

May 30, 2018

To

The General Manager
BSE Limited
P.J. Towers, Dalal Street,
Mumbai- 400 001

Registered Office
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CIN L45201AP1988PLC008624

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East), Mumbai-400 051
Scrip Code: **IL&FSENGG**

Scrip Code: 532907

Dear Sir/Madam,

Sub: **Audited Financial Results for the Quarter and Year Ended March 31, 2018**
Ref: **Regulations 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)**

With reference to the captioned subject, this is to inform that the Board of Directors of the Company in its Meeting held today approved the Audited Financial Results of the Company for the Quarter/Year Ended March 31, 2018

Accordingly, please find enclosed the following:

- (i) Audited Standalone Financial Results of the Company for the Quarter and Year ended March 31, 2018 along with the Auditor's Report issued by the Joint Statutory Auditors, B S R & Associates LLP and M Bhaskara Rao & Co.;
- (ii) Audited Consolidated Financial Results of the Company for the Year Ended March 31, 2018 along with the Auditor's Report issued by the Joint Statutory Auditors, B S R & Associates LLP and M Bhaskara Rao & Co.;
- (iii) Statement on Impact of Audit Qualifications (for audit report with modified opinion) on:
 - (a) Standalone Financial Results for the Quarter and Year Ended March 31, 2018; and
 - (b) Consolidated Financial Results for the Year Ended March 31, 2018;

The Meeting of Board of Directors commenced at 3.00 pm and concluded at 5.35 pm

This is for your information and records

Thanking you,

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



Sushil Dudeja
Company Secretary

Encl: as above



B S R & Associates LLP

Chartered Accountants
Salarpuria Knowledge City,
Orwell, 6th floor, Unit-3
Sy. No. 83/1, Plot No 2, Raidurg,
Hyderabad – 500081, India

M. Bhaskara Rao & Co.

Chartered Accountants
5-D, Fifth floor, 6-3-652,
Kautilya Apartment, Raj Bhavan
Quarters Colony, Somajiguda,
Hyderabad - 500082, India

Independent Auditors' Report on the Annual Consolidated Financial Results of IL&FS Engineering and Construction Company Limited Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have audited the accompanying annual consolidated financial results of IL&FS Engineering and Construction Company Limited for the year ended March 31, 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on the Statement based on our audit of such Statement, which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.
3. As detailed in Note 5, the accompanying consolidated Ind AS financial statements include aggregate assets of Rs. 769 Lakhs, aggregate revenues (including other income) of Rs. 2,625 Lakhs and net cash inflows amounting to Rs. 42 Lakhs of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying consolidated Ind AS Financial statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2018 been available and accordingly we are unable to comment on the same.
4. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the para 3 above, and based on consideration of reports of other auditors on separate financial statements and on other information of the subsidiaries and joint ventures as aforesaid, these annual consolidated financial results:
 - (i) include the annual financial results of the subsidiaries and joint ventures as given in the Annexure to this report;
 - (ii) have been presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - (iii) give a true and fair view of the consolidated net profit (including other comprehensive income) and other financial information for the year ended March 31, 2018.



5. We draw attention to:

- a. Note 6 of the accompanying statement regarding Rs. 25,967 Lakhs investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 14,619 Lakhs, which are dependent upon recovery of capacity charges and supplies/availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
- b. Note 7 of the accompanying statement regarding amount due from customers (project work-in-progress). The Company had recognised claims in case of various projects of which balance as at March 31, 2018 aggregates to Rs. 40,477 Lakhs (including claims of Rs. 11,253 Lakhs accounted during the year ended March 31, 2018) and interest of Rs. 39,376 Lakhs (including interest of Rs. 20,529 Lakhs recognised during the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honourable High Court of New Delhi/ advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.
- c. Note 8 of the accompanying statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 36,236 Lakhs which is under litigation. Based on internal evaluation and legal opinion, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.
- d. Note 9 of the accompanying statements, during the year, a project was terminated due to dispute with customer against which the Company has initiated legal proceedings. The Company has net carrying value of project assets pertaining to this project amounting to Rs. 9,934 Lakhs (including Bank Guarantees encashed by the customer amounting to Rs. 3,997 Lakhs) which are under arbitration. Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision is considered necessary for the same.

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

6. We did not audit the financial statements of 6 subsidiaries included in the annual consolidated financial results, whose annual financial statements reflect total assets of Rs. 7,220 Lakhs as at March 31, 2018 as well as the total revenue of Rs. Nil for the year ended March 31, 2018. The consolidated financial results also include the Group's share of net profit/(loss) (including other comprehensive income) of Rs. 3,200 Lakhs for the year ended March 31, 2018 in respect of 6 joint ventures. These annual financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the annual financial results, to the extent they have been derived from such annual financial statements is based solely on the report of such other auditors. Our opinion is not modified in respect of this matter.



B S R & Associates LLP

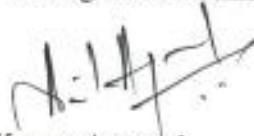
M. Bhaskara Rao & Co.

7. The comparative financial information of the Company for the year ended March 31, 2017 included in these statement, are based on the previously issued statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated May 29, 2017 expressed a modified opinion on those statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Amit Kumar Agarwal

Partner

Membership Number: 214198

Date: May 30, 2018

Place: Mumbai



For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S



V K Muralidhar

Partner

Membership Number: 201570

Date: May 30, 2018

Place: Mumbai



**Annexure to Independent Auditors' report
(Referred to in paragraph 4(i) to our Auditors' Report)
Re: IL&FS Engineering and Construction Company Limited**

S. No.	Name of the Entity	Relationship
1	Maytas Infra Assets Limited	Subsidiary
2	Maytas Infra Saudi Arabia Company	Subsidiary
3	Maytas Metro Limited	Subsidiary
4	Maytas Vasishtha Varadhi Limited	Subsidiary
5	Angeerasa Green Fields Private limited	Subsidiary
6	Saptaswara Agro Farms Private Limited	Subsidiary
7	Ekadanta Green Fields Private Limited	Subsidiary
8	NCC-Maytas (JV) – U1	Joint Venture
9	NEC-NCC-Maytas (JV)	Joint Venture
10	Maytas-NCC (JV)	Joint Venture
11	NCC-Maytas (JV) – Pocharam	Joint Venture
12	Maytas-CTR (JV)	Joint Venture
13	NCC-Maytas-ZVS (JV)	Joint Venture



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Chartered Accountants
Salarpuria Knowledge City,
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Chartered Accountants
5-D, Fifth floor, 6-3-652,
Kautilya Apartment, Raj Bhavan,
Quarters Colony, Somajiguda,
Hyderabad - 500082, India

Independent Auditors' Report on the Annual Standalone Financial Results of IL&FS Engineering and Construction Company Limited Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have audited the accompanying annual standalone financial results of IL&FS Engineering and Construction Company Limited for the year ended March 31, 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the quarter ended March 31, 2018 and the corresponding quarter ended in the previous year as reported in these standalone financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
2. These annual standalone financial results have been prepared on the basis of audited Standalone Ind AS financial statements and reviewed Standalone financial results upto the end of the third quarter which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the annual standalone financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.
3. 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 standalone financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.
4. As more fully explained in Note 5 of the accompanying statement as at March 31, 2018, the Company has investment (including advance of Rs. 258 Lakhs) amounting to Rs. 3,577 Lakhs made in an overseas subsidiary. Based on the latest available unaudited standalone financial statements of the aforesaid subsidiary as at March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the accompanying statement.



5. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects, if any, of our observation in para 4, of these annual standalone financial results:
- are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard and SEBI circular dated July 5, 2016 in this regard; and
 - give a true and fair view of the net profit (including other comprehensive income) and other financial information for the year ended March 31, 2018.
6. We draw attention to:
- Note 6 of the accompanying statement regarding Rs. 25,967 Lakhs investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 14,619 Lakhs, which are dependent upon recovery of capacity charges and supplies/availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
 - Note 7 of the accompanying statement regarding amount due from customers (project work-in-progress). The Company had recognised claims in case of various projects of which balance as at March 31, 2018 aggregates to Rs. 40,477 Lakhs (including claims of Rs. 11,253 Lakhs accounted during the year ended March 31, 2018) and interest of Rs. 39,376 Lakhs (including interest of Rs. 20,529 Lakhs recognised the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honourable High Court of New Delhi/ advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.
 - Note 8 of the accompanying statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 34,378 Lakhs which is under litigation. Based on internal evaluation and legal opinion, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.
 - Note 9 of the accompanying statements, during the year, a project was terminated due to dispute with customer against which the Company has initiated legal proceedings. The Company has net carrying value of project assets pertaining to this project amounting to Rs. 9,934 Lakhs (including Bank Guarantees encashed by the customer amounting to Rs. 3,997 Lakhs) which are under arbitration. Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision is considered necessary for the same.

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



B S R & Associates LLP

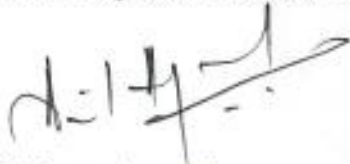
M. Bhaskara Rao & Co.

7. The comparative financial information of the Company for the year ended March 31, 2017 included in these statement, are based on the previously issued statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated May 29, 2017 expressed a modified opinion on those statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Amit Kumar Agarwal

Partner

Membership Number: 214198

Date: May 30, 2018

Place: Mumbai



For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S



V K Muralidhar

Partner

Membership Number: 201570

Date: May 30, 2018

Place: Mumbai



IL&FS Engineering and Construction Company Limited

CIN: L45201AP1988PLC008624

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

Phone-040 40409333; Fax-040 40409444

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

Statement of Audited financial results for the Quarter and year ended March 31, 2018

(Rs. In Lakhs, unless otherwise stated)

Particulars	Standalone				Consolidated		
	Quarter ended		For the year ended		For the year ended		
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(audited) Refer Note 4	(unaudited)	(audited) Refer Note 4	(audited)	(audited)	(audited)	(audited)
1. Revenue							
(a) Income from operations	62,251	44,063	65,927	186,876	181,738	186,876	181,771
(b) Other Income	6,266	1,891	11,444	25,086	20,206	27,712	20,207
Total Revenue	68,517	45,954	77,371	211,962	201,944	214,588	201,978
2. Expenses							
(a) Cost of materials consumed	17,485	11,954	15,538	54,072	53,207	54,072	54,899
(b) Subcontracting expense	29,057	17,349	28,470	79,515	78,805	79,515	79,193
(c) Employee benefits expenses	3,986	3,534	2,316	14,227	10,356	14,660	10,573
(d) Finance cost	10,879	10,281	8,368	39,603	33,097	40,938	34,881
(e) Depreciation and amortization expenses	1,086	1,043	1,343	4,454	4,797	4,454	4,795
(f) Other expenses	6,022	4,736	5,737	22,970	21,713	23,004	22,800
Total expenses	68,515	48,897	61,792	214,841	201,975	216,643	207,141
3. Profit / (loss) before tax from ordinary activities (1-2)	2	(2,943)	15,579	(2,879)	(31)	(2,055)	(5,163)
4. Tax (expense) / credit	294	30	(43)	371	(43)	371	(43)
5. Share of profit in joint ventures accounted for using the equity method	55	2,945	52	3,200	577	3,200	577
6. Net profit / (loss) after tax from ordinary activities (3-4-5)	351	32	15,588	692	503	1,516	(4,629)
Attributable to:							
Shareholder of the Company						1,154	(2,323)
Non controlling interests						362	(2,306)
7. Other Comprehensive Income/(expense)(net of tax)	79	38	51	104	24	-	1,419
Attributable to:							
Shareholder of the Company						47	791
Non controlling interests						(47)	628
8. Total comprehensive income for the period (6+7)	430	70	15,639	796	527	1,516	(3,210)
Attributable to:							
Shareholder of the Company						1,201	(1,532)
Non controlling interests						315	(1,678)
9. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each)	13,112	13,112	13,112	13,112	13,112	13,112	13,112
10. Earnings per equity share (of Rs. 10/- each) (not annualised):							
a. Basic	0.27	(0.03)	11.89	0.53	0.43	1.16	(3.95)
b. Diluted	0.27	(0.03)	11.89	0.53	0.43	1.16	(3.95)
See accompanying notes to the Financial Results							



IL&FS Engineering and Construction Company Limited

CIN: L45201AP1988PLC008624

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Phone-040 40409333; Fax-040 40409444

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

Standalone and Consolidated balance sheet as at March 31, 2018

(Rs. In Lakhs, unless otherwise stated)

Particulars	Standalone as at		Consolidated as at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
ASSETS				
Non-current assets				
(a) Property, plant and equipment	14,229	13,666	14,229	13,666
(b) Capital work-in-progress	243	623	298	678
(c) Intangible assets	3,799	4,049	3,799	4,049
(d) Financial Assets				
(i) Investments	35,228	31,120	31,891	27,788
(ii) Trade receivables	26,367	20,514	26,672	20,514
(iii) Loans	70,012	65,773	71,767	67,479
(iv) Other financial assets	50,501	25,441	50,501	25,441
(e) Non-current tax assets (Net)	3,815	4,044	3,815	4,044
(f) Other non-current assets	104,444	96,804	104,317	96,907
(g) Deferred tax assets	25,343	24,972	25,343	24,972
	333,981	287,006	332,632	285,538
Current assets				
(a) Inventories	101,813	72,271	102,078	72,535
(b) Financial Assets				
(i) Trade receivables	49,472	40,375	49,472	40,375
(ii) Cash and cash equivalents	1,393	358	1,452	375
(iii) Bank balances other than (ii) above	1,396	1,819	1,396	1,819
(iv) Loans	13,006	3,780	13,006	3,780
(v) Others financial assets	5,865	10,155	5,865	10,156
(c) Current tax assets (Net)	6,650	6,078	6,650	6,078
(d) Other current assets	17,707	9,069	17,936	9,803
	197,302	143,905	197,855	144,921
Fixed assets held for sale	-	-	142	259
Total current assets	197,302	143,905	197,997	145,180
Total Assets	531,283	430,911	530,629	430,718
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13,112	13,112	13,112	13,112
(b) Other equity	401	(395)	(27,025)	(28,541)
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	120,490	121,420	120,490	121,420
(ii) Trade payables	46,539	49,647	46,539	49,647
(iii) Other financial liabilities	42,751	41,202	42,751	41,202
(b) Provisions	1,638	1,549	1,638	1,549
(c) Other non-current liabilities	362	362	366	366
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	75,649	52,619	88,711	65,632
(ii) Trade payables	85,193	55,735	96,109	69,232
(iii) Other financial liabilities	120,590	80,681	123,312	82,052
(b) Other current liabilities	5,082	5,589	5,082	5,589
(c) Current tax liabilities, net	-	-	68	68
(d) Provisions	19,476	9,390	19,476	9,390
Total Equity and Liabilities	531,283	430,911	530,629	430,718



Notes to the financial results:

- (1) The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on May 30, 2018
- (2) The Company's business activity falls within a single business segment i.e. Construction and Infrastructure development, in terms of Ind AS 108 on Operating Segments
- (3) The financial results of the Company have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules thereunder and in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and SEBI circular dated July 5, 2016
- (4) The figures for the quarter ended March 31, 2018 and March 31, 2017 are the balancing figures between audited figures in respect of the full financial years and the published unaudited year to date figures upto third quarter of the respective financial years. Also, the figures upto the end of the third quarter were only reviewed and were not subjected to audit
- (5) As at March 31, 2018, the Company has made investment (including advance of Rs. 258 lakhs) of Rs. 3,577 Lakhs in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options to restore the carrying value of the investment and on conclusion of the ongoing restructuring of their management, options to revive the operations of the subsidiary including approval of claims submitted to them is likely to be resolved and therefore no provision considered necessary for diminution in the value of such investment/potential obligations in respect of the aforesaid. Further, the consolidated financial statements include aggregate assets of Rs. 769 Lakhs and aggregate revenues (including other income) of Rs. 2,625 Lakhs of the aforesaid subsidiary, consolidated based on its unaudited financial statements. Management is of the view that adjustments, if any, that may have been required had the audited financial statements of the subsidiary been available would not be material. In respect of the aforesaid, the Statutory Auditors of the Company have qualified their audit report on Standalone and Consolidated financial results for the year ended March 31, 2018
- (6) In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC) holders, wherein the Company was also a contributory. As at March 31, 2018, the investment of the Company includes Rs. 25,967 Lakhs contributed towards these PTCs and has receivables, loans and advances and investments aggregating to Rs. 14,619 Lakhs which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc.

Based on internal assessment, legal advice and fair valuation carried out by external experts of underlying investments held by the Trust, management does not currently envisage any diminution in the value of aforesaid assets. In respect of the aforesaid, the Statutory Auditors of the Company have drawn Emphasis of matter in their audit report on Standalone and Consolidated financial results for the year ended March 31, 2018



- (7) As at March 31, 2018, the Company has accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at March 31, 2018 amounts to Rs. 40,477 Lakhs (including claims of Rs. 1,093 Lakhs and Rs. 11,253 Lakhs accounted during the quarter and year ended March 31, 2018 respectively) and interest of Rs. 39,376 Lakhs (including interest of Rs. 5,069 Lakhs and Rs. 20,529 Lakhs recognised during the quarter and year ended March 31, 2018 respectively) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Hon'ble Supreme Court order/ arbitration award/completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims including interest from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the management is of the view that the claims including interest are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable. In respect of the aforesaid, the Statutory Auditors of the Company have drawn Emphasis of matter in their audit report on Standalone and Consolidated financial results for the year ended March 31, 2018

- (8) Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 34,378 Lakhs and Rs. 36,236 Lakhs at the standalone and consolidated financial statements level respectively. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 32,378 Lakhs and Rs. 34,211 at the standalone and consolidated level respectively, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s. 391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of Andhra Pradesh against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for the year ended March 31, 2018 continued to disclose as "Suspense Account (Net) Rs. 123,040 lakhs" as disclosed by SCSL earlier. management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in its Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and legal opinion, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 142,500 lakhs was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 123,040 lakhs continues to subsist with SCSL, management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain. In respect of the aforesaid, the Statutory Auditors of the Company have drawn Emphasis of matter in their audit report on Standalone and Consolidated financial results for the year ended March 31, 2018



- (9) During the year, a project was terminated due to dispute with the customer. In this regard, the Company's Special Leave petition (SLP) before the Supreme Court of India was also dismissed. The Company has initiated Arbitration process for the recovery of net carrying value of assets pertaining to this project amounting to Rs. 9,934 Lakhs (including Bank Guarantees encashed by the customer amounting to Rs. 3,997 Lakhs). Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision considered necessary for the same. In respect of the aforesaid, the Statutory Auditors of the Company have drawn Emphasis of matter in their audit report on Standalone and Consolidated financial results for the year ended March 31, 2018
- (10) A reconciliation between of the profit/(loss) for the corresponding period under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these financial results under Indian Accounting Standards ('Ind AS') is summarized here under:

(Amount in Rs. lakhs)

Particulars	Standalone		Consolidated
	Quarter ended 31 Mar 2017	Year ended 31 Mar 2017	Year ended 31 Mar 2017
Profit / (loss) reported under previous GAAP	14,869	230	(4,902)
Provision for expected credit loss on financial assets	(516)	(600)	(600)
Actuarial gain on defined benefit obligation recognized in other comprehensive income	3	(24)	(24)
Impact on account of discounting of financial liabilities	227	(307)	(307)
Effect of changes in fair value of investments	28	106	106
Recognition of financial income on loans given at concessional rates	(54)	92	92
Reversal of financial liability	1,053	1,053	1,053
Recognition of deferred tax asset	(43)	(43)	(43)
Others	75	(4)	(4)
Net profit / (loss) under Ind AS	15,642	503	(4,629)
Other comprehensive income (net of tax)	(3)	24	1,419
Total Comprehensive Income under Ind AS	15,639	527	(3,210)

- (11) The reconciliation of equity as previously reported under the previous GAAP and as per Ind AS is summarised as here under:

(Amount in Rs. lakhs)

Particulars	Standalone as at 31 March 2017	Consolidated as at 31 March 2017
Total equity as per previous GAAP	12,590	(15,484)
Provision for expected credit loss on financial assets	(16,620)	(16,620)
Reclassification of financial instrument under financial liabilities	(3,975)	(3,975)
Fair valuation of investments and financial assets	(3,381)	(3,381)
Recognition of financial cost on financial liability	(1,292)	(1,292)
Recognition of deferred tax assets	24,972	24,972
Others	423	351
Total equity as per Ind AS	12,717	(15,429)



(12) These financial results will be made available on the Company's Website viz., www.ilfsengg.com and websites of BSE Limited and National Stock Exchange of India Limited viz., www.bseindia.com and www.nseindia.com respectively

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

By Order of the Board

For IL&FS Engineering and Construction Company Limited


Mukund Sapre
Managing Director



Place: Mumbai
Date: May 30, 2018



ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Standalone Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	#	Particulars -	Audited Figures (as reported before adjusting for qualifications) (Amount in Rs. lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Amount in Rs. lakhs)
	1.	Turnover / Total income	186,876	186,876
	2.	Total Expenditure*	214,841	214,841
	3.	Net Profit/(Loss) (before OCI)	692	692
	4.	Earnings Per Share	0.53	0.53
	5.	Total Assets	531,283	531,283
	6.	Total Liabilities	517,770	517,770
	7.	Net Worth	13,513	13,513
	8.	Any other financial item(s) (as felt appropriate by the management)	Refer EOM's given in the audit report	

* Refer Sl. No. 5 of the Annual Audited Standalone Financial Results.



II.	Audit Qualification (each audit qualification separately):
	<p>a. Details of Audit Qualification:</p> <p>As more fully explained in Note 5 of the accompanying statement as at March 31, 2018, the Company has investment (including advance of Rs. 258 Lakhs) amounting to Rs.3,577 Lakhs made in an overseas subsidiary. Based on the latest available unaudited standalone financial statements of the aforesaid subsidiary as at March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the accompanying statement.</p>
	<p>b. Type of Audit Qualification: Qualified Opinion</p>
	<p>c. Frequency of qualification: First time reported in the year ended March 31, 2016</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor,</p> <p>Not Applicable</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) Management's estimation on the impact of audit qualification:</p> <p>Any adverse effect on financials of the Company is unlikely.</p>
	<p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>Management is in discussion with the other shareholder of the subsidiary on various options to restore the carrying value of the investment and on conclusion of the ongoing restructuring of their management, options to revive the operations of the subsidiary including approval of claims submitted to them is likely to be resolved</p> <p>Consequently, no provision considered necessary for diminution in the value of such investment/potential obligations</p>



(iii) **Auditors' Comments on e (i) or e (ii) above:**

As stated in Point II(a) above.

III.

Signatories:

• **Mr Mukund Sapre – Managing Director**

M Sapre

• **Dr S N Mukherjee – CFO**

[Handwritten Signature]



• **Mr Debabrata Sarkar - Audit Committee Chairman**

[Handwritten Signature]

Statutory Auditors:

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

[Handwritten Signature]

Amit Kumar Agarwal

Partner

Membership Number: 214198



For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S

[Handwritten Signature]

V K Muralidhar

Partner

Membership Number: 201570



Place: Mumbai

Date: May 30, 2018

ANNEXURE I

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Consolidated Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2018 [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	#	Particulars	Audited Figures (as reported before adjusting for qualifications) (Amount in Rs. Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Amount in Rs. Lakhs)
	1.	Turnover / Total income	186,876	186,876
	2.	Total Expenditure *	216,643	216,643
	3.	Net Profit/(Loss) (before OCI)	1,516	1,516
	4.	Earnings Per Share	1.16	1.16
	5.	Total Assets	530,629	530,629
	6.	Total Liabilities	544,542	544,542
	7.	Net Worth	(13,913)	(13,913)
	8.	Any other financial item(s) (as felt appropriate by the management)	Refer EOM's given in the Audit Report	
* Refer Sl. No. 5 of the Annual Audited consolidated Financial Results.				
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	As detailed in Note 5, the accompanying consolidated Ind AS financial statements include aggregate assets of Rs. 769 Lakhs, aggregate revenues (including other income) of Rs. 2,625 Lakhs and net cash inflows amounting to Rs. 42 Lakhs of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying consolidated Ind AS Financial statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2018 been available and accordingly we are unable to comment on the same			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: First time reported in the year ended March 31, 2016.			



	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</p> <p>Not Applicable</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) Management's estimation on the impact of audit qualification:</p> <p>Any adverse effect on financials of the Company is unlikely.</p>
	<p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>Management is of the view that adjustments, if any, that may have been required had the audited financial statements of the subsidiary been available would not be material.</p>
	<p>(iii) Auditors' Comments on e (i) or e (ii) above:</p> <p>As stated in Point II(a) above.</p>

III.	<u>Signatories:</u>
	<ul style="list-style-type: none"> • Mr Mukund Sapre – Managing Director  • Dr S N Mukherjee – CFO  • Mr Debabrata Sarkar - Audit Committee Chairman 
	
Statutory Auditors:	
<p><i>For B S R & Associates LLP</i> Chartered Accountants ICAI Firm Registration Number: 116231W/ W-100024</p> <p> Amit Kumar Agarwal Partner Membership Number: 214198</p> 	<p><i>For M. Bhaskara Rao & Co.</i> Chartered Accountants ICAI Firm Registration Number: 000459S</p> <p> V K Muralidhar Partner Membership Number: 201570</p> 
Place: Mumbai	
Date: May 30, 2018	