.

#### c) REMUNERATION COMMITTEE

##### Composition

The Remuneration Committee comprises of Mr. Anil Kumar Agarwal, Mr. Ved Kumar Jain and Mr. Ravi Parthasarathy, all the members of the Committee are Non Executive Directors. The Chairman of the Committee Mr. Anil Kumar Agarwal is an Independent Director.

The terms of reference, powers, quorum and other matters in relation to the Remuneration Committee are as per Clause 49 of the Listing Agreement and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

No Remuneration Committee meetings were held during the financial year 2010 - 2011.

##### Remuneration Policy

##### Remuneration to Executive Directors

Remuneration to the Executive Directors comprises of Salary, Perquisites and performance related pay/incentive.

The Committee shall consider the following, while determining the remuneration to Executive Directors.

- financial position of the Company,
- prevailing trend in the industry,
- Qualification, experience and past performance of the person.

Remuneration paid to the Executive Directors is disclosed in the notes on accounts, which forms part of this report.

##### Remuneration to Non Executive Directors

The non-executive directors were not paid any sitting fee for Board Meetings or for Committee Meetings attended. However, actual travel and out of pocket expenses incurred for attending the meetings, were reimbursed. Other than the above, there is no other component of remuneration to Non Executive Directors.

#### 4. General Body Meetings

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

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

Financial Year	Date, Time and Venue	Special Resolution
2009-10	September 23, 2010, 11.00 A.M, KLN Prasad Auditorium, 3 <sup>rd</sup> Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004	<ul style="list-style-type: none"> <li>i. for appointment of Mr. Vimal Kishore Kaushik as the Managing Director of the Company for a period of three years, with effect from January 08, 2010, on such terms and conditions mentioned in the Notice.</li> <li>ii. for issue of equity shares , not exceeding 4,00,000 of Rs.10/- each, to CDR Banks at a price to be determined as per SEBI (ICDR) Regulations 2009.</li> <li>iii. for issue of 6% Cumulative Redeemable Preference shares, not exceeding 5,00,000 of Rs.100/- each, to CDR Banks.</li> </ul>
2008-09	November 09, 2009, 10.30 A.M. Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad-500073	<ul style="list-style-type: none"> <li>i. for the appointment of Mr. B Narasimha Rao as Whole time Director of the Company during the period January 30, 2009 to September 29, 2009, and for the payment of remuneration of Rs. 45,00,000 per annum.</li> <li>ii. for the appointment of Mr. G Venkateswar Reddy as Manager of the Company for a period of One year with effect from September 29, 2009.</li> <li>iii. for ratifying and/or approving the payment of Rs. 94,11,013/- made to Mr P.K. Madhav in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act for the Financial Year 2008-09, and waive the recovery of such excess remuneration, subject to the approval of Central Government.</li> <li>iv. for ratifying and/or approving the payment of Rs 92,95,758/- made to Mr CS Bansal in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act for the Financial Year 2008-09, and waive the recovery of such excess remuneration, subject to the approval of Central Government.</li> <li>v. for ratifying and/or approving the payment of Rs 80,876/- for the Financial Year 2008-09 and the payment of Rs 3,92,628/- for the period April 1, 2009 to September 29, 2009 made to Mr B Narasimha Rao in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act, and waive the recovery of such excess remuneration, subject to the approval of Central Government.</li> <li>vi. to issue and allot employees who are in permanent employment of the Company, including any Director of the existing or future holding/ subsidiary Companies, whether whole time or otherwise, options exercisable into not more than 10% of the paid up share capital of the company, i.e. 58,85,000 equity shares of the Company.</li> <li>vii. to issue and allot to employees of the holding company of the Company and to employees of the present and future subsidiary companies of the Company which include permanent employees, Directors (whether Whole-time or not, including Alternate Directors), to issue and allot Equity Shares of the Company ranking pari passu with existing equity shares of the Company, on such terms and conditions and to such employees as the Board may decide from time to time.</li> <li>viii. to ratify the variation in the utilization of the Initial Public Offer (IPO) proceeds, to the extent of Rs 105.40 Crores, by revising/ re-scheduling between the investments in associate companies and other project related investments and commitments in view of the competitive and dynamic nature of the business.</li> </ul>

Financial Year	Date, Time and Venue	Special Resolution
2007-08	September 08, 2008, 11.00 A.M, Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad-500073	<p>i. to issue and allot employees who are in permanent employment of the Company, including any Director of the existing or future holding/ subsidiary Companies, whether whole time or otherwise, options exercisable into not more than 3% of the paid up share capital of the company, i.e. 17,65,500 equity shares of the Company.</p> <p>ii. to issue and allot employees who are in permanent employment of the existing or future holding/ subsidiary Companies, including any Director of the existing or future holding/subsidiary Companies, whether whole time or otherwise, options exercisable into not more than 3% of the paid up share capital of the company, i.e. 17,65,500 equity shares of the Company.</p> <p>iii. for keeping the Register of members together with the Index of members, the copies of annual returns, the copies of certificates and documents required to be annexed with the annual return under Section 160/161 of the Companies Act, 1956 and/or any of the documents as required to be kept at the Registered office of the Company, at the office of Registrar and Transfer Agent of the Company, Karvy Computershare Private Limited, Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, pursuant to provisions of Section 163 of the Companies Act, 1956.</p>

**b) Resolutions passed by Postal Ballot:**

Pursuant to Section 21 and Section 192A of the Companies Act, 1956, a special resolution for change of Name of the Company from Maytas Infra Limited to IL&FS Engineering and Construction Company Limited, was approved by the Shareholders of the Company with 99.997% favourable votes (of the total valid votes cast).

**Voting pattern :**

Sr No.	Particulars	No. of Postal ballot forms	No. of Shares	% of Vote received
1.	Total postal ballot forms received	914	22031962	-
2.	Less: Invalid postal ballot forms	20	1250	-
3.	Net valid postal ballot forms	894	22030712	100.00
4.	Postal ballot forms with assent for the resolution	885	22030126	99.997
5.	Postal ballot forms with dissent for the resolution	9	586	0.003

**Person who conducted the postal ballot exercise**

Mr. S Sarveswar Reddy  
M/s S.S. REDDY & ASSOCIATES  
Practicing Company Secretary,  
Plot No.6-3-354/13, B2,  
Suryateja Apartments,  
Hindi Nagar, Panjagutta,  
Hyderabad - 500 034

**Procedure for postal ballot**

- The Board of Directors of the Company resolved to change the name of the company subject to name availability to "IL&FS Engineering and Construction Company Limited" in its meeting held on November 10, 2010.
- The Executive Committee of the Board of Directors of the company on November 22, 2010 has appointed M/s S.S. Reddy & Associates for conducting the postal ballot under Section 21 and 192A of the Companies Act, 1956.

- Upon the name was made available by ROC the Company has intimated to the Stock Exchange about the Board's decision to change of name of the company.
- The Company has completed on November 22, 2010, the dispatch of postal ballot forms along with postage prepaid business reply envelope to its Members whose name(s) appeared on the Register of Members / list of beneficiaries as on November 12, 2010.
- The Company has published notice in Business Standard and Surya Newspapers on December 2, 2010 regarding dispatch of postal ballot forms to the members of the company.
- Particulars of all the postal ballot forms received from the Members have been entered in a register separately maintained for the purpose.
- The postal ballot forms were kept under kept under the safe custody of the scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.



8. The ballot boxes were opened on 31.12.2010.
9. All postal ballot forms received up to the close of working hours on December 30, 2010, the last date and time fixed by the Company for receipt of the forms were considered for scrutiny.
10. No Envelopes containing postal ballot forms were received after 30.12.2010.
11. The postal ballot forms were duly opened in the presence of the scrutinizer.
12. The postal ballot forms were scrutinized and the shareholding was matched / confirmed with the Register of Members of the Company / list of beneficiaries.
13. The Scrutinizer handed over the postal ballot forms and other related papers / registers and records for safe custody to Mr. Vimal Kishore Kaushik, Managing Director, who was authorised by the Board to supervise the postal ballot process.
14. The Company accordingly declared the result of the voting by postal Ballot on 31.12.2010.
15. The necessary forms were filed with RoC immediately thereafter.
16. The RoC issued new Certificate of Incorporation consequent to change of name of the company on January 07, 2011.

**c) Extraordinary General Meetings (EGMs) :**

Venue, date and time of the Extraordinary General Meetings held during the preceding 3 years and special resolutions passed are as follows:

Date & Time	Venue	Special Resolution
July 19, 2010, 11.00 A.M	KLN Prasad Auditorium, 3 <sup>rd</sup> Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004	<ol style="list-style-type: none"> <li>i. for issue of 1,54,59,133 equity shares of Rs.10/- each on preferential basis to SBG Projects Investments Limited at a price of INR 195.30 per Equity Share, which price is not less than the floor price determined in accordance with the SEBI (ICDR) Regulations 2009, pursuant to Sec 81(1A) of the Companies Act, 1956.</li> <li>ii. for issue of equity shares to CDR Banks, not exceeding 28,20,000 of Rs.10/- each, at a price to be determined as per SEBI (ICDR) Regulations 2009.</li> <li>iii. for issue of 6% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) to CDR Banks, not exceeding 2,50,00,000 OCCRPS of Rs.100/- each, with an option to convert 30% of these Preference Shares into Equity Shares of the Company on September 30, 2012 subject to relevant provisions of SEBI (ICDR) Regulations 2009, in one or more tranches.</li> <li>iv. for issue of 6% Cumulative Redeemable Preference shares (CRPS) to CDR Bankers, not exceeding 55,00,000 CRPS of Rs.100/- each.</li> <li>v. to amend the present regulations of the Articles of Association of the Company, in order to incorporate the relevant provisions of the Shareholders Agreement dated June 19, 2010 executed amongst the Company, the promoters of the Company, and the Investor SBG Projects Investments Limited, pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956,</li> </ol>

**5. 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.
- (b) During the Year under review, there has not been any occasion of non-compliance by the Company, However, The composition of Board of Directors of the Company is in accordance with the Order of the Hon'ble Company Law Board dated August 31, 2009 .
- (c) The Company has established a well-documented Risk Management framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis.

(d) The details of Subsidiary Companies are disclosed in the Directors' Report.

**6. Means of Communication:**

- (a) Quarterly/Half Yearly/Yearly Results are published in leading English and Telugu Newspapers. The same are also placed on the Company's website [www.ilfsengg.com](http://www.ilfsengg.com).
- (b) Official news releases are displayed on the Company's website [www.ilfsengg.com](http://www.ilfsengg.com) Official Media Releases are 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, Corporate Governance Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report.
- (e) The Company has designated the cs@ilfsengg.com email-id exclusively for investor services.

#### 7. Management Discussion and Analysis (MDA) :

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

#### 8. Whistle Blower Policy :

The Company has an established mechanism for employees to report to the management concerns about unethical behaviour, 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.

#### 9. General Information to Shareholders :

- (a) Date, time and Venue of the 23<sup>rd</sup> Annual General Meeting :

Date : September 13, 2011  
 Time : 10.30 A.M.  
 Venue : KLN Prasad Auditorium, 3rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI 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 September 07, 2011 to September 13, 2011 (both days inclusive) for the purpose of 23<sup>rd</sup> Annual General Meeting.

- (c) Financial Calendar :

Financial year of the Company is 1st April to 31st March. The tentative calendar for consideration of financial results for the Financial Year 2011-12 is given below:

Particulars	Tentative Schedule
Results for quarter ending June 30, 2011	August 2011
Results for quarter ending Sept 30, 2011	November 2011
Results for quarter ending Dec 31, 2011	February 2012
Results for year ending March 31, 2012	May 2012

- (d) Listing on Stock Exchanges :

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

Stock Exchange	Scrip Code
The National Stock Exchange of India Limited (NSE), 5 <sup>th</sup> Floor, "Exchange Plaza", Bandra Kurla Complex, Bandra (E) Mumbai – 400 051.	IL&FSENGG
The Bombay Stock Exchange Limited (BSE), Department of Corporate Services, P.J.Towers, Dalal Street, Mumbai – 400 001.	532907

The Company has paid the listing fees payable to the BSE and NSE for the financial year 2011-12. The Company has paid Annual Custodial Fees for the year 2011-12 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 Clause 47 (c) of the Listing Agreement.

- (f) Prevention of Insider Trading :

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the company has instituted a comprehensive code of conduct for prohibition of Insider Trading in Company's shares.

- (g) Corporate Identity Number (CIN) :

CIN of the Company, allotted by Ministry of Corporate Affairs, Government of India is L45201AP1988PLC008624.

(h) Distribution of shareholding as on March 31, 2011:

Consolidated Distribution Schedule as on 31/03/2011

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5000	38531	95.08%	1864840	18648400	2.41%
5001 - 10000	773	1.91%	620575	6205750	0.80%
10001 - 20000	505	1.25%	774824	7748240	1.00%
20001 - 30000	171	0.42%	444779	4447790	0.58%
30001 - 40000	86	0.21%	308417	3084170	0.40%
40001 - 50000	94	0.23%	449829	4498290	0.58%
50001 - 100000	133	0.33%	1022806	10228060	1.32%
100001 & Above	231	0.57%	71883955	718839550	92.91%
<b>TOTAL</b>	<b>40524</b>	<b>100.00%</b>	<b>77370025</b>	<b>773700250</b>	<b>100.00%</b>

(i) Dematerialisation of shares and liquidity :

During the year the Company has issued 6% Cumulative Redeemable Preference Shares (CRPS) and 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) to various banks pursuant to the Master Reconstruction Agreement entered with Corporate Debt Restructuring banks. 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). 96.36% of equity shares have been dematerialized as on March 31, 2011. The distribution of shareholdings in category wise is as under:

Summary of Shareholding as on 31/03/2011

Category	No. of Holders	Total Shares	%	No. of Holders	Total Shares	%	No. of Holders	Total Shares	%
EQUITY SHARES OF RS. 10/- EACH ISIN: INE 369I01014				6% CRPS OF RS. 100/- EACH ISIN: INE369I04018			6% OCCRPS OF RS. 100/- EACH ISIN: INE369I03010		
PHYSICAL	17	2813406	3.64%	0	0	0.00%	0	0	0.00%
N S D L	28078	54846481	70.89%	9	5472000	95.17%	9	23648000	94.59%
C D S L	12429	19710138	25.47%	1	277500	4.83%	1	1352000	5.41%
<b>Total</b>	<b>40524</b>	<b>77370025</b>	<b>100.00 %</b>	<b>10</b>	<b>5749500</b>	<b>100.00%</b>	<b>10</b>	<b>25000000</b>	<b>100.00%</b>

(j) 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 number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

(k) Investor Safeguards :

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

(a) 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 Depository Participants (DPs).

(b) Encash Dividends in time

Encash your dividends promptly to avoid hassles of revalidation.

(c) 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.

(d) Confidentiality of Security Details

Do not hand over signed blank transfer deed / delivery instruction slips to any unknown person.

(e) 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 number, trade time, quantity, price and brokerage.

(l) Shareholding Pattern as on March 31, 2011:

Category	No. of Holders	Total Shares	% To Equity
PROMOTERS	1	13245250	17.12%
PROMOTER GROUP	3	8534374	11.03%
MUTUAL FUNDS	15	3395607	4.39%
FOREIGN INSTITUTIONAL INVESTORS	22	2681014	3.47%
BODIES CORPORATES	695	34906520	45.12%
NON RESIDENT INDIANS	303	273880	0.35%
BANKS	11	3061036	3.96%
RESIDENT INDIVIDUALS	37556	9423340	12.18%
CLEARING MEMBERS	57	106232	0.14%
INDIAN FINANCIAL INSTITUTIONS	1	20812	0.03%
TRUSTS	5	6577	0.01%
OVERSEAS CORPORATE BODIES	1	18	0.00%
<b>Total</b>	<b>40524</b>	<b>77370025</b>	<b>100.00%</b>

Promoters and Promoter Group as mentioned above is consisting of only (i) Infrastructure Leasing and Financial Services Limited (IL&FS); (ii) IL&FS Financial Services Limited (IFIN)

In terms of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) regulations, 1997, the following persons constitute "group" or "group companies" of IL&FS Engineering and Construction Company Ltd ("IECL"): (i) Infrastructure Leasing and Financial Services Limited (IL&FS); (ii) IL&FS Financial Services Limited (IFIN).

(m) Market Price Data:

Month	BSE		SENSEX		NSE		NIFTY	
	High Price	Low Price	High	Low	High Price	Low Price	High	Low
Apr-10	217.20	184.80	17793.01	16438.45	217.80	184.75	5399.65	5160.90
May-10	207.40	167.25	18047.86	17276.80	207.20	168.00	5278.70	4786.45
Jun-10	253.40	182.25	17536.86	15960.15	221.30	182.00	5366.75	4961.05
Jul-10	224.50	200.55	17919.62	16318.39	224.60	200.10	5477.50	5225.60
Aug-10	237.90	196.70	18237.56	17395.58	237.95	196.65	5549.80	5348.90
Sep-10	233.00	202.55	18475.27	17819.99	233.35	203.00	6073.50	5403.05
Oct-10	228.30	195.65	20267.98	18027.12	228.00	195.00	6284.10	5937.10
Nov-10	217.95	160.00	20854.55	19768.96	217.70	156.70	6338.50	5690.35
Dec-10	194.00	158.00	21108.64	18954.82	193.95	158.40	6147.30	5721.15
Jan-11	193.75	171.55	20552.03	19074.57	193.75	171.20	6181.05	5416.65
Feb-11	190.00	158.50	20664.80	18038.48	184.75	145.05	5599.25	5177.70
Mar-11	197.30	174.00	18690.97	17295.62	197.00	174.00	5872.00	5348.20

(n) Except as mentioned in point number (i) above, the Company has not issued any GDRs or ADRs or Warrants or Convertible Instruments.

(o) Compliance Certificate of the Auditors:

A Certificate from S.S. Reddy & Associates, Company Secretaries in Practice, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed hereinafter

(p) Registrar & Transfer Agents (RTA) :  
Karvy Computershare Private Limited,  
Plot no. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Telephone No. 040 - 23420819 to 24,  
Fax No. 040 – 23420814, Email ID: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

(q) Investor Correspondence:  
**Registered Office Address:**  
6-3-1186/1&2, IL&FS Engineering House  
Begumpet, Hyderabad - 500 016  
Tel. +91 40 40409333/23408100  
Fax No. +91 40 23401107 / 23418501  
Web site: [www.ilfsengg.com](http://www.ilfsengg.com)

**Company Secretary & Compliance Officer:**

Mr. G Venkateswar Reddy  
6-3-1186/1&2, IL&FS Engineering House  
Begumpet, Hyderabad - 500 016  
Tel. +91 40 40409333/23408100  
Fax No. +91 40 23401107 / 23418501  
E-mail id: [cs@ilfsengg.com](mailto:cs@ilfsengg.com)

**DECLARATION :**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the board members and senior managerial personnel of the Company have affirmed the compliance of Code of Conduct for the year ended March 31, 2011.

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## Certificate Regarding Compliance of Conditions of Corporate Governance

To,

The Members of IL&FS Engineering and Construction Company Limited

We have examined the compliance of conditions of Corporate Governance by IL&FS Engineering and Construction Company Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement signed with stock exchange(s)

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

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

i) Compliance in respect of composition of Board of Directors of the Company in terms Clause 49(1A) of the Listing Agreement.

However, it is noted that:

i) The Composition of Board of Directors of the Company is controlled and constituted by the Company Law Board vide Orders dated August 31, 2009

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

**For S S Reddy & Associates**  
Company Secretaries in Practice

Place: Hyderabad  
Date: 24.05.2011

**S. Sarweswara Reddy**  
CP No. 7478

**Auditors' Certificates as required under Clause 14 of  
the SEBI (Employees Stock Option  
Scheme & Employee Stock Purchase Scheme) Guidelines, 1999**

To  
The Board of Directors  
IL&FS Engineering and Construction Company Limited  
(Formerly known as Maytas Infra Limited)

Dear Sirs,

1. We have examined the compliance of the conditions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") for the year ended March 31, 2011 as stipulated in Clause 14 of the SEBI Guidelines in respect of Employees Stock Option Scheme, 2007 framed by IL&FS Engineering and Construction Company Limited ("the Company")
2. The compliance of conditions of SEBI Guidelines is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the SEBI Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company. Also we have not updated our procedures for events beyond March 31, 2011 and accordingly do not comment upon changes if any, beyond that date.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has implemented the above scheme in accordance with the SEBI Guidelines and the resolution passed by the Company in the general meeting held on March 30, 2007.

Yours faithfully,

**For S.R.Batliboi & Associates**  
Chartered Accountants  
Firm Registration No: 101049W

**per Vikas Kumar Pansari**  
Partner  
Membership No: 93649

Place: Hyderabad  
Date: May 25, 2011

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To  
The Board of Directors  
IL&FS Engineering and Construction Company Limited  
(Formerly known as Maytas Infra Limited)

Dear Sirs,

1. We have examined the compliance of the conditions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") for the year ended March 31, 2011 as stipulated in Clause 14 of the SEBI Guidelines in respect of Employees Stock Option Scheme, 2009 framed by IL&FS Engineering and Construction Company Limited ("the Company")
2. The compliance of conditions of SEBI Guidelines is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the SEBI Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company. Also we have not updated our procedures for events beyond March 31, 2011 and accordingly do not comment upon changes if any, beyond that date.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has implemented the above scheme in accordance with the SEBI Guidelines and the resolution passed by the Company in the general meeting held on November 9, 2009.

Yours faithfully,

**For S.R.Batliboi & Associates**  
Chartered Accountants  
Firm Registration No: 101049W

**per Vikas Kumar Pansari**  
Partner  
Membership No: 93649

Place: Hyderabad  
Date: May 25, 2011

## Auditors' Report

To

**The Members of IL&FS Engineering and Construction Company Limited**

**(Formerly known as Maytas Infra Limited)**

1. We have audited the attached Balance Sheet of IL&FS Engineering and Construction Company Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. The accompanying financial statements include the Company's share of profit (net) aggregating to Rs. 2.18 Crores (Losses for the year ended March 31, 2010 – Rs. 1.80 Crores) from Integrated Joint Ventures in which the Company is a co-venturer. The financial statements of these Joint Venture entities as at and for the year ended March 31, 2011 were audited by other auditors whose reports have been furnished to us. We have relied solely on the audit reports of other auditors in this regard.
5. Without qualifying our opinion, we invite your attention to Note no. 24 of Schedule 25 to the financial statements pertaining to remuneration paid by the Company to its directors, which was in excess of the limits specified under Schedule XIII of the Companies Act, 1956 by Rs. 1.87 Crores, Rs. 0.16 Crore and Rs. 0.48 Crore for the year ended March 31, 2009, March 31, 2010 and March 31, 2011 respectively. The approval in respect of the aforesaid is awaited from the central government.
6. As detailed in Note nos. 30(a)(i) and 30(a)(iii) of Schedule 25 to the financial statements:
  - a) *One of the Integrated Joint Ventures, where the Company is a co-venturer, namely Maytas SNC (JV), has not prepared its financial statements for the year ended March 31, 2011.*
  - b) *The accompanying financial statements include the Company's share of loss of Rs. 0.11 Crore from an Integrated Joint Venture, in which the Company is a co-venturer based on its unaudited financial statements.*

*The accompanying financial statements do not include the consequential impacts that may have been required had the audited financial statements of the joint ventures been made available.*

7. *As at March 31, 2011, the Company had certain Inter Corporate Deposits (ICDs) outstanding of Rs. 343.78 Crores (March 31, 2010 – Rs. 391.64 Crores). Management has represented that the Company has taken steps to recover the amounts and is of the opinion that all deposits are fully recoverable. Accordingly no adjustments have been made to the accompanying financial statements in respect of the same. Pending final outcome of the recovery process, we are unable to comment on the extent of recoverability of the aforesaid amounts. Our audit report on the financial statements for the year ended March 31, 2010 was also qualified in respect of the aforesaid matter.*
8. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i. *Except as discussed in paragraph 6 and 7 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;*
  - ii. *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;*
  - iii. *the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;*
  - iv. *Except as discussed in paragraph 6 and 7 above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*
  - v. *On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;*
  - vi. *In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and except to the extent of adjustments, if any, that may have been required on account of matters discussed in paragraphs 6 and 7 above, the cumulative effect of which on the financial statements is currently not ascertainable, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - a. *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;*
    - b. *in the case of the Profit and Loss Account, of the profit for the year ended on that date; and*
    - c. *in the case of Cash Flow Statement, of the cash flows for the year ended on that date.*

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

Firm registration number: 101049W  
Chartered Accountants

**per Vikas Kumar Pansari**

Partner

Membership No.:93649

Place : Mumbai

Date : May 25, 2011

## Annexure to the Auditors' Report

### Annexure referred to in paragraph 3 of our report of even date

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) The Company has conducted physical verification of assets as per the regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory in so far as such records were examined by us and no material discrepancies were noticed on physical verification which has been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 47.87 Crores, which was outstanding since previous year and the aggregate balance of loans as at March 31, 2011 was Rs. 47.87 Crores. However as at March 31, 2011, the company is not covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) *In respect of loans granted, repayment of the principal amount was not as stipulated and payment of interest has also not been regular.*
- (d) Based on our audit procedures and the information and explanation made available to us, in case where overdue amount is more than rupees one lakh, reasonable steps have been taken by the Company for recovery of the principal and interest.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses (iii)(f) and (iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the company in respect of these areas.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements entered during the year which are referred to in section 301 of the Companies Act, 1956 that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues *have not been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, 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, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. Crores)	Period to which the amount relates	Forum where dispute is pending
AP Valued Added Tax, 2005	Sales Tax and Penalty	0.65	2005-06, 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Valued Added Tax, 2005	Penalty	1.44	2007-08	Appellate Deputy Commissioner, Hyderabad
AP Valued Added Tax, 2005	Sales Tax	27.06	2007-08	High Court of Andhra Pradesh
Assam Value Added Tax, 2003	Sales Tax	0.05	2006-07	Deputy Commissioner of Taxes and Appeals, Guwahati
UP Trade Tax Act, 1948	Sales Tax	6.37	2007-08	Joint Commissioner of Commercial Taxes, Lucknow
Central Sales Tax Act, 1956	Penalty for Sales Tax	0.50	2002-03 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty for Sales Tax	0.70	2007-08	Appellate Deputy Commissioner, Chattisgarh
Finance Act, 1994	Service Tax	9.70	2007-08 and 2008-09	Office of 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, Bangalore

- (x) *Without considering the impact of our observations in paragraphs 6 and 7 of the main Audit Report, the effects of which are presently unascertainable, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has incurred cash loss during the year and in the immediately preceding financial year.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, there are no dues to debenture holders. There have been defaults in repayment of dues to the financial institutions and banks during the year, which have been subsequently settled by way of One time settlement (OTS) executed up to March 31, 2011 as disclosed in the note no. 9 of Schedule 25 to the financial statements.*

*The defaults for banks which are not part of OTS discussed above are:*

<i>Name of the Bank</i>	<i>Nature of dues</i>	<i>Amount (Rs. Crores)</i>	<i>Due Date</i>	<i>Date of Payment</i>
<i>Allahabad Bank</i>	<i>Interest</i>	<i>1.28</i>	<i>Various dates</i>	<i>27-Jul-2010 and 2-Apr-2011</i>
<i>Bank of Maharashtra</i>	<i>Interest</i>	<i>0.61</i>	<i>Various dates</i>	<i>27-Jul-2010 and 2-Apr-2011</i>
<i>Punjab National Bank</i>	<i>Interest</i>	<i>0.95</i>	<i>Various dates</i>	<i>27-Jul-2010 and 2-Apr-2011</i>
<i>State Bank of India</i>	<i>Interest</i>	<i>1.90</i>	<i>Various dates</i>	<i>27-Jul-2010 and 6-Apr-2011</i>
<i>Vijaya Bank</i>	<i>Interest</i>	<i>0.52</i>	<i>Various dates</i>	<i>27-Jul-2010 and 1-Apr-2011</i>
<i>Bank of India</i>	<i>Interest</i>	<i>0.23</i>	<i>Various dates</i>	<i>27-Jul-2010</i>
<i>ICICI Bank</i>	<i>Interest</i>	<i>2.41</i>	<i>Various dates</i>	<i>27-Jul-2010</i>
<i>IDBI Bank</i>	<i>Interest</i>	<i>0.93</i>	<i>Various dates</i>	<i>27-Jul-2010</i>
<i>Indian Overseas Bank</i>	<i>Interest</i>	<i>0.75</i>	<i>Various dates</i>	<i>27-Jul-2010</i>
<i>State Bank of Hyderabad</i>	<i>Interest</i>	<i>1.10</i>	<i>Various dates</i>	<i>27-Jul-2010</i>

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by Management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Firm registration number: 101049W

Chartered Accountants

**per Vikas Kumar Pansari**

Partner

Membership No.:93649

Place : Mumbai

Date : May 25, 2011

## Balance Sheet as at March 31, 2011

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

	Schedules	As at March 31, 2011		As at March 31, 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share capital	1	384.87		58.85	
Share application money pending allotment ( <i>Refer Note 7 (d) of Schedule 25</i> )		-		354.27	
Employee stock options outstanding	2	-		0.33	
Reserves and surplus	3	629.60	1,014.47	289.92	703.37
<b>Loan Funds</b>					
Secured loans	4	703.90		793.74	
Unsecured loans	5	143.56		106.34	
			847.46		900.08
			<b>1,861.93</b>		<b>1,603.45</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross block	6	550.65		537.00	
Less: Accumulated Depreciation		261.77		208.89	
Net block		288.88		328.11	
Capital work-in-progress including capital advances		7.04		7.25	
			295.92		335.36
<b>Intangible Assets</b>					
	7		-		-
<b>Investments</b>					
	8		158.37		36.65
<b>Current Assets, Loans and Advances</b>					
Inventories	9	244.34		153.97	
Sundry debtors	10	566.45		550.10	
Cash and bank balances	11	67.62		52.29	
Other current assets	12	45.80		33.53	
Loans and advances	13	689.40		587.92	
		<b>1,613.61</b>		<b>1,377.81</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current liabilities	14	555.00		517.02	
Provisions	15	83.39		64.68	
		<b>638.39</b>		<b>581.70</b>	
<b>Net Current Assets</b>			975.22		796.11
<b>Profit and loss account - Debit balance</b>			432.42		435.33
			<b>1,861.93</b>		<b>1,603.45</b>
<b>Notes to Accounts</b>	<b>25</b>				

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

### for S.R. BATLIBOI & ASSOCIATES

Firm Registration No. 101049W  
Chartered Accountants

### per Vikas Kumar Pansari

Partner  
Membership No. 93649

### for and on behalf of the Board of Directors of IL&FS Engineering and Construction Company Limited

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011

# Profit and Loss Account for the year ended March 31, 2011

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

	Schedules	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Income</b>			
Revenues	16	1,044.98	955.44
Other income	17	50.07	50.32
		<b>1,095.05</b>	<b>1,005.76</b>
<b>Expenditure</b>			
Decrease / (Increase) in Work-in-Progress	18	95.71	70.35
Material consumed	19	345.93	258.70
Personnel expenses	20	58.23	53.30
Contract expenses	21	545.73	634.27
Administrative and Selling expenses	22	40.72	33.80
Financial expenses	23	74.36	150.94
Depreciation/Amortisation (Refer Note 4 of Schedule 25)	6 & 7	56.96	83.67
		<b>1,217.64</b>	<b>1,285.03</b>
Add : Company's share in Profit/(Loss) of integrated Joint Ventures		<b>2.07</b>	<b>(1.80)</b>
<b>Loss before exceptional items, tax and prior period items</b>		<b>(120.52)</b>	<b>(281.07)</b>
Exceptional items (net)	24	129.08	39.48
<b>Profit / (Loss) before tax and prior period items</b>		<b>8.56</b>	<b>(241.59)</b>
Provision for taxation			
- Taxes for earlier years reversed		(6.07)	-
Total Tax Expenses		<b>(6.07)</b>	<b>-</b>
<b>Profit / (Loss) after tax and before prior period items</b>		<b>14.63</b>	<b>(241.59)</b>
Less : Prior period items (net) (net of tax Rs. Nil) (Refer Note 37 of Schedule 25)		<b>11.72</b>	<b>8.05</b>
<b>Profit / (Loss) after tax</b>		<b>2.91</b>	<b>(249.64)</b>
Add: Balance brought forward from previous year		(435.33)	(185.69)
<b>Deficit carried to Balance Sheet</b>		<b>(432.42)</b>	<b>(435.33)</b>
<b>Earnings per share (in Rupees)</b> (Refer Note 31 of Schedule 25)			
Basic		(2.64)	(42.42)
Diluted		(2.64)	(42.42)
Nominal value of shares		10.00	10.00
<b>Notes to Accounts</b>	25		

The schedules referred to above and notes to accounts form an integral part of Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

**for S.R. BATLIBOI & ASSOCIATES**

Firm Registration No. 101049W

Chartered Accountants

**per Vikas Kumar Pansari**

Partner

Membership No. 93649

**for and on behalf of the Board of Directors of**

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

**Vimal Kishore Kaushik**

Managing Director

**Arun K Saha**

Director

**Raju Kaul**

Chief Financial Officer

**G Venkateswar Reddy**

Company Secretary

Place : Mumbai

Date : May 25, 2011

## Cash flow statement for the year ended March 31, 2011

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

	For the year ended 2010 - 11	For the year ended 2009 - 10
<b>A. Cash flow from operating activities</b>		
<b>Profit / (Loss) before tax and prior period items</b>	8.56	(241.59)
Less : Prior period expenses - (net) (net of tax Rs. Nil)	(11.72)	(8.05)
<b>Adjustments for:</b>		
Company's share of loss / (profit) from integrated joint ventures	(2.07)	1.80
Depreciation / amortisation	56.96	83.67
Unrealised foreign exchange loss/(gain) - (net)	-	(19.24)
Unrealised foreign exchange loss on derivatives	-	1.12
Loss on derivative written back	(1.67)	-
Liabilities no longer required written back	(16.91)	(15.31)
Provision for retirement benefits	(0.17)	(1.61)
Interest income	(43.12)	(4.29)
Income from mutual funds	(1.57)	(0.78)
Loss on sale / discard of fixed assets (net)	1.59	2.02
Loss / (Profit) on settlement of projects	3.04	(6.59)
Interest expense	67.48	141.29
Employee stock compensation expenses	-	0.22
Provision for estimated losses	19.25	36.44
Provision for future loss on settlement of a contract	-	2.03
Provision for liquidated damages	5.15	4.19
Gain on transfer of investments	-	(265.00)
Gain on one time settlement with banks	(110.21)	(121.63)
Reversal of CDR interest	-	(21.04)
Reversal of payable to joint venture	(14.81)	-
Profit on sale of investments	-	(4.05)
Provision for diminution in value of long term investments	-	8.60
(Reversal) / Provision for performance bank guarantee invoked (net)	(16.41)	54.69
Fixed assets written off	1.31	-
Advances written off	0.30	109.05
Bad debts written off	1.60	52.70
Stock written off	1.68	9.67
Work-in-progress written off	17.11	70.68
Provision for doubtful debtors / advances / interest accrued on deposits (net)	24.87	66.85
<b>Operating loss before working capital changes</b>	<b>(9.76)</b>	<b>(64.16)</b>
Movements in working capital :		
(Increase) in sundry debtors	(36.50)	(130.84)
Decrease / (Increase) in inventories	(109.17)	44.90
Decrease / (Increase) in loans and advances	(22.34)	96.42
Decrease / (Increase) in other current assets	16.58	1.23
Increase in current liabilities and provisions	74.44	60.76
<b>Cash generated from / (used in) operations</b>	<b>(86.75)</b>	<b>8.31</b>
Direct taxes paid (net)	(10.70)	(21.00)
<b>Net cash used in operating activities (A)</b>	<b>(97.45)</b>	<b>(12.69)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(15.59)	(10.36)
Proceeds from sale of fixed assets	2.28	2.21
Purchase of Investments in associates	(0.10)	-
Investment in mutual funds (net)	28.68	(30.38)
Proceeds from sale of investments including share application money in associates and joint ventures	-	32.99
Purchase of investment in subsidiaries	(0.01)	-
Advance / share application money to subsidiaries	0.05	-
Advance towards share application money	(32.85)	(8.02)
Investment in Pass Through Certificates	(150.00)	-
Inter corporate deposits given	(23.99)	-
Proceeds from / Investment in short term deposits (net)	(3.07)	9.86
Interest received	4.99	3.80
Income from mutual funds received	1.57	0.78
<b>Net cash from / (used in) investing activities (B)</b>	<b>(188.09)</b>	<b>0.93</b>

## Cash flow statement for the year ended March 31, 2011

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

	For the year ended 2010 - 11	For the year ended 2009 - 10
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of share capital	301.93	-
Share issue expenses	(1.21)	-
Proceeds from long term borrowings	666.64	66.98
Contribution from Promoters	-	55.00
Short term borrowings (Net)	(23.53)	-
Repayment of long term borrowings	(586.21)	(90.07)
Interest paid	(59.82)	(20.20)
<b>Net cash from financing activities (C)</b>	<b>297.80</b>	<b>11.71</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>12.26</b>	<b>(0.05)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>20.23</b>	<b>15.18</b>
<b>Add : Cash and Bank balances acquired from Joint Ventures</b> <i>(Refer Note 30 on Schedule 25)</i>	<b>-</b>	<b>5.10</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32.49</b>	<b>20.23</b>

### Notes :

1. Reconciliation of Cash and Cash equivalents :

<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	0.18	0.26
With banks :		
- on current account	32.31	19.97
- on unpaid dividend accounts*	0.00	0.00
<b>Total Cash and cash equivalents</b>	<b>32.49</b>	<b>20.23</b>
Add :		
Fixed deposit accounts not considered as cash equivalents	7.86	7.53
Margin money deposits not considered as cash equivalents	27.27	24.53
<b>Cash and Bank balances as per Schedule 11</b>	<b>67.62</b>	<b>52.29</b>

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

2. During the previous year, certain investments (including share application money) in subsidiaries, associates and joint ventures were sold to Maytas Investment Trust for a total consideration of Rs. 575. The said transaction is considered as non cash transaction for the purpose of cash flow. (Refer Note 7(d) of Schedule 25)
3. During the year, allotment of shares has been made for the share application money of Rs. 354.27 to the CDR bankers as per the terms of Masters Restructuring Agreement. The said transaction is considered as non cash transaction for the purpose of cash flow. (Refer Note 7(d) of Schedule 25)
4. During the year, the Company has acquired three subsidiaries for Rs. 0.03. Consideration towards purchase of this investment is payable as at March 31, 2011.
5. During the year, the Company has converted Rs. 8.47 from short term loans to long term loans as per Masters Restructuring Agreement. This transaction is considered as non cash transaction for the purpose of cash flow.

As per our report of even date

### for S.R. BATLIBOI & ASSOCIATES

Firm Registration No. 101049W

Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No. 93649

### for and on behalf of the Board of Directors of IL&FS Engineering and Construction Company Limited

Vimal Kishore Kaushik  
Managing Director

Arun K Saha  
Director

Raju Kaul  
Chief Financial Officer

G Venkateswar Reddy  
Company Secretary

Place : Mumbai

Date : May 25, 2011

## Schedules to Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 1 : Share Capital</b>				
<i>(Refer Note 7 (d) and (f) of Schedule 25)</i>				
<b>Authorised</b>				
150,000,000 (March 31, 2010 : 75,000,000) equity shares of Rs. 10 each		150.00		75.00
35,000,000 (March 31, 2010 : Nil ) Preference shares of Rs. 100 each		350.00		-
		500.00		75.00
<b>Issued, subscribed and paid up</b>				
77,370,025 (March 31, 2010 : 58,850,856) equity shares of Rs. 10 each fully paid up		77.37		58.85
5,749,500 (March 31, 2010 : Nil ) 6% Cumulative Redeemable Preference shares of Rs. 100 each fully paid up		57.50		-
25,000,000 (March 31, 2010 : Nil ) 6% Optionally Convertible Cumulative Redeemable Preference shares of Rs. 100 each fully paid up		250.00		-
Notes :				
1. Of the above equity shares, 40,000,000 (March 31, 2010 : 40,000,000 ) equity shares of Rs. 10 each were allotted as fully paid bonus shares by capitalisation of General Reserve.				
2. Refer Note 18 of Schedule 25 for disclosure on Initial Public Offer and option on unissued share capital.				
3. Of the above equity shares, 3,060,036 equity shares of Rs. 10 each at Rs. 187.89 were allotted as fully paid up equity shares to the CDR bankers as per the terms of Masters Restructuring Agreement for consideration other than cash during the current year.				
4. 6% Cumulative Redeemable Preference shares of Rs. 100 each fully paid have been allotted on December 6, 2010 as per the terms of the Masters Restructuring Agreement entered with Bankers, date of redemption being March 31, 2015.				
5. 6% Optionally Convertible Cumulative Redeemable Preference shares of Rs. 100 each fully paid have been allotted on March 31, 2011 as per the terms of the Masters Restructuring Agreement entered with Bankers, earliest date of redemption being September 30, 2012.				
		<b>384.87</b>		<b>58.85</b>
<b>Schedule 2 : Employee Stock options outstanding</b>				
<i>(Refer Note 18 (b) of Schedule 25)</i>				
Employee stock options outstanding	0.47		0.47	
Less : Deferred Employee compensation cost	0.47		0.14	
		-		<b>0.33</b>
<b>Schedule 3 : Reserves and surplus</b>				
Securities Premium Account				
Balance as per last Balance Sheet	289.92		289.92	
Add : Received during the year	340.89		-	
Less : Utilisation towards share issue expenses (net of tax Rs. Nil)	1.21		-	
		629.60		289.92
		<b>629.60</b>		<b>289.92</b>

## Schedules to Balance Sheet

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

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 4 : Secured loans (Refer Note 7,9,10 &amp; 13 of Schedule 25)</b>		
From Banks		
Foreign currency loans [including Buyer's line Credit Rs. Nil (March 31,2010 : Rs. 2.83)] [Repayable within one year Rs. Nil (March 31, 2010 : Rs. 40.83)]	-	104.40
Term loan / Working capital term loan [net of offset / adjustment of Rs. Nil (March 31,2010 : Rs. 575) receivable from Maytas Investment Trust] [Repayable within one year Rs. Nil (March 31, 2010 : Rs. 219.95)]	452.82	340.75
Working Capital Loans [includes Rs. Nil (March 31, 2010: Rs. 46.60) not forming part of CDR]	249.53	304.60
Interest accrued and due	1.14	13.08
From others		
Term loans [Repayable within one year Rs. Nil (March 31, 2010 : Rs. 30.35)]	-	30.35
Vehicle loans [Repayable within one year Rs. 0.17 (March 31, 2010 : Rs. 0.35)] (Vehicle loans are secured by hypothecation of the vehicles)	0.41	0.35
Interest accrued and due	-	0.21
	<b>703.90</b>	<b>793.74</b>
<b>Schedule 5 : Unsecured loans (Refer Note 9 and 10(c) of Schedule 25)</b>		
From Banks	-	39.94
[Repayable within one year Rs. Nil (March 31, 2010 : Rs. 39.94)]		
Interest accrued and Due	-	7.75
From Others		
Term loans [Repayable within one year Rs. 85.11 (March 31, 2010:Rs. Nil)]	85.11	-
Promoter's Contribution (Refer Note 7 (c) of Schedule 25)	55.00	55.00
Finance lease obligation [Repayable within one year Rs. 0.28 (March 31, 2010 : Rs. 0.20)]	3.45	3.65
	<b>143.56</b>	<b>106.34</b>



## Schedules to Balance Sheet

### Schedule 6 : Fixed Assets

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

Description	Gross Block				Depreciation				Net Block	
	As at April 01, 2010	Additions during the year	Deletions during the year	Adjustments#	As at March 31, 2011	For the year	On deletions/adjustments	Adjustments#	As at March 31, 2011	As at March 31, 2010
Freehold Land	6.33	0.42	-	-	6.75	-	-	-	6.75	6.33
Buildings	0.17	-	-	-	0.17	0.00	-	-	0.17	0.17
Temporary erections - Site offices	23.07	4.19	1.00	-	26.26	1.30	1.01	-	22.78	0.58
Lease hold improvements *	4.04	0.14	-	-	4.18	0.41	-	-	1.70	2.75
Plant and machinery - Construction equipment ^	469.22	5.74	3.58	12.25	483.63	51.91	2.53	3.42	220.29	301.73
Site infrastructure	5.26	-	4.05	1.86	3.07	0.85	1.88	0.59	1.76	3.06
Office equipment	4.48	0.26	0.18	-	4.56	0.22	0.06	-	1.35	3.29
Tools and implements	5.14	0.25	1.22	-	4.17	0.27	1.23	-	4.06	0.12
Data processing equipments	6.16	0.26	0.18	-	6.24	0.90	0.08	-	3.90	3.08
Furniture and fixtures	3.51	0.35	0.22	-	3.64	0.25	0.13	-	2.13	1.50
Vehicles	9.62	0.58	2.22	-	7.98	4.12	1.17	-	3.80	4.18
<b>Grand Total</b>	<b>537.00</b>	<b>12.19</b>	<b>12.65</b>	<b>14.11</b>	<b>550.65</b>	<b>56.96</b>	<b>8.09</b>	<b>4.01</b>	<b>261.77</b>	<b>328.11</b>
<b>Previous Year</b>	<b>534.98</b>	<b>19.94</b>	<b>22.53</b>	<b>4.61</b>	<b>537.00</b>	<b>83.23</b>	<b>6.98</b>	<b>2.56</b>	<b>208.89</b>	<b>328.11</b>

Capital work-in-progress including capital advances [includes capital advances of Rs. 3.34 (March 31, 2010 : Rs. 5.93)]

# Adjustment for the year represents assets recapitalised on April 01, 2010, which were under Fixed Assets held for sale in the previous year.

\* Leasehold improvements represent fixtures taken on finance lease.

^ Plant and Machinery - Construction equipment

1. Plant and Machinery - Construction equipment (Gross Block) includes shuttering and scaffolding material Rs. 53.98 (March 31, 2010 : Rs. 45.77).

Net block value of this shuttering and scaffolding material is Rs. 18.67 (March 31, 2010 : Rs. 18.31)

2. Plant and Machinery - Construction equipment includes equipment given on Operating Lease (Refer Note 4 and 27 of Schedule 25)

Description	March 31, 2011	March 31, 2010
Gross book value	82.49	120.95
Accumulated depreciation	27.31	19.69
Depreciation for the year	12.73	20.13
Net book value	42.45	81.13

### Schedule 7 : Intangible Assets

Description	Gross Block			Amortisation			Net Block			
	As at April 01, 2010	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2011	For the year	On deletions/adjustments	Adjustments	As at March 31, 2011	As at March 31, 2010
Computer software	1.33	-	-	-	1.33	-	-	-	1.33	-
<b>Grand Total</b>	<b>1.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.33</b>	<b>-</b>
Previous Year	1.17	0.27	0.11	-	1.33	0.44	0.08	-	1.33	-

## Schedules to Balance Sheet

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

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
<b>Schedule 8 : Investments (Unquoted)</b>					
<i>(Refer Note 8, 22 and 30 of Schedule 25)</i>					
<b>Long term, Trade (At cost)</b>					
<b>I. In Equity shares (fully paid up)</b>					
1. KVK Power and Infrastructure Private Limited	10	4,000,000	4.00	4,000,000	4.00
Less : Provision for Diminution in value of investments			4.00		4.00
	<b>A</b>		-		-
<b>II. In Preference shares (fully paid up)</b>					
1. KVK Power and Infrastructure Private Limited	10	4,550,000	4.55	4,550,000	4.55
Less : Provision for Diminution in value of investments			4.55		4.55
	<b>B</b>		-		-
<b>III. In subsidiaries - Equity shares (fully paid up)</b>					
1. Maytas Infra Assets Limited	10	50,000	0.05	50,000	0.05
2. Maytas Mineral Resources Limited	10	-	-	50,000	0.05
3. Maytas Vasishta Varadhi Limited	10	50,000	0.05	50,000	0.05
4. Maytas Metro Limited	10	49,995	0.05	44,995	0.04
5. Angeerasa Greenfields Private Limited	100	1,000	0.01	-	-
6. Saptaswara Agro - Farms Private Limited	100	1,000	0.01	-	-
7. Ekadanta Greenfields Private Limited	100	1,000	0.01	-	-
			<b>0.18</b>		<b>0.19</b>
<b>Less : Provision for Diminution in value of investments</b>			0.05		0.09
	<b>C</b>		<b>0.13</b>		<b>0.10</b>
<b>IV. In Joint Ventures - in Equity shares (fully paid up)</b>					
1. Gulbarga Airport Developers Private Limited	10	3,700	0.00	3,700	0.00
2. Shimoga Airport Developers Private Limited	10	3,700	0.00	3,700	0.00
<b>in Association of Persons #</b>					
1. NEC - NCC - Maytas (JV)			1.05		1.26
2. Maytas SNC (JV)			0.10		0.10
3. NCC - Maytas (JV)			1.00		1.07
4. Maytas - CTR (JV)			2.23		1.60
5. NCC - Maytas - ZVS (JV)			2.06		2.14
	<b>D</b>		<b>6.44</b>		<b>6.17</b>
<b>V. In Associates</b>					
1. Maytas Properties Limited	<b>E</b>	100	10,000		-
<b>VI Pass Through Certificates - Maytas Investment Trust</b>					
	<b>F</b>		150.00		-
			<b>G = A+B+C+D+E+F</b>		<b>6.27</b>
<b>Current investments - Non Trade (in units)</b>					
<i>(At lower of cost and market value)</i>					
1. LIC MF Liquid Fund - Growth plan		560,413	1.00	18,051,774	30.38
2. SBI Liquid Fund		697,732	0.70		-
	<b>H</b>		<b>1.70</b>		<b>30.38</b>
Aggregate Net Asset Value as at March 31, 2011: Rs. 1.71					
(March 31, 2010 : Rs. 30.44)					
	<b>G + H</b>		<b>158.37</b>		<b>36.65</b>

# Includes Company's share of profit / (loss) in such entities.

## Schedules to Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 9 : Inventories (Refer Note 3 (h) of Schedule 25)</b>				
Materials		61.86		38.33
Work-in-progress		-		115.64
Amount due from customers (Project - Work-in-progress)		182.48		-
		<b>244.34</b>		<b>153.97</b>
<b>Schedule 10 : Sundry debtors (Unsecured, considered good except as otherwise stated) (Refer Note 21 of Schedule 25)</b>				
Debts outstanding for a period exceeding six months				
Considered good *	263.61		355.31	
Considered doubtful	33.71	297.32	1.54	356.85
Other debts				
Considered good #	302.84		194.79	
Considered doubtful	-	302.84	-	194.79
		600.16		551.64
Less : Provision for doubtful debts		33.71		1.54
		<b>566.45</b>		<b>550.10</b>
* includes retention money : Rs. 129.23 (March 31, 2010 : Rs. 112.58)				
# includes retention money : Rs. 31.38 (March 31, 2010 : Rs. 34.31)				
<b>Schedule 11 : Cash and bank balances</b>				
Cash on hand		0.18		0.26
Balances with scheduled banks				
- on current accounts		32.31		19.97
- on margin money deposits * (Refer Note 13 of Schedule 25)		27.27		24.53
- on deposits #		7.86		7.53
- on unpaid dividend account		0.00		0.00
		<b>67.62</b>		<b>52.29</b>
* lodged with authorities				
# under lien				

## Schedules to Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 12 : Other current assets (Unsecured, considered good except as otherwise stated)</b>				
Interest accrued on deposits and Others				
Considered good	41.16		1.64	
Considered doubtful	41.92		48.10	
		83.08		49.74
Claim for performance bank guarantee				
Considered good	-		19.60	
Considered doubtful	21.12		54.69	
		21.12		74.29
Fixed assets held for sale		0.69		11.36
Other Receivables				
Considered good	3.95		0.93	
Considered doubtful	0.24	4.19	-	0.93
		109.08		136.32
Less : Provision for doubtful Other Current Assets		63.28		102.79
		<b>45.80</b>		<b>33.53</b>
<b>Schedule 13 : Loans and advances (Unsecured, considered good except as otherwise stated) (Refer Note 12, 20 and 21 of Schedule 25)</b>				
Share Application Money to Subsidiaries				
Considered good	7.62		4.21	
Considered doubtful	11.08	18.70	21.26	25.47
Share / Debenture Application Money to Others		34.53		1.68
Advances to Subsidiaries				
Considered good	1.46		0.17	
Considered doubtful	-	1.46	4.60	4.77
Dues from Joint Ventures		17.39		13.01
Advances recoverable in cash or kind or for value to be received				
Considered good	84.24		70.93	
Considered doubtful	26.48	110.72	22.46	93.39
Inter corporate deposits *		415.63		391.64
Deposits - others				
Considered good	11.67		7.71	
Considered doubtful	0.47	12.14	0.47	8.18
Deferred revenue receivable		1.01		3.04
Sales tax deducted at source		5.34		5.70
Service tax credit receivable		2.07		2.95
Advance Income tax [Net of provision of Rs. 31.20 (March 31, 2010 : Rs. 41.10)]		108.44		86.88
		727.43		636.71
Less : Provision for Doubtful advances		38.03		48.79
		<b>689.40</b>		<b>587.92</b>

\* includes Rs. 50 due from subsidiary (March 31, 2010 : Rs. Nil)

## Schedules to Balance Sheet

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

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 14 : Current Liabilities</b>		
Sundry creditors		
a) total outstanding dues to Micro and Small Enterprises <i>(Refer Note 25 of Schedule 25)</i>	0.49	0.39
b) total outstanding dues of Creditors other than Micro and Small Enterprises	108.44	122.36
Dues to Joint Ventures	-	14.81
Advances from customers	50.15	66.65
Advance Billing	10.68	-
Mobilisation Advance	133.65	164.50
Unclaimed dividend (Investor Education and Protection Fund shall be credited as and when due)	0.00	0.00
Dues to Sub-Contractors	156.44	56.95
Security deposits payable	68.34	53.71
Interest accrued but not due	4.30	8.02
Other liabilities	22.51	29.63
	<b>555.00</b>	<b>517.02</b>
<b>Schedule 15 : Provisions</b>		
Estimated future loss on projects <i>(Refer Note 16 (a) of Schedule 25)</i>	62.92	44.28
Estimated loss on settlement of project <i>(Refer Note 16 (b) of Schedule 25)</i>	-	2.03
Liquidated Damages <i>(Refer Note 17 of Schedule 25)</i>	17.01	14.74
Fringe benefit tax [net of advance tax payments Rs. Nil (March 31, 2010 : Rs. Nil )]	-	0.00
Gratuity <i>(Refer Note 19 (b) of Schedule 25)</i>	1.92	1.76
Compensated absences	1.54	1.87
	<b>83.39</b>	<b>64.68</b>

## Schedules to Profit and Loss Account

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

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>Schedule 16 : Revenues</b>				
Revenue from contracts <i>(Refer Note 3 (c) and 30 of Schedule 25)</i>		1,017.29		910.59
Equipment hire charges		27.69		44.85
		<b>1,044.98</b>		<b>955.44</b>
<b>Schedule 17 : Other income</b>				
Interest on		4.69		3.17
Bank Deposits [TDS Rs. 0.03 (March 31, 2010 : Rs. 0.42)]				
Inter corporate Deposits and others [TDS Rs. 3.14 (March 31, 2010 : Rs. Nil)]		18.56		1.12
Income tax refunds		4.12		-
Gain on foreign currency fluctuation (Net)		-		18.92
Loss on Derivatives written back		1.67		-
Liabilities no longer required written back		11.56		15.31
Income from Mutual Funds (Non trade and current investment) <i>(Refer Note 22 (c) Schedule 25)</i>		1.57		0.78
Profit on settlement of projects (net)		-		6.59
Profit on sale of materials		-		0.20
Miscellaneous receipts		7.90		4.23
		<b>50.07</b>		<b>50.32</b>
<b>Schedule 18 : Decrease / (Increase) in Work-in-Progress</b>				
Opening work-in-progress	115.64		212.47	
Less : Work in progress written off	19.93		70.68	
Less : Adjustment on settlement of project	-		25.17	
Add : Work in progress acquired from Joint Ventures <i>(Refer Note 30 of Schedule 25)</i>	-	95.71	69.37	185.99
Closing work-in-progress		-		115.64
		<b>95.71</b>		<b>70.35</b>
<b>Schedule 19 : Material consumed</b>				
Opening stock		38.33		87.84
Add : Purchases		372.12		249.05
Add : Material acquired from Joint Ventures <i>(Refer Note 30 of Schedule 25)</i>		-		2.57
		410.45		339.46
Less : Stock written off		1.68		9.67
Less : Cost of material sold		0.98		32.76
		407.79		297.03
Less : Closing stock		61.86		38.33
		<b>345.93</b>		<b>258.70</b>
<b>Schedule 20 : Personnel expenses</b>				
Salaries, bonus and other allowances		52.01		46.66
Contribution to provident fund and others <i>(Refer Note 19 (a) of Schedule 25)</i>		2.51		2.61
Gratuity <i>(Refer Note 19 (b) of Schedule 25)</i>		0.40		0.04
Compensated absences		1.09		1.68
Superannuation		0.07		-
Staff welfare expenses		2.15		2.09
Employee stock compensation expenses		-		0.22
		<b>58.23</b>		<b>53.30</b>

## Schedules to Profit and Loss Account

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

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>Schedule 21 : Contract expenses</b>				
Site expenses		6.95		9.58
Subcontractor expenses		442.75		508.61
Hire Charges		7.26		6.66
Freight and transportation		7.03		3.92
Wages and benefits to workers		18.13		16.39
Insurance -Projects		2.90		2.52
Insurance - others		1.20		0.82
Power and fuel		0.99		1.18
Repairs and maintenance				
Plant and machinery		2.46		3.38
Buildings		0.09		0.10
Others		1.77		1.66
Sales tax		27.56		33.42
Service tax		2.24		3.37
Provision for estimated future losses (net)		19.25		36.44
Provision for future loss on settlement of project		-		2.03
Provision for liquidated damages (net)		5.15		4.19
		<b>545.73</b>		<b>634.27</b>
<b>Schedule 22 : Administrative and Selling expenses</b>				
Rent		6.37		6.01
Rates and taxes		2.85		5.11
Office maintenance		2.56		2.32
Communication expenses		1.52		1.37
Printing and stationery		0.86		0.68
Legal and professional charges		8.25		8.74
Tender expenses		0.24		0.09
Business promotion		0.53		0.43
Travelling and conveyance		6.99		4.17
Auditors' remuneration (Refer Note 36 of Schedule 25)		1.01		1.02
Membership and subscription		0.03		0.04
Staff recruitment expenses		0.13		0.08
Donations		-		0.02
Loss on settlement of a project		3.04		-
Loss on exchange fluctuation (Net)		3.51		-
Loss on derivatives		-		1.12
Loss on sale/discard of assets (Net)		1.59		2.02
Miscellaneous expenses		1.24		0.58
		<b>40.72</b>		<b>33.80</b>

## Schedules to Profit and Loss Account

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

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>Schedule 23 : Financial expenses</b>				
Interest on fixed period loans		43.39		75.48
Interest on others		24.09		65.81
Lease finance charges		0.40		0.43
Bank charges		6.48		9.22
		<b>74.36</b>		<b>150.94</b>
<b>Schedule 24 : Exceptional items (net)</b>				
Gain on transfer of investments <i>(Refer Note 7 (d) of Schedule 25)</i>		-		265.00
Gain on one time settlement with banks <i>(Refer Note 9 of Schedule 25)</i>		110.21		121.63
Reversal of CDR interest		-		21.04
Income from sale of long term investments		-		4.05
Interest - others [Tax deducted at Source Rs. 1.65 (March 31, 2010 Rs. Nil)]		15.75		-
Reversal of payable to Joint Venture <i>(Refer Note 30 (a) (ii) of Schedule 25)</i>		14.81		-
Compensation for idle machinery		13.43		-
Provision for diminution in value of long term investments		-		(8.60)
Reversal / (Provision) for Performance Bank Guarantee invoked	33.57		(54.69)	
Less : Written off during the year	17.16	16.41	-	(54.69)
Liabilities no longer required written back		5.34		-
Advances written off		(0.30)		(109.05)
Bad debts written off		(1.60)		(52.70)
Stock written off		(1.68)		(9.67)
Work in progress written off	(19.93)		(70.68)	
Add : Adjustment on settlement of a contract	2.82	(17.11)	-	(70.68)
Fixed assets written off		(1.31)		-
Provision for doubtful debtors/advances/interest accrued on deposits / other receivables (net)	(15.47)		(46.55)	
Add: Written off during the year	(9.40)	(24.87)	(20.30)	(66.85)
		<b>129.08</b>		<b>39.48</b>



## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

#### (1) **Change of Name and Registered Office:**

The name of the Company has been changed to IL&FS Engineering and Construction Company Limited from Maytas Infra Limited with effect from January 7, 2011. Also, the Company has shifted its Registered Office from 6-3-1186/5/A, 3rd Floor, Amogh Plaza, Begumpet, Hyderabad – 500 016 to 6-3-1186/1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016 with effect from April 21, 2011.

#### (2) **Nature of Operations:**

IL&FS Engineering and Construction Company Limited (the 'Company') is a Company registered under the Companies Act, 1956 providing infrastructure facilities. The Company is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports.

#### (3) **Statement of Significant Accounting Policies:**

##### (a) **Basis of Preparation:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except as discussed below.

##### (b) **Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

##### (c) **Change in Accounting Policies:**

###### Change in Revenue Recognition:

In the current year, the Company has changed its accounting policy for recognition of revenue in case of long term construction contracts with respect to the computation of percentage of completion method as this would result in more appropriate presentation of contract revenue. The stage of completion of the project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs wherein the percentage

of completion method in the previous year was determined on the basis of "Surveys performed".

Had the Company continued to use the earlier policy, the revenue for the year would have been lower by Rs. 171.79, the work in progress would have been lower by Rs. 146.56, the future loss provision would have been lower by Rs. 25.84 and profit after tax for the current year would have been higher by Rs. 0.61.

#### (d) **Revenue Recognition:**

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

- (i) Revenue from long term construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified by the Companies Accounting Standards Rules, 2006 (as amended). 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 "Current Liabilities" in the balance sheet. The revenue on account of claims is accounted for based on Management's estimate of the probability that such claims would be admitted either wholly or in part.
  - (ii) Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers.
  - (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
  - (iv) Dividend is recognised as and when the right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same are declared after the Balance Sheet date but pertains to period on or before the date of balance sheet.
- #### (e) **Fixed Assets and Depreciation:**
- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets 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.

- (ii) Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on straight line basis over the lease term or useful life, whichever is lower.
- (iv) Depreciation on fixed assets other than those mentioned in S No (v) below, is provided on straight line method, based on useful life of the assets as estimated by the Management which coincides with rates prescribed under Schedule XIV to the Companies Act, 1956.
- (v) Depreciation on the following fixed assets is provided on a straight-line basis, at the rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by Management:
  - Tools and implements are depreciated fully in the year of purchase.
  - Plant and Machinery – construction equipment at project sites consisting of shuttering /scaffolding material and equipments given on hire are depreciated over a period of six years. Plant and Machinery – construction equipment (other than earth moving equipments, shuttering/scaffolding material and equipments given on hire) are depreciated over a period of 15 years.
  - Temporary erections in the nature of site offices are depreciated over the period of the respective project.
  - Site infrastructure is depreciated over a period of six years.
- (vi) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

#### (f) **Intangible Assets - Computer 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.

#### (g) **Investments:**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long

term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

#### (h) **Inventories:**

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

#### (i) **Retirement and Other Employee Benefits:**

- (i) Retirement benefits in the form of provident fund, a defined contribution scheme is charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective authorities.
- (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.
- (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.
- (iv) Actuarial gains / losses are immediately taken to Profit and Loss Account and are not deferred.

#### (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 Company has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

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 realized.

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.

#### (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 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 is 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, 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 ignored.

#### (l) 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 charged directly against income. 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 over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains 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 Profit and Loss account on a straight-line basis over the lease term.

- **Where the Company is a Lessor:**

Assets under operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

#### (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 by the Companies Accounting Standards Rules, 2006 (as amended) as follows:

- **Jointly Controlled Operations:**

In respect of joint venture contracts which are executed under work sharing arrangements, the Company's

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

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 revenue has been recognized based on share of work certified by the 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 by Companies Accounting Standards Rules, 2006 (as amended) and Company’s share in profit/losses of the respective entities is recognized in the financial statements. The net investment in the joint ventures is reflected as investment or loans and advances. Company’s share in profits of the incorporated joint ventures is accounted when the dividends are declared by the respective joint venture companies.

(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 attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

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 period are adjusted for the effects of all dilutive potential equity shares.

(o) **Impairment:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(p) **Provisions:**

A provision is recognised when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation

in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) **Cash and Cash Equivalents:**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 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.

(4) **Changes in Estimates:**

**Change in Useful life of Fixed Assets:**

In the current year, based on technical estimates, the Company has re-estimated the useful lives for Plant and Machinery – construction equipment (other than earth moving equipments, shuttering/scaffolding material and equipments given on hire) and depreciated the written down value as on April 01, 2010 over the revised estimated balance life. The Management believes that such change will give a systematic basis of depreciation charge more representative of the time pattern in which the economic benefits will be derived from the use of such asset. The useful life has been re-estimated from 11 years to 15 years.

Had the Company continued to use the earlier basis of providing depreciation, the depreciation for the current year would have been higher by Rs. 6.65, profit after tax would have been lower by Rs. 6.65 and net block for the current year would have been lower by Rs. 6.65.

In the previous year, based on technical estimates, the Company had re-estimated the useful lives of certain category of Fixed Assets (given on hire) with effect from April 01, 2009. Had the Company continued to use the earlier basis of providing depreciation, the depreciation and loss for the previous year would have been lower by Rs. 6.48 and net block for the previous year would have been higher by Rs. 6.48.

(5) **Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1.72 (March 31, 2010: Rs. 0.95).

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

### (6) Contingent Liabilities not provided for:

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
(a)	Claims against the Company not acknowledged as debts	2.92	8.41
(b)	Outstanding bank guarantees (excluding performance obligations)	311.55	243.20
(c)	Guarantees issued by bankers, financial institutions on behalf of the Company towards performance obligations	618.12	616.56
(d)	Corporate Guarantees towards performance obligations of the Company	58.03	-
(e)	Direct and indirect taxes under dispute	43.29	60.04
(f)	Liquidated Damages	43.85	84.62
(g)	Preference Dividend (including dividend tax)	Refer Note 31 (b) below	-
(h)	The Company has Guaranteed to the lenders to make good the short fall, if any, on redemption of Pass Through Certificates issued by Maytas Investment Trust as per the CDR terms (refer note 7(d) below).		
(i)	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 on going. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for seven alleged violations against the Company and others. While the Company has not accepted these violations, in order to settle these issues, the Company is in the process of filing compounding applications for these alleged violations.  It is not practicable to estimate the time frame by which the aforesaid disputes would be settled. 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, 2011.		

### (7) Going Concern:

The Company has recorded a net profit of Rs. 2.91 for the year and has accumulated losses of Rs. 432.42 as at March 31, 2011. During the year, the Company has got contracts for new projects and has bid for many other projects. The Management is confident that the Company will be able to generate profits in future years and meet its financial obligation as they arise. The accompanying Financial Statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- The Company has an order book of Rs. 7,100 approximately (includes its share in Joint Venture) as at March 31, 2011.
- The Management and the Government nominee directors on the board have taken significant steps for revival and restoration of operations of the Company.
- The promoters, Infrastructure Leasing and Financial Services Limited (IL&FS), have provided liquidity support of Rs. 55 (repayment schedule not specified) to the Company in terms of the Company Law Board order and also have arranged Rs. 85.11 by way of loan and Rs. 5 towards non-fund based limits.
- The Company had obtained an approval for the Debt Restructuring from the CDR Empowered Group in July 2009. Upon induction of IL&FS as the new promoter in the previous year, the scheme had been modified and approval of Lenders was obtained at its meeting held on March 30, 2010. The Company has obtained formal Letter of Approval dated June 26, 2010 from the CDR Empowered

Group incorporating attendant terms and conditions and based on an independent opinion the impact of the CDR scheme had been given in the financial statements of the previous year. The Master Restructuring Agreement (MRA) was executed on September 27, 2010.

The salient features of MRA are as follows:

- Repayment of Term Loan has been restructured over a period of 6 years, commencing September 30, 2010. Accordingly the Company has made 32% repayment of Term Loan on September 28, 2010. Balance loan repayments would commence from financial year 2013-14.
- Fund based working capital facility has been carved out based on the drawing power of the Company.
- Restructuring of Interest rates, payable monthly @ 7% p.a. for the financial year 2010-11 and stepped up over the period of loan with varying rates thereafter.
- Conversion of debt of Rs. 250 into 6% Optionally Convertible Cumulative Redeemable Preference Shares.
- Conversion of accrued interest upto March 2010, into a Funded Interest Term Loan (FITL) and issuance of Preference (carrying 6% coupon rate) / Equity Capital to discharge the FITL obligation.
- In the previous year, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The Company had transferred its investments aggregating to Rs. 310 in diverse BOT Projects at fair value aggregating to Rs. 575 to the Trust. During the financial year, the Trust has fully

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

redeemed the Pass Through Certificates issued to the lenders under the CDR scheme along with the accumulated yield till the date of redemption by way of selling certain investments for an amount of Rs. 220 and by issuing fresh Pass Through Certificates of Rs. 400, of which Rs. 150 were purchased by the Company. The Company is liable for short fall, if any, that may arise in eventual settlement of the PTCs through an orderly disposal of BOT investments. The Company does not currently envisage any shortfall on this account.

- Fresh Term Loans of Rs. 300 and additional non fund based limits of Rs. 200 were sanctioned during the year.
- (e) The Company has entered into One Time Settlements (as discussed in detail in note 9 below) with five more banks during the financial year which were not part of CDR Scheme.
- (f) During the year, the Company has allotted 15,459,133 Equity shares of Rs. 10 each at a premium of Rs. 185.30 per share against receipt of an amount of Rs. 301.93 from SBG Projects Investments Limited (SBGPIL) on July 30, 2010. The Company Law Board has approved induction of four nominee Directors of SBGPIL on the Board of the Company. Pursuant to this Investment, SBGPIL and IL&FS have announced an Open Offer to acquire further 20% of

the Equity Shares of the Company as per SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Open Offer commenced on March 30, 2011 and closed on April 18, 2011. SBGPIL and IL&FS acquired 14,563,755 equity shares of the Company in the Open Offer.

- (8) During the year, the Company has invested Rs. 0.10 in equity shares of Maytas Properties Limited (MPL) constituting 40% of the post issue paid up share capital of MPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS group (consisting of IL&FS, IL&FS Financial Services Limited and the Company) to be the new promoters of MPL. Further, the Company has acquired 100% stake in Angeerasa Greenfields Private Limited, Ekadanta Greenfields Private Limited and Saptaswara Agro-farms Private Limited.

#### (9) One Time Settlements (OTS) with Lenders:

The Company had made OTS proposal to certain banks, which were not part of CDR scheme. The cutoff date considered was December 31, 2008. During the year, the Company has entered into One Time Settlement with five more banks and the resultant gain on settlement has been accounted for as an exceptional item amounting to Rs. 110.21 (March 31, 2010: Rs. 121.63). With these One Time Settlements, the Company has completed settlements with all banks which were outside the purview of CDR Package.

#### (10) Borrowings:

##### (a) Security details for Secured loans:

Nature of Loan	As at March 31, 2011	As at March 31, 2010
Foreign Currency Loan from Banks	Not Applicable (Refer Note 3 below)	<ul style="list-style-type: none"> <li>• Rs. 101.57 is secured as per CDR package by pari passu first mortgage and charge on Company's immovable and movable properties both present and future and pari passu first charge on current assets of the Company (Refer Note 1 below).</li> <li>• Rs. 2.83 is secured by exclusive charge on the equipment financed through such loans.</li> </ul>
Term Loans from Banks	<ul style="list-style-type: none"> <li>• Rs.452.82 is 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 equipments, machinery spares, tools, accessories, current assets both present and future. (Refer Note 1 below)</li> </ul>	<ul style="list-style-type: none"> <li>• Rs. 174.38 is secured as per CDR package by pari passu first mortgage and charge on the Company's immovable and movable properties both present and future and pari passu first charge on current assets of the Company (Refer Note 1 below).</li> <li>• Rs. 25.58 is secured by pari passu first charge on the current assets of the Company.</li> <li>• Term loans availed towards purchase of machinery aggregating to Rs. 74.59 is secured by first charge on machinery &amp; equipment purchased out of the respective loans.</li> <li>• Term loans availed in respect of specific projects aggregating to Rs. 30.87 is secured by first charge on the present and future current assets of the respective projects.</li> <li>• Rs. 35.33 is secured by pari passu charge on Investments of Rs. 310 (which have been sold to MIT as discussed in note 7(d) above).</li> </ul>

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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Nature of Loan	As at March 31, 2011	As at March 31, 2010
Working Capital Loans from Banks	<ul style="list-style-type: none"> <li>Rs. 249.53 is 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 equipments, machinery spares, tools, accessories, current assets both present and future. (Refer Note 1 below)</li> </ul>	<ul style="list-style-type: none"> <li>Rs. 258.00 is secured as per CDR package by pari passu hypothecation first charge on current assets and pari passu first charge on all immovable and movable assets both present and future (Refer Note 1 below).</li> <li>Rs. 43.50 is secured by first pari passu charge on current assets of the Company. Collaterally secured by pari passu second charge on the unencumbered movable fixed assets and negative lien on the immovable property.</li> <li>Rs. 3.10 is secured by pari passu first charge on the current assets of the Company.</li> </ul>
Term Loan from others	Not applicable	<ul style="list-style-type: none"> <li>Rs. 30.31 is secured by pari passu charge on Investments of Rs. 310 (which have been sold to MIT as discussed in Note 7(d) above).</li> <li>Rs. 0.04 towards purchase of machinery are secured by hypothecation of the machinery and equipment.</li> </ul>
Vehicle loan from others	Vehicle loans are secured by hypothecation of the vehicles.	Vehicle loans are secured by hypothecation of the vehicles

#### Note:

- The security for the Loans under CDR is as per the approved package vide Letter of approval dated June 26, 2010. Necessary filing with the Registrar of Companies for execution of charge in favour of the Security Trustee has been done on October 15, 2010 and October 28, 2010.
- Loans aggregating to Rs. 440.24 (March 31, 2010: Rs. 755.02), which have been additionally secured by personal guarantees given by the Ex Vice Chairman of the Company (Mr. Teja Raju) has not been disclosed above.
- As per CDR Terms, Foreign Currency Loans of Rs. 104 as at March 31, 2010 were to be converted into Rupee Term Loans subject to statutory approvals including from Reserve Bank of India (RBI). Hence, these loans were not considered as repayable within one year as at March 31, 2010. During the year the said loans have been converted to rupee term loans after necessary statutory approval including from RBI.

(b) The Company had defaulted on various loan covenants like commitment for minimum promoters shareholding, debt service coverage ratio, total debt to net worth etc., in the previous year. The non-compliance was an event of default under the loan agreement. However, the Company had not received any notice for such default from the banks.

(c) Unsecured loans includes term loans from others amounting to Rs. 85.11 for which the Company is in the process of creating security.

#### (11) Status of Cancelled Projects:

As at March 31, 2011, balances against cancelled projects of Rs. 12.68 (March 31, 2010: Rs. 63.70) is recoverable against current and fixed assets.

The Management has evaluated the recoverability of the aforesaid current assets and fixed assets deployed on these projects as on March 31, 2011. Based on such evaluation / reconciliation / amicable settlement, provision / write-offs aggregating to Rs. 50.78 (including Rs. 13.45 for provision for performance bank guarantee invoked) [March 31, 2010: Rs. 85.21 (including Rs. 54.69 for provision for performance bank guarantee invoked)] have been made in the accounts.

#### (12) Inter Corporate Deposits:

Prior to April 01, 2009 the erstwhile promoters had given Inter Corporate Deposits aggregating to Rs. 391.64 to various companies. As at March 31, 2011, the outstanding balance of Inter Corporate Deposits to various companies aggregated to Rs. 415.63 [including Rs. 71.85 to Maytas Properties Ltd (MPL)]. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 323.78, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Consolidated Statement of Assets and Liabilities as at March 31, 2011 as "Amounts Pending Investigation Suspense Account (Net) Rs. 1,230.40". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Accounts. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon.

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

During the year, the Company has accrued gross interest income of Rs. 23.59 (including Rs. 14.80 of earlier years) on Inter Corporate Deposit given to MPL.

#### (13) Bank Guarantees Invoked:

During the current year, Bank Guarantee aggregating to Rs. 14.50 provided as security against performance guarantee given to a customer has been invoked. The bank has adjusted an amount of Rs. 0.74 against margin money deposit lying with it and the balance amount was paid by the Company.

In the previous year, Bank Guarantee aggregating to Rs. 172.36 provided as security against loans availed, mobilization advance received from customers, performance guarantees given to customers and guarantee given to suppliers had been invoked. Pursuant to the CDR scheme (as referred in para 7(d) above) the amount under Bank Guarantee Devolved Account had been transferred to term loan and working capital loan account.

#### (14) Hyderabad Metro Rail Project:

During the earlier years, Government of Andhra Pradesh had cancelled the Hyderabad Metro Rail Project entered into by Maytas Metro Limited, a Subsidiary of the Company

(by virtue of its current shareholding) and had invoked bank guarantees of Rs. 60 given as bid security and forfeited Rs. 11 given as part of the bid offer in the form of additional concession fee.

The Company had filed a writ petition challenging the termination of the contract. The Honorable High Court of Andhra Pradesh has ordered a status quo. Pending decision of the High Court, the Company as a matter of prudence had written off Rs. 60 towards bid security invoked and Rs. 11 towards additional concession fees paid by the Company on behalf of Maytas Metro Limited during the Financial Year 2009-10.

#### (15) Deferred Tax:

The Company has no deferred tax liability as at March 31, 2011. Deferred tax assets on timing differences have not been recognised as at March 31, 2011 in the absence of virtual certainty of future taxable profits.

In the previous year, the Company had deferred tax liability of Rs. 2.31. Deferred tax assets on timing differences on the basis of virtual certainty had been restricted to the extent of deferred tax liability and no net deferred tax asset had been recognised.

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Deferred Tax Liability</b>		
Differences in depreciation as per tax books and financial books	-	(2.31)
<b>Deferred Tax Assets</b>		
Effect of lease accounting	-	1.13
Effect of retirement benefit expenditure debited to profit and loss account in the current year but allowed for tax purposes in the following years	-	1.12
Effect of public issue expenses to the extent of deferred tax liabilities	-	0.06
<b>Total</b>	<b>-</b>	<b>-</b>

#### (16) Provision for Future loss from Projects:

(a) The projects in progress as at March 31, 2011 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. 62.92 (March 31, 2010 Rs. 44.28) in terms of the requirements of Accounting Standard 7 – Construction Contracts. The movement in the balance is as under:

Particulars	2010 – 11	2009 – 10
Opening Balance	44.28	12.49
Add: Additions during the year*	48.70	36.44
Less: Reversal during the year	29.45	-
Less: Utilised during the year	0.25	4.65
Less: Adjusted against Current Liabilities	0.36	-
Closing Balance	62.92	44.28

\* Includes impact on account of change in accounting policy as referred in Note 3(c) above.

(b) Provision for estimated future loss on account of projects transferred / disposed off has been made to the extent of Rs. Nil (March 31, 2010: Rs. 2.03). The movement in the balance is as under:

Particulars	2010 – 11	2009 – 10
Opening Balance	2.03	12.64
Additions during the year	-	2.03
Adjustment on settlement of project	2.03	12.64
Closing Balance	-	2.03

#### (17) 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, 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.,. Accordingly provision made for liquidated damages is as under:



## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

Particulars	2010 – 11	2009 – 10
Opening Balance	14.74	10.55
Add: Additions during the year	7.85	6.03
Less: Reversal during the year	2.70	1.84
Less: Adjustment against Debtors	2.88	-
Closing Balance	17.01	14.74

### (18) Share Capital:

#### (a) Initial Public Offer :

The Company had issued 8,850,000 equity shares pursuant to its Initial Public Offer (IPO) in October 2007 and allotted shares on October 17, 2007 after filing prospectus dated October 11, 2007 with Registrar of Companies. These shares were listed on BSE and NSE w.e.f October 25, 2007.

The projected utilization as per the prospectus has been varied by revising / re-scheduling to the extent of Rs. 105.40 in view of the competitive and dynamic nature of business and considered as fully utilized in the previous year, which is ratified by the share holders in the Annual General Meeting held on November 09, 2009.

#### (b) Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2011, the following two schemes were in operation:

Particulars	ESOS - 2007	ESOS - 2009
Date of grant	April 14, 2007	March 23, 2010
Date of Remuneration Committee approval	April 14, 2007	March 23, 2010
Date of Shareholder's approval	March 30, 2007	November 09, 2009
Number of options granted	644,967	1,201,407
Method of Settlement (Cash/Equity)	Equity	Equity
Vesting Period	Options vest on an annual basis at 20%, 20% 30% and 30 % over a period of four years	<u>Grant 1:</u> Options vest on an annual basis at 30%, 35% and 35% over a period of three years <u>Grant 2:</u> Options vest on an annual basis at 20%, 30% and 50% over a period of three years
Exercise period	3 years from the date of vesting	3 year from the date of vesting

ESOS 2008 granted on October 31, 2008 is not in operation as at March 31, 2011 because all the eligible Associates have left from their services.

(i) The details of activity under ESOS - 2007 have been summarized below:

Particulars	2010-11		2009-10	
	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	107,229	370	315,484	370
Granted during the year	Nil	Nil	Nil	Nil
Forfeited during the year	45,832	370	208,255	370
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	61,397	370	107,229	370
Exercisable at the end of the year	42,978	370	42,892	370
Weighted average remaining contractual life (in years)	3.04	-	4.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

As no options were exercised during the current and previous year, the weighted average share price has not been indicated.

## Schedule 25:

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The details of exercise price for stock options outstanding at the end of the year for ESOS - 2007 Scheme:

Year	Range of 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)
2010-11	370	61,397	3.04	370
2009-10	370	107,229	4.04	370

(II) The details of activity under ESOS - 2008 have been summarized below:

Particulars	2010-11		2009-10	
	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	65,000	358.23	95,000	381.21
Granted during the year	Nil	Nil	Nil	Nil
Forfeited during the year	65,000	358.23	30,000	431.00
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	Nil	Nil	65,000	358.23
Exercisable at the end of the year	Nil	Nil	19,500	Nil
Weighted average remaining contractual life (in years)	-	-	4.59	-
Weighted average fair value of options granted (Rs. per share)	-	-	231.47	-

The details of exercise price for stock options outstanding at the end of the year for ESOS - 2008 Scheme:

Year	Range of 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)
2010-11	-	-	-	-
2009-10	345-431	65,000	4.59	358.23

(III) The details of activity under ESOS - 2009 have been summarised below:

Particulars	2010-11		2009-10	
	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	1,201,407	176.90	Nil	Nil
Granted during the year	Nil	Nil	1,201,407	176.90
Forfeited during the year	299,193	176.90	Nil	Nil
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	902,214	176.90	1,201,407	176.90
Exercisable at the end of the year	242,476	176.90	Nil	Nil
Weighted average remaining contractual life (in years)	4.98	Nil	5.98	Nil
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	Nil	95.32	Nil

As no options were exercised during the current and previous year, the weighted average share price has not been indicated.

## Schedule 25:

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The details of exercise price for stock options outstanding at the end of the year for ESOS - 2009 Scheme:

Year	Range of 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)
2010 – 11	176.50	902,214	4.98	176.90
2009 – 10	176.50	1,201,407	5.98	176.90

Effect of the above ESOS plans on the Profit and Loss Account and on its financial position:

Particulars	2010 – 11 Amount Rs.	2009 – 10 Amount Rs.
Total Employee Compensation Cost pertaining to share based payment plans	0.47	0.47
Less: Liability for employee stock options outstanding at the year end	-	0.33
Less: Write back of ESOP outstanding	0.47	-
Deferred Compensation Cost	-	0.14

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method.

In March 2005, the Institute of Chartered Accountants of India has 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:

Particulars	2010 – 11 Amount Rs. Crore	2009 – 10 Amount Rs. Crore
Loss considered for EPS (Refer Note 31)	(18.60)	(249.64)
Add: Employee stock compensation under intrinsic value method	(0.33)	0.22
Less: Employee stock compensation under fair value method	0.95	(0.63)
Proforma profit	(17.98)	(250.05)
<b>Earnings Per Share (Rs.)</b>		
<b>Basic</b>		
- As reported	(2.64)	(42.42)
- Pro forma	(2.56)	(42.49)
<b>Diluted</b>		
- As reported	(2.64)	(42.42)
- Pro forma	(2.56)	(42.49)

### (19) Retirement Benefits:

#### (a) Disclosures related to Defined Contribution Plan:

Provident fund contribution and ESI contribution recognized as expense in the Profit and Loss Account Rs. 2.51 (March 31, 2010: Rs. 2.61)

#### (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 unfunded.

The following tables summarize the components of net benefit expense recognised in the Profit and Loss Account and amounts recognised in the Balance Sheet for the respective plans.

## Schedule 25:

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### Profit and Loss Account:

#### Net employee benefit expense (recognised in Employee cost)

Particulars	2010 – 11	2009 – 10
Current service cost	0.40	0.51
Interest cost on benefit obligation	0.14	0.17
Net actuarial (gain) / loss recognized in the year	(0.14)	(0.64)
Past service cost	-	-
<b>Net benefit expense</b>	<b>0.40</b>	<b>0.04</b>

### Balance sheet:

#### Changes in the present value of the defined benefit obligation:

Particulars	2010 – 11	2009 – 10
Opening defined benefit obligation	1.76	2.18
Interest cost	0.14	0.17
Current service cost	0.40	0.51
Benefits paid	(0.24)	(0.46)
Actuarial (gain) / loss on obligation *	(0.14)	(0.64)
<b>Closing defined benefit obligation</b>	<b>1.92</b>	<b>1.76</b>

\* Experience adjustments – gain Rs. 0.14 (March 31, 2010: gain Rs. 0.88, March 31, 2009 Rs. Nil)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2010 – 11		2009 – 10	
Discount rate	8.00%		8.00%	
Increase in Compensation cost	6.00%		6.00%	
Employee Turnover	Age (Years)	Rate	Age (Years)	Rate
	18 - 50	10%	18 - 50	10%
	51 - 57	5%	51 - 57	5%

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.

### (20) Loans and Advances :

#### (a) Advances due from private companies in which a Director of the Company is a Director:

Name of the Company	March 31, 2011	March 31, 2010	Maximum amount outstanding during the year	
			2010-11	2009-10
Maytas Estates Private Limited*	-	0.08	-	0.08
Himachal Sorang Power Private Limited #	-	-	-	15.96
Maytas Hill County SEZ Private Limited*	-	0.47	-	0.47
Gulbarga Airport Developers Private Limited*	-	0.87	-	0.87
Shimoga Airport Developers Private Limited*	-	0.79	-	0.82

\* Ceased to be director in the Company w e f September 29, 2009

# Converted into Public Limited Company w e f March 31, 2010

- (b) Dues from IJM - SCL JV, a partnership firm (with M/s IJM Corporation, Bhd) in which the Company is a partner for execution of Mumbai-Pune Express Highway in Maharashtra on 50:50 basis, is Rs. 6.34 (March 31, 2010 Rs. 6.34) net of provisions. The initial capital of the firm was Rs. 5 in the earlier years. In the previous year, the Company has excluded this investment from the list of integrated Joint Ventures.

## Schedule 25:

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**(21) Amounts due from companies under the same management as defined in sub-section (1-B) of Section 370 of Companies Act, 1956 are as under:**

Name of the Company	March 31, 2011	March 31, 2010	Maximum amount outstanding during the year	
			2010-11	2009-10
<b>A. Included under loans and advances and other current assets</b>				
Maytas Properties Limited *	100.69	-	100.69	-
Maytas Hillcounty SEZ Private Limited	0.47	0.47	0.47	0.47
Maytas Mineral Resources Limited	-	4.91	4.95	5.10
Maytas Infra Assets Limited	17.46	19.33	19.55	19.89
Maytas Vasishta Varadhi Limited	2.70	2.62	2.70	2.62
Maytas Metro Limited	-	3.30	3.36	74.78
Angeerasa Greenfields Private Limited	50.00	-	50.00	-
Maytas Logiparks (Malkapur) Private Limited * (Formerly known as Maytas Hillcounty Developers Private Limited)	5.72	-	5.72	-
<b>B. Included under debtors</b>				
Maytas Properties Limited *	64.84	-	64.84	-
Maytas Logiparks (Malkapur) Private Limited * (Formerly known as Maytas Hillcounty Developers Private Limited)	21.61	-	21.61	-
*under same management during the year.				

**(22) (a) Investments:**

Name of the Investments	2010-11		2009-10	
	Number	Amount	Number	Amount
<b>Investments made during the year :</b>				
GVK Gautami Power Limited (formerly known as Gautami Power Limited)	-	-	910,000	0.91
Pondicherry Tindivanam Tollway Limited	-	-	32,241	0.32
Maytas Metro Limited	5,000	0.01	-	-
Himachal Sorang Power Limited (formerly known as Himachal Sorang Power Private Limited)	-	-	127,310	1.27
Western UP Tollway Limited	-	-	56,195	0.56
KVK Power and Infrastructure Private Limited (Preference Shares)	-	-	4,550,000	4.55
Maytas Properties Limited	10,000	0.10	-	-
Saptaswara Agro – Farms Private Limited	1,000	0.01	-	-
Angeerasa Greenfields Private Limited	1,000	0.01	-	-
Ekadanta Greenfields Private Limited	1,000	0.01	-	-
Pass Through Certificates (Maytas Investment Trust)	-	150.00	-	-
<b>Investments sold during the year:</b>				
Western UP Tollway Limited	-	-	2,514,695	23.12
Machilipatnam Port Limited	-	-	30,000	0.03
Paschal Form work India Private Limited	-	-	1,624,725	1.62
Paschal Technology India Private Limited	-	-	27,472	0.03
Cyberabad Expressways Limited	-	-	633,600	0.63
Hyderabad Expressways Limited	-	-	144,342	0.14
<b>Investments written off during the year</b>				
Maytas Mineral Resources Limited	50,000	0.05	-	-
<b>Diminution in the value of investments:</b>				
KVK Power and Infrastructure Limited	-	-	-	-
- Equity shares	-	-	4,000,000	4.00
- Preference Shares	-	-	4,555,000	4.55
Maytas Mineral Resources Limited	-	-	50,000	0.05
Maytas Metro Limited	5,000	0.01	-	-

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

**(22) (b) The following Investments have been sold to Maytas Investment Trust in the pervious year\*:**

Name of the Investments	2010-11		2009-10	
	Number	Amount	Number	Amount
GVK Gautami Power Limited (formerly known as Gautami Power Limited)	-	-	97,711,733	97.71
Pondicherry Tindivanam Tollway Limited	-	-	1,849,410	17.59
Bangalore Elevated Tollway Limited	-	-	5,181,907	51.10
KVK Nilachal Power Private Limited	-	-	5,180,000	49.55
Himachal Sorang Power Limited (formerly known as Himachal Sorang Power Private Limited)	-	-	218,300	2.15
S V Power Private Limited	-	-	3,195,509	29.03
Hyderabad Expressways Limited	-	-	845,658	0.85
Cyberabad Expressways Limited	-	-	356,400	0.36
Brindavan Infrastructure Company Limited				
- Equity Shares	-	-	9,999,925	10.00
- Preference Shares	-	-	500,000	5.00

\* Pursuant to the CDR Scheme (as referred in para 7(d) above)

**(c) Movement of Mutual fund transactions during the year:**

Name of the Mutual Fund	Purchased		Sold	
	No. of Units	Amount	No. of Units	Amounts
LIC MF Liquid Fund- Growth Plan	129,787,359.904	225.18	147,278,720.400	256.13
SBI Premier- Liquid Fund	697,732.369	0.70	-	-
<b>Total</b>	<b>130,485,092.273</b>	<b>225.88</b>	<b>147,278,720.400</b>	<b>256.13</b>

**(23) In terms of the disclosures required to be made under the Accounting Standard (AS) 7 (revised 2002) notified by Company's Accounting Standards Rules, 2006 (as amended) for "Construction Contracts":**

Particulars	2010 - 11	2009 - 10
Contract revenue recognized for the year	1,017.29	910.59
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	2,696.16	2,133.05
Advances received for contracts in progress	80.15	114.86
Amount of retention for contracts in progress	108.53	95.52
Gross amount due from customers for contract work (excluding cancelled projects)	111.84	40.38
Gross amount due to customers for contract work (excluding cancelled projects)	9.72	-

**(24) Remuneration to Whole-time Directors (included in Schedule 20):**

Particulars	2010-11	2009-10
Salary	0.48	0.35
Contribution to Provident Fund	-	0.02
Other Benefits	-	-
<b>Total</b>	<b>0.48</b>	<b>0.37</b>

**Note:**

- The above figures do not include provision for retirement benefits, as the same is actuarially determined for the Company as a whole.
- During the current year, the Company has paid remuneration of Rs. 0.48 to the Managing Director which is in excess of the limits specified under Schedule XIII of the Companies Act, 1956.
- During the earlier years, the Company has paid remuneration to its Directors of Rs. 2.70 and Rs. 0.37 for the years ended March 31, 2009 and March 31, 2010 respectively which was in excess of the limits specified under Schedule XIII of the Companies Act, 1956 by Rs. 1.87 and Rs. 0.16 respectively.
- The Company had made an application to the Central Government for approval of the excess remuneration paid which is awaited.

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

**(25) Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:**

Sl.No.	Particulars	2010-11	2009-10
(a)	The principal amount remaining unpaid as at the end of the year	-	-
(b)	The amount of interest accrued and remaining unpaid at the end of the year.	0.49	0.39
(c)	Amount of interest paid by the Company in terms of Sec 16, of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(d)	Amount of interest due and payable for the period of delay in making payment without the interest specified under the Micro Small and Medium Enterprise Development Act, 2006.	-	-
(e)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

Note: The information as required to be disclosed under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**(26) (I) Related party transactions (not disclosed elsewhere in these financial statements):**

**(a) Names of related parties and relationship with the Company :**

• **Subsidiaries**

1. Maytas Mineral Resources Limited\*
2. Maytas Infra Assets Limited
3. Maytas Vasishta Varadhi Limited
4. Maytas Metro Limited
5. Angeerasa Greenfields Private limited
6. Saptaswara Agro - Farms Private Limited
7. Ekadanta Greenfields Private Limited

\* Closed Operations on March 30, 2011

• **Step down Subsidiaries of Maytas Infra Assets Limited**

1. Dardu Power Private Limited\*
2. Par Power (Arunachal Pradesh) Private Limited\*

\* Closed Operations on March 29, 2011

• **Investing party in respect of which the reporting enterprise is an associate**

1. Infrastructure Leasing & Financial Services Limited

• **Joint Ventures**

1. Maytas – SNC (JV)
2. NCC – Maytas (JV) U 1
3. Himachal (JV)
4. NEC – NCC – Maytas (JV)
5. Maytas – NCC (JV) Irrigation
6. NCC – Maytas (JV)
7. Maytas – CTR (JV)
8. Bangalore Elevated Tollway Limited\*
9. Western UP Tollway Limited<sup>#</sup>
10. Hyderabad Expressways Limited\*

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
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11. Machilipatnam Port Limited<sup>#</sup>

12. Pondicherry Tindivanam Tollway Limited\*

13. NCC – Maytas – ZVS (JV)

14. Gulbarga Airport Developers Private Limited

15. Shimoga Airport Developers Private Limited

\* Sold to Maytas Investment Trust in pursuant to the CDR Scheme (as referred in para 7 (d) above).

<sup>#</sup> Investment in the entity disposed off during the previous year.

- **Associates**

1. Himachal Sorang Power Limited

(formerly known as Himachal Sorang Power Private Limited)\*

2. Cyberabad Expressways Limited\*

3. Maytas Properties Limited

\* Sold to Maytas Investment Trust in pursuant to the CDR Scheme (as referred in para 7(d) above)

- **Key Management Personnel**

1. Mr. Vimal Kishore Kaushik\*

2. Mr. Teja Raju \$

\* Joined w e f January 08, 2010

\$ Ceased to be director in the Company w e f September 29, 2009

(b) **Transactions with related parties during the year :**

Particulars	2010 – 11	2009 –10
<b>A. Subsidiaries</b>		
<b>1. Maytas Mineral Resources Limited</b>		
Expenses incurred on behalf of the party	0.03	0.03
Receipt against expenses incurred on behalf of the party	(0.04)	(0.18)
Refund of share application money	-	(0.02)
Diminution in value of investment provided for	-	0.05
Investments written off	(0.05)	-
Share Application Money written off	(4.91)	-
<b>2. Maytas Infra Assets Limited</b>		
Share application money	(2.01)	2.86
Expenses incurred on behalf of the party	0.08	0.06
Provision for share application money	-	5.82
Provision for advances given	-	1.30
Provisions no longer required written back	(6.30)	-
<b>3. Maytas Vasishta Varadhi Limited</b>		
Share application money	0.08	0.00
Expenses incurred on behalf of the party	-	0.03
Receipt against expenses incurred on behalf of the party	-	(0.01)
<b>4. Maytas Metro Limited</b>		
Expenses incurred on behalf of the party	0.07	0.11
Bank Guarantee given on behalf of the party (invoked)	-	60.00
Receipt against expenses incurred on behalf of the party	(0.01)	-
Advance written off (Includes provision for advances given of the previous year Rs. 3.30)	(3.36)	(71.48)
Provision for advances given	-	3.30
Equity Contribution	0.01	-
Diminution in value of the investment	0.01	-



## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	2010 – 11	2009 –10
<b>B. Step down Subsidiaries of Maytas Infra Assets Limited</b>		
<b>1. Dardu Power Private Limited*</b>		
Expenditure incurred on behalf of the party	0.03	-
Receipt against expenses incurred on behalf of the party	0.00	-
<b>2. Par Power Private Limited*</b>		
Expenditure incurred on behalf of the party	0.03	-
Receipt against expenses incurred on behalf of the party	0.00	-
* Closed Operations on March 29, 2011		
<b>C. Investing party in respect of which the reporting enterprise is an associate</b>		
<b>1. Infrastructure Leasing &amp; Financial Services Limited</b>		
Unsecured Loan (Promoters Contribution as per CLB order)	-	(55.00)
Deputation cost for manpower	-	0.26
Rent expenditure	0.96	0.27
Interest expenditure	3.64	-
Expenses on behalf of the Company	0.74	0.02
Loan taken	(231.73)	-
Loan repaid	146.62	-
<b>D Joint Ventures (JV)</b>		
<b>1. Maytas – SNC JV</b>		
Share of Profit / (Loss) from Joint Venture	-	0.76
<b>2. NCC – Maytas (JV) U 1</b>		
Share of profit / (loss) from Joint Venture	0.00	0.01
Expenses incurred on behalf of the party	-	0.00
Receipt against share of profit	-	(0.27)
<b>3. Himachal (JV)</b>		
Share of profit / (loss) from Joint Venture	-	(6.47)
Reversal of payable to Joint Venture	(14.81)	-
<b>4. NEC – NCC – Maytas (JV)</b>		
Share of profit / (loss) from Joint Venture	0.09	0.32
Receipt against share of profit	(0.49)	(1.49)
Expenses incurred on behalf of the party	0.19	0.76
<b>5. Maytas – NCC (JV) Irrigation</b>		
Share of profit / (loss) from Joint Venture	1.22	1.97
Expenses incurred on behalf of the party	-	0.16
Interest Income	(1.81)	-
Advances given / (received) (net)	3.98	(0.73)
Contract revenue	48.98	65.14
Net Assets transferred from Joint Venture	-	86.07
Bad debts written off	-	(4.98)
<b>6. NCC – Maytas (JV) Pocharam</b>		
Share of profit / (loss) from Joint Venture	(0.11)	0.05
Expenses incurred on behalf of the party	0.02	0.06
Advance given to JV	0.05	-

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
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Particulars	2010 – 11	2009 – 10
<b>7. Maytas CTR JV</b>		
Share of profit / (loss) from Joint Venture	0.63	0.85
Expenses incurred on behalf of the party	0.04	0.01
Advance given (net)	-	1.13
Interest income	(0.60)	(0.91)
Sale of material	0.02	0.10
Contract Revenue	0.08	1.98
Mobilization advance given	1.57	-
<b>8. NCC – Maytas – ZVS JV</b>		
Share of profit / (loss) from Joint Venture	0.23	0.71
Receipt against share of profit	(0.31)	-
<b>9. Bangalore Elevated Tollway Limited</b>		
Contract revenues	-	45.03
<b>10. Western UP Tollway Limited</b>		
Equity Contribution	-	0.56
Share Application Money	-	(0.56)
<b>11. Hyderabad Expressways Limited</b>		
Share application money	-	5.14
Expenses incurred on behalf of the party	-	0.04
Advances written off	-	(0.13)
<b>12. Gulbarga Airport Developers Private Limited</b>		
Share application money	0.00	0.34
Refund of share application money	-	(0.30)
<b>13. Shimoga Airport Developers Private Limited</b>		
Share application money	0.01	0.27
Refund of share application money	-	(0.30)
<b>14. Machilipatnam Port Limited</b>		
Expenses incurred on behalf of the Party	-	0.05
Receipt against expenses incurred on behalf of the Party	-	(0.05)
<b>15. Pondicherry Tindivanam Tollway Limited</b>		
Equity contributions	-	0.32
Expenses incurred on behalf of the party	-	0.02
<b>F. Associates</b>		
<b>1. Himachal Sorang Power Limited</b>		
Equity Contribution	-	1.27
Debenture application money	-	(1.27)
Expenses incurred on behalf of the party	-	0.10

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	2010 – 11	2009 – 10
<b>2. Cyberabad Expressways Limited</b>		
Expenses incurred on behalf of the party	-	0.02
Contract revenue	-	119.27
Mobilisation / Material Advance received	-	4.64
Advances written off	-	(0.55)
<b>3. Maytas Properties Limited</b>		
Equity Contribution	0.10	-
Loans given	23.99	-
Interest income	32.98	6.17
Expenses incurred on behalf of the party	0.00	-
Sale of materials	-	0.53
Advances transferred (net)	-	(0.96)
Service Tax receivable	-	7.74
Compensation for Idle machinery	13.43	-
Mobilization advance	(2.04)	-
<b>G. Key Management Personnel</b>		
<b>1. B Teja Raju</b>		
Managerial remuneration	-	0.06
<b>2. Vimal Kishore Kaushik</b>		
Managerial remuneration	0.48	0.13

(c) **Balances outstanding Debit / (Credit):**

Particulars	March 31, 2011	March 31, 2010
<b>A. Subsidiaries</b>		
1. Maytas Mineral Resources Limited	-	4.97
2. Maytas Infra Assets Limited	17.51	19.45
3. Maytas Vasishtha Varadhi Limited	2.75	2.67
4. Maytas Metro Limited	0.05	3.34
5. Angeerasa Greenfields Private Limited	50.01	-
6. Saptaswara Agro - Farms Private Limited	0.01	-
7. Ekadanta Greenfields Private Limited	0.01	-
<b>B. Investing party in respect of which the reporting enterprise is an associate</b>		
1. Infrastructure Leasing & Financial Services Limited*	(140.14)	55.55
*Excluding performance bank guarantee of Rs. 5.45 (March 31, 2010 Rs. 5.45) given to customers on behalf of the Company		
<b>C. Joint Ventures</b>		
1. Himachal (JV)	-	(14.81)
2. NEC – NCC – Maytas (JV)	1.05	1.26
3. Maytas – NCC (JV) Irrigation	41.04	49.97
4. NCC – Maytas (JV) U 1	0.03	0.03
5. NCC – Maytas (JV) Pocharam	1.00	1.07
6. Maytas SNC (JV)	0.10	0.10
7. Maytas – CTR (JV)	6.28	6.43
8. NCC – Maytas – ZVS (JV)	2.06	2.14
9. Gulbarga Airport Developers Private Limited	0.87	0.87
10. Shimoga Airport Developers Private Limited	0.80	0.79

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	March 31, 2011	March 31, 2010
<b>D. Associates</b>		
1. Maytas Properties Limited	163.34	47.86
<b>E. Key Management Personnel</b>		
1. Teja Raju	-	(0.03)

(d) **Provisions against Balances Outstanding:**

Particulars	March 31, 2011	March 31, 2010
<b>A. Subsidiaries</b>		
1. Maytas Infra Assets Limited	(11.08)	(17.67)
2. Maytas Metro Limited	(0.05)	(3.34)
3. Maytas Mineral Resources Limited	-	(4.94)

II. **Disclosure as per Clause 32 of Listing Agreement and as per Schedule VI of the Companies Act, 1956.**

Loans and advances in the nature of loans (including Share Application Money) to Subsidiaries, Joint Ventures, Associates and Companies in which Directors are interested:

Particulars	Closing balance as at March 31		Maximum outstanding amount during the year	
	2011	2010	2010-11	2009-10
<b>Names of subsidiaries</b>				
Maytas Mineral Resources Limited	-	4.91	4.95	5.10
Maytas Infra Assets Limited	17.46	19.33	19.55	19.89
Maytas Vasishta Varadhi Limited	2.70	2.62	2.70	2.62
Maytas Metro Limited	-	3.30	3.36	74.78
Angeerasa Greenfields Private Limited	50.00	-	50.00	-
<b>Names of Joint Ventures</b>				
Gulbarga Airport Developers Private Limited	0.87	0.87	0.87	0.87
Shimoga Airport Developers Private Limited	0.80	0.79	0.80	0.82
<b>Names of Associates</b>				
Himachal Sorang Power Limited* (formerly known as Himachal Sorang Power Private Limited)	-	15.96	24.00	15.96
Cyberabad Expressways Limited*	-	16.78	16.78	17.61
Maytas Properties Limited	100.69	-	100.69	-
* Sold to Maytas Investment Trust in pursuant to the CDR Scheme during the previous year (as referred in para 7(d) above)				
<b>Names of Companies in which Director is interested</b>				
Maytas Hill county SEZ Private Limited*	-	0.47	-	0.47
Maytas Properties Limited	-	47.86	-	58.44
Maytas Estates Private Limited*	-	0.08	-	0.08
* Ceased to be director in the Company w e f September 29, 2009				

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

### (27) 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 under non-cancellable operating leases are:

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Minimum Lease Payments</b>		
Not later than one year	2.29	2.75
Later than one year but not later than five years	6.64	10.10
Later than five years	1.04	8.88

Particulars	2010 – 11	2009 – 10
Lease payments recognized in the Profit and Loss account for the year	6.37	6.01

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets 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 profit and loss account as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term with a waiver of escalation for the current year and previous year. Lease term is for a period of ten years renewable for a further period of ten years at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at March 31, 2011	As at March 31, 2010
Total minimum lease payments at the year end	0.56	0.56
Less: amount representing finance charges	0.40	0.43
Present value of minimum lease payments (Rate of interest 12%)	0.16	0.13

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Minimum Lease Payments</b>		
Not later than one year [Present value Rs. 0.28 (March 31, 2010: Rs. 0.20)]	0.66	0.61
Later than one year but not later than five years [Present value Rs. 2.44 (March 31, 2010: Rs. 1.95)]	3.40	3.16
Later than five years [Present value Rs. 0.72 (March 31, 2010: Rs. 1.50)]	0.76	1.66

#### In case of Assets given on lease:

The Company has leased out certain construction equipment on operating lease. The lease term is generally for one year and renewable thereafter. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Future Minimum Lease Payments</b>		
Not later than one year	2.95	11.57
Later than one year but not later than five years	0.24	-
Later than five years	-	-

Apart from the assets covered above, there are certain other assets which are leased out and have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made.

### (28) Derivative instruments and un-hedged foreign currency exposure:

(a) Particulars of derivative instruments outstanding as at Balance Sheet date:

Particulars	Purpose	Notional Amount in Crore	
		As at March 31, 2011	As at March 31, 2010
Currency and Interest rate swap	Hedge against exposure to principal and interest outflow on ECB loan.	-	USD 2.25
Structured Cross Currency Swap	Hedge against exposure of buyers credit underlying.	-	USD 0.04

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

(b) Particulars of un-hedged foreign currency exposure as at March 31, 2011 and March 31, 2010:

Particulars	As at March 31, 2011			As at March 31, 2010		
	Amount in Foreign Currency Crore	Exchange Rate	Amount in INR	Amount in Foreign Currency Crore	Exchange Rate	Amount in INR
Import Creditors	-	-	-	USD0.02	45.14	0.90
Advances	SAR 0.02	12.38	0.28	-	-	-
Advances	USD 0.00	45.18	0.04	-	-	-
Advances	AED 0.00	12.28	0.00	-	-	-
Advances	USD 0.06	45.10	2.48	-	-	-

#### (29) Segmental Reporting:

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and single geographical segment; hence the financial statements of the enterprise represent single Segmental Reporting.

#### (30) Interest in Joint Ventures:

(a) 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 – Irrigation	50%	34.12	28.44	58.47	55.10	2.15	1.22
			<i>50.85</i>	<i>50.90</i>	<i>75.90</i>	<i>69.93</i>	<i>4.00</i>	<i>1.97</i>
2	Maytas – SNC JV <sup>(i)</sup>	40%	1.91	1.31	-	-	-	-
			<i>1.91</i>	<i>1.31</i>	<i>12.13</i>	<i>11.31</i>	<i>0.06</i>	<i>0.76</i>
3	NEC – NCC – Maytas JV	25%	10.60	3.50	3.11	2.97	0.05	0.09
			<i>10.91</i>	<i>3.33</i>	<i>12.34</i>	<i>11.85</i>	<i>0.17</i>	<i>0.32</i>
4	Himachal JV <sup>(ii)</sup>	45%	-	-	-	-	-	-
			<i>114.04</i>	<i>135.01</i>	<i>24.39</i>	<i>30.86</i>	-	<i>(6.47)</i>
5	NCC – Maytas JV (U 1)	50%	0.46	0.46	0.01	0.00	0.00	0.01
			<i>0.67</i>	<i>0.67</i>	<i>0.15</i>	<i>0.14</i>	<i>0.00</i>	<i>0.01</i>
6	NCC – Maytas JV (Pocharam) <sup>(iii)</sup>	50%	1.16	1.27	-	0.11	-	(0.11)
			<i>1.18</i>	<i>0.15</i>	-	<i>0.02</i>	<i>(0.07)</i>	<i>0.05</i>
7	Maytas – CTR JV	70%	18.57	17.93	18.02	17.07	0.31	0.63
			<i>16.34</i>	<i>15.49</i>	<i>22.17</i>	<i>20.94</i>	<i>0.38</i>	<i>0.85</i>
8	NCC – Maytas – ZVS JV	39.69%	4.46	3.70	7.03	6.70	0.10	0.23
			<i>6.90</i>	<i>6.06</i>	<i>22.23</i>	<i>21.16</i>	<i>0.36</i>	<i>0.71</i>
9	Gulbarga Airport Developers Private Limited <sup>(iv)</sup>	37%	4.75	0.29	-	-	-	-
			<i>0.68</i>	<i>0.22</i>	-	-	-	-
10	Shimoga Airport Developers Private Limited <sup>(iv)</sup>	37%	3.75	0.21	-	-	-	-
			<i>0.66</i>	<i>0.20</i>	-	-	-	-

(i) During the year, the Company has not received the financial statements from Maytas SNC JV. Hence, disclosure represents financial position as at March 31, 2010.

(ii) During the year, the Company has amicably settled wherein the liability due of Rs. 14.81 is written back.

(iii) The current year amounts are based on unaudited financial statements.

(iv) The disclosure is based on unaudited financial statements.

## Schedule 25:

### Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

- (v) Previous year figures have been disclosed in italics.
- (vi) The above joint ventures have contingent liabilities amounting to Rs. Nil (March 31, 2010: Rs. Nil) and capital commitments outstanding as at March 31, 2011 amounting to Rs. Nil (March 31, 2010: Rs. Nil).
- (vii) All the aforesaid entities are incorporated in India.
- (b) 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)
  - MEIL Maytas KBL (JV)
  - MEIL Maytas WIPL (JV)
  - MEIL Maytas AAG (JV)
  - MEIL – SEW – Maytas – BHEL (JV)
  - L&T UBL Maytas (JV)
  - Maytas – Rithwik (JV)
  - Maytas Sushee (JV)
  - Maytas Gayatri Consortium

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.

#### (31) Earnings per Share:

Earnings per share are computed based on the following:

Particulars	2010-11	2009-10
a) Profit/(loss) after tax	2.91	(249.64)
b) Less: Return payable to Preference shareholders** (Refer note 6(g) above)	(21.51)	-
c) Loss considered for calculation of EPS	(18.60)	(249.64)
d) Weighted average number of Equity Shares considered for calculation of basic and diluted earnings per share*	70,250,728	58,850,856

\* Preference shares and employee stock options are not considered for calculation of diluted earnings per share as it will have an anti – dilutive effect.

\*\* As per the CDR package sanctioned by the lenders, from April 01, 2010, till the allotment of preference shares, no interest would be payable in cash by the Company. The return on the preference shares would be cumulated along with the principal and additional preference shares would be issued on the outstanding amount as on the date of issuance. In line with this clause, preference dividend liability has been considered from the date of allotment. As per conservative estimates, while calculating the basic and diluted EPS, the entire return payable to preference shareholders from April 01, 2010 till the date of allotment has also been considered.

**Additional information pursuant to the provisions of paragraph 3, 4B and 4D of part (II) of schedule VI to the Companies Act, 1956.**

#### (32) CIF Value of Imports:

Particulars	2010-11	2009-10
Materials	-	1.65

## Schedule 25:

Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011

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

**(33) Expenditure in Foreign Currency (Cash Basis):**

Particulars	2010-11	2009-10
Legal and Professional charges	0.84	0.66
Travelling and conveyance	0.39	0.08
Others	0.38	0.07
<b>Total</b>	<b>1.61</b>	<b>0.81</b>

(34) Since the materials meant for execution of the construction projects are of different nature and specifications, it is not practicable to disclose the quantitative information in respect thereof.

**(35) Imported and indigenous materials consumed:**

Particulars	2010-11		2009-10	
	%	Value	%	Value
Imported	-	-	0.06	0.16
Indigenous	100	345.93	99.94	258.54
<b>Total</b>	<b>100</b>	<b>345.93</b>	<b>100</b>	<b>258.70</b>

**(36) Auditors' Remuneration (including Service Tax):**

Particulars	2010-11	2009-10
<u>In capacity as auditors:</u>		
a) Statutory audit	0.55	0.55
b) Limited review	0.33	0.33
c) Certification	0.03	0.03
d) Consolidation of financial statements	0.06	0.06
e) Out of pocket expenses	0.04	0.05
<b>Total</b>	<b>1.01</b>	<b>1.02</b>

**(37) Prior Period items (net):**

Particulars	2010-11	2009-10
Material consumed	-	2.19
Subcontractor expenses	0.79	5.72
Legal and Professional Charges	5.17	-
Finance Charges	5.18	-
Others (net)	0.58	0.14
<b>Total</b>	<b>11.72</b>	<b>8.05</b>

(38) Previous year's figures have been regrouped / rearranged to conform to those of the current year.

(39) All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.

As per our report of even date

**for S.R. BATLIBOI & ASSOCIATES**

Firm Registration No. 101049W  
Chartered Accountants

per **Vikas Kumar Pansari**  
Partner  
Membership No. 93649

**for and on behalf of the Board of Directors of  
IL&FS Engineering and Construction Company Limited**

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011



## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No. : L45201AP1988PLC008624 State Code : 01  
 Balance Sheet Date : 31-03-2011

### II Capital Raised during the year (Amount Rs. in Thousands):

Public Issue : NIL Right issue : NIL  
 Bonus Issue : NIL Private Placement : 3260150\*

### III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands):

Total Liabilities : 18619264 Total Assets : 18619264

#### Source of Funds:

Paid Up Capital : 3848650 Reserves & Surplus : 6296003  
 Secured Loans : 7039017 Unsecured Loans : 1435594

#### Application of Funds:

Net Fixed Assets : 2959116 Investments : 1583691  
 Net Current Assets : 9752222 Misc. Expenditure : NIL  
 Accumulated Losses : 4324235 Deferred Tax Asset : NIL

### IV Performance of the Company (Amount Rs. in Thousands):

Turnover : 10971221 Total Expenditure : 10942165\*\*  
 Profit/(Loss) Before Tax : 85601 Profit/(Loss) After Tax : 29056  
 Earnings per Share (Rs) : (2.64) Dividend (%) : NIL

### V Generic Names of Three Principal Products / Services of the Company:

1. Item Code No. : NIL  
 Production Description : CIVILWORKS CONTRACTS

\* Represents Equity/Preference shares allotted to SBG Projects Investments Limited and CDR lenders

\*\* Includes prior period expenditure of Rs. 117238

## Schedule pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Subsidiary Companies

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

Sl No.	Particulars	Maytas Infra Assets Limited	Maytas Vasishta Varadhi Limited	Maytas Metro Limited	Angeerasa Greenfields Private Limited	Saptaswara Agro-Farms Private Limited	Ekadanta Greenfields Private Limited
1	Financial Year of the Subsidiary ended on	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011
2	Shares of the Subsidiary held on the above date and extent of the holding						
	(i) No. of Equity Shares	50,000	50,000	50,000	1,000	1,000	1,000
	(ii) Face value of the currency	Rs. 10/- each	Rs. 10/- each	Rs. 10/- each	Rs. 100/- each	Rs. 100/- each	Rs. 100/- each
	(iii) Extent of the holding	100%	100%	99.99%	100%	100%	100%
3	Net Aggregate amount of profits/(losses) of the subsidiary for the above financial year so as they concern members of IL&FS Engineering and Construction Company Limited.						
	(i) Dealt with in accounts of IL&FS Engineering and Construction Company Limited	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Not Dealt with in accounts of IL&FS Engineering and Construction Company Limited	6.11	NIL	NIL	NIL	NIL	NIL
4	Net Aggregate amount of profits/(losses) of the subsidiaries for previous financial year so far as it concern members of IL&FS Engineering and Construction Company Limited.						
	(i) Dealt with in accounts of IL&FS Engineering and Construction Company Limited	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Not Dealt with in accounts of IL&FS Engineering and Construction Company Limited	(6.80)	NIL	NIL	NIL	NIL	NIL

## Auditors' Report

### The Board of Directors

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

(Formerly known as Maytas Infra Limited)

1. We have audited the attached Consolidated Balance Sheet of IL&FS Engineering and Construction Company Limited ("the Company"), comprising its subsidiaries, joint ventures and associate ("IECCL Group"), as at March 31, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's Management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. *Except as discussed in paragraph 3 below, we conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*
3. We did not audit the financial statements of certain subsidiaries and joint ventures, with aggregate assets of Rs. 276.27 Crores as at March 31, 2011, aggregate revenues of Rs. 89.59 Crores and cash flows amounting to Rs. 5.56 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the report of other auditors. *However, we were unable to perform certain procedures that we considered necessary under the requirements of Statement on Auditing SA – 600 (using the work of another auditor) issued by the Institute of Chartered Accountants of India, including obtaining additional corroborative information and/or audit evidence, in relation to certain components of the financial statements of those components. Accordingly, we are unable to comment on the consequential effect of the foregoing on the consolidated financial statements.*
4. Without qualifying our opinion, we invite your attention to Note no. 24 of Schedule 26 to the consolidated financial statements pertaining to remuneration paid by the Company to its directors, which was in excess of the limits specified under Schedule XIII of the Companies Act, 1956 by Rs. 1.87 Crores, Rs. 0.16 Crore and Rs. 0.48 Crore for the year ended March 31, 2009, March 31, 2010 and March 31, 2011 respectively. The approval in respect of the aforesaid is awaited from the central government.
5. *As detailed in Note nos. 14 and 1(b)(II) of Schedule 26:*
  - a. *The accompanying consolidated financial statements include unaudited financial statements of three joint ventures, with aggregate assets of Rs. 11.67 Crores as at March 31, 2011, aggregate revenues of Rs. Nil and*

*cash flows amounting to Rs. 0.49 Crore for the year then ended.*

- b. *During the year, Management has consolidated a jointly controlled entity based on the audited financial statements as at and for the year ended March 31, 2010. We have not been provided with any details of transactions between April 1, 2010 and March 31, 2011.*

*The accompanying consolidated financial statements do not include consequential impacts that may have been required had the audited financial statements of the joint ventures been made available.*

6. *As at March 31, 2011, the Company had certain Inter Corporate Deposits (ICDs) outstanding of Rs. 335.36 Crores (March 31, 2010 – Rs. 391.64 Crores) and share application money outstanding of Rs. 27.00 Crores (March 31, 2010 – Rs. Nil). Management has represented that the Company has taken steps to recover the amounts and is of the opinion that all deposits are fully recoverable. Accordingly no adjustments have been made to the accompanying consolidated financial statements in respect of the same. Pending final outcome of the recovery process, we are unable to comment on the extent of recoverability of the aforesaid amounts. Our audit report on the consolidated financial statements for the year ended March 31, 2010 was also qualified in respect of the aforesaid matter.*
7. We report that the accompanying consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that *except to the extent of adjustments, if any, that may have been required on account of matters discussed in paragraphs 3, 5 and 6 above, the cumulative effect of which on the consolidated financial statements is not currently ascertainable*, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the IECCL Group as at March 31, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### for S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No. 93649

Place : Mumbai

Date : May 25, 2011

## Consolidated Balance Sheet as at March 31, 2011

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

	Schedules	As at March 31, 2011		As at March 31, 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share capital	1	384.87		58.85	
Share application money pending allotment (Refer Note 6 (d) of Schedule 26)		-		354.27	
Employee stock options outstanding	2	-		0.33	
Reserves and surplus	3	629.60	1,014.47	289.92	703.37
<b>Loan Funds</b>					
Secured loans	4	703.90		793.74	
Unsecured loans	5	162.38	866.28	141.75	935.49
<b>Deferred tax liabilities (net)</b>	<b>6A</b>		-		0.02
			<b>1,880.75</b>		<b>1,638.88</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross block	7	552.14		582.09	
Less: Accumulated Depreciation		262.98		236.77	
Net block		289.16		345.32	
Capital work-in-progress including capital advances		9.09		9.30	
Incidental expenditure during construction period (Refer Note 25 of Schedule 26)		8.03	306.28	2.97	357.59
<b>Intangible Assets</b>	<b>8</b>		-		-
<b>Investments</b>	<b>9</b>		151.80		30.38
<b>Deferred tax asset (net)</b>	<b>6B</b>		-		7.26
<b>Current Assets, Loans and Advances</b>					
Inventories	10	245.44		168.19	
Sundry debtors	11	587.02		671.95	
Cash and bank balances	12	69.95		59.84	
Other current assets	13	45.80		33.53	
Loans and advances	14	747.27		635.86	
		<b>1,695.48</b>		<b>1,569.37</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	15	619.01		687.10	
Provisions	16	87.04		74.30	
		<b>706.05</b>		<b>761.40</b>	
<b>Net Current Assets</b>			989.43		807.97
<b>Profit and loss account - Debit balance</b>			433.24		435.68
			<b>1,880.75</b>		<b>1,638.88</b>
<b>Notes to Consolidated Accounts</b>	<b>26</b>				

The schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

for **S.R. BATLIBOI & ASSOCIATES**

Firm Registration No. 101049W  
Chartered Accountants

per **Vikas Kumar Pansari**  
Partner  
Membership No. 93649

for and on behalf of the Board of Directors of

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

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011

# Consolidated Profit and Loss Account for the year ended March 31, 2011

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

	Schedules	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Income</b>			
Revenues	17	1,110.03	1,098.78
Other income	18	50.11	51.17
		<b>1,160.14</b>	<b>1,149.95</b>
<b>Expenditure</b>			
Decrease in Work-in-Progress	19	98.68	68.26
Material consumed	20	345.94	267.58
Personnel expenses	21	58.66	55.51
Contract expenses	22	601.93	734.38
Administrative and Selling expenses	23	41.23	35.03
Financial expenses	24	74.81	165.32
Depreciation/Amortisation (Refer Note 2 of Schedule 26)	7 & 8	57.05	96.78
		<b>1,278.30</b>	<b>1,422.86</b>
<b>Loss before exceptional items, tax and prior period items</b>		<b>(118.16)</b>	<b>(272.91)</b>
Exceptional items (net)	25	128.85	34.62
<b>Profit/(Loss) before tax and prior period items</b>		<b>10.69</b>	<b>(238.29)</b>
<b>Provision for taxation</b>			
- Current tax		1.52	3.65
- Fringe benefit tax		-	0.00
- Deferred tax credit		(0.02)	-
- Taxes for earlier years reversed		(4.97)	1.87
<b>Total Tax Expenses</b>		<b>(3.47)</b>	<b>5.52</b>
<b>Profit/(Loss) after tax and before prior period items</b>		<b>14.16</b>	<b>(243.81)</b>
Less: Prior period items (net) [net of tax Rs.Nil (March 31, 2010: Rs. Nil)] (Refer Note 30 of Schedule 26)		11.72	8.05
<b>Profit/(Loss) after tax</b>		<b>2.44</b>	<b>(251.86)</b>
Add: Balance brought forward from previous year		(435.68)	<b>(183.82)</b>
<b>Deficit carried to Balance Sheet</b>		<b>(433.24)</b>	<b>(435.68)</b>
<b>Earnings per share (in Rupees)</b> (Refer Note 31 of Schedule 26)			
Basic		(2.71)	(42.80)
Diluted		(2.71)	(42.80)
Nominal value of each shares		10.00	10.00
<b>Notes to Consolidated Accounts</b>		<b>26</b>	

The schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Profit and Loss Account. This is the Consolidated Profit and Loss Account referred to in our report of even date.

**for S.R. BATLIBOI & ASSOCIATES**

Firm Registration No. 101049W  
Chartered Accountants

per **Vikas Kumar Pansari**  
Partner  
Membership No. 93649

**for and on behalf of the Board of Directors of  
IL&FS Engineering and Construction Company Limited**

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011

## Consolidated Cash Flow Statement for the year ended March 31, 2011

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

	For the year ended 2010-11	For the year ended 2009-10
<b>A. Cash flows from operating activities</b>		
Profit/(Loss) before tax and prior period items	10.69	(238.29)
Less : Prior period expenses - (net) (net of tax Rs. Nil)	(11.72)	(8.05)
<i>Adjustments for:</i>		
Depreciation / amortisation	57.05	96.78
Unrealised foreign exchange loss/(gain) - (net)	-	(19.24)
Unrealised foreign exchange loss on derivatives	-	1.12
Loss on Derivatives written back	(1.67)	-
Liabilities no longer required written back	(16.91)	(15.41)
Provision for retirement benefits	(0.17)	(1.64)
Interest income	(43.13)	(4.84)
Income from mutual funds	(1.57)	(0.78)
Loss on sale / discard of fixed assets (net)	1.64	2.02
Loss/(Profit) on settlement of projects	3.04	(4.18)
Interest expense	67.91	154.84
Employee stock compensation expenses	-	0.22
Provision for estimated losses	19.25	36.44
Provision for future loss on settlement of a contract	-	2.03
Provision for liquidated damages	5.15	4.19
Gain on transfer of investments	-	(237.72)
Profit on disposal of the investments in subsidiary, joint vetures and associates	-	(17.88)
Gain on one time settlement with banks	(110.21)	(121.63)
Reversal of CDR interest	-	(21.04)
Reversal of net liabilities in joint venture	(14.81)	-
Profit on sale of investments	-	(3.92)
Provision for diminution in value of long term investments	-	8.55
(Reversal)/Provision for performance bank guarantee invoked (net)	(16.41)	54.69
Fixed assets written off	1.31	-
Advances written off	0.23	108.56
Bad debts written off	1.60	52.70
Stock written off	1.68	9.67
Work-in-progress written off	17.11	70.68
Provision for doubtful debtors/advances/interest accrued on deposits (net)	25.17	62.72
<b>Operating loss before working capital changes</b>	<b>(4.77)</b>	<b>(29.41)</b>
Movements in working capital :		
(Increase) in sundry debtors	(12.13)	(138.01)
Decrease / (Increase) in inventories	(106.17)	78.75
Decrease / (Increase) in loans and advances	(23.28)	31.92
Decrease / (Increase) in other current assets	16.58	1.23
Increase in current liabilities and provisions	48.34	31.36
<b>Cash used in operations</b>	<b>(81.43)</b>	<b>(24.16)</b>
Direct taxes paid (net)	(15.69)	(21.64)
<b>Net cash used in operating activities (A)</b>	<b>(97.12)</b>	<b>(45.80)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(20.70)	(142.12)
Proceeds from sale of fixed assets	2.28	2.21
Purchase of Investments in associates	(0.10)	-
Investment in mutual funds (net)	28.68	(34.05)
Proceeds from sale of investments including share application money in associates and joint vetures (net of cash)	-	26.14
Advance towards share application money	(32.85)	(4.73)
Investment in Pass Through Certificates	(150.00)	-
Inter corporate deposits given	(23.99)	-
Proceeds from/ investment in short term deposits (net)	(2.96)	36.86
Interest received	5.01	4.40
Cash and Bank Balances acquired from/(transferred to) Joint Ventures	(0.14)	2.55
Income from mutual funds received	1.57	0.78
<b>Net cash used in investing activities (B)</b>	<b>(193.20)</b>	<b>(107.96)</b>

# Consolidated Cash Flow Statement for the year ended March 31, 2011

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

	For the year ended 2010-2011	For the year ended 2009-10
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of share capital	301.93	-
Share issue expenses	(1.21)	-
Proceeds from long term borrowings	666.62	186.28
Contribution from Promoters	-	55.00
Short term borrowings (Net)	(23.53)	-
Grants received from concession authorities	-	15.55
Repayment of long term borrowings	(586.20)	(102.02)
Interest paid	(60.14)	(32.15)
<b>Net cash from financing activities (C)</b>	<b>297.47</b>	<b>122.66</b>
<b>(Decrease) / Increase in cash and cash equivalents (A + B + C)</b>	<b>7.15</b>	<b>(31.10)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>27.67</b>	<b>58.77</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>34.82</b>	<b>27.67</b>

## Notes :

1. Reconciliation of Cash and Cash equivalents :

Components of Cash and Cash equivalents		
Cash and cheques on hand	0.19	0.33
Balance with banks :		
- on Current accounts	34.63	27.34
- on Deposit accounts	-	-
- on Unpaid dividend accounts *	0.00	0.00
<b>Total Cash and cash equivalents</b>	<b>34.82</b>	<b>27.67</b>
Add:		
Fixed deposits not considered as cash equivalents	7.86	7.64
Margin money deposits not considered as cash equivalents	27.27	24.53
<b>Cash and bank balances as per Schedule 12</b>	<b>69.95</b>	<b>59.84</b>

\*These balances are not available for use by the company as they represent corresponding unpaid dividend liabilities.

2. During the previous year, certain investments (including share application money) in subsidiaries, associates and joint ventures were sold to Maytas Investment Trust for a total consideration of Rs. 575. The said transaction is considered as non cash transaction for the purpose of cash flow. (Refer Note 6(d) of Schedule 26)
3. During the year, allotment of shares has been made for the share application money of Rs. 354.27 to the CDR bankers as per the terms of Masters Restructuring Agreement. The said transaction is considered as non cash transaction for the purpose of cash flow. (Refer Note 6(d) of Schedule 26)
4. During the year, the Company has acquired three subsidiaries for Rs. 0.03. Consideration towards purchase of this investment is payable as at March 31, 2011.
5. During the year, the Company has converted Rs. 8.47 from short term loans to long term loans as per Masters Restructuring Agreement. This transaction is considered as non cash transaction for the purpose of cash flow.

This is the Consolidated Cash Flow Statement referred in our report of even date.

## for S.R. BATLIBOI & ASSOCIATES

Firm Registration No. 101049W  
Chartered Accountants

per **Vikas Kumar Pansari**  
Partner  
Membership No. 93649

## for and on behalf of the Board of Directors of IL&FS Engineering and Construction Company Limited

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011

## Schedules to Consolidated Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 1 : Share Capital (Refer Note 6(d) and (f) of Schedule 26)</b>				
<b>Authorised</b>				
150,000,000 (March 31, 2010 : 75,000,000) equity shares of Rs.10 each		150.00		75.00
35,000,000 (March 31, 2010 : Nil) Preference shares of Rs.100 each		350.00		-
		<b>500.00</b>		<b>75.00</b>
<b>Issued, subscribed and paid up</b>				
77,370,025 (March 31, 2010 : 58,850,856) equity shares of Rs.10 each fully paid up		77.37		58.85
5,749,500 (March 31, 2010 : NIL) 6% Cumulative Redeemable Preference shares of Rs.100 each fully paid up		57.50		-
25,000,000 (March 31, 2010 : NIL) 6% Optionally Convertible Cumulative Redeemable Preference shares of Rs.100 each fully paid up		250.00		-
Note:				
1. Refer Note 20 of Schedule 26 for disclosure on option on unissued share capital.				
2. Of the above equity shares, 3,060,036 equity shares of Rs.10 each at Rs.187.89 were allotted as fully paid up equity shares to the CDR bankers as per the terms of Masters Restructuring Agreement for consideration other than cash during the current year.				
3. 6% Cumulative Redeemable Preference shares of Rs. 100 each have been allotted on December 6, 2010 as per the terms of the Masters Restructuring Agreement entered with Bankers, date of redemption being March 31, 2015.				
4. 6% Optionally Convertible Cumulative Redeemable Preference shares of Rs. 100 each have been allotted on March 31, 2011 as per the terms of the Masters Restructuring Agreement entered with Bankers, earliest date of redemption being September 30, 2012.				
		<b>384.87</b>		<b>58.85</b>
<b>Schedule 2 : Employee stock options outstanding (Refer Note 20 of Schedule 26)</b>				
Employee stock options outstanding		0.47		0.47
Less : Deferred employee compensation cost		0.47		0.14
		-		<b>0.33</b>
<b>Schedule 3 : Reserves and surplus</b>				
<b>Securities Premium Account</b>				
Balance as per last Balance Sheet	289.92		289.92	
Add: Received during the year	340.89		-	
Less : Utilisation towards share issue expenses (net of tax Rs. Nil)	1.21	629.60	-	289.92
<b>Grants received from concession authorities</b>				
Balance as per last Balance Sheet	-		37.94	
Add: Received during the year	-		15.55	
Less: Transferred on disposal of joint ventures	-	-	53.49	-
		<b>629.60</b>		<b>289.92</b>



## Schedules to Consolidated Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 4 : Secured loans</b>				
<i>(Refer Note 6, 8, 9 and 12 of Schedule 26)</i>				
From Banks				
Foreign currency loans [including Buyer's line Credit Rs.Nil (March 31, 2010 : Rs.2.83)] [Repayable within one year Rs.Nil (March 31, 2010 : Rs.40.83)]		-		104.40
Term loan/Working capital term loan (net of offset/adjustment of Rs. Nil (March 31, 2010 : Rs. 575) receivable from Maytas Investment Trust) [Repayable within one year Rs.Nil (March 31, 2010 : Rs.219.95)]		452.82		340.75
Working Capital Loans [includes Rs.Nil (March 31, 2010: Rs.46.60) not forming part of CDR]		249.53		304.60
Interest accrued and due		1.14		13.08
From others				
Term loans [Repayable within one year Rs. Nil (March 31, 2010 : Rs.30.35)]		-		30.35
Vehicle loans [Repayable within one year Rs. 0.17 (March 31, 2010 : Rs.0.35)] (Vehicle loans are secured by hypothecation of the vehicles)		0.41		0.35
Interest accrued and due		-		0.21
		<b>703.90</b>		<b>793.74</b>
<b>Schedule 5 : Unsecured loans</b>				
<i>(Refer Note 8 and 9 (c) of Schedule 26)</i>				
From Banks				
[Repayable within one year Rs.Nil (March 31, 2010 : Rs.39.94)]		-		40.00
Interest accrued and due		-		7.75
From others				
Term Loans [Repayable within one year Rs. 85.11 (March 31, 2010: Rs.Nil)]		85.11		-
Other loans [Repayable within one year Rs. 18.82 (March 31, 2010 : Rs.35.35)]		18.82		35.35
Promoter's Contribution (Refer Note 6(c) of Schedule 26)		55.00		55.00
<b>Finance lease obligation</b>		3.45		3.65
[Repayable within one year Rs.0.28 (March 31, 2010 : Rs.0.20)]				
		<b>162.38</b>		<b>141.75</b>
<b>Schedule 6A : Deferred tax liability (net)</b>				
Differences in depreciation as per tax books and financial books		-		0.02
<b>Net deferred tax liability</b>		-		<b>0.02</b>
<b>Schedule 6B : Deferred tax asset (net) (Refer Note 17 of Schedule 26)</b>				
<b>Deferred tax liability</b>				
Differences in Depreciation as per tax books and financial books		-		(2.31)
<b>Deferred tax assets</b>				
Effect of Lease Accounting		-		1.13
Effect of retirement benefit expenditure debited to profit and loss account in the current year but allowed for tax purposes in the following years		-		1.12
Effect of Public Issue Expenses		-		0.06
Effect of Unabsorbed business loss and depreciation		-		7.26
<b>Net deferred tax asset</b>		-		<b>7.26</b>

## Schedules to Consolidated Balance Sheet

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

### Schedule 7 : Fixed Assets

Description	Gross Block					Depreciation					Net Block	
	As at April 01, 2010	Additions During the year	Deletions during the year	Adjustments#	On Disposal of Components	As at March 31, 2011	For the year	Deletions	Adjustments#	On Disposal of Components	As at March 31, 2011	As at March 31, 2010
Freehold Land	6.33	0.42	-	-	-	6.75	-	-	-	-	6.75	6.33
Buildings	0.17	-	-	-	-	0.17	-	-	-	-	0.17	0.17
Temporary erections - site offices	24.38	4.19	1.00	(0.56)	-	27.01	1.31	1.01	(0.22)	-	23.54	0.92
Lease hold improvements*	4.04	0.15	-	-	-	4.19	0.41	-	-	-	1.70	2.75
Plant and machinery - Construction equipment ^	511.99	5.74	3.62	(30.39)	-	483.72	51.92	2.53	(22.92)	-	220.33	318.13
Site infrastructure	5.26	-	4.05	1.86	-	3.07	0.85	1.88	0.57	-	1.74	3.06
Office equipment	4.70	0.26	0.18	-	-	4.78	0.24	0.07	-	-	1.50	3.37
Tools and implements	5.29	0.25	1.22	-	-	4.32	0.29	1.23	-	-	4.18	0.17
Data processing equipments	6.31	0.27	0.18	(0.04)	-	6.36	0.92	0.06	(0.04)	-	3.98	3.15
Furniture and fixtures	3.89	0.35	0.22	(0.29)	-	3.73	2.18	0.13	(0.12)	-	2.18	1.71
Vehicles	9.73	0.59	2.23	(0.05)	-	8.04	4.17	1.17	(0.03)	-	3.83	5.56
<b>Grand Total</b>	<b>582.09</b>	<b>12.22</b>	<b>12.70</b>	<b>(29.47)</b>	<b>-</b>	<b>552.14</b>	<b>236.77</b>	<b>8.08</b>	<b>(22.76)</b>	<b>-</b>	<b>262.98</b>	<b>345.32</b>
<b>Previous Year</b>	<b>681.30</b>	<b>19.96</b>	<b>22.55</b>	<b>2.32</b>	<b>98.94</b>	<b>582.09</b>	<b>185.30</b>	<b>6.99</b>	<b>1.28</b>	<b>39.16</b>	<b>236.77</b>	<b>9.09</b>

Capital work in progress including capital advances [includes capital advances Rs. 3.34 (March 31, 2010 : Rs 5.93)]

\* Leasehold improvements represent fixtures taken on finance lease.

^ Plant and Machinery - Construction equipment

1. Plant and Machinery - Construction equipment (Gross Block) includes shuttering and scaffolding material Rs. 53.98 (March 31, 2010 : Rs. 45.77).

Net block value of this shuttering and scaffolding material is Rs. 18.67 (March 31, 2010 : Rs. 18.31)

2. Plant and Machinery - Construction equipment includes equipment given on Operating Lease (Refer Note 2 and 27 of Schedule 26)

Description	31-Mar-11	31-Mar-10
Gross book value	82.49	120.95
Accumulated depreciation	27.31	19.69
Depreciation for the year	12.73	20.13
Net book value	42.45	81.13

# Adjustment for the year includes :

a) Assets recapitalised on April 01, 2010 - Gross Block Rs. 14.11, Written Down Value Rs. 10.10 which were under Fixed Assets held for sale in the previous year.

b) On account of amicable settlement with JV partner in case of Himachal JV (Refer Note 1(b) (iii) of Schedule 26)

### Schedule 8 : Intangible Assets

Description	Gross Block					Amortisation					Net Block	
	As at April 01, 2010	Additions During the year	Deletions during the year	Adjustments	On Disposal of Components	As at April 01, 2010	For the year	Deletions	Adjustments	On Disposal of Components	As at March 31, 2011	As at March 31, 2010
Computer software	1.33	-	-	-	-	1.33	-	-	-	-	1.33	-
<b>Grand Total</b>	<b>1.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.33</b>	<b>-</b>
<b>Previous Year</b>	<b>650.55</b>	<b>0.27</b>	<b>0.11</b>	<b>-</b>	<b>649.38</b>	<b>1.33</b>	<b>0.97</b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>1.33</b>	<b>-</b>

## Schedules to Consolidated Balance Sheet

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

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
<b>Schedule 9 : Investments (Unquoted)</b>					
<b>Long term, Trade (At cost)</b>					
<b>I. In Equity shares (fully paid up)</b>					
1. KVK Power and Infrastructure Private Limited	10	4,000,000	4.00	4,000,000	4.00
Less: Provision for diminution in value of investments			4.00		4.00
A			-		-
<b>II. Preference shares (fully paid up)</b>					
1. KVK Power and Infrastructure Private Limited	10	4,550,000	4.55	4,550,000	4.55
Less: Provision for diminution in value of investments			4.55		4.55
B			-		-
<b>III. In Associates</b>					
1. Maytas Properties Limited	C	10,000	0.10	-	-
<b>IV. Pass Through Certificates - Maytas Investment Trust</b>					
D			150.00		-
E = A+B+C+D			<b>150.10</b>		-
<b>Current investments - Non-trade (in units)</b>					
<b>(At lower of cost and market value)</b>					
1. LIC MF Liquid Fund - Growth plan		560,413	1.00	18,051,774	30.38
2. SBI Liquid Fund		697,732	0.70	-	-
F			<b>1.70</b>		<b>30.38</b>
Aggregate Net Asset Value as at March 31, 2011 : Rs. 1.71 (March 31, 2010 : Rs. 30.44)					
<b>E+F</b>			<b>151.80</b>		<b>30.38</b>

## Schedules to Consolidated Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 10 : Inventories (Refer Note 1 (i) of Schedule 26)</b>				
Materials		61.91		38.39
Work-in-progress		1.05		129.80
Amount due from customers (Project - Work-in-progress)		182.48		-
		<b>245.44</b>		<b>168.19</b>
<b>Schedule 11 - Sundry debtors (Unsecured considered good except as otherwise stated) (Refer Note 22 (c) of Schedule 26)</b>				
Debts outstanding for a period exceeding six months				
Considered good*	284.14		456.80	
Considered doubtful	33.71	317.85	1.54	458.34
Other debts				
Considered good#	302.88		215.15	
Considered doubtful	-	302.88	-	215.15
		620.73		673.49
Less: Provision for doubtful debts		33.71		1.54
* includes retention money : Rs. 146.29 (March 31, 2010 : Rs.114.53)				
# includes retention money : Rs. 24.29 (March 31, 2010 : Rs.55.60)				
		<b>587.02</b>		<b>671.95</b>
<b>Schedule 12: Cash and bank balances</b>				
Cash on hand		0.19		0.33
Balances with scheduled banks				
- on current accounts		34.63		27.34
- on margin money deposits*		27.27		24.53
- on deposits #		7.86		7.64
- on unpaid dividend account		0.00		0.00
* lodged with authorities				
# under lien Rs.7.86 (March 31, 2010 : Rs.7.53)				
		<b>69.95</b>		<b>59.84</b>
<b>Schedule 13 : Other current assets (Unsecured, considered good except as otherwise stated)</b>				
Interest accrued on deposits and others				
Considered good	41.16		1.64	
Considered doubtful	41.92	83.08	48.10	49.74
Claim for performance bank guarantee (Refer Note 10 of Schedule 26)				
Considered good	-		19.60	
Considered doubtful	21.12	21.12	54.69	74.29
Fixed assets held for sale		0.69		11.36
Other Receivables				
Considered good	3.95		0.93	
Considered doubtful	0.24	4.19	-	0.93
		109.08		136.32
Less : Provision for doubtful Other Current Assets		63.28		102.79
		<b>45.80</b>		<b>33.53</b>

## Schedules to Consolidated Balance Sheet

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

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 14 : Loans and advances</b> <b>(Unsecured, considered good except as otherwise stated)</b> <b>(Refer Note 11 and 22 of Schedule 26)</b>				
Share/Debenture Application Money to Others		60.92		1.07
Dues from Joint Ventures		28.42		37.20
Advances recoverable in cash or kind or for value to be received				
Considered good	105.29		84.25	
Considered doubtful	26.48	131.77	28.75	113.00
Inter corporate deposits		407.21		391.64
Deposits - others				
Considered good	17.31		10.88	
Considered doubtful	0.47	17.78	0.47	11.35
Deferred revenue receivable		1.01		3.04
Sales tax deducted at source		9.74		5.75
Service tax credit receivable		2.08		3.01
Advance Income tax (net of provision)		115.29		99.02
		<b>774.22</b>		<b>665.08</b>
Less : Provision for Doubtful advances		26.95		29.22
		<b>747.27</b>		<b>635.86</b>
<b>Schedule 15 : Current Liabilities</b>				
Sundry creditors		120.22		172.73
Dues to Joint Ventures		29.83		24.79
Share application money		0.00		-
Advances from customers		50.15		66.65
Advance Billing		10.68		-
Mobilisation advance		144.88		212.49
Unclaimed dividend (Investor Education and Protection Fund shall be credited as and when due)		0.00		0.00
Dues to Sub-Contractors		160.45		57.97
Security deposits payable		75.08		58.78
Interest accrued but not due		4.35		43.51
Other liabilities		23.37		50.18
		<b>619.01</b>		<b>687.10</b>
<b>Schedule 16 : Provisions</b>				
Estimated future loss on projects (Refer Note 18 (a) of Schedule 26)		62.92		44.28
Estimated loss on settlement of project (Refer Note 18 (b) of Schedule 26)		-		2.03
Liquidated Damages (Refer Note 19 of Schedule 26)		17.01		14.74
Fringe benefit tax		-		0.02
Gratuity (Refer Note 21 (b) of Schedule 26)		1.92		1.76
Compensated absences		1.54		1.87
Provision for tax ( Net of advance tax)		3.65		9.60
		<b>87.04</b>		<b>74.30</b>

## Schedules to Consolidated Profit and Loss Account

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

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 17 : Revenues</b>		
Revenue from contracts <i>(Refer Note 1 (d) and 33 of Schedule 26)</i>	1,082.34	1,034.13
Equipment hire charges	27.69	44.85
Annuity income	-	19.80
	<b>1,110.03</b>	<b>1,098.78</b>
<b>Schedule 18 : Other income</b>		
Interest on		
Bank Deposits	4.69	3.27
Inter Corporate Deposits and others	18.57	1.12
Income tax refunds	4.12	0.45
Gain on foreign currency fluctuation (Net)	-	18.92
Loss on Derivatives written back	1.67	-
Liabilities no longer required written back	11.57	15.41
Income from Mutual Funds (Non trade and current investment)	1.57	0.78
Profit on settlement of projects (net)	-	6.59
Profit on sale of materials	-	0.20
Miscellaneous receipts	7.92	4.43
	<b>50.11</b>	<b>51.17</b>
<b>Schedule 19 : Decrease in Work-in-Progress</b>		
Opening work-in-progress	129.80	268.09
Less: Work in progress written off	19.93	70.68
Less: Adjustment on settlement of project	-	25.17
Less: Work in progress transferred to other joint venturers <i>(Refer Note 1 (b) (III) of Schedule 26)</i>	10.14	8.86
Add: Work in progress acquired from Joint Ventures	-	34.68
	<b>99.73</b>	<b>198.06</b>
Closing work-in-progress	1.05	129.80
	<b>98.68</b>	<b>68.26</b>
<b>Schedule 20 : Material consumed</b>		
Opening stock	38.39	89.29
Add: Purchases	372.12	257.83
Add: Materials acquired from Joint Ventures	-	1.28
	<b>410.51</b>	<b>348.40</b>
Less: Stock written off	1.68	9.67
Less: Cost of materials sold	0.98	32.76
	<b>407.85</b>	<b>305.97</b>
Less: Closing stock	61.91	38.39
	<b>345.94</b>	<b>267.58</b>

## Schedules to Consolidated Profit and Loss Account

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

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 21 : Personnel expenses</b>		
Salaries, bonus and other allowances	52.42	48.57
Contribution to provident fund and others <i>(Refer Note 21 (a) of Schedule 26)</i>	2.53	2.73
Gratuity <i>(Refer Note 21 (b) of Schedule 26)</i>	0.40	0.04
Compensated absences	1.09	1.68
Superannuation	0.07	-
Staff welfare expenses	2.15	2.27
Employee stock compensation expenses	-	0.22
	<b>58.66</b>	<b>55.51</b>
<b>Schedule 22 : Contract expenses</b>		
Site expenses	6.95	9.66
Subcontractor expenses	498.94	597.87
Hire charges	7.26	8.02
Freight and transportation	7.03	4.17
Wages and benefits to workers	18.13	19.90
Insurance - Projects	2.90	2.64
Insurance - others	1.20	0.86
Power and fuel	0.99	2.20
Repairs and maintenance		
Plant and machinery	2.46	4.65
Buildings	0.09	0.10
Others	1.78	3.99
Sales tax	27.56	34.28
Service tax	2.24	3.38
Provision for estimated future losses (net)	19.25	36.44
Provision for future loss on settlement of project	-	2.03
Provision for liquidated damages (net)	5.15	4.19
	<b>601.93</b>	<b>734.38</b>
<b>Schedule 23 : Administrative and Selling expenses</b>		
Rent	6.42	6.08
Rates and taxes	2.86	5.11
Office maintenance	2.57	2.33
Communication expenses	1.53	1.40
Printing and stationary	0.86	0.70
Legal and professional charges	8.48	9.39
Tender expenses	0.24	0.09
Business promotion	0.53	0.43
Travelling and conveyance	7.08	4.39
Auditors' remuneration <i>(Refer Note 32 of Schedule 26)</i>	1.01	1.02
Membership and subscription	0.03	0.04
Staff recruitment expenses	0.13	0.08
Donations	-	0.02
Loss on settlement of a project	3.04	-
Loss on exchange fluctuations (net)	3.51	-
Loss on derivatives	-	1.12
Loss on sale/discard of assets (net)	1.64	2.02
Miscellaneous expenses	1.30	0.81
	<b>41.23</b>	<b>35.03</b>
<b>Schedule 24 : Financial expenses</b>		
Interest on fixed period loans	43.39	78.51
Interest on others	24.52	76.33
Lease finance charges	0.40	0.43
Bank charges	6.50	10.05
	<b>74.81</b>	<b>165.32</b>

## Schedules to Consolidated Profit and Loss Account

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

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>Schedule 25 : Exceptional items (net)</b>				
Gains on transfer of investments (Refer Note 6(d) of Schedule 26)		-		237.72
Profit on disposal of the investments in subsidiary, joint ventures and associates		-		17.88
Gain on one time settlement with banks (Refer Note 8 of Schedule 26)		110.21		121.63
Reversal of CDR interest		-		21.04
Income from sale of long term investments		-		3.92
Interest - others		15.75		-
Reversal of net liabilities in joint venture (Refer Note 1 (b)(III) of Schedule 26)		14.81		-
Compensation for idle machinery		13.43		-
Provision for diminution in value of long term investments		-		(8.55)
Reversal/(Provision) for Performance Bank Guarantee invoked	33.57		(54.69)	
Less : Written off during the year	17.16	16.41	-	(54.69)
Liabilities no longer required written back		5.34		-
Advances written off		(0.23)		(108.56)
Bad debts written off		(1.60)		(52.70)
Stock written off		(1.68)		(9.67)
Work in progress written off	(19.93)		(70.68)	
Add : Adjustment on settlement of a contract	2.82	(17.11)	-	(70.68)
Fixed assets written off		(1.31)		-
Provision for doubtful debtors/advances/interest accrued on deposits/other receivables (net)	(23.96)		(42.42)	
Add: Written off during the year	(1.21)	(25.17)	(20.30)	(62.72)
		<b>128.85</b>		<b>34.62</b>



## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

### 1. Statement of significant accounting policies

#### a. Basis of preparation

The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except as discussed below.

#### b. Basis of consolidation

The Consolidated Financial Statements of IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Limited) ("IL&FS ECC" or "the Company") together with its subsidiaries, associates and joint venture entities (collectively termed as "the Group" or "the consolidated entities") have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except as referred in para 3 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 by Companies Accounting Standards Rules, 2006 (as amended).

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 Group) on consolidation of joint ventures.

The Consolidated Financial Statements for the year ended March 31, 2011 have been prepared on the basis of the financial statements of the following subsidiaries, associates and joint venture entities:

Name of the Consolidated Entities		Country of Incorporation	% of Interest as at March 31,	
			2011	2010
<b>Subsidiaries</b>				
1	Maytas Mineral Resources Limited (MMRL) *	India	100%	100%
2	Maytas Infra Assets Limited (MIAL)	India	100%	100%
3	Maytas Metro Limited	India	99.99%	89.99%
4	Maytas Vashista Varadhi Limited	India	100%	100%
5	Angeerasa Green Fields Private limited #	India	100%	-
6	Saptaswara Agro Farms Private Limited #	India	100%	-
7	Ekadanta Green Fields Private Limited #	India	100%	-
<b>Step Down Subsidiaries of MIAL</b>				
1	Dardu Power Private Limited * (Refer Note I)	India	50%	100%
2	Par Power (Arunachal Pradesh) Private Limited * (Refer Note I)	India	50%	100%
<b>Step Down Subsidiaries of MMRL</b>				
1	Maytas Ferro Industries Private Limited §	India	100%	100%
<b>Joint Ventures (AOPs/Partnership firms /Incorporated Entities)</b>				
1	Maytas-SNC (JV) (Refer Note II)	India	40%	40%
2	NCC-Maytas (JV) - U1	India	50%	50%
3	Himachal (JV) @ (Refer Note III)	India	-	45%
4	NEC-NCC-Maytas(JV)	India	25%	25%
5	Maytas-NCC (JV)	India	50%	50%
6	NCC-Maytas (JV) **	India	50%	50%
7	Maytas-CTR (JV)	India	70%	70%
8	NCC-Maytas-ZVS (JV)	India	39.69%	39.69%
9	Gulbarga Airport Developers Private Limited **	India	37%	37%
10	Shimoga Airport Developers Private Limited **	India	37%	37%

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Name of the Consolidated Entities	Country of Incorporation	% of Interest as at March 31,	
		2011	2010
11 Bangalore Elevated Tollway Limited ^ ^	India	-	29.08%
12 Brindavan Infrastructure Company Limited ^ ^	India	-	33.33%
13 Western UP Tollway Limited ^ ^	India	-	24.96%
14 Hyderabad Expressways Limited ^ ^	India	-	42.71%
15 Machilipatnam Port Limited ^ ^	India	-	50%
16 Pondicherry Tindivanam Tollway Limited @ ^ ^	India	-	26.09%
<b>Associates</b>			
1 Maytas Properties Limited (Refer Note IV)	India	40%	-
2 Himachal Sorang Power Limited ^ ^	India	-	5.02%
3 Cyberabad Expressway Limited ^ ^	India	-	18%

\* Considered for consolidation up to the date of closure of operations.

§ Immaterial subsidiary not consolidated. Closed operations during the year.

# Entities acquired during the year (Refer Note 15 of Schedule 26)

\*\* Consolidated based on unaudited financial results in the current year. (Refer Note 14 of Schedule 26)

@ Consolidated based on unaudited financial results in the previous year. (Refer Note 14 of Schedule 26)

^ ^ Considered for consolidation up to the respective date of sale/closure in the previous year.

Note I:

During the year, there is decrease in stake in Dardu Power Private Limited and Par Power (Arunachal Pradesh) Private Limited. The said entities are considered to be subsidiaries by virtue of the Company's control of the composition of the board of directors of such entities.

Note II:

During the year, the Company has consolidated Maytas-SNC (JV) based on the audited financial statements of the previous year since the current year financial statements of the said entity are not available with the Company.

Note III:

During the year, the Company has amicably settled the liability with other JV partner. Accordingly the Company's share in net assets, revenues and cash flows in Himachal (JV) has not been included in the financial statements for the current year.

Note IV:

During the year, the Company has invested Rs. 0.10 in equity shares of Maytas Properties Limited (MPL) constituting 40% of the post issue paid up share capital of MPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS group (consisting of IL&FS, IL&FS Financial Services Limited and the Company) to be the new promoters of MPL. MPL is under the direct supervision of the Company Law Board, represented by a nominee director, hence is operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor therefore instead of applying equity method in accounting for investments in an associate the same has been accounted in accordance with AS 13 "Accounting for Investments".

### c. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

### d. Change in Accounting Policies

#### Change in Revenue Recognition

In the current year, the Group has changed its accounting policy for recognition of revenue in case of long term construction contracts with respect to the computation of percentage of completion method as this would result in more appropriate presentation of contract revenue. The stage of completion of the project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs wherein the percentage of completion method in the previous year was determined on the basis of "Surveys performed".

Had the Group continued to use the earlier policy, the revenue for the year would have been lower by Rs.171.79, the work in progress would have been lower by Rs. 146.56, the future loss provision would have been lower by Rs. 25.84 and profit after tax for the current year would have been higher by Rs. 0.61.

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Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
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### e. Revenue recognition

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

- i. Revenue from long term construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified by the Companies Accounting Standards Rules, 2006 (as amended). 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 "Current Liabilities" in the balance sheet. The revenue on account of claims is accounted for based on Management's estimate of the probability that such claims would be admitted either wholly or in part.
- ii. Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers.
- iii. Annuity income is accounted for on accrual basis in accordance with the provisions of the concession agreements.
- iv. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- v. Dividend is recognised as and when the right to receive payment is established by the balance sheet date.

### f. Fixed assets and depreciation

- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets 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.
- (ii) Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated

on straight line basis over the lease term or useful life, whichever is lower.

- (iv) Depreciation on fixed assets other than those mentioned in S No (v) below, is provided on straight line method, based on useful life of the assets as estimated by the Management which coincides with rates prescribed under Schedule XIV to the Companies Act, 1956.
- (v) Depreciation on the following fixed assets is provided on a straight-line basis, at the rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by Management:
  - Tools and implements are depreciated fully in the year of purchase.
  - Plant and Machinery – construction equipment at project sites consisting of shuttering /scaffolding material and equipments given on hire are depreciated over a period of six years. Plant and Machinery – construction equipment (other than earth moving equipments, shuttering/scaffolding material and equipments given on hire) are depreciated over a period of 15 years.
  - Temporary erections in the nature of site offices are depreciated over the period of the respective project.
  - Site infrastructure is depreciated over a period of six years.
- (vi) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

### g. Intangible assets

#### *Computer 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.

#### *Toll collection rights*

Toll collection rights, are amortized over the concession period, beginning from the commercial operation date (COD).

### h. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

### i. Inventories

- (i) Materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis. Net realisable value is the

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estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to affect 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.

### j. Retirement and other employee benefits

- (i) Retirement benefits in the form of provident fund, a defined contribution scheme is charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective authorities.
- (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.
- (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.
- (iv) Actuarial gains / losses are immediately taken to Profit and Loss Account and are not deferred.

### k. 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 and deferred tax liabilities across various entities of operation are not set off against each other as the Group does not have a legal right to do so. 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 Group has unabsorbed depreciation or carry forward tax losses, deferred tax asset is 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 Group 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 Group 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.

### l. 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 Group 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 is 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, 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 ignored.

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### m. Grant Received from Concession Authorities

Grants received from the concession granting authorities towards capital cost of the project would be amortized over the concession period after commercial operation date (COD). The grants paid to concession authorities is considered as capital cost of the project.

### n. Leases

#### *Where the Group is a Lessee*

Finance leases, which effectively transfer to the Group 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 charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains 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 Profit and Loss account on a straight-line basis over the lease term.

#### *Where the Group is a Lessor*

Assets under operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

### o. Accounting for Joint Ventures

Accounting for joint ventures undertaken by the Group has been done in accordance with the requirements of AS – 27 “Financial Reporting of Interests in Joint Venture” notified by the Companies Accounting Standards Rules, 2006 (as amended) as follows:

#### **Jointly Controlled Operations**

In respect of joint venture contracts which are executed under work sharing arrangements, the Group’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 revenue has been recognized based on share of work certified by the lead partner.

### p. 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 attributable taxes)

by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

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 period are adjusted for the effects of all dilutive potential equity shares.

### q. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

### r. Provisions

A provision is recognised when the Group has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### s. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### t. Employee Stock Compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Group 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.

## 2. Changes in Estimates

### **Change in Useful life of Fixed Assets**

In the current year, based on technical estimates, the Group has re-estimated the useful lives for Plant and Machinery – construction equipment (other than earth moving equipments, shuttering/scaffolding material and equipments given on hire) and depreciated the written down value as on April 01, 2010 over the revised estimated balance life. The Management believes that such change will give a systematic basis of depreciation charge more representative of the time pattern

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in which the economic benefits will be derived from the use of such asset. The useful life has been re-estimated from 11 years to 15 years.

Had the Group continued to use the earlier basis of providing depreciation, the depreciation for the current year would have been higher by Rs. 6.65, profit after tax would have been lower by Rs. 6.65 and net block for the current year would have been lower by Rs. 6.65.

In the previous year, based on technical estimates, the Group had re-estimated the useful lives of certain category of Fixed Assets (given on hire) with effect from April 01, 2009. Had the Group continued to use the earlier basis of providing depreciation, the depreciation and loss for the previous year would have been lower by Rs. 6.48 and net block for the previous year would have been higher by Rs. 6.48.

### 3. 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 policies followed by various consolidated entities are not aligned with those of the Company.

- a) Depreciation in certain consolidated joint venture entities is provided on written down value method as per Schedule XIV of the Companies Act 1956, and/or at WDV rates as per the Income Tax Act, 1961 as compared to straight line method as per Schedule XIV of the Companies Act, 1956 followed in the books of the Company.

In the absence of information regarding the gross block and accumulated depreciation of the following joint ventures, only the net block as at March 31, 2011 has been considered for consolidation:

March 31, 2011	March 31, 2010
Maytas –SNC (JV)	Maytas –SNC (JV)
-	Himachal (JV)

The proportion of the aggregate net block of the above joint ventures as compared to the Company's consolidated net block is 0.01% as at March 31, 2011 and 4.89% as at March 31, 2010.

- b) In the current year, the Group has changed its accounting policy for recognition of revenue in case of long term construction contracts with respect to the computation of percentage of completion method as this would result in more appropriate presentation of contract revenue. However NCC-Maytas (JV) and Maytas-CTR (JV), joint venture entities, have determined stage of completion on the basis of "Surveys performed" wherein the Group 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 Company's consolidated work-in-progress is 0.57% as at March 31, 2011

The Group has estimated the impact of such differential accounting policy on the consolidated results for the year and financial position of the Group as at March 31, 2011 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.

### 4. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1.72 (March 31, 2010: Rs. 0.95).

### 5. Contingent liabilities not provided for

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
(a)	Claims against the Group not acknowledged as debts	2.92	8.41
(b)	Outstanding bank guarantees (excluding performance obligations)	311.55	243.20
(c)	Guarantees issued by bankers, financial institutions on behalf of the Group towards performance obligations	621.98	634.66
(d)	Corporate Guarantees towards performance obligations of the Group	58.03	-
(e)	Direct and Indirect taxes under dispute	43.29	60.04
(f)	Liquidated damages	43.85	84.62
(g)	Preference Dividend (including dividend tax)	Refer Note 31 (ii) below	-
(h)	The Company has Guaranteed to the lenders to make good the short fall, if any, on redemption of Pass Through Certificates issued by Maytas Investment Trust as per the CDR terms (Refer note no. 6(d) below).		
(i)	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 on going. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for seven alleged violations against the Company and others. While the Company has not accepted these violations, in order to settle these issues, Company is in the process of filing compounding applications for these alleged violations.		

It is not practicable to estimate the time frame by which the aforesaid disputes would be settled. 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, 2011.

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Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
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### 6. Going Concern

The Group has recorded a net profit of Rs. 2.44 for the year and has accumulated losses of Rs. 433.24 as at March 31, 2011. During the year, the Company has got contracts for new projects and has bid for many other projects. The Management is confident that the Company will be able to generate profits in future years and meet its financial obligation as they arise. The accompanying Financial Statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- a) The Group has an order book of Rs. 7,100 approximately as at March 31, 2011.
- b) The Management and the Government nominee directors on the board have taken significant steps for revival and restoration of operations of the Company.
- c) The promoters, Infrastructure Leasing and Financial Services Limited (IL&FS), have provided liquidity support of Rs. 55 (repayment schedule not specified) to the Company in terms of the Company Law Board order and also have arranged Rs. 85.11 by way of loan and Rs. 5 towards non-fund based limits.
- d) The Company had obtained an approval for the Debt Restructuring from the CDR Empowered Group in July 2009. Upon induction of IL&FS as the new promoter in the previous year, the scheme had been modified and approval of Lenders was obtained at its meeting held on March 30, 2010. The Company has obtained formal Letter of Approval dated June 26, 2010 from the CDR Empowered Group incorporating attendant terms and conditions and based on an independent opinion the impact of the CDR scheme had been given in the financial statements of the previous year. The Master Restructuring Agreement (MRA) was executed on September 27, 2010.

The salient features of MRA are as follows:

- Repayment of Term Loan has been restructured over a period of 6 years, commencing September 30, 2010. Accordingly the Company has made 32% repayment of Term Loan on September 28, 2010. Balance loan repayments would commence from financial year 2013-14.
- Fund based working capital facility has been carved out based on the drawing power of the Company.
- Restructuring of Interest rates, payable monthly @ 7% p.a. for the financial year 2010-11 and stepped up over the period of loan with varying rates thereafter.
- Conversion of debt of Rs. 250 into 6% Optionally Convertible Cumulative Redeemable Preference Shares.
- Conversion of accrued interest up to March 2010, into a Funded Interest Term Loan (FITL) and issuance of Preference (carrying 6% coupon rate) / Equity Capital to discharge the FITL obligation.
- In the previous year, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable

trust, namely, Maytas Investment Trust (Trust). The Company had transferred its investments aggregating to Rs. 310 in diverse BOT Projects at fair value aggregating to Rs. 575 to the Trust. During the financial year, the Trust has fully redeemed the Pass Through Certificates issued to the lenders under the CDR scheme along with the accumulated yield till the date of redemption by way of selling certain investments for an amount of Rs. 220 and by issuing fresh Pass Through Certificates of Rs. 400, of which Rs. 150 were purchased by the Company. The Company is liable for short fall, if any, that may arise in eventual settlement of the PTCs through an orderly disposal of BOT investments. The Company does not currently envisage any shortfall on this account.

- Fresh Term Loans of Rs. 300 and additional non fund based limits of Rs. 200 were sanctioned during the year.
- e) The Company has entered into One Time Settlements (as discussed in detail in note 8 below) with five more banks during the financial year which were not part of CDR Scheme.
  - f) During the year, the Company has allotted 15,459,133 Equity shares of Rs. 10 each at a premium of Rs. 185.30 per share against receipt of an amount of Rs. 301.93 from SBG Projects Investments Limited (SBGPIL) on July 30, 2010. The Company Law Board has approved induction of four nominee Directors of SBGPIL on the Board of the Company. Pursuant to this Investment, SBGPIL and IL&FS have announced an Open Offer to acquire further 20% of the Equity Shares of the Company as per SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Open Offer commenced on March 30, 2011 and closed on April 18, 2011. SBGPIL and IL&FS acquired 14,563,755 equity shares of the Company in the Open Offer.
7. The Government of Andhra Pradesh has issued a G.O.Rt.No.319 dated April 16, 2011 terminating the agreement for "Design, construction, finance, operation and maintenance of 2 lane bridges across Vasista Branch of River Godavari connecting Narsapur of West Godavari District with Sakhlnetpalli of East Godavari District under BOT on Annuity basis" and to Invoke the Bank Guarantee. The Government of Andhra Pradesh neither issued any notice to Maytas Vasishta Varadhi Limited ('MVVL'), the Subsidiary Company, nor sought any explanation before terminating the project unilaterally. Subsequently, MVVL filed a Write Petition No.10913 of 2011 in the Hon'ble High Court of Andhra Pradesh. The Hon'ble High Court issued a stay order stating that no further steps shall be taken pursuant to the aforesaid impugned GO.

Based on internal assessment, the Management is confident that the aforesaid dispute will be decided in its favour and hence the separate financial statements of MVVL for the year ended March 31, 2011 have been prepared on a "Going Concern" basis. Accordingly, no adjustments have been made to the consolidated financial statements in respect of the same.

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### 8. One Time Settlements (OTS) with Lenders

The Company had made OTS proposal to certain banks, which were not part of CDR scheme. The cutoff date considered was December 31, 2008. During the year, the Company has entered into One Time Settlement with five more banks and the resultant gain on settlement has been accounted for as an exceptional item amounting to Rs. 110.21 (March 31, 2010 Rs. 121.63). With these One Time Settlements, the Company has completed settlements with all banks which were outside the purview of CDR Package.

### 9. Borrowings

a) Security details for Secured loans:

Nature of Loan	As at March 31, 2011	As at March 31, 2010
Foreign Currency Loan from Banks	Not Applicable (Refer Note 3 below)	<ul style="list-style-type: none"> <li>Rs. 101.57 is secured as per CDR package by pari passu first mortgage and charge on Company's immovable and movable properties both present and future and pari passu first charge on current assets of the Company (Refer Note 1 below).</li> <li>Rs. 2.83 is secured by exclusive charge on the equipment financed through such loans.</li> </ul>
Term Loans from Banks	Rs. 452.82 is 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 equipments, machinery spares, tools, accessories, current assets both present and future. (Refer Note 1 below)	<ul style="list-style-type: none"> <li>Rs. 174.38 is secured as per CDR package by pari passu first mortgage and charge on the Company's immovable and movable properties both present and future and pari passu first charge on current assets of the Company (Refer Note 1 below).</li> <li>Rs. 25.58 is secured by pari passu first charge on the current assets of the Company.</li> <li>Term loans availed towards purchase of machinery aggregating to Rs. 74.59 is secured by first charge on machinery &amp; equipment purchased out of the respective loans.</li> <li>Term loans availed in respect of specific projects aggregating to Rs. 30.87 is secured by first charge on the present and future Current assets of the respective projects.</li> <li>Rs. 35.33 is secured by pari passu charge on Investments of Rs. 310 (which have been sold to MIT as discussed in note 6(d) above).</li> </ul>
Working Capital Loans from Banks	Rs. 249.53 is 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 equipments, machinery spares, tools, accessories, current assets both present and future (Refer Note 1 below)	<ul style="list-style-type: none"> <li>Rs. 258.00 is secured as per CDR package by Pari passu Hypothecation first charge on Current assets. Pari passu first charge on immovable and movable assets both present and future (Refer Note 1 below).</li> <li>Rs. 43.50 is secured by first pari passu charge on current assets of the Company. Collaterally secured by pari passu second charge on the unencumbered movable fixed assets and negative lien on the immovable property.</li> <li>Rs. 3.10 is secured by pari passu first charge on the current assets of the Company.</li> </ul>
Term Loan from others	Not Applicable	<ul style="list-style-type: none"> <li>Rs. 30.31 is secured by pari passu charge on Investments of Rs. 310 (which have been sold to MIT as discussed in note 6(d) above).</li> <li>Rs. 0.04 towards purchase of machinery are secured by hypothecation of the machinery and equipment.</li> </ul>
Vehicle Loan from Others	Vehicle loans are secured by hypothecation of the vehicles.	Vehicle loans are secured by hypothecation of the vehicles



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Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
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### Note:

1. The security for the Loans under CDR is as per the approved package vide Letter of approval dated June 26, 2010. Necessary filing with the Registrar of Companies for execution of charge in favour of the Security Trustee has been done on October 15, 2010 and October 28, 2010.
  2. Loans aggregating to Rs. 440.24 (March 31, 2010 Rs. 755.02), which have been additionally secured by personal guarantees given by the Ex Vice Chairman of the Company (Mr. Teja Raju) has not been disclosed above.
  3. As per CDR Terms, Foreign Currency Loans of Rs. 104 as at March 31, 2010 were to be converted into Rupee Term Loans subject to statutory approvals including from Reserve Bank of India (RBI). Hence, these loans were not considered as repayable within one year as at March 31, 2010. During the year the said loans have been converted to rupee term loans after necessary statutory approval including from RBI.
- b) The Company had defaulted on various loan covenants like commitment for minimum promoters shareholding, debt service coverage ratio, total debt to net worth etc., in the previous year. The non-compliance was an event of default under the loan agreement. However, the Company had not received any notice for such default from the banks.
- c) Unsecured loans include term loans from other amounting to Rs. 85.11 for which the Company is in the process of creating security

### 10. Status of Cancelled Projects

As at March 31, 2011, balances against cancelled projects of Rs. 12.68 (March 31, 2010: Rs. 63.70) is recoverable against current and fixed assets.

The Management has evaluated the recoverability of the aforesaid current assets and fixed assets deployed on these projects as on March 31, 2011. Based on such evaluation / reconciliation / amicable settlement, provision / write-offs aggregating to Rs. 50.78 (including Rs. 13.45 for provision for performance bank guarantee invoked) [March 31, 2010: Rs. 85.21 (including Rs. 54.69 for provision for performance bank guarantee invoked)] have been made in the accounts.

### 11. Inter Corporate Deposits

Prior to April 01, 2009 the erstwhile promoters had given Inter Corporate Deposits aggregating to Rs. 391.64 to various companies. As at March 31, 2011, the outstanding balance of Inter Corporate Deposits and share application money to various companies aggregated to Rs. 407.21 [including Rs. 71.85 to Maytas Properties Ltd (MPL)] and Rs. 27.00 respectively. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 342.11, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Consolidated Statement of Assets and Liabilities as at March 31, 2011 as "Amounts Pending Investigation Suspense Account (Net) Rs. 1,230.40". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Accounts. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon and the share application money.

During the year, the Company has accrued gross interest income of Rs. 23.59 (including Rs. 14.80 of earlier years) on Inter Corporate Deposit given to MPL.

### 12. Bank Guarantees Invoked

During the current year, Bank Guarantee aggregating to Rs. 14.50 provided as security against performance guarantee given to a customer has been invoked. The bank has adjusted an amount of Rs. 0.74 against margin money deposit lying with it and the balance amount was paid by the Company.

In the previous year Bank Guarantee aggregating to Rs. 172.36 provided as security against loans availed, mobilization advance received from customers, performance guarantees given to customers and guarantee given to suppliers had been invoked. Pursuant to the CDR scheme (as referred in para 6(d) above) the amount under Bank Guarantee Devolved Account had been transferred to term loan and working capital loan account.

### 13. Hyderabad Metro Rail Project:

During the earlier years, Government of Andhra Pradesh had cancelled the Hyderabad Metro Rail Project entered into by Maytas Metro Limited, a Subsidiary of the Company (by virtue of its current shareholding) and had invoked bank guarantees of Rs. 60 given as bid security and forfeited Rs. 11 given as part of the bid offer in the form of additional concession fee.

The Company had filed a writ petition challenging the termination of the contract. The Honorable High Court of Andhra Pradesh has ordered a status quo. Pending decision of the High Court, the Company as a matter of prudence had written off Rs. 60 towards bid security invoked and Rs. 11 towards additional concession fees paid by the Company on behalf of Maytas Metro Limited during the Financial Year 2009-10.

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14. Following entities were consolidated based on unaudited financials, the Company's share of assets, revenues and cash flows of these entities considered in consolidated financials are given below

S. No	Name of the entity	Company's Share of Assets	Company's Share of Revenues	Company's Share of Cash flows
i.	NCC-Maytas (JV)	3.17	-	(0.00)
ii.	Gulbarga Airport Developers Private Limited	4.75	-	0.24
iii.	Shimoga Airport Developers Private Limited	3.75	-	0.25

In the previous year the following entities were consolidated based on unaudited financials, the Company's share of assets, revenues and cash flows of these entities considered in consolidated financials are given below:

S. No	Name of the entity	Company's Share of Assets	Company's Share of Revenues	Company's Share of Cash flows
i.	Pondicherry Tindivanam Tollway Limited	-	-	3.50
ii.	Himachal Joint venture (Refer Note-1 below)	117.13*	14.18	0.04

\* Included receivables in the nature of claims Rs 76.90.

Note 1:

In the previous year, this entity was consolidated based on unaudited financials upto December 31, 2009, since the audited accounts are not available with the Company. As per discussions with the other partners and internal assessment, Management was of the view that the transactions from December 31, 2009 to March 31, 2010, if any, would not be significant from consolidated financial statements perspective.

### 15. Acquisition of subsidiaries

Effective February 28, 2011 the Company has acquired 100% stake in the share capital of Angeerasa Greenfields Private Limited ('AGPL'), Saptaswara Agro-farms Private Limited ('SAPL') and Ekadanta Greenfields Private Limited ('EGPL') (collectively termed as "acquired entities").

The acquisition of the interest in the acquired entities has been accounted in accordance with the accounting principles laid down under AS 21. Accordingly, since the purchase price is equal to the net assets acquired no Goodwill or capital reserve has been recorded in the Consolidated Financial Statements.

The interest of the Company in the net assets of the acquired entities on the date of acquisition is as given hereunder:

	AGPL	SAPL	EGPL
Purchase consideration	0.01	0.01	0.01
Net Assets as on the date of acquisition	0.01	0.01	0.01
Goodwill/(Capital Reserve)	-	-	-

The financial position on the reporting date and the results for the reporting period are given below:

a) Summary of post acquisition results of the acquired entities included in the Consolidated Profit and Loss Account for the year ended March 31, 2011:

	AGPL	SAPL	EGPL
Revenues	-	-	-
Expenses	0.02	0.02	0.02
Net loss considered in the Consolidated Profit and Loss Account	(0.02)	(0.02)	(0.02)

b) The assets and liabilities of the acquired entities included in the Consolidated Balance Sheet as at March 31, 2011 are:

	AGPL	SAPL	EGPL
<b>Liabilities</b>			
Unsecured Loans	0.00	15.00	3.58
<b>Assets</b>			
Net current assets	30.00	20.00	18.58

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16. Maytas Ferro Industries Private Limited, Dardu Power Private Limited, Par Power (Arunachal Pradesh) Private Limited and Maytas Mineral Resources Limited have closed operations effective February 28, 2011, March 29, 2011, March 29, 2011 and March 30, 2011 respectively. The financial position on the reporting date, the results for the reporting period and the corresponding amounts for the previous year are given below:

	For the period April 1, 2010 to Closure date	For the year ended March 31, 2010
Revenues	-	0.01
Expenses	0.06	0.06
Net loss considered in the Consolidated Profit and Loss Account	(0.06)	(0.05)
	As at Closure date	As at March 31, 2010
<b>Liabilities</b>		
Unsecured Loans	-	-
<b>Assets</b>		
Fixed Assets (Net Block)	-	0.00
Incidental expenditure during construction period	-	0.87
Net Current Assets	-	0.41
Profit and loss account - Debit balance	5.01	4.95

### 17. Deferred Tax Asset

- a) The Company has no deferred tax liability as at March 31, 2011. Deferred tax assets on timing differences have not been recognised as at March 31, 2011 in the absence of virtual certainty of future taxable profits.  
In the previous year, the Company had deferred tax liability of Rs. 2.31. Deferred tax assets on timing on the basis of virtual certainty had been restricted to the extent of deferred tax liability and no net deferred tax asset had been recognised
- b) In the current year, one of the joint venture entities (Himachal JV) has been amicably settled, whose unaudited financial statements reflected deferred tax asset of Rs. 7.26 in the previous year [Refer Note 1(b)(III) of schedule 26].

### 18. Provision for Future loss from projects

- a) The projects in progress as at March 31, 2011 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. 62.92 (March 31, 2010 Rs. 44.28) in terms of the requirements of Accounting Standard 7 – Construction Contracts. The movement in the balance is as under:

	2010 – 11	2009 – 10
Opening Balance	44.28	12.49
Add: Additions during the year*	48.70	36.44
Less: Reversal during the year	29.45	-
Less: Utilised during the year	0.25	4.65
Less: Adjusted against Current Liabilities	0.36	-
Closing Balance	62.92	44.28

\* Includes impact on account of change in accounting policy as referred in Note 1 (d) above.

- b) Provision for estimated future loss on account of projects transferred / disposed of has been made to the extent of Rs. Nil (March 31, 2010: Rs. 2.03). The movement in the balance is as under:

	2010 – 11	2009 – 10
Opening Balance	2.03	12.64
Additions during the year	—	2.03
Adjustment on settlement of project	2.03	12.64
Closing Balance	—	2.03

### 19. 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, 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., Accordingly provision made for liquidated damages is as under:

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	2010 – 11	2009 – 10
Opening Balance	14.74	10.55
Add: Additions during the year	7.85	6.03
Less: Reversal during the year	2.70	1.84
Less: Adjustment against Debtors	2.88	-
Closing Balance	17.01	14.74

### 20. Employee Stock Option Scheme (ESOS)

The Company has provided various share-based payment schemes to its employees. As at March 31, 2011, the following two schemes were in operation:

Particulars	ESOS - 2007	ESOS - 2009
Date of grant	April 14, 2007	March 23, 2010
Date of Remuneration Committee approval	April 14, 2007	March 23, 2010
Date of Shareholder's approval	March 30, 2007	November 09, 2009
Number of options granted	644,967	1,201,407
Method of Settlement (Cash/Equity)	Equity	Equity
Vesting Period	Options vest on an annual basis at 20%, 20% 30% and 30 % over a period of four years	<u>Grant 1</u> Options vest on an annual basis at 30%, 35% and 35% over a period of three years <u>Grant 2</u> Options vest on an annual basis at 20% 30% and 50% over a period of three year
Exercise period	3 years from the date of vesting	3 years from the date of vesting

ESOS 2008 granted on October 31, 2008 is not in operation as at March 31, 2011 because all the eligible Associates have left from their services.

#### I The details of activity under ESOS - 2007 have been summarized below:

Particulars	2010-11		2009-10	
	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	107,229	370	315,484	370
Granted during the year	Nil	Nil	Nil	Nil
Forfeited during the year	45,832	370	208,255	370
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	61,397	370	107,229	370
Exercisable at the end of the year	42,978	370	42,892	370
Weighted average remaining contractual life (in years)	3.04	-	4.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

As no options were exercised during the current and previous year, the weighted average share price has not been indicated.

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
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The details of exercise price for stock options outstanding at the end of the year for ESOS - 2007 Scheme:

Year	Range of 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)
2010-11	370	61,397	3.04	370
2009-10	370	107,229	4.04	370

II The details of activity under ESOS - 2008 have been summarised below:

Particulars	2010-11		2009-10	
	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	65,000	358.23	95,000	381.21
Granted during the year	Nil	Nil	Nil	Nil
Forfeited during the year	65,000	358.23	30,000	431.00
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	Nil	Nil	65,000	358.23
Exercisable at the end of the year	Nil	Nil	19,500	Nil
Weighted average remaining contractual life (in years)	-	-	4.59	-
Weighted average fair value of options granted (Rs. per share)	-	-	231.47	-

The details of exercise price for stock options outstanding at the end of the year for ESOS - 2008 Scheme:

Year	Range of 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)
2010-11	-	-	-	-
2009-10	345-431	65,000	4.59	358.23

III The details of activity under ESOS - 2009 have been summarised below:

Particulars	2010-11		2009-10	
	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	1,201,407	176.90	Nil	Nil
Granted during the year	Nil	Nil	1,201,407	176.90
Forfeited during the year	299,193	176.90	Nil	Nil
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	902,214	176.90	1,201,407	176.90
Exercisable at the end of the year	242,476	176.90	Nil	Nil
Weighted average remaining contractual life (in years)	4.98	Nil	5.98	Nil
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	Nil	95.32	Nil

As no options were exercised during the current and previous year, the weighted average share price has not been indicated.

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Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
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The details of exercise price for stock options outstanding at the end of the year for ESOS - 2009 Scheme:

Year	Range of 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)
2010 – 11	176.50	902,214	4.98	176.90
2009 – 10	176.50	1,201,407	5.98	176.90

Effect of the above ESOS plans on the Profit and Loss Account and on its financial position:

Particulars	2010 – 11	2009 – 10
Total Employee Compensation Cost pertaining to share based payment plans	0.47	0.47
Less: Liability for employee stock options outstanding at the year at the year end	-	0.33
Less: Write back of ESOP outstanding	0.47	-
Deferred Compensation Cost	-	0.14

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method.

In March 2005, the Institute of Chartered Accountants of India has 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:

	2010 – 11	2009 – 10
Loss considered for EPS (Refer Note 31)	(19.07)	(251.86)
Add: Employee stock compensation under intrinsic value method	(0.33)	0.22
Less: Employee stock compensation under fair value method	0.95	(0.63)
Proforma profit	(18.45)	(252.27)
<b>Earnings Per Share (Rs.)</b>		
<b>Basic</b>		
- As reported	(2.71)	(42.80)
- Pro forma	(2.62)	(42.86)
<b>Diluted</b>		
- As reported	(2.71)	(42.80)
- Pro forma	(2.62)	(42.86)

### 21) Retirement Benefits

#### a) Disclosures related to defined contribution plans

Provident fund contribution and ESI contribution recognized as expense in the Profit and Loss Account Rs. 2.53 (March 31, 2010: Rs. 2.73)

#### b) Disclosures related to defined benefit plan

The Group 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 unfunded.

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The following tables summarize the components of net benefit expense recognised in the Profit and Loss account and amounts recognised in the Balance Sheet for the respective plans.

### Consolidated Profit and Loss Account

#### Net employee benefit expense (recognised in Employee cost)

Particulars	2010-11	2009-10
Current service cost	0.40	0.51
Interest cost on benefit obligation	0.14	0.17
Net actuarial (gain) / loss recognized in the year	(0.14)	(0.64)
Past service cost	-	-
<b>Net benefit expense</b>	<b>0.40</b>	<b>0.04</b>

### Consolidated Balance sheet

#### Changes in the present value of the defined benefit obligation

Particulars	2010-11	2009-10
Opening defined benefit obligation	1.76	2.18
Interest cost	0.14	0.17
Current service cost	0.40	0.51
Benefits paid	(0.24)	(0.46)
Actuarial (gain) / loss on obligation *	(0.14)	(0.64)
<b>Closing defined benefit obligation</b>	<b>1.92</b>	<b>1.76</b>

\* Experience adjustments - gain Rs. 0.14 (March 31, 2010: Gain Rs. 0.88, March 31, 2009: Rs. Nil)

#### The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

	2010-11		2009-10	
Discount rate	8.00 %		8.00 %	
Increase in Compensation cost	6.00 %		6.00 %	
Employee Turnover	Age (Years)	Rate	Age (Years)	Rate
	18 - 50	10%	18 - 50	10%
	51 - 57	5%	51 - 57	5%

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.

## 22) Loans and advances and Sundry Debtors

### a) Advances due from private companies in which a Director of the Company is a Director

Name of the Company	March 31, 2011	March 31, 2010	Maximum amount outstanding during the year	
			2010-11	2009-10
Maytas Estates Private Limited*	-	0.08	-	0.08
Himachal Sorang Power Private Limited #	-	-	-	15.96
Maytas Hill County SEZ Private Limited*	-	0.47	-	0.47
Gulbarga Airport Developers Private Limited*	-	0.87	-	0.87
Shimoga Airport Developers Private Limited*	-	0.79	-	0.82

\* Ceased to be director in the Company w.e.f September 29, 2009

# Converted into Public Limited Company w.e.f March 31, 2010

### b) Dues from IJM - SCL JV, a partnership firm (with M/s IJM Corporation, Bhd) in which the Company is a partner for execution of Mumbai-Pune Express Highway in Maharashtra on 50:50 basis, is Rs. 6.34 (March 31, 2010 Rs. 6.34) net of provisions. The initial capital of the firm was Rs. 5 in the earlier years. In the previous year, the Company has excluded this investment from the list of integrated joint ventures.

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- c) Amounts due from companies under the same management as defined in sub-section (1-B) of Section 370 of Companies Act, 1956 are as under:

Name of the Company	March 31, 2011	March 31, 2010	Maximum amount outstanding during the year	
			2010-11	2009-10
<b>A. Included under loans and advances and other current assets</b>				
Maytas Properties Limited *	100.69	-	100.69	-
Maytas Hillcounty SEZ Private Limited	0.47	0.47	0.47	0.47
Maytas Logiparks (Malkapur) Private Limited * (Formerly known as Maytas Hillcounty Developers Private Limited)	5.72	-	5.72	-
<b>B. Included under debtors</b>				
Maytas Properties Limited *	64.84	-	64.84	-
Maytas Logiparks (Malkapur) Private Limited * (Formerly known as Maytas Hillcounty Developers Private Limited)	21.61	-	21.61	-

\* under same management during the year

23. In terms of the disclosures required to be made under the Accounting Standard (AS) 7 (revised 2002) notified by Company's Accounting Standards Rules, 2006 (as amended) for "Construction Contracts"

	2010-11	2009-10
Contract revenue recognized for the year	1,082.34	1,034.13
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	3,599.18	3,169.88
Advances received for contracts in progress	91.38	162.85
Amount of retention for contracts in progress	118.50	118.59
Gross amount due from customers for contract work (excluding cancelled projects)	112.89	54.54
Gross amount due to customers for contract work (excluding cancelled projects)	9.72	-

24. Remuneration to whole-time directors of the Company (included in Schedule 21)

Particulars	2010 - 11	2009 - 10
Salary	0.48	0.35
Contribution to Provident Fund	-	0.02
Other Benefits	-	-
<b>Total</b>	<b>0.48</b>	<b>0.37</b>

**Note:**

- The above figures do not include provision for retirement benefits, as the same is actuarially determined for the Company as a whole.
- During the current year, the Company has paid remuneration of Rs. 0.48 to the Managing Director which is in excess of the limits specified under Schedule XIII of the Companies Act, 1956.
- During the earlier years, the Company has paid remuneration to its Directors of Rs. 2.70 and Rs. 0.37 for the years ended March 31, 2009 and March 31, 2010 respectively which was in excess of the limits specified under Schedule XIII of the Companies Act, 1956 by Rs. 1.87 and Rs. 0.16 respectively.
- The Company had made an application to the Central Government for approval of the excess remuneration paid which is awaited.



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### 25. Incidental Expenditure during Construction Period (Pending capitalization)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening balance of incidental expenditure:	2.97	28.22
Less: On disposal*	0.85	25.57
	2.12	2.65
Salaries bonus and other allowances	0.03	0.05
Legal and professional charges	3.74	0.19
Site expenses	1.92	0.02
Miscellaneous expenses	0.05	0.02
Interest on term loan	0.12	0.01
Interest on others	0.01	-
Bank charges	0.03	0.03
<b>Total</b>	<b>8.03</b>	<b>2.97</b>

\* Consists of incidental expenditure relating to joint ventures and subsidiaries which were sold during the year.

### 26. Related party transactions (not disclosed elsewhere in these financial statements)

#### a) Names of related parties and description of relationship with the Group

##### ● Investing party in respect of which the reporting enterprise is an associate

- 1 Infrastructure Leasing & Financial Services Limited

##### ● Jointly Controlled Entities (JCE)

- 1 Maytas-SNC (JV)
- 2 NCC-Maytas (JV) U1
- 3 Himachal (JV) ^
- 4 NEC-NCC-Maytas(JV)
- 5 Maytas-NCC (JV) Irrigation
- 6 NCC-Maytas (JV)
- 7 Maytas-CTR (JV)
- 8 NCC-Maytas-ZVS (JV)
- 9 Gulbarga Airport Developers Private Limited
- 10 Shimoga Airport Developers Private Limited
- 11 Bangalore Elevated Tollway Limited \*\*\*
- 12 Hyderabad Expressways Limited \*\*\*
- 13 Machilipatnam Port Limited#
- 14 Pondicherry-Tindivanam Tollway Limited\*\*\*

^ During the year, the Company has amicably settled the liability with other JV partner (Refer Note III in Note 1(b) of Schedule 26)

\*\*\* Sold to Maytas Investment Trust in pursuant to the CDR Scheme (as referred in para 6(d) above).

# Investment in the entity was disposed off during the previous year.

##### ● Associates

- 1 Himachal Sorang Power Limited (formerly known as Himachal Sorang Power Private Limited)\*
  - 2 Cyberabad Expressways Limited\*
  - 3 Maytas Properties Limited
- \* Sold to Maytas Investment Trust in pursuant to the CDR Scheme (as referred in para 6(d) above)

##### ● Key management personnel

- 1 Mr. Vimal Kishore Kaushik (Joined w. e. f. January 08, 2010)
- 2 Teja Raju (Ceased to be director in the Company w. e. f. September 29, 2009)

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

b) Transactions with related parties during the year:

Particulars	2010 – 11	2009 – 10
<b>A. Investing party in respect of which the reporting enterprise is an associate</b>		
<b>1. Infrastructure Leasing &amp; Financial Services Limited</b>		
Unsecured Loan (Promoters Contribution as per CLB order)	-	(55.00)
Deputation cost for manpower	-	0.26
Rent expenditure	0.96	0.27
Interest expenditure	3.64	-
Expenses on behalf of the Company	0.74	0.02
Loan taken	(231.73)	-
Loan repaid	146.62	-
<b>B. Joint ventures (JV) **</b>		
<b>1. NCC – Maytas (JV) U1</b>		
Expenses incurred on behalf of the party	-	0.00
Receipt against share of profit	-	(0.14)
<b>2. Himachal (JV)</b>		
Share of loss written back	(14.81)	-
<b>3. NEC – NCC – Maytas (JV)</b>		
Receipt against share of profit	(0.37)	(1.12)
Expenses incurred on behalf of the party	0.14	0.57
<b>4. Maytas – NCC (JV) Irrigation</b>		
Expenses incurred on behalf of the party	-	0.08
Advances given / (received) (net)	1.99	(0.37)
Contract revenue	24.49	32.57
Interest income	(0.91)	-
Net assets transferred from Joint Venture	-	86.07
Bad debts written off	-	(4.98)
<b>5. NCC – Maytas (JV)</b>		
Expenses incurred on behalf of the party	0.01	0.03
Advance given (net)	0.03	-
<b>6. Maytas CTR JV</b>		
Expenses incurred on behalf of the party	0.01	0.00
Advances given (net)	-	0.34
Interest Income	(0.18)	(0.27)
Sale of material	0.01	0.03
Contract Revenue	0.02	0.59
Mobilization advance given	0.47	-
<b>7. NCC – Maytas – ZVS JV</b>		
Receipt against share of profit	(0.19)	-

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	2010 – 11	2009 –10
<b>8. Bangalore Elevated Tollway Limited</b>		
Contract Revenue	-	31.94
<b>9. Hyderabad Expressways Limited</b>		
Expenses incurred on behalf of the party	-	0.02
Advances written off	-	(0.07)
<b>10. Machilipatnam Port Limited</b>		
Expenses incurred on behalf of the party	-	0.03
Receipt against expenses incurred on behalf of the party	-	(0.03)
<b>11. Pondicherry Tindivanam Tollway Limited</b>		
Expenses incurred on behalf of the party	-	0.01
**Represents other venturers' share in the transactions with the joint ventures		
<b>C. Associates</b>		
<b>1. Himachal Sorang Power Private Limited</b>		
Equity Contribution	-	1.27
Debenture Application Money	-	(1.27)
Expenses incurred on behalf of the party	-	0.10
<b>2. Cyberabad Expressways Limited</b>		
Expenses incurred on behalf of the party	-	0.02
Contract revenue	-	119.27
Mobilization /Material advance received	-	4.64
Advances written off	-	(0.55)
<b>3. Maytas Properties Limited</b>		
Equity Contribution	0.10	-
Loans given	23.99	-
Interest income	32.98	6.17
Expenses incurred on behalf of the party	0.00	-
Sale of material	-	0.53
Advances transferred (net)	-	(0.96)
Service tax receivable	-	7.74
Compensation for Idle machinery	13.43	-
Mobilization advance	(2.04)	-
<b>D. Key Management Personnel</b>		
<b>1. B Teja Raju</b>		
Managerial remuneration	-	0.06
<b>2. Vimal Kishore Kaushik</b>		
Managerial remuneration	0.48	0.13

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

### c) Balances outstanding Debit / (Credit):

Particulars	March 31,2011	March 31,2010
<b>A. Investing party in respect of which the reporting enterprise is an associate</b>		
1. Infrastructure Leasing & Financial Services Limited* *excluding performance bank guarantee of Rs. 5.45 (March 31, 2010 Rs. 5.45) given to customers on behalf of the Company)	(140.14)	55.55
<b>B. Joint ventures</b>		
1. Himachal (JV)	-	(8.15)
2. NEC – NCC – Maytas (JV)	0.79	0.95
3. Maytas – NCC (JV)-Irrigation	20.52	24.99
4. NCC – Maytas (JV) U1	0.02	0.02
5. NCC – Maytas (JV)	0.50	0.54
6. Maytas SNC (JV)	0.06	0.06
7. Maytas – CTR- JV	1.88	1.93
8. NCC – Maytas – ZVS	1.24	1.29
9. Gulbarga Airport Developers Private Limited	0.58	0.55
10. Shimoga Airport Developers Private Limited	0.52	0.50
<b>C. Associates</b>		
1. Maytas Properties Limited	163.34	47.86
<b>D. Key Management Personnel</b>		
1. Teja Raju	-	(0.03)

### 27. 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 under non-cancellable operating leases are:

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Minimum Lease Payments</b>		
Not later than one year	2.29	2.75
Later than one year but not later than five years	6.64	10.10
Later than five years	1.04	8.88

Particulars	2010 – 11	2009 – 10
Lease payments recognized in the Profit and Loss account for the year	6.42	6.08

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets 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 profit and loss account as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term with a waiver of escalation for the current year and the previous year. Lease term is for a period of ten years renewable for a further period of ten years at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at March 31, 2011	As at March 31, 2010
Total minimum lease payments at the year end	0.56	0.56
Less: amount representing finance charges	0.40	0.43
Present value of minimum lease payments (Rate of interest 12%)	0.16	0.13

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Minimum Lease Payments</b>		
Not later than one year [Present value Rs. 0.28 (March 31, 2010: Rs. 0.20)]	0.66	0.61
Later than one year but not later than five years [Present value Rs. 2.44 (March 31, 2010: Rs. 1.95)]	3.40	3.16
Later than five years [Present value Rs. 0.72 (March 31, 2010: Rs. 1.50)]	0.76	1.66

### In case of Assets given on lease

The Company has leased out certain construction equipment on operating lease. The lease term is generally for one year and renewable thereafter. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Future Minimum Lease Payments</b>		
Not later than one year	2.95	11.57
Later than one year but not later than five years	0.24	-
Later than five years	-	-

Apart from the assets covered above, there are certain other assets which are leased out and have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made.

### 28. Derivative instruments and un-hedged foreign currency exposure

a) Particulars of derivative instruments outstanding as at balance sheet date:

Particulars	Purpose	Notional Amount in Crore	
		As at March 31, 2011	As at March 31, 2010
Currency and Interest rate swap	Hedge against exposure to principal and interest outflow on ECB loan.	-	USD 2.25
Structured Cross Currency Swap	Hedge against exposure of buyers credit underlying.	-	USD 0.04

b) Particulars of un-hedged foreign currency exposure as at the March 31, 2011 and March 31, 2010.:

Particulars	2010 - 11			2009 - 10		
	Amount in Foreign Currency Crore	Exchange Rate	Amount In INR	Amount in Foreign Currency Crore	Exchange Rate	Amount In INR
Import Creditors	-	-	-	USD 0.02	45.14	0.90
Advances	SAR 0.02	12.38	0.28	-	-	-
Advances	USD 0.00	45.18	0.04	-	-	-
Advances	AED 0.00	12.28	0.00	-	-	-
Advances	USD 0.06	45.10	2.48	-	-	-

### 29. Segment reporting

The Group's operations fall into a single business segment "Construction and Infrastructure Development" and single geographical segment; hence the financial statements of the enterprise represent Segmental Reporting.

### 30. Prior Period Expenses

Particulars	2010-11	2009-10
Material consumed	-	2.19
Subcontractor expenses	0.79	5.72
Legal and Professional Charges	5.17	-
Finance Charges	5.18	-
Others (net)	0.58	0.14
<b>Total</b>	<b>11.72</b>	<b>8.05</b>

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

### 31. Earnings Per Share

Earnings per share is computed based on the following:

Particulars	2010-11	2009-10
i) Profit/(loss) after tax	2.44	(251.86)
ii) Less: Provision for Preference dividends including dividend tax ** [Refer note 5(g) above]	(21.51)	-
iii) Profit(loss) considered for calculation of EPS	(19.07)	(251.86)
iv) Weighted average number of Equity Shares considered for calculation of basic and diluted earnings per share*	70,250,728	58,850,856

\* Share application money pending allotment is not considered for calculation of diluted earnings per share in the current year as it will have an anti dilutive effect.

\*\* As per the CDR package sanctioned by the lenders, from April 01, 2010, till the allotment of preference shares, no interest would be payable in cash by the Company. The return on the preference shares would be cumulated along with the principal and additional preference shares would be issued on the outstanding amount as on the date of issuance. In line with this clause, preference dividend liability has been considered from the date of allotment. As per conservative estimates, while calculating the basic and diluted EPS, the entire return payable to preference share holders from April 01, 2010 till the date of allotment has also been considered.

### 32. Auditors' Remuneration (including Service Tax)

Particulars	2010-11	2009-10
<u>In capacity as auditors:</u>		
a) Statutory audit	0.55	0.55
b) Limited review	0.33	0.33
c) Certification	0.03	0.03
d) Consolidation of financial statements	0.06	0.06
e) Out of pocket expenses	0.04	0.05
<b>Total</b>	<b>1.01</b>	<b>1.02</b>

### 33. Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows (Refer Note 1 (b) of Schedule 26)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Sources of funds</b>		
Reserves and surplus	52.05	29.61
<b>Loan funds</b>		
Unsecured loans	0.22	35.42
Deferred tax liability (net)	-	0.00
<b>Application of funds</b>		
Fixed assets (net block)	0.23	17.13
Incidental expenditure during construction period	7.14	1.30
Deferred Tax Asset (net)	-	7.26
<b>Current Assets, Loans and Advances</b>		
Inventories	1.10	14.22
Sundry debtors	20.57	121.84
Cash and bank balances	2.20	7.35
Loans and advances	58.69	59.79
	<b>82.56</b>	<b>203.20</b>
<b>Less: Current liabilities and Provisions</b>		
Liabilities	61.25	165.14
Provisions	3.65	9.60
	<b>64.90</b>	<b>174.74</b>
<b>Net Current Assets</b>	<b>17.65</b>	<b>28.46</b>

## Schedule 26

Notes annexed to and forming part of the consolidated accounts as at and for the year ended March 31, 2011  
(All amounts in Rs. Crore except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Income</b>		
Contract revenues	89.59	177.30
Other income	0.02	0.53
	<b>89.61</b>	<b>177.83</b>
<b>Expenditure</b>		
Decrease/(Increase) in Work-in-progress	2.97	(2.09)
Material consumed	0.01	8.88
Personnel expenses	0.42	1.93
Contract expenses	56.20	100.11
Administrative and selling expenses	0.34	0.87
Financial expenses	0.41	14.26
Depreciation/Amortization	0.05	13.09
	<b>60.40</b>	<b>137.05</b>
<b>(Loss) / Profit before tax</b>	<b>29.21</b>	<b>40.78</b>
Provision for taxation		
- Current tax	1.52	3.64
- Tax for earlier years	1.10	1.87
<b>Total tax expense</b>	<b>2.62</b>	<b>5.51</b>
<b>(Loss) / Profit after tax</b>	<b>26.59</b>	<b>35.27</b>

34. Previous year's figures have been regrouped / rearranged to conform to those of the current year.

35. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.

As per our report of even date

**for S.R. BATLIBOI & ASSOCIATES**

Firm Registration No. 101049W  
Chartered Accountants

per **Vikas Kumar Pansari**  
Partner  
Membership No. 93649

**for and on behalf of the Board of Directors of  
IL&FS Engineering and Construction Company Limited**

**Vimal Kishore Kaushik**  
Managing Director

**Arun K Saha**  
Director

**Raju Kaul**  
Chief Financial Officer

**G Venkateswar Reddy**  
Company Secretary

Place : Mumbai  
Date : May 25, 2011





**ATTENDANCE SLIP**

I/We .....hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting being held on Tuesday the 13<sup>th</sup> day of September, 2011 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, the Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad - 500 004.

Name of the Shareholder / Proxy\* .....No. of Shares held.....

Folio No.:

Client Id:

DP Id:

Signature of Shareholder

\*Strikeout whichever is not aplicable

**Note:**

- 1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
- 2. Shareholder/Proxy should bring his/her copy of the Annual Report.

**PROXY**

I/We.....of.....in the District of .....being a Member(s) of the above named Company, hereby appoint .....of.....in the District of .....or failing him/her.....of .....in the District of .....as my/our Proxy to vote and for me/us on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Tuesday the 13<sup>th</sup> day of September, 2011 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, the Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad - 500 004 and at any adjournment thereof.

Signed this .....the day of .....2011

Folio No.:

Client Id:

DP Id:

No. of Shares .....Signature .....

Note : The Proxy in order to be effective must reach duly filled at least 48 (fortyeight) hours before the Commencement of the aforesaid meeting

Affix  
Re 1/-  
Revenue  
Stamp





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Progressive view at viaduct of  
Rapid Metro Rail Gurgaon (RMRG) Project, Gurgaon



Mr. Vimal Kausik, MD & CEO,  
IL&FS Engineering Services visiting casting  
yard of Rapid Metro Rail Project In Gurgaon

Bhupathipalem Reservoir Project, Andhra Pradesh



Directorate General of Married  
Accommodation Project (DG MAP)  
In Kanpur, Uttar Pradesh

**BOOK - POST**

If undelivered, please return to:

**IL&FS Engineering Services**

IL&FS Engineering and Construction Company Limited

(In Joint Venture with Saudi BinLadin Group)

Registered Office: IL&FS Engineering House, 8-3-1188/1 & 2, Begumpet, Hyderabad - 500 018

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