



ANNUAL REPORT
2015-2016

 **IL&FS** | Engineering Services

IL&FS Engineering and Construction Company Limited



Mainline welding works for 42 inch pipeline as part of the EPC pipeline laying project for Indian Strategic Petroleum Reserves Ltd, Ministry of Petroleum & Natural Gas, Government of India in Mangalore, Karnataka



Mainline welding works for 12 inch pipeline in progress for natural gas pipeline project of Gas Authority of India Limited (GAIL) in Gujarat



Work in progress at four laning of Kiratpur Ner Chowk Section of NH-21 in Himachal Pradesh



Upgradation of Huda Sector Road in Gurgaon, Haryana



CC lining work in progress at main canal as part of Lingala irrigation project in Kadapa district of Andhra Pradesh



Work in progress at four laning of Kiratpur Ner Chowk Section of NH-21 in Himachal Pradesh

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Bankers

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

Registrar & Share Transfer Agent :

Karvy Computershare Private Limited

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

Board of Directors :

(As on August 11, 2016)

Karunakaran Ramchand

(Chairman)

Murli Dhar Khattar

(Managing Director)

Saleh Mohammed A BinLaden

El Mouhtaz El Sawaf

Akberali Mohemedali Moawalla

(Alternate Director to Mr. BinLaden)

Ahmad Mohamad Dabbous

(Alternate Director to Mr. Sawaf)

Ved Kumar Jain

Anil Kumar Agarwal

Debabrata Sarkar

Alpa Ramesh Sheth

Kanika Tandon Bhal

Chief Financial Officer

Dr. Sambhu Nath Mukherjee

Company Secretary

Sushil Dudeja

Auditors :

S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

Oval Office 18,

I labs Centre, Hitech City,

Madhapur,

Hyderabad - 500 081

Registered Office :

CIN: L45201AP1988PLC008624

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

Tel. +91 40 40409333

Fax No. +91 40 40409444

Website: www.ilfsengg.com

E-mail id: cs@ilfsengg.com

NOTICE

NOTICE is hereby given that the **Twenty-Seventh Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited** will be held on Friday, September 23, 2016 at 11.00 a.m. at KLN Prasad Auditorium, 3rd Floor, The Federation of Telengana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt:
 - a) the audited standalone financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon; and
 - b) the audited consolidated financial statements of the Company for the year ended March 31, 2016 and report of Auditors' thereon
2. To appoint a Director in place of Mr. Karunakaran Ramchand (DIN – 00051769), who retires by rotation and, being eligible, offers himself, for re- appointment
3. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Rules made thereunder, the appointment of S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number 101049W/E300004) as Statutory Auditors of the Company, approved by the Members in their 25th Annual General Meeting to hold office until the conclusion of 28th Annual General Meeting be and is hereby ratified from this Annual General Meeting till the conclusion of next Annual General Meeting, with 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 modification(s), the following resolution as an **Ordinary Resolution**:

Remuneration to Cost Auditors for FY 2017 :

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the re-appointment of S. Mahadevan & Co, Cost Accountants (Firm Registration No. 000007) as Cost Auditors for FY 2017 by the Board of Directors of the Company at a remuneration of Rs. 500,000 excluding out of pocket & other expenses and service tax, as may be incurred in the course of Audit be and is hereby approved”

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

Appointment of Mr Debabrata Sarkar (DIN-02502618) as a Non-Executive Independent Director of the Company :

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment

thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) **Mr. Debabrata Sarkar** (DIN 02502618), who was appointed as an Additional (Non-Executive Independent) Director of the Company by the Board of Directors at its Meeting held on August 11, 2016 and whose term of office as Additional Director expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act, proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, be and is hereby appointed as a Non-Executive Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from August 11, 2016”

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

Issue of Securities of the Company for an amount up to Rs 500 Crore :

“RESOLVED THAT pursuant to the provisions of Section 42, 62 and other applicable Provisions, if any, of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 and all applicable rules made thereunder (including any amendments / modification(s) thereto or re-enactment thereof) (the “Act”) and pursuant to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the “SEBI ICDR Regulations”), as amended, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and subject to all the other rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India (“SEBI”), the applicable provisions of the Foreign Exchange Management Act, 1999, as amended (“FEMA”) and regulations made thereunder including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and the enabling provisions of the Memorandum and Articles of Association of the Company, and in accordance with the applicable regulations and/ or guidelines issued by any other competent authorities and/ or clarifications issued thereon, from time to time and subject to all such approvals, permissions, consents and/or sanctions as may be necessary from the Government of India (“GOI”), the Reserve Bank of India (“RBI”), SEBI, the Stock Exchanges, the Ministry of Finance (Department of Economic Affairs) and Ministry of Commerce & Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and / or all other ministries, departments or other statutory or local authorities of the GOI and/or any other competent governmental or regulatory authorities as may be required, whether in India or outside India (hereinafter collectively referred to as Appropriate Authority') and subject to such conditions and / or modifications as

may be prescribed by any of them while granting such approvals, permissions, consents and / or sanctions (hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorised Committee constituted or may hereinafter be constituted and/or any Director(s) of the Company, delegated with the powers necessary for the purpose, (including the powers conferred by this Resolution), consent of the Members of the Company be and is hereby accorded to the Board of Directors or Committee thereof to create, offer, issue and allot in one or more tranches, for a value of upto Rs. 500 Crore (Rupees Five Hundred Crore only), such number of Equity Shares, and/or Equity Shares through Convertible Securities, or Foreign Currency Convertible Bonds (FCCBs) or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form including without limitation, the Securities as defined under the Securities Contract Regulation Act, 1956 and the rules made thereunder as amended from time to time (hereinafter collectively referred to as the "Securities") whether, secured or unsecured, Listed on any Stock Exchange(s) in India, through an offer document and/ or prospectus and/or offer letter and/or offering circular and / or placement document, and/or listing particulars, to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), foreign institutional investors, venture capital funds, foreign venture capital investors, qualified foreign investors, alternative investment funds, multilateral and bilateral financial institutions, state industrial development corporations, insurance companies, provident funds, pension funds, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, development financial institutions, Indian mutual funds, non-resident Indians, promoters, Members of Group Companies, Indian Public, bodies corporate, companies (private or public) or other entities, authorities, and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the "Investors") including allotment in exercise of a green shoe option, if any, by the Company, through public issue(s), Rights Issue(s), and / or qualified institutional placement under Chapter VIII of the SEBI ICDR Regulations or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices, including discounts as permitted under applicable law, in such manner and on such terms and conditions including security, rate of interest and conversion terms, as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the lead managers, or other advisor(s) for such issue(s), as the Board in its absolute discretion may deem fit and appropriate"

"RESOLVED FURTHER THAT if any issue of Securities is made by way of a Qualified Institutional Placement

in terms of Chapter VIII of the SEBI ICDR Regulations, the allotment of the Securities, or any combination of Securities as may be decided by the Board shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time and the Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR Regulations"

"RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the Meeting in which the Board decides to open the proposed issue of Equity Shares and at such price being not less than the price determined in accordance with the pricing formula (including any permitted discounts) provided under Chapter VIII of the SEBI ICDR Regulations"

"RESOLVED FURTHER THAT in the event the securities are proposed to be issued as FCCBs, the relevant date for the purpose of pricing the securities shall be the date of the Meeting in which the Board decides to open the issue of such securities in accordance with the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance"

"RESOLVED FURTHER THAT in the event that instruments which are convertible into Equity Shares of the Company are issued to Qualified Institutional Buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities and at such price being not less than the price determined in accordance with the pricing formula (including any permitted discounts) provided under Chapter VIII of the SEBI ICDR Regulations"

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the term of the Securities and the Board be and is hereby authorised in its absolute discretion to dispose off such of the Securities that are not subscribed in such manner as it may deem fit"

"RESOLVED FURTHER THAT the issue of Securities which are convertible into Equity Shares shall, inter alia, be subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the Equity Share Capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro rata;

- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;” and

“RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead managers, co-managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors, auditors, stabilizing agent and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on stock exchange(s), to seek consent, if required from lenders of the Company and parties with whom the Company has entered into various commercial and other agreements in connection with the issue and allotment of Securities and also to open one or more bank accounts in the name of the Company within or outside India, as may be required, subject to receipt of requisite approvals wherever required from the RBI or any regulatory authority, as applicable”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares including issue and allotment of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares that may be issued and allotted by the Company, including issue and allotment of equity shares upon conversion of any securities referred above, shall be issued and allotted in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu inter se with the existing Equity Shares of the Company in all respects except as provided otherwise under the terms of issue/ offering and in accordance with the offer document and/ or prospectus and/ or offer letter and/ or offering circular and/ or listing particulars”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the issue(s), including the class of Investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, discount(s) permitted under applicable law (now or hereafter), premium amount on issue/ conversion of Securities, listings on stock exchanges in India as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s)”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer document(s), placement document or offering circular, as the case may be, execution of various transaction documents as per

the provisions of the Companies Act, 2013 and the Rules made thereunder, in respect of any Securities as may be required in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any Committee of Directors or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions”

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

Sushil Dudeja
Company Secretary
(Membership No. A19265)

Place: New Delhi

Date: August 11, 2016

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 ENCLOSED**
2. **A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER**
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above is annexed hereto and forms part of the Notice
4. Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting
5. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the Meeting
6. Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the

Registered Office of the Company during office hours between 9:00 a.m. to 5:00 p.m. on all working days prior to the date of the Annual General Meeting

7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 19, 2016 to Friday, September 23, 2016 (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 Registrar of the Company i.e. Karvy Computershare Private Limited (Karvy), Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Hyderabad – 500 032 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. The Notice of the AGM along with the Annual Report is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member had requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode
12. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for FY 2016 will also be available on the Company's website at www.ilfsengg.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email id: cs@ilfsengg.com
13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy
15. Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
16. In terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Section 160 of the Companies Act, 2013 and Secretarial Standard 2 on General Meetings, details of Directors seeking appointment/ re-appointment at the Annual General Meeting of the Company to be held on September 23, 2016 are provided in Annexure 1 of this Notice
17. A Route map showing directions to reach the venue of the 27th Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings"
18. Procedure of E-Voting –
 - (i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is pleased to provide Members, facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through Remote e-Voting Services provided by Karvy Computershare Private Limited
 - (ii) Mr Y Ravi Prasada Reddy (FCS 5783), Practising Company Secretary, who has consented to act as the Scrutiniser, has been appointed by the Board of Directors of the Company as the Scrutiniser for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner
 - (iii) The procedure and instructions for E-voting are as follows:
 - i. To use the following URL for e-voting: <http://evoting.karvy.com>
 - ii. Shareholders of the Company holding shares either in physical form or in dematerialized form may cast their vote electronically
 - iii. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID
 - iv. After entering the details appropriately, click on LOGIN
 - v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
 - vi. You need to login again with the new credentials
 - vii. On successful login, the system will prompt you to select the EVENT i.e., IL&FS Engineering and Construction Company Limited
 - viii. On the voting page, enter the number of shares as on the cut-off date i.e. Friday,

September 16, 2016 under FOR/AGAINST or alternatively you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN

- ix. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account
- x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution
- xi. Once the vote on the resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently
- xii. The Portal will be open for voting from 9.00 a.m. on September 20, 2016 to 5.00 p.m. on September 22, 2016
- xiii. The Members who have cast their vote by remote e-voting prior to the AGM may attend the Meeting but shall not be entitled to cast their vote again
- xiv. Persons who have acquired shares and became Members of the Company after the despatch of Annual Report but before the cut-off date of September 16, 2016, may obtain their user id and password for e-voting from the Company's Registrar Karvy Computershare Pvt. Ltd.
- xv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Toll Free No. 18003454001

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

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

Item No: 4

REMUNERATION OF COST AUDITORS :

The Board, on the recommendation of the Audit Committee has approved the re-appointment as well as the remuneration of S Mahadevan & Co, Cost Accountants for conducting the audit of the cost records of the Company for FY 2017 as per the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014. In accordance with these provisions, the remuneration payable to the Cost Auditors is to be approved by the Members of the Company

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 4 of the Notice for approval of remuneration of Rs. 500,000 payable to the Cost Auditors for FY 2017

The Board of Directors recommends the resolution set out at item no. 4 for consideration and approval of the Members at the ensuing Annual General Meeting

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested in this resolution

Item No 5 :

On the recommendation of Nomination and Remuneration Committee, Mr. Debabrata Sarkar (DIN 02502618) was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013, ("the Act") with effect from August 11, 2016 to hold office upto the date of this Annual General Meeting and further pursuant to Section 149 of the Act read with Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board, subject to the approval of Members of the Company, appointed Mr. Sarkar as a Non-Executive Independent Director of the Company for a period of 5 consecutive years with effect from August 11, 2016

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director. The appointment of Mr. Sarkar as a Non-Executive Independent Director would be formalized by issuing Letter of Appointment. Mr. Sarkar has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013 and Listing Regulations

Pursuant to Section 152 of the Act, Mr. Sarkar has given his consent to hold office and also furnished a declaration that he is not disqualified to become a Director

In terms of Schedule IV of Code of Conduct for Independent Directors of the Companies Act, 2013, appointment of Independent Directors is required to be approved by the members of the Company. In the opinion of the Board of Directors, the Independent Director fulfils the conditions specified in the Act and the rules made thereunder and is independent of the Management

Mr. Sarkar is Ex-Chairman and Managing Director of Union Bank of India. He also held the position of Executive Director with Allahabad Bank from December 7, 2009 to March 31, 2012. Mr. Sarkar has rich experience in all aspects of Treasury & Corporate Credit focusing mainly on credit deployment. Mr. Sarkar has served as a Director on the Boards of several Indian Companies

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for appointment of Mr. Sarkar as a Non-Executive Independent Director. A statement containing his profile is given in Annexure 1

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

Item No. 6:

Given the Company's future growth plans, the Board, considers it necessary to augment the long term resources of the Company by way of issuing Securities subject to an aggregate maximum limit of up to an amount of Rs 500 Crore subject to the prevailing market conditions and other relevant considerations. The Board intends to deploy the net proceeds from the issue, post payment of all offering related fees and expenses, of the above mentioned securities for funding any one or more of the following: (i) augmenting long term finance for funding growth and capital expenditure (ii) pre-payment/ repayment of debt (iii) Redemption of Preference Share Capital of the Company (iv) working capital requirements and (v) general corporate purpose

Accordingly, the Company proposes to create, offer, issue and allot such number of Equity Shares, or Foreign Currency Convertible Bonds, or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form or any combination of Securities through Qualified Institutional Placement, Rights Issue or a combination thereof as per SEBI ICDR Regulations

The Board may in their discretion adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the Members of the Company

The pricing of the Securities that may be issued to Qualified Institutional Buyers pursuant to a Qualified Institutional Placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. The Company may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations. The "Relevant Date" for this purpose will be the date when the Board or the Committee of the Board thereof decides to open the Qualified Institutional Placement for subscription

The Special Resolution also seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board or its committee in its sole discretion in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/issue/allotment/conversion would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Listing Regulations

Section 62(1)(c) of the Companies Act, 2013 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing Members of such company in the manner laid down in Section 62 of the Companies Act, 2013 unless the Members in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Company to persons other than Members of the Company, consent of the Members is being sought pursuant to the provisions of Sections 42, 62 and other applicable provisions of the Companies Act, 2013 as well as applicable Rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Listing Regulations

The Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the Investors, who may or may not be the existing Members of the Company

The Directors recommend the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members, as Special Resolution, in terms of relevant provisions of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 6

Annexure 1

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

Item No: 2

Mr. Karunakaran Ramchand (DIN – 00051769) :

Mr. Karunakaran Ramchand has been appointed as Non-Executive Chairman of the Board of IL&FS Engineering and Construction Company Ltd., effective November 14, 2011. He is the Managing Director of IL&FS Transportation Networks Limited. He holds a Bachelor's degree in Civil Engineering from Madras University and a Post Graduate Degree in Development Planning from the School of Planning, Ahmedabad and has over 32 years of experience in urban and transport infrastructure development sector. Mr. Karunakaran Ramchand has been involved in a number of private infrastructure initiatives including the commissioning of various toll road projects in the country. He has been with the IL&FS Group for the past 21 years and is on the Board of Directors of various companies within the IL&FS Group. Mr. Ramchand holds 40,000 equity shares of the Company

Directorships of Mr. Karunakaran Ramchand:

(I) Managing Director of:

1. IL&FS Transportation Networks Limited

(II) Director of Public Limited Companies:

1. Gujarat International Finance Tec-City Co. Ltd
2. IL&FS Renewable Energy Limited
3. IL&FS Maritime Infrastructure Company Ltd
4. IL&FS Township & Urban Assets Limited
5. Noida Toll Bridge Company Limited
6. Reliance Haryana SEZ Limited
7. Road Infrastructure Development Company of Rajasthan Limited

(III) Director of Foreign Companies :

1. IL&FS Maritime Offshore Pte. Ltd, Singapore
2. Land Registration Systems Ine (LARES), Philippines
3. Elsamex S.A, Spain
4. ITNL International Pte Limited, Singapore
5. ITNL Offshore Pte. Ltd., Singapore
6. ITNL Offshore Two Pte. Limited, Singapore
7. IL&FS International JLT, Dubai
8. IL&FS Prime Terminals FZC, Dubai
9. Chongqing YuHe Expressway Company Limited, China
10. IIPL USA LLC
11. Elsamex International SL
12. Sharjah General Services Company LLC
13. Kukuza Project Development Company

(IV) Trusteeship held in Trust :

1. IL&FS Transportation Networks Limited-Superannuation Trust
2. IL&FS Transportation Networks Limited-Group Gratuity Scheme
3. IL&FS Employees Welfare Trust

Item No: 5

Mr. Debabrata Sarkar (DIN- 02502618) :

Mr Debabrata Sarkar has been appointed as an Additional (Non-Executive Independent) Director of the Company with effect from August 11, 2016 by the Board of Directors of IL&FS Engineering and Construction Co Ltd. Mr. Sarkar is a professional banker with more than 30 years of banking experience. He was the Chairman and Managing Director of Union Bank of India from April 1, 2012 to December 26, 2013. Mr. Sarkar is a Fellow Chartered Accountant and has CAIIB degree from Indian Institute of Banking & Finance. He also holds a Bachelor's Degree (B.Com (Hons)) and a Master's Degree in Commerce (M.Com).

Mr. Sarkar started his career in Bank of Baroda and was also associated with Allahabad Bank in the capacity of Executive Director from December 7, 2009 to March 31, 2012. He is known for his expertise in Treasury & Corporate Credit focusing mainly on credit deployment. As on August 11, 2016 Mr. Sarkar doesn't hold any share of the Company.

Directorships of Mr. Debabrata Sarkar :

1. LIC Housing Finance Limited
2. Asset Reconstruction Company (India) Limited
3. IL&FS Trust Co. Limited
4. Hinduja Leyland Finance Limited
5. Bandhan Financial Holdings Limited
6. Learning Curve Edutech Solutions Pvt. Limited
7. Senco Gold Limited
8. Inceptum Advisors (P) Limited

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

Sd/-
Sushil Dudeja
Company Secretary
(Membership No. A19265)

Regd. Office:

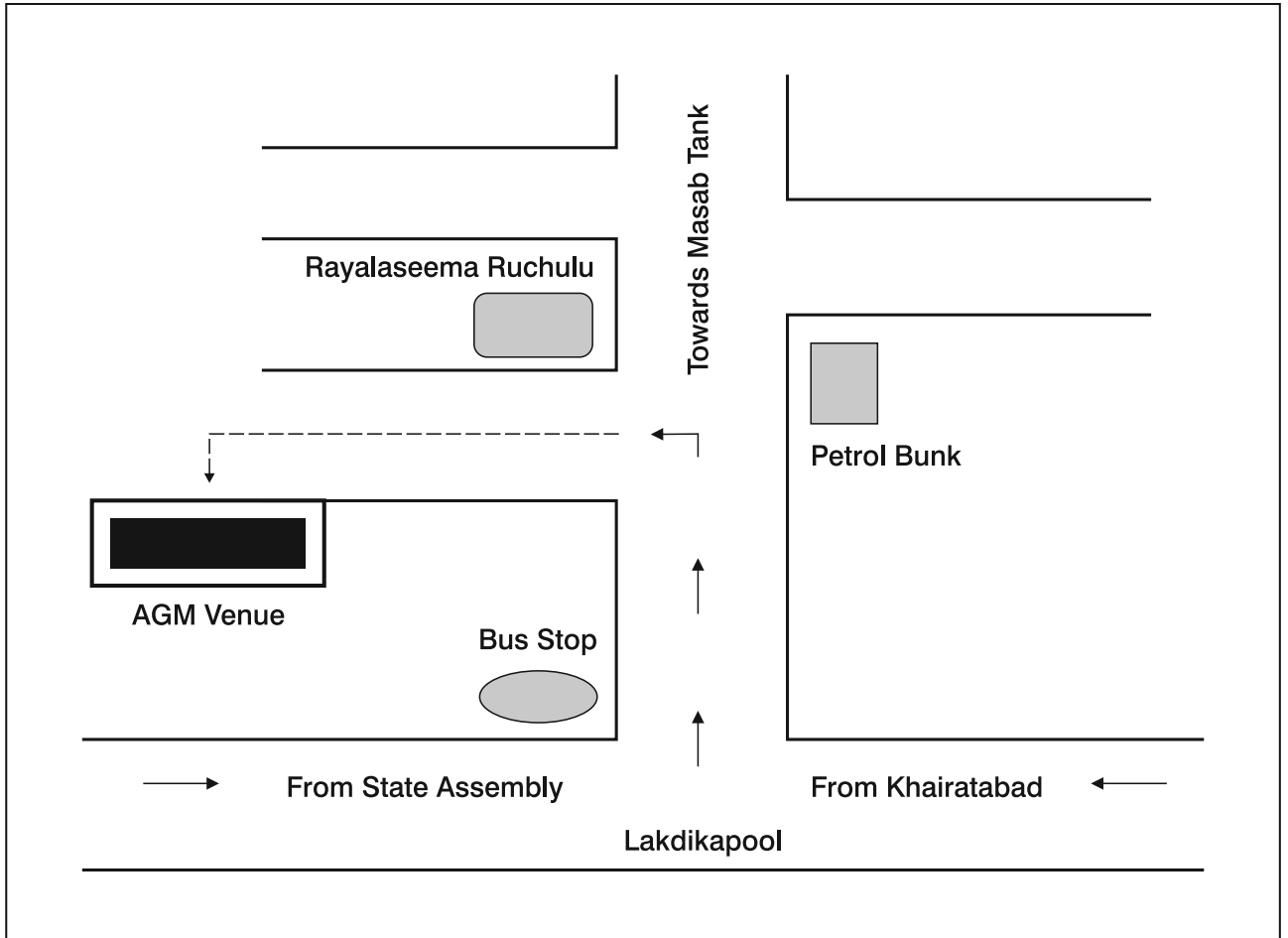
Door No: 8-2-120/113/3/4F,
Sanali Info Park, Cyber Towers, Road No 2,
Banjara Hills, Hyderabad – 500 033
CIN: L45201AP1988PLC008624
Email: cs@iflengg.com

Place: New Delhi

Date: August 11, 2016

ROUTE MAP OF THE 27TH AGM VENUE

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



DIRECTORS' REPORT

The Members

IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Twenty-Seventh Annual Report along with the Audited Financial Statements for the Financial Year Ended March 31, 2016

I. FINANCIAL RESULTS :

(Rs in Crore)

Particulars	FY 2016	FY 2015
Gross Income	1,983.16	2,477.76
Profit/ (Loss) before Interest, Depreciation, Exceptional Items and Tax	159.20	314.71
Interest and Finance Charges	304.06	268.31
Depreciation	43.66	43.73
Profit/ (Loss) before Exceptional Items, Tax and Prior Period Items	(188.52)	2.67
Exceptional Items (net)	-	-
Profit/ (Loss) before Tax and Prior Period Items	(188.52)	2.67
Provision for Taxes	-	-
Less: Prior Period Expenses (net)	-	-
Profit/ (Loss) after Tax	(188.52)	2.67
Paid up Equity Capital	121.16	112.12
Preference Share Capital	92.75	137.00
Reserves and Surplus	(90.31)	30.35
Net Worth	123.60	279.47
Earnings per share (In Rupees)		
- Basic	(16.65)	(0.85)
- Diluted	(16.65)	(0.85)

II. DIVIDEND :

During FY 2016, the Company had incurred loss of Rs. 188.52 crore. Your Directors, therefore express their inability to recommend any dividend for the year to Preference as well as to Equity Shareholders

III. RESERVES :

Due to inadequacy of profits, no amount can be transferred to Reserves of the Company for the Financial Year Ended March 31, 2016

IV. THE STATE OF AFFAIRS OF THE COMPANY :

During the year under review, your Company had bagged various orders in the Roads, Buildings & Structures, Power and Oil & Gas Sectors. The Orders received during the year under review amounted to Rs. 1,691 Crore. Also, the Company already had orders worth Rs 10,150 Crore at the beginning of the year. Out of the total orders in hand, the unexecuted order value stands at Rs. 10,000 Crore (approx.) at the end of the year.

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

The Board of Directors is hopeful of securing sizeable orders in the future and is confident of effective execution of the existing works of the order book. Also, the business support from the Promoter and Investor is facilitating entry into new market segments and in turn increasing capabilities of the Company

V. SHARE CAPITAL :

During the year under review, your Company had allotted 135,853 Equity shares of Rs. 10 each fully paid at a price of Rs. 58.90 amounting to Rs. 80,017,417 upon exercising equal number of Employees Stock Options issued to Employees/Directors/ Directors of Subsidiary Companies under ESOP 2009 scheme

Additionally, your Company had allotted 8,900,000 equity shares of Rs. 10 each at a price of Rs. 85.50 per share on Preferential Basis to the following entities on September 8, 2015:

#	Name of the Entity	Number of Shares	Total amount paid incl. premium (in Rs.)
1	Infrastructure Leasing and Financial Services Limited	4,408,045	376,887,847.50
2	IL&FS Financial Services Limited	4,491,955	384,062,152.50
	TOTAL	8,900,000	760,950,000.00

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

Particulars	Number of Shares	Amount (in Rs.)
Opening Balance as on April 1, 2015	112,122,818	1,121,228,180
Add: Allotment under ESOP scheme	135,853	1,358,530
Add: Allotment under Preferential issue	8,900,000	89,000,000
Closing Balance as on March 31, 2016	121,158,671	1,211,586,710

During the year under review, your Company had redeemed certain preference shares and the movement is shown below:

Particulars	No. of 6% OCCRPS*	Amount (in Rs.)	No. of 6% CRPS**	Amount (in Rs.)
Opening Balance as on April 1, 2015	12,500,000	1,250,000,000	1,200,000	120,000,000
Less: Redeemed on September 30, 2015	(3,750,000)	(375,000,000)	(675,000)	(67,500,000)
Closing Balance as on March 31, 2016	8,750,000	875,000,000	525,000	52,500,000

*OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

**CRPS: Cumulative Redeemable Preference Shares

Shares held by Directors :

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

Further, Mr. Murli Dhar Khattar, Managing Director of the Company holds 70,000 Equity Shares of the Company

Deposits :

Your Company has not accepted any Fixed Deposits during the year under review

VI. DIRECTORS AND KEY MANAGERIAL PERSONNEL :

During the year under review, Mr. Ahmad Dabbous, Alternate Director to Mr. El Mouhtaz El Sawaf had vacated his office since Mr. Sawaf had attended the Board Meeting held on August 14, 2015. The Board of Directors of the Company in its Meeting held on August 14, 2015, again appointed Mr. Ahmad Dabbous as an Alternate Director to Mr. Sawaf with effect from August 15, 2015

Mr. Dhananjay Narendra Mungale, Non-Executive Independent Director has resigned from the Directorship of the Company with effect from July 1, 2016. Your Directors placed on records sincere appreciation of the contribution made by him towards the Company.

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

During the year under review, Mr. G. Venkateswar Reddy resigned from the position of Company Secretary and Compliance Officer of the Company with effect from November 30, 2015. The Board of Directors of the Company in its meeting held on March 12, 2016, appointed Mr. Sushil Kumar Dudeja as the Company Secretary and Compliance Officer of the Company with effect from April 4, 2016, in terms of the provisions of Section 203 of the Companies Act, 2013 read with Rules made there under and Reg. 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Mr. Karunakaran Ramchand, Chairman of Board of Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting, in terms of the provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of Twenty Seventh Annual General Meeting of the Company

On the recommendation of Nomination and Remuneration Committee, Mr. Debabrata Sarkar was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013, with effect from August 11, 2016 to hold office upto the date of this Annual General Meeting and further pursuant to Section 149 of the Companies Act, 2013, read with Rules made there under and Listing Regulations, the Board, subject to the approval of Members of the Company, appointed Mr. Sarkar as a Non-Executive Independent Director of the Company for a period of 5 years with effect from August 11, 2016. The brief resume and other details as required for appointment of the director under the Listing Regulations are provided in the Notice of AGM of the Company

Statement on Declaration given by Independent Directors :

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

Familiarization Programme of Independent Directors :

The Company from time to time conducts separate session on familiarization programme for the Independent Directors wherein the Independent Directors are provided with the information on operations and projects of the Company. The details of familiarization programmes to Independent Directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.ifsengg.com/Document/FamiliarizationProgramme.pdf>

Non-Executive Directors :

The Non-Executive Directors are entitled for payment of sitting fee of Rs. 20,000 per meeting for attending the meetings of the Board and/or its Committees. Additionally, the actual out of pocket expenses incurred by them for attending the meetings are also borne by the Company. Except as mentioned above, no other payment is made by the Company to the Non-executive Directors and the Company does not have any pecuniary relationship or transactions with the Non-Executive Directors. The details of amount paid to the Directors of the Company towards Sitting Fee are mentioned in the Corporate Governance Section of this Annual Report

Further, Non-executive Directors, except Independent Directors, are entitled to employee stock options under the Employee Stock Option Schemes of the Company subject to compliance of applicable laws

Performance Evaluation :

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Board was required to evaluate the performance of its own, its Committees and individual Directors. The Board of Directors of the Company had at its Meeting held on November 10, 2014 approved the policy on Performance Evaluation of the Board of Directors (the Policy), which is also available on the website of the Company at www.ilfsengg.com. As per the policy, the Board had evaluated the performance of its own, all the Committees of the Board and individual Directors (excluding the Director being evaluated) as satisfactory

Managerial Remuneration Policy :

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

VII. DIRECTORS RESPONSIBILITY STATEMENT :

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

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

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

(A)	Conservation of energy	
i)	The steps taken or impact on conservation of energy;	The conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis
ii)	The steps taken by the Company for utilizing alternate sources of energy;	NIL
iii)	The capital investment on energy conservation equipments;	NIL
(B)	Technology absorption	
i)	the efforts made towards technology absorption;	Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated.
ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	NIL

iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -	NIL
	a. the details of technology imported;	
	b. the year of import;	
	c. whether the technology been fully absorbed	
(C)	FOREIGN EXCHANGE	
	Foreign Exchange Earnings	Rs. 17.89 Crore
	Foreign Exchange Outgo	Rs. 7.43 Crore

VIII. BOARD AND ITS COMMITTEES :

a) Board of Directors :

During the year under review the Board of Directors of the Company met ten times on May 29, 2015, June 18, 2015, July 02, 2015, August 14, 2015, September 18, 2015, November 07, 2015, January 23, 2016, February 06, 2016, February 13, 2016 and March 12, 2016. The attendance, along with such other details as required, of each of the Directors is mentioned in the Corporate Governance Report section of this Annual Report

b) Audit Committee :

The Audit Committee of the Board of Directors of the Company consisted of four members. Mr. Ved Kumar Jain, Independent Director of the Company is the Chairman of the Audit Committee. Mr. Anil Kumar Agarwal, Mr. Murli Dhar Khattar and Mr. Dhananjay Narendra Mungale were the other members of the Audit Committee. In view of the resignation of Mr. Mungale from the Board of Directors of the Company w.e.f. July 1, 2016, Mr. Mungale ceased to be a Member of the Audit Committee. The Board of Directors of the Company had at its Meeting held on August 11, 2016, inducted Mr. Debabrata Sarkar as a Member of Audit Committee. The attendance of Members in the Meetings of Audit Committee and other details are mentioned in the Corporate Governance Report section of this Annual Report

All the recommendations of the Audit Committee were accepted by the Board of Directors during the year under review. The Committee comprises with majority of Independent Directors

c) Corporate Social Responsibility Committee :

The Board of Directors of the Company had constituted Corporate Social Responsibility Committee (CSR Committee) on March 18, 2014 and had formulated a policy on Corporate Social Responsibility which is available in the Corporate Governance Section of the website of the Company i.e., www.ilfsengg.com. The CSR Committee of the Company comprises of Mr. Anil Kumar Agarwal as the Chairman of the Committee and Mr. Murli Dhar Khattar and Ms Alpa Sheth are the members of the Committee

The Company is required to spend two per cent of the average net profits for preceding three financial years as per Section 135 (5) of the Act. However, no CSR activities have been conducted during the year as the Company has incurred losses based on the average profit of last 3 years. The details of CSR policy and activities as per Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 are enclosed as Annexure 1 to this Report

d) Other Committees :

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

IX. RISK MANAGEMENT :

The Board of Directors had formulated a Risk Management Policy consisting of various elements of Risk and mitigation measures

During the year, the Board had in its Meeting held on August 14, 2015, constituted the Risk Management Committee comprising of Senior Management of the Company. The Risk Management Committee of the Company is overseeing the implementation of the Policy. In the opinion of the Board, the policy on Risk Management addresses the risks associated with the business including identification of elements of risk which may threaten the existence of the Company. The Board of Director/Audit Committee reviews the risk assessment and mitigation procedures across the entity from time to time. As on March 31, 2016, there were no risks which may threaten the existence of the Company

X. SUBSIDIARIES :

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

Angeerasa Greenfields Private Limited, Ekadanta Greenfields Private Limited, Saptaswara Agro-farms Private Limited, Maytas Infra Assets Limited, Maytas Metro Limited, Maytas Vasishtha Varadhi Limited and Maytas Infra Saudi Arabia Company are the subsidiaries of your Company. A step down subsidiary, namely Maytas for Construction W.L.L. was incorporated as Subsidiary of Maytas Infra Saudi Arabia Company and the same was liquidated during FY 2016

ASSOCIATES & JOINT VENTURES :

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

Associate :

Hill County Properties Limited

Joint Ventures (Association of Persons) :

NCC-Maytas (JV)

NEC-NCC-Maytas (JV)

Maytas-NCC (JV)

NCC-Maytas (JV) (Singapore Classtownship)

Maytas-CTR (JV)

NCC-Maytas-ZVS (JV)

Maytas- KBL (JV)

Maytas KCCPL Flow More (JV)

Maytas MEIL KBL (JV)

Maytas MEIL ABB AAG (JV)

MEIL Maytas ABB AAG (JV)

MEIL Maytas KBL (JV)

MEIL Maytas WPIL (JV)

MEIL Maytas AAG (JV)

MEIL-SEW-Maytas-BHEL (JV)

L&T KBL Maytas (JV)

Maytas Ritwik (JV)

Maytas Sushee (JV)

Maytas Gayatri (JV)

IL&FS Engg-Kalindee (JV)

AMR - Maytas- KBL- WEG (JV)

ITDC - Maytas JV

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

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

XI. AUDITORS AND AUDITORS' REPORT :

(a) Statutory Auditors :

S. R. Batliboi and Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office from the 25th Annual General Meeting of the Company till the conclusion of 28th Annual General Meeting of the Company. The appointment of Statutory Auditors of the Company for FY 2017 is being placed for ratification of the Members of the Company in their ensuing Annual General Meeting of the Company

The Board noted that there are following qualifications in the Auditor's Report for the Standalone and Consolidated Financial Statements for the Year Ended March 31, 2016:

1) Auditors' Report on Standalone Financial Statements :

"The Company has investment amounting to Rs. 33.19 crores made in an overseas subsidiary. Based on the unaudited financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and other consequential impacts, if any, that may be required in this regard in these accompanying financial results"

2) Auditors' Report on Consolidated Financial Statements :

"The accompanying consolidated financial statements include aggregate assets of Rs. 234.23 crores and aggregate revenues of Rs. 197.62 crores and net cash outflows amounting to Rs. 1.94 crores of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying Consolidated Financial Statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2016 been available and accordingly we are unable to comment on the same"

3) Auditors' Report on Internal Financial Controls :

"The following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

Standalone Financial Statements:

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

Consolidated Financial Statements :

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

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

i) Qualification on Standalone Financial Statements :

"Management is in discussion with the other shareholder of the Subsidiary on various options and is confident to restore the carrying value of the investment and therefore no provision is required for diminution in the value of such investment / potential obligation. Accordingly, any adverse impact on the Financials of the Company is unlikely"

ii) Qualification on Consolidated Financial Statements :

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

(b) Cost Auditors :

The Board had appointed S Mahadevan and Co, Cost Accountants as Cost Auditors of the Company for FY 2016. The remuneration payable to the Cost Auditors was approved by the Members in the 26th Annual General Meeting

S Mahadevan & Co are re-appointed by the Board of Directors as the Cost Auditors of the Company for FY 2017 and the remuneration payable to them is recommended for the approval of the members in their ensuing Annual General Meeting

(c) Secretarial Auditor :

The Board had appointed Mr. Y. Ravi Prasada Reddy, Practising Company Secretary to conduct the Secretarial Audit for FY 2016. The Secretarial Audit Report for the Financial Year Ended March 31, 2016 is enclosed herewith as Annexure 3 to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark

The Board of Directors of the Company had at its Meeting held on August 11, 2016, re-appointed Mr. Y. Ravi Prasada Reddy, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2017

XII. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions

As required under the Companies Act, 2013, read with Rules made there under, a disclosure on Related Party Transactions is enclosed as Annexure 4 to this Report

XIII. EMPLOYEE STOCK OPTION SCHEME :

During the year under review, the Company has allotted 135,853 equity shares of Rs.10/- each at a price Rs. 58.90 per share (including premium) upon exercise of the same number of ESOPs issued to Employees/Directors/Directors of Subsidiary Companies under ESOP 2009 Scheme

The Company has received a certificate from the Statutory Auditors of the Company that the ESOP scheme has been

implemented in accordance with the SEBI Guidelines and the resolution passed by the Members. The Certificate is enclosed as Annexure 5 with this report.

Further, the disclosure as required under SEBI (Share Based Employee Benefits) Regulations, 2014 relating to ESOP 2009 scheme of the Company is available on the website of the Company at www.ilfseng.com

XIV. MANAGEMENT DISCUSSION AND ANALYSIS :

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

XV. CORPORATE GOVERNANCE:

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

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

DISCLOSURES :

a) Extract of Annual Return :

The extract of Annual Return as per Section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is enclosed as Annexure 6 to this Report

b) Vigil Mechanism :

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

c) Policy on Prevention of Sexual Harassment :

The Company had formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. During the year under review, the Company has not received any complaints under the policy.

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

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

Your Company is into the business of providing Infrastructure Facilities. Accordingly, the provisions of Section 186 pertaining to providing Loan or Guarantee to other corporates are exempted. All information regarding Loans, Guarantees and Investments are mentioned in the notes to financial statements for FY 2016 which are self-explanatory. Further, your Company has made no further investments during the year 2015-16 and hence, the provisions of Section 186 are not attracted.

e) Particulars of employees and related disclosures :

The disclosures relating ratio of remuneration of each directors to the median employee's remuneration and other details as per Section 197 (12) of the Companies Act, 2013 read with rules 5 (1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure 7 to this Report.

The disclosure pertaining to remuneration and other details as required under Section 197 (12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure 8 to this Report

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

XVI) ACKNOWLEDGMENTS :

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

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

Place: Mumbai
Date: August 11, 2016

Sd/-
Karunakaran Ramchand
Chairman
DIN: 00051769

ANNEXURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The Corporate Social Responsibility (CSR) Policy of the Company is available at the website of the Company i.e. at <http://www.ifsengg.com/html/policies.php>.

2. The Composition of Corporate Social Responsibility (CSR) Committee:

Mr. Anil Kumar Agarwal – Chairman

Mr. Murli Dhar Khattar – Member

Ms. Alpa Ramesh Sheth – Member

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

(Rs in Crores)

Particulars	FY 2011-12 Audited	FY 2012-14 Audited	FY 2014-15 Audited
Profit/(Loss) before tax	(126.41)	(150.98)	2.67
Less: Dividend Income	0.49	0.02	0.00
Less: Any profit arising from overseas branch	0.00	0.00	0.00
Total	(126.90)	(151.00)	2.67
Average profit/(Loss) for three years	((126.90) + (151)+2.67)/3=		(91.74)
On this basis Corporate Social Responsibility (CSR) expenditure works out= Nil			

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

Since the Average Net Profit of the Company is negative, the prescribed Corporate Social Responsibility (CSR) expenditure is nil

5. Details of Corporate Social Responsibility (CSR) spent during the financial year:

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

b. Amount unspent, if any; - Nil

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

Since the Average Net Profit of the Company was negative, the Company had not spent any amount on Corporate Social Responsibility (CSR) activities

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

Sd/-

Murli Dhar Khattar
Managing Director

Sd/-

Anil Kumar Agarwal
Chairman - CSR Committee

FORM AOC - 1
PART - A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details						
		Angeerasa Greenfields Private Limited	Ekadanta Greenfields Private Limited	Saptaswara Agro-Farms Private Limited	Maytas Infra Assets Limited	Maytas Metro Limited	Maytas Vasishtha Varadhi Limited	Maytas Infra Saudi Arabia (MISA) ##
1	Name of Subsidiary							
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2015 to March 31, 2016						
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Cr)						
4	Share capital	0.01	0.01	0.01	0.05	0.05	0.05	60.35
5	Reserves & Surplus	(0.04)	(0.05)	(0.29)	(11.57)	0	0	(271.14)
6	Total Assets	50.00	18.58	20.00	5.31	75.24	3.03	234.23
7	Total Liabilities	50.00	18.58	20.00	5.31	75.24	3.03	234.23
8	Investments	0	0	0	0	0	0	0
9	Turnover	0	0	0	0	0	0	197.62
10	Profit before taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(248.90)
11	Provision for taxation	0	0	0	0	0	0	(0.29)
12	Profit after taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(249.69)
13	Proposed Dividend	0	0	0	0	0	0	0
14	% of shareholding	100%	100%	100%	100%	100%	100%	55%

MISA is a foreign subsidiary and its Local currency is SAR. Exchange rate as on March 31, 2016 : Rs. 17.6447/SAR 1

PART - B: ASSOCIATES AND JOINT VENTURES

S.No.	Name of Associates/Joint Ventures	Hill County Properties Limited (Associate Company)	NCC-Maytas (JV)	NEC-NCC-Maytas (JV)	Maytas-NCC(JV)	NCC-Maytas (Singapore Class Township)	Maytas-CTR (JV)	NCC-Maytas-ZVS (JV)
1	Latest Audited Balance Sheet Date		April 1, 2015 to March 31, 2016					
2	Shares of Associate/Joint Ventures held by the Company on the year end							
	No.	7,750	NA	NA	NA	NA	NA	NA
	Amount of Investment in Associates/Joint Venture	0.08	0	4.88	0.74	3.27	0.16	
	Extent of Holding %	32%	50.00%	50.00%	50.00%	70.00%	39.69%	
3	Description of how there is significant influence	Shareholding more than 20%	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
4	Reason why the associate/joint venture is not consolidated	Acquisition does not form part of business strategy to acquire and retain as long term asset/Investment	NA	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	0.06	-0.07	6.76	0.98	46.97	0.18
6	Profit/Loss for the year							
	i. Considered in Consolidation	NA	0	(0.00)	3.63	(0.00)	0.07	0.25
	ii. Not Considered in Consolidation	NA	0	0.00	3.63	(0.00)	0.03	0.31

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2016

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

To

The Members,
M/s. IL&FS Engineering and Construction Company Limited
Door No: 8-2-120/113/3/4F, Sanali Info Park,
Cyber Towers, Road No. 2, Banjara Hills,
Hyderabad-50033

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the "Financial Year" ended on **March 31st, 2016, (i.e. from April 01st, 2015 to March 31st, 2016)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- A. The Companies Act, 2013 (the "Act") and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year)
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the financial year)
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the financial year)

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

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

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

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

I further report that:

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

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

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

I further report that during the financial year the Company has undertaken the following reportable events:

- ◆ Conducted 10 Board Meetings on 29th May 2015, 18th June 2015, 2nd July 2015, 14th August 2015, 18th September 2015, 7th November 2015, 23rd January 2016, 6th February 2016, 13th February 2016 and 12th March, 2016.
- ◆ Conducted 5 Audit Committee Meetings on 29th May 2015, 14th August 2015, 7th November 2015, 23rd January 2016 and 13th February 2016.
- ◆ Conducted 2 Nomination and Remuneration Committee Meetings on 29.05.2015 and 12.03.2016.
- ◆ Conducted the 26th Annual General Meeting on 19th September, 2015.
- ◆ Allotted 89,00,000 (Eighty Nine Lakhs only) Equity Shares of Rs.10/- each on 08.09.2015 with a premium of Rs. 75.50 per Share by way of Preferential Allotment and the same were listed as per the applicable provisions.
- ◆ Allotted 1,35,853 (One Lakh Thirty Five Thousand Eight Hundred and Fifth Three only) Equity Shares on 04.05.2015 upon exercising of Employee Stock Options under ESOP Scheme 2009 and the same were listed as per the applicable provisions.
- ◆ Redeemed 37,50,000 (Thirty Seven Lakhs and Fifty Thousand only) 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100 each at par and complied with the applicable provisions.
- ◆ Redeemed 6,75,000 (Six lakhs and Seventy five thousand only) 6% Cumulative Redeemable Preference Shares of Rs. 100 each at par and complied with the applicable provisions.
- ◆ The details of appointment and resignation/vacation of directors/KMP are as follows:

S. No	Name of the Director/KMP	Particulars	Date of filing with ROC
1	Shri Ahmad Mohamad Dabbous	Vacated as Alternate Director (for Sri EL Mouhtaz EL Sawaf) on 14.08.2015	31.08.2015
2	Shri Ahmad Mohamad Dabbous	Appointed as Alternate Director (for Sri EL Mouhtaz EL Sawaf) on 15.08.2015	02.09.2015
3	Shri Ved Kumar Jain	Appointed as Independent Director at the AGM held on 19.09.2015	16.10.2015
4	Shri Anil Kumar Agarwal	Appointed as Independent Director at the AGM held on 19.09.2015	16.10.2015
5	Shri Dhananjay Narendra Mungale	Appointed as Independent Director at the AGM held on 19.09.2015	16.10.2015
6	Shri Alpa Sheth	Appointed as Independent Director at the AGM held on 19.09.2015	16.10.2015
7	Shri Kanika Tandon Bhal	Appointed as Independent Director at the AGM held on 19.09.2015	16.10.2015
8	Shri Gogireddy Venkateswar Reddy	Resigned as Company Secretary on 30.11.2015	06.01.2016

- ◆ Altered Articles of Association as per the provisions of the Companies Act, 2013 in the Annual General Meeting held on 19.09.2015.
- ◆ Passed the Special Resolution to make investments U/S 186 of the Companies Act, 2013.
- ◆ Related Party Transactions were carried out based on necessary approvals.
- ◆ Created charges in respect of loans as mentioned in Annexure A as per the applicable provisions.

Place: Hyderabad

Date: 25/04/2016

ANNEXURE A

Name of the Lender	Amount (in Rs)	Type	Whether CHG 1 filed
Infrastructure Leasing and Financial Services Limited	Rs. 67 Cr	Creation	Yes
Infrastructure Leasing and Financial Services Limited	Rs. 55 Cr	Creation	Yes

Place: Hyderabad

Date: 25/04/2016

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

RELATED PARTY TRANSACTIONS
FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval / Noting	Amount paid as advances, if any:
NIL					

AUDITORS' CERTIFICATE ON EMPLOYEES STOCK OPTION SCHEME

To
The Board of Directors
IL&FS Engineering and Construction Company 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 financial year ended March 31, 2016 as stipulated in 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, 2016 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 LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per **Vikas Kumar Pansari**
Partner
Membership No: 093649

Place: Mumbai
Date: August 11, 2016

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED
ON MARCH 31, 2016**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

*Subsidiary incorporated outside India

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on March 31, 2015)				No. of Shares held at the end of the year (As on March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	36538477	0	36538477	32.59	45438477	0	45438477	37.5	4.91
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	36538477	0	36538477	32.59	45438477	0	45438477	37.5	4.91
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	36538477	0	36538477	32.59	45438477	0	45438477	37.5	4.91
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	120000	0	120000	0.11	573	0	573	0.00	(0.11)
b) Banks / FI	13895921	0	13895921	12.39	13208800	0	13208800	10.90	(1.49)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	360	0	360	0.00	360	0	360	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
l) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	14016281	0	14016281	12.50	13209733	0	13209733	10.90	(1.60)
2. Non Institutions									
Bodies Corp.									
(i) Indian	12543003	0	12543003	11.19	12307919	0	12307919	10.16	(1.03)
(ii) Overseas	36538477	0	36538477	32.59	36538477	0	36538477	30.16	(2.43)
Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5421440	1231	5422671	4.84	7525877	1231	7527108	6.21	1.37
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3662922	2812000	6474922	5.77	2893751	2812000	5705751	4.71	(1.06)
C) Others (Specify)									
Clearing Members	126367	0	126367	0.11	37145	0	37145	0.03	(0.08)
Non Resident Indians	457620	0	457620	0.41	384711	0	384711	0.32	0.09
Trusts	5000	0	5000	0.00	3250	0	3250	0.00	0.00
NBFCs Registered with RBI	0	0	0	0.00	6100	0	6100	0.01	0.01
Sub-total (B)(2)	58754829	2813231	61568060	54.91	59697230	2813231	62510461	51.60	(3.31)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	72771110	2813231	75584341	67.41	72906963	2813231	75720194	62.50	4.91
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	109309587	2813231	112122818	100.00	118345440	2813231	121158671	100.00	0.00

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe red to total shares	
1	Infrastructure Leasing and Financial Services Limited	18096995	16.14	0.00	22505040	18.57	0.00	2.43
2	IL&FS Financial Services Limited	18441482	16.45	0.00	22933437	18.93	0.00	2.48
	Total	36538477	32.59	0.00	45438477	37.50	0.00	4.91

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

Sr. No.		Shareholding at the beginning of the year		Date of change in shareholding	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
	At the beginning of the year	36538477	32.59	September 08, 2015	8900000	Allotment	45438477	37.50
	At the End of the year						45438477	37.50

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

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year		Date of change in shareholding	Increase/ Decrease in shareholding	Reason for increase/ Decrease	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	SBG Projects Investments Limited							
	At the beginning of the year	36538477	32.59	-	-	-		
	At the End of the year	-	-	-	-	-	36538477	30.16
2.	ICICI Bank Ltd.							
	At the beginning of the year	5971979	5.33	-	-	-		
	At the End of the year	-	-	-	-	-	5971979	4.93
3.	SNR Investments Private Limited							
	At the beginning of the year	5250000	4.68	-	-	-		
	At the End of the year	-	-	-	-	-	5250000	4.33
4.	VeeYes Investments Private Limited							
	At the beginning of the year	5250000	4.68	-	-	-		
	At the End of the year	-	-	-	-	-	5250000	4.33
5.	State Bank of India							
	At the beginning of the year	1901029	1.70	-	-	-		
	At the End of the year	-	-	-	-	-	1901029	1.57
6.	IDBI Bank Limited							
	At the beginning of the year	1642638	1.47	April 10, 2015	(53048)	Selling	1589590	1.31
	At the End of the year	-	-	-	-	-	1589590	1.31
7.	B. Teja Raju							
	At the beginning of the year	1490000	1.33	-	-	-		
	At the end of the year	-	-	-	-	-	1490000	1.23
8.	State Bank of Hyderabad							
	At the beginning of the year	1431399	1.28	-	-	-		
	At the End of the year	-	-	-	-	-	1406399	1.16
9.	Allahabad Bank							
	At the beginning of the year	1179042	1.05	-	-	-		
	At the End of the year	-	-	-	-	-	1179042	0.97
10.	B. Ramalinga Raju HUF							
	At the beginning of the year	662500	0.59	-	-	-		
	At the end of the year	-	-	-	-	-	662500	0.55

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

Sr. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Date of change in shareholding	Increase/ Decrease in shareholding	Reason for increase/ Decrease	Cumulative Shareholding during the year		
		No. of shares	% of Total Shares of the Company				No. of shares	% of Total Shares of the Company	
1.	Karunakaran Ramchand Chairman								
	At the beginning of the year	40000	0.03	-	-	-			
	At the end of the year	-	-	-	-	-	40000	0.03	
2.	Murli Dhar Khattar Managing Director								
	At the beginning of the year	70000	0.06	-	-	-			
	At the end of the year	-	-	-	-	-	70000	0.06	
3.	Dr. Sambhu Nath Mukherjee Chief Financial Officer								
	At the beginning of the year	12250	0.01	-	-	-			
	At the end of the year	-	-	-	-	-	12250	0.01	
4.	G. Venkateswar Reddy Company Secretary*								
	At the beginning of the year	2000	0.00	-	-	-			
	Increase/Decrease during the year				May 08, 2015	(1000)	Selling	1000	0.00
					May 15, 2015	2800	ESOP allotment	3800	0.00
					May 15, 2015	(500)	Selling	3300	0.00
					May 22, 2015	(1500)	Selling	1800	0.00
			June 12, 2015	(1800)	Selling	0	0.00		
	At the end of the year	-	-	-	-	-	0	0.00	

*Company Secretary of the Company till November 30, 2015

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,876	45	-	1,921
ii) Interest due but not paid	1	0	-	2
iii) Interest accrued but not due	168	-	-	168
Total (i+ii+iii)	2,045	45	-	2,091
Change in Indebtedness during the financial year				
Addition- Principal	391	-	-	391
Reduction- Principal	339	24	-	363
Addition- Interest	257	6	-	262
Reduction-Interest	188	6	-	194
Net Change	121	(24)	-	97
Indebtedness at the end of the financial year				
i) Principal Amount	1,928	21	-	1,949
ii) Interest due but not paid	11	0	-	11
iii) Interest accrued but not due	227	-	-	227
Total (i+ii+iii)	2,166	21	-	2,188

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Murli Dhar Khattar Managing Director	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,358,875	11,358,875
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,400,000	2,400,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify	-	-
6.	Total (A)	13,758,875*	13,758,875*
	Ceiling as per the Act		14,350,620**

*excluding service tax

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors								Total Amount	
		Ramchand Karunakran	Saleh Mohammad A BinLaden	El Mouhtaz El Sawaf	Ved Jain	Anil K Agarwal	Dhananjay N Mungale	Alpa Ramesh Sheth	Kanika T Bhal		
	Independent Directors										
	· Fee for attending board committee meetings	NA	NA	NA	-	-	200,000	100,000	200,000	500,000	
	· Commission	NA	NA	NA	-	-	-	-	-	-	
	· Others, please specify	NA	NA	NA	-	-	-	-	-	-	
	Total (1)	NA	NA	NA	-	-	200,000	100,000	200,000	500,000	
	Other Non-Executive Directors										
	· Fee for attending board committee meetings	160,000	-	-	NA	NA	NA	NA	NA	160,000	
	· Commission	-	-	-	NA	NA	NA	NA	NA	-	
	· Others, please specify	-	-	-	NA	NA	NA	NA	NA	-	
	Total (2)	160,000	-	-	-	-	NA	NA	NA	160,000	
	Total Managerial Remuneration (1 +2)	160,000	-	-	-	-	200,000	100,000	200,000	660,000	
	Overall Ceiling as per the Act										NA

C. Remuneration to Key Managerial Personnel other than MD / Manager /WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary*	CFO	Total
1.	Gross salary			
a.	Salary as per provisions contained in section 17(1) of the Income - Tax Act, 1961	2,482,686	7,887,012**	11,011,041
b.	Value of perquisites u/s 17(2) Income - Tax Act, 1961			
c.	Profits in lieu of salary under section 17(3) Income - Tax Act, 1961			
2.	Stock Option	87,640	-	87,640
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others :			
	Leave Encashment	252,650	-	-
	Gratuity	388,693	-	-
	Total	3,211,669	7,887,012	11,098,681

*Remuneration till November 30, 2015

**Professional fees including service tax

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 211 of Companies Act, 1956	Contravention of the provisions of Sec 211 of the Companies Act, 1956, by not disclosing the details as specified in the sections in Balance sheet and Profit and Loss Account of the Company for the year ended March 31, 2008	Rs. 56,000/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 211 of Companies Act, 1956	Contravention of the provisions of Sec 211 of the Companies Act, 1956, by not disclosing the details as specified in the sections in Balance sheet and Profit and Loss Account of the Company for the year ended March 31, 2008	Mr. B Teja Raju: Rs. 40,000/- Mr. P. K. Madhav: Rs. 32,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajuu (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 211 of Companies Act, 1956	Contravention of the provisions of Sec 211 of the Companies Act, 1956, by not disclosing the details as specified in the sections in Balance sheet and Profit and Loss Account of the Company for the year ended March 31, 2008	Rs. 24,000/-	Company Law Board, Chennai Bench	NA

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 217(3) of Companies Act, 1956	Contravention of the provisions of Sec 217(3) of the Companies Act, 1956, by failing to give fullest information and explanation in Directors' Report attached to the Balance Sheet as at March 31, 2008	Rs. 12,500/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 217(3) of Companies Act, 1956	Contravention of the provisions of Sec 217(3) of the Companies Act, 1956, by failing to give fullest information and explanation in Directors' Report attached to the Balance Sheet as at March 31, 2008	Mr. B Teja Raju: Rs. 10,000/- Mr. P. K. Madhav: Rs. 10,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajuu (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 217(3) of Companies Act, 1956	Contravention of the provisions of Sec 217(3) of the Companies Act, 1956, by failing to give fullest information and explanation in Directors' Report attached to the Balance Sheet as at March 31, 2008	Rs. 7,000/-	Company Law Board, Chennai Bench	NA

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 292 of Companies Act, 1956	Contravention of the provisions of Sec 292 of the Companies Act, 1956, by not passing the Board Resolution for taking loan.	Rs. 1,50,000/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 292 of Companies Act, 1956	Contravention of the provisions of Sec 292 of the Companies Act, 1956, by not passing the Board Resolution for taking loan.	Mr. B Teja Raju: Rs. 1,00,000/- Mr. P. K. Madhav: Rs. 75,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajuu (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 292 of Companies Act, 1956	Contravention of the provisions of Sec 292 of the Companies Act, 1956, by not passing the Board Resolution for taking loan.	Rs. 50,000/-	Company Law Board, Chennai Bench	NA

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 295 of Companies Act, 1956	Contravention of the provisions of Sec 295 of the Companies Act, 1956, by not taking prior approval from the Central Government for taking/ giving loan to Companies in which the Directors were interested.	Rs. 1,60,000/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 295 of Companies Act, 1956	Contravention of the provisions of Sec 295 of the Companies Act, 1956, by not taking prior approval from the Central Government for taking/ giving loan to Companies in which the Directors were interested.	Mr. B Teja Raju: Rs. 1,20,000/- Mr. P. K. Madhav: Rs. 80,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajuu (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 295 of Companies Act, 1956	Contravention of the provisions of Sec 295 of the Companies Act, 1956, by not taking prior approval from the Central Government for taking/ giving loan to Companies in which the Directors were interested.	Rs. 80,000/-	Company Law Board, Chennai Bench	NA

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 297 of Companies Act, 1956	Contravention of the provisions of Sec 297 of the Companies Act, 1956, by not obtaining prior approval from the Central Government for entering into specified contracts as mentioned in the sections.	Rs. 3,00,000/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 297 of Companies Act, 1956	Contravention of the provisions of Sec 297 of the Companies Act, 1956, by not obtaining prior approval from the Central Government for entering into specified contracts as mentioned in the sections.	Mr. B Teja Raju: Rs. 2,50,000/- Mr. P. K. Madhav: Rs. 2,10,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajuu (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 297 of Companies Act, 1956	Contravention of the provisions of Sec 297 of the Companies Act, 1956, by not obtaining prior approval from the Central Government for entering into specified contracts as mentioned in the sections.	Rs. 1,55,000/-	Company Law Board, Chennai Bench	NA

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 372A of Companies Act, 1956	Contravention of the provisions of Sec 372A of the Companies Act, 1956, by not obtaining approval of the shareholders for investments/loans/ guarantees/security beyond the limits prescribed under the Section 372A of the Companies Act, 1956	Rs. 80,000/- paid by the Company through Demand Draft dated March 1, 2016	Company Law Board, Chennai Bench	NA
B. Directors: Mr. B Teja Raju & Mr. P K Madhav (Ex-Directors of the Company)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 372A of Companies Act, 1956	Contravention of the provisions of Sec 372A of the Companies Act, 1956, by not obtaining approval of the shareholders for investments/loans/ guarantees/security beyond the limits prescribed under the Section 372A of the Companies Act, 1956	Mr. B Teja Raju: Rs. 60,000/- Mr. P. K. Madhav: Rs. 48,000/-	Company Law Board, Chennai Bench	NA
C. Other Officers In Default: Mr. J Veerajju (Ex-Company Secretary)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec 372A of Companies Act, 1956	Contravention of the provisions of Sec 372A of the Companies Act, 1956, by not obtaining approval of the shareholders for investments/loans/ guarantees/security beyond the limits prescribed under the Section 372A of the Companies Act, 1956	Rs. 40,000/-	Company Law Board, Chennai Bench	NA

Annexure 7

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

Sl.No.	Requirements	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Managing Director – 20.14X
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year	Managing Director – 9.99% Chief Financial Officer – 8.42% Company Secretary – 16.92%
3.	The percentage increase in the median remuneration of employees in the financial year	11.32%
4.	The number of permanent employees on the rolls of the Company	There were 821 as on March 31, 2016
5.	The explanation on the relationship between average increase in remuneration vis-à-vis Company's performance	- Financial Performance of the Company - Peer Companies - Inflation
6.	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company	For the year 2015-16, the remuneration paid to KMPs was 0.13% of the total income of the Company
7.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and the percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	The Market Capitalization of the Company has decreased from Rs 984.44 Crore as of March 31, 2015 to Rs 535.52 Crore as on March 31, 2016. The decrease was pursuant to decrease in the share price in stock market. The closing price of the share in the NSE on March 31, 2016 was Rs. 44.20 which is a decrease by 88.05% compared to IPO price of Rs. 370 per share in October 2007
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2015-16 was 6.64%. In comparison, the remuneration of the managerial personnel was increased 10.45%
9.	Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company	KMPs % of Total Income for FY 2015-16 Managing Director – 0.08% Chief Financial Officer – 0.04% Company Secretary – 0.015%
10.	The key parameters for any variable component of remuneration availed by the Directors	Nil
11.	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	0.97x
12.	Affirmation that the remuneration is as per the managerial remuneration policy of the Company	Affirmed

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

S. No.	Name of the Employee	Designation	Remuneration received (CTC in Rs.) (FY:2015-16)	Nature (Contract/Permanent)	Qualification & Exp	Date of Commencement of Employment	Date of Exit of Employment (if any)	Age of Employee (in Yrs)	Last Employment held before joining the company	%of Equity Shared Held	Whether relative of Director
1	Mr. Manoj Kumar Singh	President	5,667,249	Permanent	B.E. (Civil), MBA (Finance) & 29 Yrs	14-Oct-15	15-Feb-16	51.10	JMC Projects (India) Ltd.	—	No

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

S. No.	Name of the Employee	Designation	Remuneration Received (CTC in Rs.) (FY:2015-16)	Nature (Contract/Permanent)	Qualification & Exp	Date of Commencement of Employment	Age of Employee	Last Employment held before joining the company	No. of Equity Shared Held	Whether relative of Director
1	Mr. Anil Kumar Khanna	President	12909689	Permanent	B.E (Mech) & 41 Yrs	11-Apr-11	63.9	Jindal Power Ltd,	500	No
2	Mr. Murlidhar Khattar*	Managing Director	13758875**	Contract	Bachelor of Engineering (Civil) & 59 Yrs	14-Nov-11	78	Kalpataru Group	70000	No
3	Mr. Pradeep Kulshrestha	Chief Technical Officer	14202654	Permanent	M.TECH/Geotechnical Engineering & 36 Yrs	03-Feb-12	57.8	Lanco Infratech Ltd,	12250	No

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

**The remuneration is excluding of Service Tax

MANAGEMENT DISCUSSION AND ANALYSIS

A. ECONOMIC OVERVIEW

1. Indian Economy

Improved performance of agricultural sector and uptick in domestic consumption is expected to boost economic growth in the current year. While there is tell-tale sign of recovery in corporate performance coupled with domestic demand revival, the private sector capex formation continues to remain sluggish. Consequently, experts forecasted growth of India's Gross Value Added (GVA) at basic prices to record an uptick of 50 basis points (bps) to 7.7% in FY2017 from 7.2% in FY2016. A favourable monsoon is expected to have positive impact on trade in various sectors, boosting agricultural exports and limiting imports of crude oil and coal. Although corporates in some sector posted healthy improvement in earnings in Q4 FY2016 (in nominal terms), but real manufacturing growth has declined. Service sector growth is likely to have eased marginally in Q4 FY2016, following a contraction in service exports as well as a moderation in deposit and credit growth (including bank credit and commercial paper) at end-March 2016. The healthy growth in production of cement, construction equipment and commercial vehicles during Q4 FY2016, as well as the Government of India's (GoI's) capital spending in January-February 2016 are also encouraging. Growth of economic activity is expected to improve in FY2017. The recent earnings season has provided signs of recovery in corporate performance. Moreover, there is some evidence of an uptick in the Government infrastructure cycle, led by an upturn in the roads sector. Developments related to the National Investment and Infrastructure Fund (NIIF) as well as the investment by the LIC in the Railways sector is also encouraging. Consumption demand is expected to improve after the implementation of the Seventh Central Pay Commission's (SCPC's) recommendations and the one-rank-one-pension (OROP) scheme for the defense services. In addition to the stress on the Public Sector Banks' (PSBs') balance sheets, the large Tier I capital requirement for FY2017 is likely to constrain their ability to fund a sharp revival of economic growth. The requirement to diversify corporates' sources of funding may pose a challenge to their expansion plans going forward, unless the domestic bond markets deepen for lower-rated issuers and alternatives like Masala Bonds gain acceptance.

The renewed expectation of multiple rate hikes by the US Federal Reserve in the current year would impart strength to the dollar, weakening the INR in its aftermath. Moreover, the uncertainty related to global events such as ("Brexit") may weaken the INR. The impact of the same on inflation and fiscal metrics would be influenced by whether some of the earlier excise hikes on petrol and diesel are reversed. The revision in pay scales of Central Government employees would offer succour to the manufacturing sector that has seen a contraction in volume in four of the last six months. However, inflationary pressures arising from the expected boost to consumer demand cannot be written off, given the stickiness of services inflation. Even if the eventual monsoon dynamics are successful in dampening food inflation, the space for further monetary easing in 2016 would be limited.

2. Infrastructure & Construction Sector in India

Infrastructure efficiency is key enabler for the competitiveness of make-in-India program. Most of the

sectors covered under "make in india" program would require high quality transportation network (roads, railways and ports); uninterrupted power supply; industrial parks/clusters; easy access to raw materials etc. to achieve success.

Enhanced infrastructure will make manufacturing sector efficient and cost-effective, which in turn, will make Indian goods more competitive in the global markets.

The recovery of the construction sector has been less than satisfactory with some segments like roads and urban infrastructure registering improvement in terms of execution and a ward of fresh mandates at a time when the overall construction activities continued to remain sluggish. The recovery in the sector is forecasted to get delayed further with the sharp fall in prices of commodities, which will delay the private sector investments in segments such as oil & gas, steel, and mining etc. This comes at a time when corporates and banks have stressed balance sheets, limiting the funding avenues for newer projects. However, on the positive side, with the savings from lower crude oil prices and the government's emphasis on infrastructure projects, public sector investments are expected to increase in medium term. Nevertheless, higher public sector investments alone may not be sufficient for revival of the construction/ infrastructure sector as public sector spending is also constrained by fiscal deficit targets and other increased expenditures on account of pay revisions, etc. The construction Gross Value Added (GVA) grew at a slower rate of 3.7% in 9mFY2016 compared to 4.8% growth in FY2015. Similarly, new project announcements have also seen a sharp decline despite the push by public sector capex reflecting weak private sector investment sentiments.

The stalled projects which had started declining since FY2014 have shown an uptick since Q2FY2016 with unfavourable market conditions, increased funding constraints, and absence of raw-material linkages being the key reasons.

Funding issues have remained pertinent for infrastructure sector which comprises of the largest share of stressed advances for public sector banks – the primary lenders for infrastructure projects. To revive PPP projects Dr. Vijay Kelkar Committee in its report has recommended rebalancing of risk sharing, resolving legacy issues, strengthening institutional capacity, and scaling up finance etc. Project Monitoring Group (PMG), which was set up in January 2013 in the Cabinet Secretariat to revive projects both in the public and private sector, met with limited success. Apart from reviving stalled projects, the implementation of the proposed plug-and-play model, which aims at awarding major projects after acquiring land and the requisite approvals, is expected to significantly reduce execution delays and attract higher private participation in the sector

3. Regulatory Challenges leading to time and cost overrun

According to the survey conducted by the World Economic Forum and Confederation of Indian Industry, it was found that open and continuous dialogue is an area that urgently requires attention and action. Current conditions for development may be difficult, but in 10 years' time Indian infrastructure will be more extensive and efficient, according to private-sector respondents.

The top major constraints in infrastructure development in India over the next three years are thought to be corruption, political and regulatory risk, access to financing and macroeconomic instability. This last is a shared concern troubling emerging-market economies.

Many facets of political and regulatory risks include community opposition on an investment, changes to asset-specific regulations and breach of contract terms. Denial of payments from the government that go against contractual agreements seem to be perceived as highly likely to influence future investment decisions. One of the other constraints- access to financing, touches upon the core feature of infrastructure: its long-term payback period. It affects financiers and investors who are looking for long-term and steady returns.

The government reluctance to take on more risk in privately financed infrastructure projects, leaves the private sector exposed. Other factors constraining infrastructure development are the delayed approvals and land-acquisition processes that put a strain on the long-lasting and sometimes opaque tendering processes. Large road and energy projects can take several months and if processes are not clear and impartial enough, investors hardly mobilize resources to bid.

This year's budget clearly demonstrates the intention to fix some of the problems. Indeed, by putting into motion higher public spending, new infrastructure funds and a more transparent PPP process, the government seems committed to addressing those key challenges.

4. Challenges relating to Financing

The infrastructure sector has witnessed a sharp increase in stressed advances, which contributed to about 45.7% to the total restructured advances of all Scheduled Commercial Banks (SCBs) as of Sep-2015. The sector's share of the total SCB advances, in contrast, was just 15.5% as on the same date. The Gross Non-Performing Asset (NPA) ratio for the infrastructure sector increased from 3.0% in Dec-2014 to 4.1% in Sep- 2015, which is a pointer to the financial stress that the sector has been passing through. The Reserve Bank of India (RBI) has taken steps like allowing flexible restructuring of infrastructure loans to ease cash flow pressures in the infrastructure sector. However, until the projects are revived, the situation is not likely to improve materially.

The pace of recovery in the construction sector is likely to be slow and will be linked to the on-ground impact of the policy measures taken as well as the availability of funds. While the lowering of interest rates will help ease the debt servicing burden to some extent, this alone will not be sufficient to improve the credit metrics on account of elevated debt levels. Any significant improvement in the liquidity profile and credit metrics of construction companies will take time and will be contingent on an improvement in the working capital cycle and in the pace of execution, besides their ability to deleverage by raising long-term funds through stake sale or equity placements. Construction companies that have been aggressive in the BOT space in the past are also struggling with high leverage, thus their ability to improve their liquidity and capital structure through measures like stake sale in subsidiaries, monetization of assets, and dilution of equity will be of critical importance. Many construction and infrastructure companies have either raised or have plans to raise funds through the equity route [via qualified institutional placements (QIPs)], rights issues, warrants,

preference shares or sale of stake in the special purpose vehicle (SPV) or holding company] to reduce their overall indebtedness at the group level.

(B) Opportunities:

(1) Roads :

In India sales of automobiles and movement of freight by roads is growing at a rapid pace. Cognizant of the need to create an adequate road network to cater to the increased traffic and movement of goods, Government of India has earmarked 20 per cent of the investment of US\$ 1 trillion reserved for infrastructure during the 12th Five-Year Plan (2012–17) to develop the country's roads

The Indian Government plans to develop a total of 60,000 km of roads. (Rs. 97,000 crore for all roads.) Total outlay on roads and rails will be Rs. 2.80 lakh crore. 10,000 kms of national highways in 2016-17 and 50,000 kms state highways to be converted to NH roads

The value of roads and bridges infrastructure in India is projected to grow at a Compound Annual Growth Rate (CAGR) of 17.4 per cent over FY12–17. The Government, through a series of initiatives, is working on policies to attract significant investor interest. The Government plans to develop a total of 66,117 km of roads under different programmes such as National Highways Development Project (NHDP), Special Accelerated Road Development Programme in North East (SARDP-NE) and Left Wing Extremism (LWE), and has set an objective of building 30 kms of road a day from 2016

Ministry of Road Transport & Highways Plans to develop 7,000 Km of National Highways under Bharat Mala Project at an estimated cost of Rs 80,000 Crore with State Government. NHAI (National Highways Authority of India) has invited bids to prepare Detailed Project Reports for Road development along the borders and Coast Lines

The Ministry for Road Transport and Highways showcased revival of 34 projects worth more than Rs 26,000 Crore in its latest presentation on infrastructure targets to Prime Minister Mr. Narendra Modi saying the projects spanning over 4,084 kms are being restructured or converted from public-private partnership to engineering, procurement and construction (EPC) mode to get them going. Of these, five projects have been handed over to the State Governments concerned while another 18 will be awarded in EPC mode

National Highways & Infrastructure Development Corporation Limited (NHIDCL) is going to float Road Tenders worth Rs 40,566 Crore Approx. (Length 4270.5 Kms) for FY 2016 – 17. Indian Government is planning construction of 2,000 Km of Highways worth Rs 25,000 Crore in 12 Hill states in the country like Arunachal Pradesh, J&K, Mizoram, H.P, Manipur. Majority of these Projects will be awarded under EPC Mode

(2) Railways :

The Cabinet Committee on Economic Affairs (CCEA) approved construction of six railway lines and a railway bridge to cater to the increased passenger and freight needs in various areas of the country. According to Union Railways minister the proposals will cost over Rs 10,700 crore and most of the expenditure will be met through extra budgetary resources. The six projects cleared include doubling of Hubli-Chickajur railway line, construction of Wardha (Sewagram)–Ballarshah third railway line, doubling of Ramna-Singrauli railway line,

construction of third railway line between Anuppur-Katni, doubling of Katni-Singrauli railway line and construction of additional bridge and doubling project of Rampur Dumra-Tal-Rajendrapul.

In 2016-17, target is to commission 2,800 kms of track; to commission Broad Gauge lines @ over 7 kms per day against an average of about 4.3 kms per day in the last 6 years. This would increase to about 13 kms per day in 2017-18 and 19 kms per day in 2018-19; This will generate employment of about 9 crore man days in 2017-18 and 14 crore mandays in 2018-19. Outlay for railway electrification is planned to increase in 2016-17 by almost 50%; target to electrify 2,000 kms

States of Mizoram and Manipur shortly to come on broad gauge map of the country with commissioning of the Kathakal-Bhairabi and Arunachal-Jiribam Gauge Conversion projects.

Government of India is also going to launch the first high speed train of India between Mumbai to Ahmedabad in 2017. Railway has stepped up ground work for starting construction work of the Rs 98,000 crore project in 2017. The Railway Ministry said that aim is to start the work as early as possible.

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

DFCCIL (Dedicated freight Corridor Coproration of India) also plans to have other corridors apart from already under execution of Eastern and Western Dedicated Freight Corridors, viz :East West Dedicated Freight corridor (From Kolkata to Mumbai Approx 2000 kms), North South Dedicated Freight Corridor (From Delhi to Chennai Approx 2173 Kms), East Coast Dedicated freight corridor (From Kharagpur to Vijaywada Approx 1100 Kms) and South West Dedicated Freight corridor (From Chennai to Goa Approx 890 Kms).

(3) Ports :

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

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

(4) Urban Infrastructure :

The Ministry of Urban Development has approved an investment of Rs 19,170 crore for improving basic urban infrastructure in 474 cities in 18 states and Union Territories (UT) under Atal Mission for Urban Rejuvenation and Transformation (AMRUT)

The Ministry of Urban Development has received Smart City Plans for 15 cities from six states and the Union Territory (UT) of Puducherry, with the state of Rajasthan taking the lead by submitting proposals for four cities entailing investments worth Rs 6,457 crore over a period of five years.

Five states - Kerala, Madhya Pradesh, Gujarat, Odisha and Mizoram – have taken the lead to address the issue of water logging in monsoon season with plans to invest Rs 242 crore across 25 cities under Atal Mission for Rejuvenation and Urban Transformation (AMRUT).

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

Industrial Corridors:

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

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

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

The World Economic Forum's Global Survey on Urban Services revealed that private- and public-sector collaboration is required in all areas of the urban value chain, including in policy-making, planning, design, implementation, operation and maintenance, and monitoring, as well as in the financing of urban development projects. The survey identified the private sector as being better prepared than Government Agencies to drive the transformation, and respondents suggested greater private sector participation in design, implementation, operation and maintenance, and financing. The recently announced urban rejuvenation programs present an opportunity for private sector to contribute across various urban domains, more so in the physical infrastructure sector in cities

(5) Irrigation, Water & Waste Water:

For FY 2016-17, various states have earmarked a substantial quantum of funds for Irrigation development of Water Resources and Water and Waste Water Projects. Developments in some of the major states are as below:

Telangana:- Allocation for Irrigation sector is Rs 25000 crore. Out of this 66.2% of the total allocation is to be spent on creating capital assets related to irrigation, such as dams. Allocations for other irrigation projects are Palamuru lift Irrigation Rs 7861 crore, Kaleswaram Irrigation Project Rs 6286 crore and Sitarama Irrigation Project Rs 1150 crore.

Andhra Pradesh:- Allocation for Major and Medium Irrigation schemes is Rs 7180 cr. For Rural Water Supply allocated Rs 1196 cr in 2016-17. A drinking water grid is proposed to be set up to ensure sustainable delivery of potable water to clusters of villages. The government has raised the plan outlay for the irrigation sector to Rs.7325 cr, of which Rs.3660 cr has been allotted to the Polavaram multi-purpose dam on the Godavari River.

Uttar Pradesh:- Implementation of 89 irrigation projects under ALBP, which are languishing for a long time, will be fast tracked. A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about Rs.20000 cr. Programme for sustainable management of ground water resources with an estimated cost of Rs 6000 cr will be implemented through 3 multilateral funding.

Odisha:- Provision for Water Resources Department under both Non-Plan and Plan is Rs.7242 cr in 2016-17.

Madhya Pradesh:- For 2016-17, fund allocated for Irrigation and Flood Control Rs 7495 cr, Narmada Valley Development Rs 2095 cr, Water Resources Rs 6776 cr and Public Health Engineering Rs 2600 cr.

Tamil Nadu:- Rs.3674 cr fund has been allocated for Water Resources and Irrigation. An amount of Rs.1802 cr has been set apart for improving drinking water supply.

Karnataka:- BWSSB gets Rs 518 cr plan in JAICA partnership to provide water for outskirts of Bangalore. An amount of Rs 800 cr sanctioned for storm water drains, Rs 500 cr for solid waste management, Rs 14,477 cr has been sanctioned for development of water resources and Rs 4034 cr for Agriculture sector. Water Supply and Underground Drainage Project for 110 Villages is coming under BBMP at a cost of Rs 5018 cr.

Gujarat:- The state government reaffirmed its commitment towards welfare of farmers by providing Rs. 14,294 cr to strengthen irrigation channels across the state. To supply irrigation-drinking water in tribal regions, Rs. 1,650 cr has been allocated to strengthen water distribution network by the government. An amount of Rs 350 cr Water Supply Yojana was announced to provide sufficient water to 696 villages of six tribal dominated districts.

Maharashtra:- Provision of Rs. 7850 cr fund for irrigation projects. Substantial outlay of Rs. 2078 cr for various 7 Irrigation projects included in "Pradhan Mantri Krishi Sinchai Yojana". Water literacy and water awareness creation in society, permanent water centre at Yashada Pune & sub centre at Aurangabad Amravati, Chandrapur. An outlay of Rs. 500 cr proposed, the Government will undertake ambitious Chief Minister Rural Drinking Water Supply in Rural and Remote Places.

West Bengal:- Rs. 2300 crore fund allocated for Irrigation and Waterway Departments. Rs.1650 crore fund allocated for Public Health Engineering Department.

Punjab:- Irrigation undoubtedly forms an important thrust area of this year's plan. The main focus is to reduce dependence on underground water and utilize surface water for irrigation purposes, by increasing the canal capacity, lining of unlined water courses and construction of low cost dams in hilly areas. An outlay of Rs 2705 crore has been earmarked under Irrigation for the Annual plan 2016-17.

(6) Power :

The Indian power sector has an investment potential of Rs 15 trillion in the next 4–5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment.

The Government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

The Government of India is taking a number of steps and initiatives like 10-year tax exemption for solar energy projects, etc., in order to achieve India's ambitious renewable energy targets of adding 175 GigaWatts (GW) of renewable energy, including addition of 100 GW of solar power, by the year 2022. The cumulative installed capacity of solar power in India has crossed the 4 Gigawatt mark as of June 30, 2015. The government has also sought to restart the stalled hydro power projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW

Around 293 global and domestic companies have committed to generate 266 GW of solar, wind, mini-hydel and biomass-based power in India over the next 5–10 years. The initiative would entail an investment of about US\$ 310–350 billion

(7) Building :

Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralized processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering.

(8) Oil & Gas :

India's economic growth is closely related to energy demand; therefore the need for oil and gas is projected to grow more, thereby making the sector quite conducive for investment.

By 2016, India's demand for gas may touch 124 MTPA against a domestic supply of 33 MTPA and higher imports of 47.2 MTPA, leaving a shortage of 44 MTPA, as per projections by the Petroleum and Natural Gas Ministry of India. Gas pipeline infrastructure in the country stood at 15,808 km in December 2015. To cater to the expected demands the pipeline infrastructure need to be doubled and we will see more projects for cross country pipeline.

Moreover to achieve Euro VI fuel standards by 2020, Oil refineries will need to invest Rs.80,000 crores in upgrading to meet cleaner fuel specifications by 2020.

(C) Performance during the year:

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

Details of Projects Bagged During April 2015 to March 2016:

(Rs. In Crores)

S. No.	Description	Total Value Awarded
A	Power	
	Rural Electrification Infrastructure and Household Electrification in Shahjahanpur district of Uttar Pradesh	191
B	Railways	
	Elevated Viaduct of length 3,945 Km including 4 Nos. of Stations in west side of E-W Corridor of BMRCL –II	327
C	Railways	
	Elevated Viaduct Corridor from Interface Point with Gyaspur Depot, Abutment of Depot to APMC Metro Rail Station including 4 Nos. of Stations in North-South Corridor for Ahmedabad Metro Rail Project Phase-I	375
D	Roads	
	Rehabilitation and Upgradation to 2 Lanes of Birpur-Bihpur Section (from km. 0.0 to km 106) of NH-106 in the state of Bihar under Phase-I of NHDP.	675
E	Oil and Gas	
	Pipeline along with Associated Works for Pipeline Replacement Project in Gujarat region. The total length of the 12" pipeline is 85 KM.	52
F	Power	
	Turnkey Works of 765 kV Transmission Line in Gujarat	71
	Grand Total	1,691

Details of Projects Completed During April 2015 – March 2016:

(Rs. In Crores)

SL	Description of the Project	Value
1	IL&FS Prime Terminal (IPTT) Phase 1 Fujairah	AED 307.92Mn
2	Rural Electrification Works in Midnapur District of Orissa under "Rajiv Gandhi Grameen Vidyutikaran Yogana (RGGVY)" (Package Midnapur)	135.90
3	Godhra	51.80

(D) Discussion on Financial Performance:

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

The Sector wise Order Book of the Company is as follows:

(Rs. In Crores)

Sector	On Hand 31.3.2016	On Hand 31.3.2015
Roads	3,247	3,109
Railways	1,138	667
Buildings	1,239	1,509
Irrigation	3,277	3,478
Power	788	903
Oil & Gas	127	204
Ports	212	218
Total	10,026	10,088

Overall Financial Performance:

- Turnover: The Company has achieved a turnover of Rs. 1,844.87 Cr for the 12 months period as against Rs. 2,359.90 of the Previous Year
- Profit after tax: Net Profit/Loss is Rs. (188.52) Cr in 2014-15 against Profit of Rs. 2.67 Cr in 2014-15
- Earnings per share: EPS for the period is Rs. (16.65) as compared to Rs. (0.85) in the Previous Year
- Share Capital: The share capital of the company stood at Rs. 213.91 Cr during the year 2015-16 as against Rs 249.12 Cr in the year 2014-15. The capital changes were due to Allotment of Equity Shares on Preferential Basis and under ESOP Scheme, and Redemption of Preference Shares from the proceeds of the Preferential Issue
- Net worth: During the year 2015-16, Company's net worth is Rs. 123.60 Cr as compared to Rs. 279.47 Cr for 2014-15.
- Debt: The Company had paid some loans and had raised new loans which have not resulted in the major change in aggregate debt. In order to meet the growing working capital needs of the Company due to increased operations, promoters have advanced loans. Consequently, debt position of the Company increased to Rs. 1949.48 Cr as against Rs. 1921.11 Cr
- Fixed Assets: The Company's fixed asset base (Gross Block) decreased to Rs. 603.50 Cr in 2015-16 from Rs. 617.02 Cr in 2014-15

(E) Outlook:

Your Company has significantly strengthened its business developments initiatives and is reaping the rewards of the efforts, in terms of healthy order inflow. Your Company has now built a stable platform for execution of large projects across various sectors.

Falling crude prices might have brought some relief in the domestic market, operations of the Subsidiary Company in Kingdom of Saudi Arabia (KSA) has been negatively impacted. Most of the mega infrastructure projects announced earlier have been put on hold. Consequently, acquisition of new orders in KSA has stalled.

(F) Challenges, Risks and Concerns:

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

1. Liquidity Position:

IL&FS as the Promoter has supported your Company by providing long term loans to meet the working capital requirements. While the overall Cash Flow situation has improved during the year, the Company is working with Banks and Financial Institutions for incremental funding to support increased Working Capital need of the Company.

2. 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 contractual terms.

3. Price Inflation Risk:

Extraordinary fluctuations in raw material prices have been witnessed over the last few quarters of the year under review. The Company has a centralized procurement department to meet the requirements of all its projects and is therefore able to source at best possible terms.

4. Increased Public Spending:

Given the current size of the order book and the number of projects that are in the pipeline, your Company is confident of maintaining the present levels of operations. However, this scenario is expected to improve in the light of politically stable government at the Centre which is expected to clear policy paralysis and increase of public spending.

(G) Internal Control System and their Adequacy:

The Company has put in place adequate and effective system solutions to manage internal controls to ensure that all company assets and interests are safeguarded properly. All transactions are recorded, authorized and approved properly. Reliability and accuracy of accounting data are ensured with proper checks and balances for complying with various statutory requirements. The Company has implemented Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions with complete audit trail, which addresses the requirements of Supply Chain Management, Finance & Accounts, Projects, Plant & Machinery and Human Resource departments in an integrated way.

The internal audit of the Company is carried out by the Internal Auditor of the Company and by a firm of Chartered Accountants using the Internal Control Framework. They report directly to the Audit Committee of the Board of Directors. The Internal Auditor's scope and authority are derived from the Internal Audit Plan, which is approved by the Audit Committee. The plan is modified periodically to meet requirements arising from changes in law, as well as out of improved controls, resulting from the implementation of the ICF including the Internal Controls on Financial Reporting. Internal audits are conducted

every quarter and covers operations, accounting, secretarial and administration functions. It also provides special reference to compliances, based on the audit plan. Internal audit reports are placed before the Audit Committee at regular intervals for review, discussion and suitable action

(H) Human Resources & Industrial Relations:

Committed and motivated employees are one of the most important assets for the Company. By keeping the focus on retention through employee engagement initiatives and training programs for its employees, the Company also successfully implemented several plans to attract skilled manpower for all levels. During this year, the Company has subscribed to Group Gratuity Scheme with LIC for the benefit of employees. As on March 31, 2016, the Company had 821 permanent employees

Cautionary Statement:

Statements in this Annual Report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

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

2. BOARD OF DIRECTORS :

Composition :

The Board has an optimum combination of Executive and Non-Executive Directors including Woman Director. As on March 31, 2016, the Board consisted of Eleven Directors including two Alternate Directors. Mr. Dhananjay Narendra Mungale, Non-Executive Independent Director of the Company has resigned from the directorship of the Company w.e.f. July 1, 2016

All the Directors on the Board are professionals, having expertise in their respective functional areas. None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which he/she is a director. As required under Reg. 26 of SEBI (Listing Obligations of Disclosure Requirements) Regulations, 2015 (Listing Regulations), necessary disclosures regarding committee positions have been received from all the Directors. The Board of Directors of the Company had appointed Mr. Debabrata Sarkar as an Additional (Non-Executive Independent) Director of the Company w.e.f. August 11, 2016.

Board Meetings :

During the FY 2016, the Board of Directors met 10 times on the following dates: May 29, 2015, June 18, 2015, July 02, 2015, August 14, 2015, September 18, 2015, November 07, 2015, January 23, 2016, February 06, 2016, February 13, 2016 and March 12, 2016

Attendance, Directorships, Memberships/Chairmanships of Committees :

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during FY 2016 along with the number of directorships and committee memberships held by them in other Companies as on March 31, 2016 are given below:

S. No.	Name of the Director	Category of Directorship	Attendance at Board Meeting		Number of Directorships in other Companies ¹	Number of Committee positions held in other public companies ²		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1.	Mr. Ramchand Karunakaran	Non-Executive Chairman	10	8	8	1	2	Yes
2.	Mr. Murli Dhar Khattar	Managing Director	10	9	6	0	0	Yes
3.	Mr. Saleh Mohammad Awad BinLaden	Non-Executive Director	10	0	0	0	0	No
4.	Mr. El Mouhtaz El Sawaf	Non-Executive Director	10	1	0	0	0	No
5.	Mr. Akberali Mohemedali Moawalla	Alternate Director to Mr. Saleh Mohammad AwadBinLaden	10	1	0	0	0	No
6.	Mr. Ahmad Mohamad Dabbous	Alternate Director to Mr. El Mouhtaz El Sawaf	9	4	0	0	0	No
7.	Mr. Ved Kumar Jain	Non-Executive Independent Director	10	9	6	1	7	Yes
8.	Mr. Anil Kumar Agarwal	Non-Executive Independent Director	10	8	4	0	0	Yes
9.	Mr. Dhananjay Narendra Mungale ³	Non-Executive Independent Director	10	5	7	1	7	Yes
10.	Ms. Alpa Sheth	Non-Executive Independent Director	10	5	0	0	0	No
11.	Ms. Kanika Tandon Bhal	Non-Executive Independent Director	10	9	1	1	1	No

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

² Chairmanship/Membership of the Committees include memberships of Audit and Stakeholders' Relationship Committees

³ Resigned w.e.f. July 1, 2016

No Directors of the Company is related to any other Director of the Company.

Directors' Compensation and Disclosures :

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

Sl. No.	Name of the Director	Sitting Fees paid during FY 2016 (amount in Rs.)
1.	Mr. Ramchand Karunakaran	160,000
2.	Mr. Dhananjay Narendra Mungale	200,000
3.	Ms. Alpa Sheth	100,000
4.	Ms. Kanika Tandon Bhal	200,000

Apart from the abovementioned, reimbursement of the actual travel and out of pocket expenses incurred for attending Meetings for the Directors have been made to the Directors.

- (ii) Disclosure on remuneration of Managing Director:

- (a) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc

- Mr. Murlidhar Khattar, Managing Director is paid a total remuneration of Rs. 1,077,973 p.m. which comprises of the following:

Particulars	Amount (in Rs) per month
Consolidated Salary	794,640
House Rent Allowance	83,333
Special Allowance	2,00,000
TOTAL	1,077,973

Except as mentioned above, sitting fee paid to respective Non-Executive Directors and reimbursement of expenses incurred towards attending the meetings, no other payment to the individual directors was made during the Financial year 2015-16

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

Directors seeking appointment/re-appointment

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

3. COMMITTEES OF THE BOARD OF DIRECTORS:

a. AUDIT COMMITTEE:

Composition:

During the year, the Audit Committee comprised of 4 Directors of whom, three are Non-Executive Independent 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 the Institute of Chartered Accountants of India. Mr. Murlidhar Khattar is the Managing Director of the Company and is having vast experience in operations under various Companies. In view of resignation of Mr. Dhananjay Narendra Mungale from the Board of the Company w.e.f. July 1, 2016, he ceased to be a member of the Audit Committee. The Board of Directors of the Company had at its Meeting held on August 11, 2016 inducted Mr. Debabrata Sarkar as Member of Audit Committee. Company Secretary acts as the Secretary to the Audit Committee

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

Attendance at the Meetings held during FY 2016 is stated below:

Five Audit Committee meetings were held during the FY 2016, on the following dates: May 29, 2015, August 14, 2015, November 7, 2015, January 23, 2016 and February 13, 2016

Sr. No.	Name of the Member	No. of Meetings held	No of Meetings attended
1	Mr. Ved Kumar Jain	5	5
2	Mr. Anil Kumar Agarwal	5	4
3	Mr. Murlidhar Khattar	5	4
4	Mr. Dhananjay Mungale*	5	3

*Ceased to be Member of the Audit Committee w.e.f. July 1, 2016

Terms of Reference:

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

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

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

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

b. NOMINATION AND REMUNERATION COMMITTEE:

Composition and Attendance:

During the year, the Nomination and Remuneration Committee (NRC) comprised of three Directors of whom all the directors are Non-Executive Independent Directors. Mr. Anil K Agarwal, Chairman and Mr. Ved Kumar Jain, Mr. Dhananjay Narendra Mungale were the members of the Committee

In view of resignation of Mr. Dhananjay Narendra Mungale from the Board of the Company w.e.f. July 1, 2016, he ceased to be a member of NRC. The Board of Directors of the Company had at its Meeting held on August 11, 2016 inducted Mr. Debabrata Sarkar as Member of NRC

Two NRC meetings were held during FY 2016 i.e. on May 29, 2015 and March 12, 2016

Sr. No.	Name of the Member	No. of Meetings held	No of Meetings attended
1	Mr. Anil Kumar Agarwal	2	2
2	Mr. Ved Kumar Jain	2	2
3	Mr.Dhananjay Narendra Mungale*	2	1

*Resigned w.e.f. July 1, 2016

Terms of Reference:

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

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to for remuneration for the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become of directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- To formulate detailed terms and conditions of employee stock option scheme which shall include the provisions as specified by SEBI from time to time;
- Determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administer any stock option plan.

Managerial Remuneration Policy :

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

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 has already been disclosed above

Remuneration to Non-Executive Directors :

The non-executive directors were paid sitting fee as mentioned elsewhere in this report 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

Performance Evaluation Criteria for Independent Directors :

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

c. STAKEHOLDERS' RELATIONSHIP COMMITTEE :

Composition:

The Stakeholders' Relationship Committee (SRC) comprised of 2 directors. Mr. Anil K Agarwal, Chairman of the Committee and Mr. Ved Jain.

Compliance Officer :

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

The Company has received NIL complaints from the shareholders during the year. Hence, as on March 31, 2016, no complaints were outstanding

Terms of Reference :

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

d. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :

The CSR Committee comprises of 3 Directors of whom, Mr. Anil K Agarwal is the Chairman and Mr. Murli Dhar Khattar, Ms. Alpa Sheth are members of the Committee

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

(e) INDEPENDENT DIRECTORS' MEETING

During the year, the Independent Directors met on March 28, 2016, inter alia, to discuss:

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

4. GENERAL BODY MEETINGS

a) Annual General Meetings (AGMs):

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

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

Following Special Resolutions were passed:

- Adoption of new set of Articles of Association of the Company
- Approval for investments under section 186 of the Companies Act, 2013
- Approval of Material Related Party Transactions with Infrastructure Leasing and Financial Services Limited (IL&FS) pursuant to clause 49 of Listing Agreement
- Approval of Material Related Party Transactions with Hill County Properties Limited pursuant to clause 49 of Listing Agreement
- Approval of Material Related Party Transactions with IL&FS during the year 2014-15 amounting to Rs. 670.95 Crore pursuant to clause 49 of Listing Agreement

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

Following Special Resolutions were passed:

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

Financial Year : 2011-12 (18 Months)
 Date, Time and Venue : February 22, 2013, 10.30 A.M.
 KLN Prasad Auditorium,
 3rd Floor, FAPCCI House,
 11-6-841, Red Hills,
 Hyderabad – 500 004

Following Special Resolution was passed:

- i. Approval of Equity shareholders for extension of redemption period of 4,50,000 6% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100/- each, by three years with an early redemption right to the Company before the extended period of three years

b. Postal Ballot:

- i. The following Special Resolutions were passed by way of Postal Ballot and E-voting during F.Y. 2015-16
 - a. Issuance of 89,00,000 equity shares of Rs. 10/- each fully paid up on Preferential Basis
 - b. Issuance of securities of the Company for an amount upto Rs. 500 crores

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

Sl. No.	Resolution	No. of Votes polled	No. of votes in favour	No. of votes in against
1.	Approval for issue of 89,00,000 equity shares of Rs. 10/- each fully paid up on preferential basis	2147623	2147148	175
2.	Approval for issue of securities of the Company for an amount of up to Rs. 500 crores	2147623	2146904	719

iii. Procedure for postal ballot:

- a. The Board of Directors of the Company had approved issue of 89,00,000 equity shares of Rs. 10/- each fully paid up on preferential basis in terms of Section 42 and 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in its meeting held on July 2, 2015, and authorized the Executive Committee of the Board of Directors to do the needful
- b. The Executive Committee of the Board of Directors of the Company on July 22, 2015 approved the notice of postal ballot and appointed Mr. Y. Ravi Prasada Reddy, Practicing Company Secretary as the Scrutinizer, for conducting the Postal Ballot under Section 110 of the Companies Act, 2013 in a fair and transparent manner

- c. The Company has completed the dispatch of postal ballot forms on July 25, 2015 through its RTA in soft copy to its members whose e-mail ids is registered with the Company and to other members through Registered post/courier whose name(s) appeared on the Register of Members/List of beneficiaries as on July 17, 2015
- d. The Company had published notice in Business Standard and Surya Newspapers on July 27, 2015 regarding dispatch of postal ballot notice to the members of the Company
- e. Particulars of all the postal ballot forms received from the members had been entered in the register separately maintained for the purpose
- f. The postal ballots were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms
- g. All postal ballot forms received upto the close of working hours on August 24, 2015, the last date and time fixed by the Company for the receipt of the forms were considered for scrutiny
- h. The ballot boxes were opened on August 25, 2015 in the presence of two witnesses
- i. The postal ballot forms were scrutinized and the shareholding was matched/confirmed with the Register of Members of the Company/list of beneficiaries
- j. The scrutinizer handed over the postal ballot forms and other related papers/ registers and records for safe custody to Mr. G Venkateswar Reddy, the then Company Secretary who was authorized by the Board to supervise the postal ballot process
- k. The Company accordingly declared the result of the voting of postal ballot on August 26, 2015
- l. The necessary forms were filled with RoC thereafter
- m. Mr. G Venkateswar Reddy, the then Company Secretary of the Company was appointed by the Board as the designated personnel responsible for the entire postal ballot process

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through Postal Ballot.

5. MEANS OF COMMUNICATION:

- (a) Quarterly/Half Yearly/Yearly Financial Results are published in Business Standard (in English) and Surya Newspaper and Namste Telangana (in Telugu). The same are also placed on the Company's website www.ilfsengg.com
- (b) Official news releases are displayed on the Company's website www.ilfsengg.com Official media releases are also sent to the Stock Exchanges

- (c) The Company's website www.ilfsengg.com contains a separate section dedicated to 'Investor Relations' where shareholders' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form
- (d) Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report
- (e) Presentations made to investors/analysts are uploaded on the Company's website
- (f) The Company has designated the cs@ilfsengg.com email-id exclusively for investor services

6. DISCLOSURES:

- (a) During the year under review, certain transactions have been entered into with related parties. The details thereof have been given under the Notes on Accounts. None of these transactions are having potential conflict with the interests of the Company at large. The policy on dealing with related party transactions is available on the Company's website at <http://www.ilfsengg.com/html/policies.php>
- (b) On September 10, 2015, SEBI has passed an order against the Company on the alleged insider trading held during the tenure of Mr. B Teja Raju, the erstwhile Promoter of the Company, in terms of Section 11 and 11B of the SEBI Act, 1952. As per the said order, the SEBI has directed the Company to pay Rs. 59,16,49,091 along with the simple interest @12% p.a. in favour of SEBI from January 07, 2009 till the date of payment within 45 days of the receipt of order. Against, the above order the Company has appealed before the Securities Appellate Tribunal and obtained stay order and the appeal is pending as on date.
- (c) During the last three years, there has not been any occasion of non-compliance related to capital market by the Company
- (d) The Company has established well documented Risk Management Framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis
- (e) The Company applies equity method of accounting (as per the Accounting Standard 23) to the investments which involves reflecting the Company's share of results of the Associate companies operations
- (f) The requisite details of Subsidiary Companies are disclosed in the Directors' Report
- (g) **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company has an established mechanism for employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. The existence of the mechanism is appropriately communicated within the organization

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

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

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

The Board:

The Chairman of the Company is a non-executive director and is entitled to sitting fees for attending the meeting apart from the out of pocket travelling expenses incurred for attending the meeting

Shareholder Rights:

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

Separate post of Chairperson and Chief Executive Officer:

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

Reporting of Internal Auditor

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

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

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

(j) **Code of Conduct:**

The Board of Directors of the Company has approved a code of conduct for Board of Directors and Senior Management, which is posted on the website of the Company at http://www.ilfsengg.com/html/code_of_conduct.pdf

In respect of the financial year 2015-16, all Senior Management and Board of Directors of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management and declaration to this effect signed by Managing Director is enclosed at the end of this report

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

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company. The terms and conditions of the appointment of Independent Directors have been uploaded on the website of the Company and can be accessed at <http://www.ilfsengg.com/Document/IndependentDirectorsAppointmentLetter.pdf>

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. **GENERAL INFORMATION TO SHAREHOLDERS :**

(a) **Date, time and Venue of the 27th Annual General Meeting for the Financial year 2015-16 :**

Date: Friday, September 23, 2016 at 11.00 A.M

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

(b) **Book Closure Date :**

The Register of Members and Share Transfer Books of the Company will be closed from Monday, September 19, 2016 to Friday, September 23, 2016 (both days inclusive) for the purpose of 27th Annual General Meeting

(c) **Financial Calendar:**

Financial year of the Company shall be from April 1, 2016 to March 31, 2017. The tentative calendar for consideration of financial results for the Financial Year 2016-17 is given below:

Particulars	Tentative
Results for quarter ended June 30, 2016	August 11, 2016 (Actual)
Results for quarter ending September 30, 2016	November 14, 2016
Results for quarter ending December 31, 2016	February 14, 2017
Results for quarter ending March 31, 2017	May 30, 2017

(d) **Listing on Stock Exchanges :**

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

Name and Address of Stock Exchanges	Scrip Code
The National Stock Exchange of India Limited (NSE) 5th Floor, "Exchange Plaza" Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	IL&FSENGG
BSE 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 years 2015-16 and 2016-17. The Company has paid Annual Custodial Fees for the year 2015-16 and 2016-17 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 / Regulation 40 (9) & (10) of the Listing Regulations

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

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

(g) **Distribution of shareholding as on March 31, 2016 :**

Consolidated Distribution Schedule as on 31/03/2016

Category (Amount)	No. of Shareholders	% of total shareholders	Total Shares	Amount (in Rs.)	% of Amount
1 – 5000	33522	91.89%	2467089	24,670,890	2.04%
5001 – 10000	1387	3.80%	1145652	11,456,520	0.95%
10001 – 20000	740	2.03%	1140594	11,405,940	0.94%
20001 – 30000	263	0.72%	684085	6,840,850	0.56%
30001 – 40000	118	0.32%	427879	4,278,790	0.35%
40001 – 50000	116	0.32%	545636	5,456,360	0.45%
50001 – 100000	164	0.45%	1208360	12,083,600	1.00%
100001 & Above	168	0.47%	113539376	1,135,393,760	93.71%
TOTAL	36478	100%	121158671	1,211,586,710	100%

(i) Dematerialization of shares and liquidity:

The Company's shares are available for dematerialization in both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 97.68% of equity shares have been dematerialized as on March 31, 2016. All the Preference Shares of the Company are dematerialized. The summary of shareholdings in category wise is as under:

Summary of Shareholding as on 31/03/2016 :

Category	No. of Holders	Total Shares	% of Equity
EQUITY SHARES OF RS. 10/- EACH			
ISIN: INE369101014			
PHYSICAL	16	2,813,231	2.32%
N S D L	24,447	114,744,537	94.71%
C D S L	12,019	3,600,903	2.97%
Total	36,482	121,158,671	100.00%

Category	No. of Holders	Total Shares	%
6% OCCRPS# OF Rs. 100/- EACH			
ISIN: INE369103010*			
PHYSICAL	0	0	0.00%
N S D L	10	84,79,600	96.91%
C D S L	1	2,70,400	3.09%
Total	11	8,750,000	100.00%

Category	No. of Holders	Total Shares	%
6% CRPS ^ OF Rs. 100/- EACH			
ISIN: INE369104026*			
PHYSICAL	0	0	0.00%
N S D L	10	5,08,776	96.91%
C D S L	1	16,224	3.09%
Total	11	5,25,000	100.00%

OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

^ CRPS: Cumulative Redeemable Preference Shares

*subsequent to March 31, 2013, 3,750,000 6% OCCRPS and 225,000 6% CRPS from the above were transferred to different ISINs, INE369103028 and INE369104034 respectively. Since, the redemption date of these shares was extended till September 30, 2019

(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 National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the Board of Directors. The audit, inter alia confirms that the total listed and paid up equity capital of the company is in agreement with the aggregate of the total no. of shares in dematerialized form held with NSDL and CDSL and total no. of shares in physical form

(k) Investor Safeguards :

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

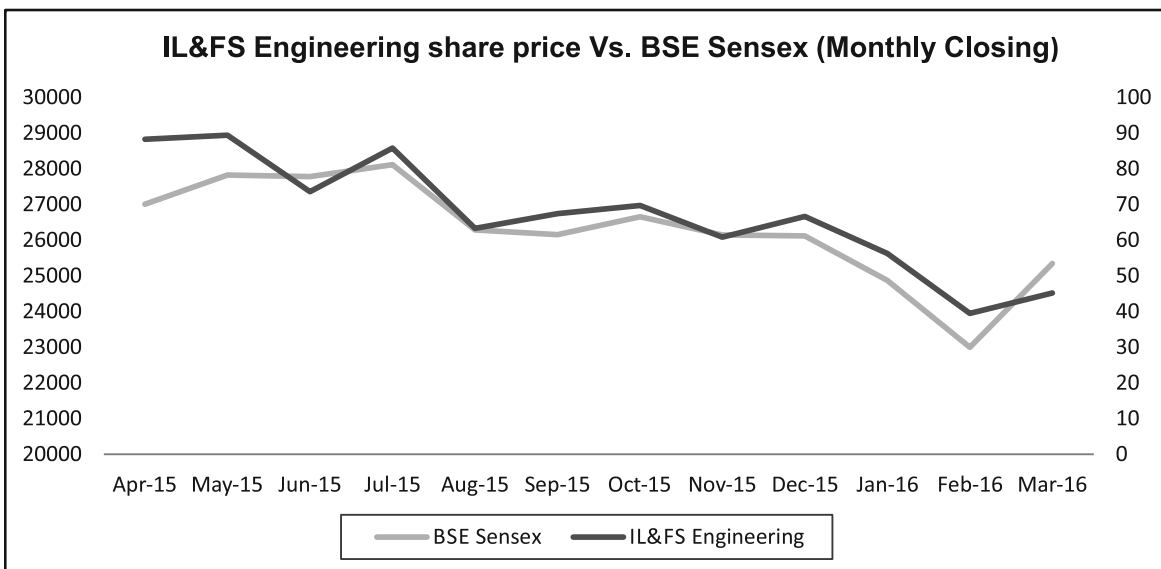
- (i) Electronic Clearing Services (ECS) mandate
ECS helps in quick remittances of dividend without possible loss / delivery in postal transit. Members may register their ECS details with their respective DPs
- (ii) Encash Dividends in time
Encash your dividends promptly to avoid hassles of revaluation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

(l) Shareholding Pattern as on March 31, 2016:

Category	No. of Holders	Total Shares	% To Equity
Promoters	1	22505040	18.57%
Promoter Group	1	22933437	18.93%
Foreign Corporate Bodies	1	36538477	30.16%
Mutual funds	1	573	0.00%
Foreign Institutional Investors	1	360	0.00%
Bodies Corporates	515	12307919	10.16%
Non Resident Indians	358	384711	0.32%
Financial Institutions	2	39364	0.03%
Banks	10	13169436	10.87%
Resident individuals	34039	11275120	9.31%
Clearing members	57	37145	0.03
Trusts	2	3250	0.00%
HUF	1488	1957739	1.62%
NBFC	2	6100	0.00%
Total	36478	121158671	100.00

(l) **Market Price Data:**

Month	BSE		SENSEX		NSE		NIFTY	
	High	Low	High	Low	High	Low	High	Low
Apr-15	104.70	80.75	29094.61	26897.54	105.00	80.35	8844.80	8144.75
May-15	91.60	83.30	28071.16	26423.99	91.80	83.00	8489.55	7997.15
Jun-15	82.50	67.00	27968.75	26307.07	82.30	65.10	8467.15	7940.30
Jul-15	93.70	73.55	28578.33	27416.39	91.00	73.10	8654.75	8315.40
Aug-15	86.90	56.15	28417.59	25298.42	87.00	55.40	8621.55	7667.25
Sep-15	72.00	59.00	26471.82	24833.54	71.00	58.60	8055.00	7539.50
Oct-15	80.75	67.00	27618.14	26168.71	80.70	67.00	8336.30	7930.65
Nov-15	70.00	55.20	26824.30	25451.42	70.65	54.70	8116.10	7714.15
Dec-15	74.50	57.75	26256.42	24867.73	74.60	58.05	7979.30	7551.05
Jan-16	69.05	52.00	26197.27	23839.76	69.05	51.60	7972.55	7241.50
Feb-16	57.95	39.30	25002.32	22494.61	58.25	39.20	7600.45	6825.80
Mar-16	48.75	39.50	25479.62	23133.18	48.90	39.85	7777.60	7035.10



- (n) The Company has not issued any GDRs or ADRs or Warrants or Convertible Instruments in the Current Financial year
- (o) Compliance Certificate:
A Certificate from Mr Y Ravi Prasada Reddy, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is annexed with the report
- (p) Registrar & Transfer Agents (RTA) :
Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone No. 040 -67161500, Fax No. 040 - 23420814, Email ID: einward.ris@karvy.com
- (q) Investor Correspondence:
Registered Office Address:
D.No. 8-2-120/113/3/4F,
Sanali Info Park, Road No.2,
Banjara Hills, Hyderabad - 500 033
Tel. +91 40 40409333
Fax No. +91 40 40409444
Web site: www.ilfsengg.com

Company Secretary & Compliance Officer:

Mr. Sushil Dudeja
D.No. 8-2-120/113/3/4F,
Sanali Info Park, Road No.2,
Banjara Hills, Hyderabad - 500 033
Tel. +91 40 40409333
Fax No. +91 40 40409444
E-mail id: cs@ilfsengg.com

DECLARATION:

As provided under Reg. 26 of the Listing Regulations, 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 Board of Directors and Senior Management for the year ended March 31, 2016

Sd/-

Date: August 11, 2016
Place: New Delhi

MurliDhar Khattar
(Managing Director)

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

I have examined the compliance conditions of Corporate Governance by M/s. IL&FS Engineering and Construction Company Limited, Hyderabad for the financial year ended 31st March, 2016, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”] and erstwhile Clause 49 of the Listing Agreement entered between the Company & Stock Exchanges.

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

In my opinion and to the best of my knowledge and according to the explanations given to me, I certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor’s Grievance Committee.

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

Sd/-

Place: Hyderabad
Dated: May 5, 2016

Y. Ravi Prasada Reddy
FCS No:5783, CP No:5360

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying standalone financial statements of IL&FS Engineering and Construction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for qualified opinion

As more fully explained in Note 50 of the accompanying standalone financial statements, as at March 31, 2016, the Company has investment amounting to Rs. 33.19 Crores made in an overseas subsidiary. Based on the unaudited financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the standalone financial statements.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, of its loss and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to:

- a. Note 47 of the accompanying standalone financial statements regarding Rs. 259.67 Crores investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 196.73 Crores which are dependent upon recovery of capacity charges and supplies/availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
- b. Note 49 of the accompanying standalone financial statement regarding amount due from customer (project work-in-progress). Based on an Arbitration award, the Company had recognised claims in case of a road project of which balance as at March 31, 2016 amounts to Rs. 97.29 Crores and interest of Rs. 57.29 Crores (including interest of Rs. 24.39 Crores recognized during the year) against which the customer had filed an appeal with Honorable High Court of New Delhi.

Also, in the case of another road project, during the year, the Company has recognised claims amounting to Rs. 85.51 Crores and interest of Rs. 43.16 Crores for delays due to handing over of the land, drawings, etc. for project execution which is based on the

provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company and which has now been accrued based on expert opinion and internal assessment and the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

- c. Note 29 of the accompanying standalone financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 343.78 Crores which is under litigation. Based on internal evaluation, other developments and expert advice, management is of the opinion that the Company would ultimately recover the aforesaid ICDs.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) The matter described in the Basis for Qualified Opinion paragraph and Emphasis of matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above; and
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 (a) to the standalone financial statements;
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts – Refer Notes 32 and 33 to the standalone financial statements. The Company has no derivative contract; and
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner
Membership Number: 093649

Place: New Delhi
Date: May 30, 2016

Annexure 1 to the Independent Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies identified on such verification which were not material have been properly dealt within the books of account.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. Discrepancies noted on physical verification of inventories which were not material have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction industry and construction of roads and other infrastructure projects and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount demanded (Rs. In Crores)	Paid Under Protest (Rs. In Crores)	Period to which the amount relates (Assessment Years)	Forum where dispute is pending
AP Value Added Tax, 2005	Sales Tax and Penalty	0.86	0.05	2005-06, 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax, 2005	Penalty on Sales Tax	0.36	0.18	2007-08	Appellate Deputy Commissioner, Hyderabad
AP Value Added Tax, 2005	Sales Tax	27.06	-	2007-08	High Court of Judicature at Hyderabad for the states of Andhra Pradesh and Telangana
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.50	0.12	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.70	0.20	2007-08	Appellate Deputy Commissioner, Chhattisgarh
Finance Act, 1994	Service Tax	9.70	-	2007-08 and 2008-09	Commissioner of Customs & Central Excise, Hyderabad
Finance Act, 1994	Penalty on Service Tax	0.28	-	2006-07 and 2007-08	The Customs, Excise and Service Tax Appellate Tribunal, Bengaluru
West Bengal Vat Act, 2003	Sales Tax	0.06	-	2009-10	Joint Commissioner of Commercial Taxes, Behrampore
West Bengal Vat Act, 2003	Sales Tax	1.52	-	2008-09	West Bengal Appellate & Revisional Board
AP Value Added Tax, 2005	Sales Tax	0.92	0.51	2008-09	Appellate Deputy Commissioner, Hyderabad
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Professional Tax	0.06	-	2008-09	Commercial Tax Officer, Hyderabad
Finance Act, 1994	Service Tax	15.45	-	2007-08 2008-09 and 2009-10	Commissioner of Customs & Central Excise, Hyderabad
Orissa Entry Tax Act, 1999	Entry Tax	0.02	-	January 01, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Orissa Value Added Tax Act, 2004	Sales Tax	3.37	-	January 01, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Finance Act, 1994	Service Tax	0.12	-	2010-11 to 2011-12	Superintendent of Service Tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	1.85	-	2005-06 2006-07 2007-08 2008-09 and 2009-10	Commercial Tax Officer, Hyderabad
Maharashtra Value Added Tax Act,	Sales Tax	1.37	0.15	2010-11	Deputy Commissioner of Sales Tax, Satara, Maharashtra
AP Value Added Tax, 2005	Sales Tax	4.12	-	2009-10 2010-11 2011-12 and 2012-13	Assistant Commissioner of Sales Tax (Enforcement), Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.21	0.03	2014-15	Appellate Deputy Commissioner, Vishakapatnam
MP Entry Tax Act, 1976	Entry Tax	0.27	0.03	2013-14	Asst. Commissioner commercial tax officer (Audit), Jabalpur, MP.

Name of the statute	Nature of dues	Amount demanded (Rs. In Crores)	Paid Under Protest (Rs. In Crores)	Period to which the amount relates (Assessment Years)	Forum where dispute is pending
Orissa Entry Tax Act, 1999	Entry Tax	0.21	0.01	April 01, 2010 to March 31, 2014	Joint Commissioner of Sales Tax, Cuttack
West Bengal Vat Act, 2003	Sales Tax	0.11	-	2011-12	Senior Joint Commissioner, West Bengal
West Bengal Vat Act, 2003	Sales Tax	1.36	0.20	2012-13	Senior Joint Commissioner, West Bengal
Finance Act, 1994	Service Tax	3.47	-	October 2010 to March 15	Principal commissioner of service tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.11	-	2012-13	Commercial Tax Officer, Hyderabad
Income Tax Act, 1961	Income Tax	12.95	12.95	2008-09	Commissioner of Income Tax (Appeals), Hyderabad
Income Tax Act, 1961	Income Tax	8.78	8.78	2009-10	
Income Tax Act, 1961	Income Tax	4.27	4.27	2010-11	
Income Tax Act, 1961	Income Tax	0.75	0.75	2011-12	

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner

Membership Number: 093649

Place: New Delhi

Date: May 30, 2016

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

We have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

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

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company and this report affects our report dated May 30, 2016, on which we have expressed a qualified opinion on those standalone financial statements.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner
Membership Number: 093649

Place: New Delhi
Date: May 30, 2016

Balance sheet as at March 31, 2016

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

	Notes	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	213.91	249.12
Reserves and surplus	4	(90.31)	30.35
		123.60	279.47
Non-current liabilities			
Long-term borrowings	5	1,388.63	1,471.76
Other long-term liabilities	6	413.07	403.98
Long-term provisions	7	16.41	4.84
		1,818.11	1,880.58
Current liabilities			
Short-term borrowings	8	470.38	351.28
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	9	42.76	19.51
- Total outstanding dues of creditors other than micro enterprises and small enterprises		696.04	885.58
Other current liabilities	10	519.92	531.96
Short-term provisions	7	49.49	31.43
		1,778.59	1,819.76
		3,720.30	3,979.81
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11a	145.61	165.83
Intangible assets	11b	42.78	1.39
Capital work-in-progress		8.29	1.98
Non-current investments	12	326.54	325.92
Loans and advances	13	669.37	859.84
Other non-current assets	14	880.37	580.05
		2,072.96	1,935.01
Current assets			
Inventories	15	830.21	965.20
Trade receivables	16	449.77	702.95
Cash and bank balances	17	20.98	37.44
Loans and advances	13	277.87	279.89
Other current assets	14	68.51	59.32
		1,647.34	2,044.80
		3,720.30	3,979.81

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

Ramchand K

Chairman

DIN: 00051769

Dr. S N Mukherjee

Chief Financial Officer

Murlidhar Khattar

Managing Director

DIN: 00266777

Sushil Dudeja

Company Secretary

Place : New Delhi

Date : May 30, 2016

Place : New Delhi

Date : May 30, 2016

Statement of profit and loss for the year ended March 31, 2016

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

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	18	1,844.87	2,359.90
Other income	19	134.34	116.48
Company's share of profit from integrated joint ventures		3.95	0.43
Total revenue (I)		1,983.16	2,476.81
Expenses			
Cost of materials consumed	20	771.95	673.24
Employee benefits expenses	21	130.04	136.17
Subcontract expense		711.67	1,217.24
Other expenses	22	210.30	135.45
Total expenses (II)		1,823.96	2,162.10
Earnings before interest, tax, depreciation and amortization (EBITDA) (I-II)		159.20	314.71
Finance costs	23	304.06	268.31
Depreciation and amortization expense	24	43.66	43.73
(Loss) / Profit before tax		(188.52)	2.67
Tax expense		-	-
(Loss) / Profit for the year		(188.52)	2.67
Earnings per equity share [Nominal value of share Rs. 10 (March 31, 2015 : Rs. 10)]	25		
Basic and diluted		(16.65)	(0.85)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

Ramchand K

Chairman

DIN: 00051769

Murlidhar Khattar

Managing Director

DIN: 00266777

Dr. S N Mukherjee

Chief Financial Officer

Sushil Dudeja

Company Secretary

Place : New Delhi

Date : May 30, 2016

Place : New Delhi

Date : May 30, 2016

Cash flow statement for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from operating activities		
(Loss)/ Profit before tax	(188.52)	2.67
Non cash adjustments to reconcile (loss)/ profit before tax to net cash flows		
Company's share of profit from integrated joint ventures	(3.95)	(0.43)
Liabilities no longer required written back	(4.24)	(12.15)
Provision for/(Reversal) of provision for estimated future loss on projects	30.84	(11.70)
Loss on sale/discard/write off of fixed assets (net)	0.84	0.23
Provision for retirement benefits	0.13	0.99
Depreciation and amortization expense	43.66	43.73
Stocks written-off	8.10	0.68
Provision for doubtful advances/trade receivables/other assets	14.39	7.91
Bad debts/advances written-off	7.85	2.73
Reversal of provision for liquidated damages	(1.34)	-
Interest expense	282.80	252.33
Interest income	(122.11)	(93.21)
Operating profit before working capital changes	68.45	193.78
Movement in working capital:		
(Decrease)/Increase in trade payables	(181.94)	112.15
Decrease in other liabilities	(78.85)	(38.87)
Decrease/(Increase) in trade receivables	119.40	(111.12)
Increase in inventories	(44.60)	(299.27)
(Increase)/Decrease in loans and advances	(12.30)	25.02
Increase in other assets	(2.61)	(0.85)
Cash used in operations	(132.45)	(119.16)
Direct taxes paid (net of refunds)	3.75	(15.65)
Net cash used in operating activities (A)	(128.70)	(134.81)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(53.30)	(41.74)
Proceeds from sale of fixed assets	3.89	2.52
Company's share of profit in the joint ventures received	3.33	0.47
Advances given to subsidiaries /joint ventures/associate	(2.99)	(5.00)
Refund of Advances from subsidiaries /joint ventures/associate	203.51	5.89
Advances to other companies (net)	-	0.01
Proceeds from bank deposits (having original maturity of more than three months)	4.74	4.40
Interest received	95.28	29.81
Net cash flow from/(used in) investing activities (B)	254.46	(3.64)

Cash flow statement for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from financing activities		
Proceeds from issuance of equity share capital	76.90	134.96
Redemption of preference share capital	(44.25)	(112.86)
Proceeds from long-term borrowings	247.91	558.53
Repayment of long-term borrowings	(338.64)	(145.49)
Proceeds/(repayment) from short-term borrowings (net)	119.10	(164.99)
Interest paid	(202.04)	(157.98)
Net cash flow (used in) / from financing activities (C)	(141.02)	112.17
Net decrease in cash and cash equivalents (A + B + C)	(15.26)	(26.28)
Cash and cash equivalents at the beginning of the year	19.46	45.74
Cash and cash equivalents at the end of the year (Refer note 17)	4.20	19.46

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.94 (March 31, 2015: Rs. 9.99) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No: 093649

Place : New Delhi
Date : May 30, 2016

**For and on behalf of the board of directors of
IL&FS Engineering and Construction Company Limited**

Ramchand K
Chairman
DIN: 00051769

Dr. S N Mukherjee
Chief Financial Officer

Place : New Delhi
Date : May 30, 2016

Murlidhar Khattar
Managing Director
DIN: 00266777

Sushil Dudeja
Company Secretary

Notes to financial statements for the year ended March 31, 2016

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

1. Corporate information:

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

2. Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

2.1 Statement of significant accounting policies:

(a) Use of estimates:

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

(b) Revenue recognition:

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

Revenue from construction contracts

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

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

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

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

Revenue from design and consultancy services

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

Revenue from hire charges

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

Interest

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

Dividend

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

(c) Tangible 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. Borrowing 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 realizable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower.
- (iv) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to financial statements for the year ended March 31, 2016

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

- (v) Depreciation on fixed assets other than those mentioned in S No (vi) 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 II to the Companies Act, 2013.
- (vi) Depreciation on the following fixed assets, for which rates are not prescribed under Schedule II to the Companies, Act 2013, is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management:

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

- (vii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

(d) Intangible Assets:

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

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

(e) Investments:

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

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

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

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

(f) Inventories:

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

(g) Retirement and other employee benefits:

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

- (iii) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for

Notes to financial statements for the year ended March 31, 2016

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

based on actuarial valuation on projected unit credit method made at the end of each financial year. The Company presents the entire leave encashment as current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for the 12 months after the expiry date.

- (iv) Actuarial gains / losses are immediately taken to Statement of profit and loss and are not deferred.

(h) Income taxes:

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

(i) Foreign currency transactions:

• **Initial recognition**

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

• **Conversion**

Foreign currency monetary items are

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

• **Exchange differences**

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

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

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

• **Accounting for derivative instruments**

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

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

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

Notes to financial statements for the year ended March 31, 2016

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

- **Translation of integral foreign operation**

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

(j) **Leases:**

- **Where the Company is a Lessee**

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

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

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

- **Where the Company is a Lessor**

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

(k) **Borrowing Costs:**

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

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

borrowing costs are expensed in the year they occur.

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

Accounting for joint ventures undertaken by the Company has been done in accordance with the requirements of AS – 27 “Financial Reporting of Interests in Joint Venture” notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 as follows:

- **Jointly controlled operations:**

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

- **Jointly controlled entities:**

Investments made in unincorporated integrated joint ventures registered in the form of partnership firms or Association of Persons (AoPs) are classified as Jointly Controlled Entities in terms of Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures” notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Company's share in profit/losses of the respective entities is recognized in the financial statements. The initial investment including accumulated Company's share of profit/losses in the jointly controlled entities are recognised under investments. Any further funding made by the Company in the jointly controlled entities in the nature of current account transaction is recognised under loans and advances.

(m) **Earnings per share:**

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

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

Notes to financial statements for the year ended March 31, 2016

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

(n) Impairment:

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

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

(o) Provisions, contingent liabilities and contingent assets:

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

(p) Cash and cash equivalents:

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

(q) Employee stock compensation cost:

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

(r) Measurement of EBITDA:

As permitted by the Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Company has opted to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finances costs and tax expense.

		As at March 31, 2016	As at March' 31, 2015
3	Share capital		
	Authorized shares (Nos.)		
	350,000,000 (March 31, 2015 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
	35,000,000 (March 31, 2015 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
		700.00	700.00
	Issued, subscribed and paid up shares (Nos.)		
	121,158,671 (March 31, 2015 : 112,122,818) equity shares of Rs. 10 each fully paid-up	121.16	112.12
	525,000 (March 31, 2015 : 1,200,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up	5.25	12.00
	8,750,000 (March 31, 2015 : 12,500,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up	87.50	125.00
		213.91	249.12

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

Equity shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	112,122,818	112.12	89,787,243	89.79
Issued during the year -Preferential issue	8,900,000	8.90	21,274,442	21.27
Issued during the year -ESOP exercised	135,853	0.14	1,061,133	1.06
Outstanding at the end of the year	121,158,671	121.16	112,122,818	112.12

Notes to financial statements for the year ended March 31, 2016

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

6% cumulative redeemable preference shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	1,200,000	12.00	7,485,780	74.86
Redeemed during the year	(675,000)	(6.75)	(6,285,780)	(62.86)
Outstanding at the end of the year	525,000	5.25	1,200,000	12.00

6% optionally convertible cumulative redeemable preference shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	12,500,000	125.00	17,500,000	175.00
Redeemed during the year	(3,750,000)	(37.50)	(5,000,000)	(50.00)
Outstanding at the end of the year	8,750,000	87.50	12,500,000	125.00

(b) Terms/rights attached to equity shares

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

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

(c) Restrictions attached to equity shares

(i) As at March 31, 2016, 56,917,073 (March 31, 2015: 73,076,954) equity shares are required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company had created lock-in on February 8, 2015 for 9,795,846 shares and 11,478,596 shares upto April 29, 2018 and April 29, 2016 respectively. During the current year, the Company has extended the lock-in for 26,742,631 shares upto April 10, 2016 out of the 51,802,512 shares which were locked in upto October 31, 2015. Further, the Company has created lock in for 8,900,000 shares upto October 10, 2018.

(ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

(d) Terms of 6% cumulative redeemable preference shares

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

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust (MIT), on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by ITCL being the Trustee of MIT, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (225,000 CRPS of Rs.100 each) which were due for redemption on September 30, 2015, have been redeemed on due date.

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

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

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

Notes to financial statements for the year ended March 31, 2016

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

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

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

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

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

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

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

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

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

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

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	30.16%	36,538,477	32.59%
IL&FS Financial Services Limited (IFIN)	22,933,437	18.93%	18,441,482	16.45%
Infrastructure Leasing and Financial Services Limited (IL&FS)	22,505,048	18.57%	18,096,995	16.14%
ICICI Bank Limited	5,971,979	4.93%	5,971,979	5.33%

6% cumulative redeemable preference shares of Rs. 100 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	116,232	22.14%	203,406	16.95%
IDBI Bank Limited	36,648	6.98%	64,134	5.34%
State Bank of India	36,960	7.04%	64,680	5.39%
State Bank of Hyderabad	28,044	5.34%	49,077	4.09%
IL&FS Financial Services Limited	-	-	450,000	37.50%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	225,000	42.86%	225,000	18.75%

Notes to financial statements for the year ended March 31, 2016

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

6% optionally convertible cumulative redeemable preference shares of Rs. 100 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	1,937,200	22.14%	3,390,100	27.12%
State Bank of India	616,000	7.04%	1,078,000	8.62%
IDBI Bank Limited	610,800	6.98%	1,068,900	8.55%
State Bank of Hyderabad	467,400	5.34%	817,950	6.54%
Allahabad Bank	378,000	4.32%	661,500	5.29%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	3,750,000	42.86%	3,750,000	30.00%

As per the records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of the shares.

(h) Shares reserved for issue under options

Refer note 39 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

		As at March 31, 2016	As at March 31, 2015
4	Reserves and surplus		
	Securities premium account		
	Balance as per last financial statements	171.38	62.59
	Add : Addition on allotment of ESOPs exercised during the year	0.66	5.18
	Add : Addition on issue of equity shares on preferential basis during the year	67.20	107.44
	Less : Adjustment of share issue expenses (net of tax Rs. Nil)	-	(3.83)
	Closing balance	239.24	171.38
	Deficit in the statement of profit and loss		
	Balance as per last financial statements	(141.03)	(141.20)
	Adjustment for Depreciation as per the Companies Act, 2013, (net of tax of Rs. Nil) (Refer note 51)	-	(2.50)
	(Deficit)/surplus brought forward from the Statement of profit and loss	(188.52)	2.67
	Net deficit in the statement of profit and loss	(329.55)	(141.03)
	Total reserves and surplus	(90.31)	30.35

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
5	Long-term borrowings			
	Term loans			
	From banks			
	Indian rupee working capital term loans (secured)			
	-	-	-	37.67
	Indian rupee term loans (secured)			
	229.00	179.85	78.88	59.77
	From others			
	From related party (secured) (Refer note 37)			
	983.61	1,074.90	-	-
	From other parties (secured)			
	171.50	216.08	9.71	-
	Vehicle loans (secured)			
	1.31	0.75	0.88	0.58
	Finance lease obligation (secured)			
	3.21	0.18	1.00	0.05
	1,388.63	1,471.76	90.47	98.07
	The above amount includes			
	Secured borrowings			
	1,388.63	1,471.76	90.47	98.07
	Amount disclosed under the head "other current liabilities" (Refer note 10)			
	-	-	(90.47)	(98.07)
	1,388.63	1,471.76	-	-

(a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10.

Notes to financial statements for the year ended March 31, 2016

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

- (b) Indian rupee working capital term loans from banks carry interest @ 9% p.a. (March 31, 2015 : 9% p.a.) and have been repaid by March 31, 2016 as per schedule given below:

Particulars	%	Due dates
FY 2010-11	32	September 30, 2011
FY 2012-13	15	Quarterly instalments due on June 30, September 30, December 31 and March 31 every year.
FY 2013-14	20	
FY 2014-15	20	
FY 2015-16	13	

These loans were secured by pari passu first mortgage and charge on the Company's immovable properties, both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans from others. These loans were additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

- (c) Indian rupee term loans from banks to the extent of Rs 179.44 (March 31, 2015: Rs 239.62) carries an interest @ 11% p.a. (March 31, 2015 : 11% p.a.). The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans / finance leased assets from others.

Further, Indian rupee term loans to an extent of Rs. 128.44 (March 31, 2015 : Nil) carry an interest rate of 10.10% p.a. to 11.15% p.a. (March 31, 2015 : Nil). These loans are repayable in 4 years as per the schedule given below:

Particulars	%	Due dates
FY 2016-17	15	September 30, 2016, December 31 2016 and March 31, 2017
FY 2017-18	35	Quarterly instalments due on June 30, September 30, December 31 and March 31 every year.
FY 2018-19	40	
FY 2019-20	10	

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally guaranteed by letter of comfort from Infrastructure Leasing and Financial Services Limited.

- (d) Vehicle loans from Non-Banking Financial Companies carry interest @ 13% to 18.39% p.a. (March 31, 2015 : 14.73% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- (e) Secured loans from related party carry interest @ 12% to 13% p.a. (March 31, 2015 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 57 months to 84 months from the date of first disbursement. Further Interest on loan to the extent of Rs. Nil (March 31, 2015 : Rs. 130) from the drawdown date till March 2015 was accrued and converted into Funded Interest Term Loan (FITL), which carried interest @ 0.01% p.a. During the current year, FITL along with interest and premium has been prepaid.

Out of the above, loan to the extent of Rs. 421.60 (March 31, 2015 : Rs. 421.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Out of the above, loan of Rs 162 (March 31, 2015 : Rs. 162) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs. Nil (March 31, 2015 : Rs. 180) was secured by way of pari passu lien on cash flows from HCPL to the Company and were additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and Mortgage of title deeds of immovable property from subsidiaries of HCPL. This facility has been fully repaid during the year.

Loan to the extent of Rs. 375 (March 31, 2015 : Rs. 375) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.

Notes to financial statements for the year ended March 31, 2016

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

Loan to the extent of Rs. 98.30 (March 31, 2015 : Rs. 98.30) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

Loan to the extent of Rs. 88.71 (March 31, 2015 : Rs. Nil) is secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 43 (March 31, 2015 : Rs. Nil) is additionally secured by way of second charge on fixed assets of the Company.

- (f) Secured loans from others carry interest @ 13% p.a. (March 31, 2015 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months from the date of first disbursement.

Loan of Rs. 181.21 (March 31, 2015 : Rs. 194.62) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited.

Loan of Rs. Nil (March 31, 2015 : Rs.21.46) was secured by way of pari passu lien on cash flows from Hill County Properties Limited (HCPL) to the Company and additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantee and Mortgage of title deeds of immovable property from subsidiaries of HCPL. This facility has been fully prepaid during the year.

- (g) Finance lease obligation is secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 4 years.

		As at March 31, 2016	As at March 31, 2015
6	Other long-term liabilities		
	Trade payables		
	Dues to micro and small enterprises (Refer note 36)	-	-
	Dues to other than micro and small enterprises *	139.23	158.77
	Interest accrued but not due on borrowings	219.65	159.52
	Mobilization advance	34.76	82.07
	Others		
	Capital creditors	15.81	-
	Statutory dues	3.62	3.62
		413.07	403.98

* represents retention money

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
7				
	Provisions			
	Provision for employee benefits			
	Provision for gratuity (Refer note 34)	3.14	3.63	0.36
	Provision for compensated absences	-	-	3.60
		3.14	3.63	3.96
	Other provisions			
	Provision for estimated future loss on projects (Refer note 32)	13.27	1.21	32.33
	Provision for liquidated damages (Refer note 33)	-	-	13.20
		13.27	1.21	45.53
		16.41	4.84	31.43

Notes to financial statements for the year ended March 31, 2016

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

	As at March 31, 2016	As at March 31, 2015
8 Short-term borrowings		
Cash credit facilities from banks (secured)	449.37	306.28
Loans from others (unsecured)	21.01	45.00
	470.38	351.28

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14.50% p.a. (March 31, 2015: 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Loans aggregating to Rs. 233.22 (March 31, 2015 : Rs.194.66) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to Rs. 216.15 (March 31, 2015 : Rs. 111.62) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited.

- (b) Unsecured loan from others of Rs. 21.01 (March 31, 2015 : Rs. 45) carries interest @ 14% to 15% p.a. (March 31, 2015 : 14% to 15% p.a.) with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities are payable at monthly rests.

	As at March 31, 2016	As at March 31, 2015
9 Trade payables		
- total outstanding dues of micro enterprises and small enterprises (Refer note 36)	42.76	19.51
- total outstanding dues of creditors other than micro enterprises and small enterprises *	696.04	885.58
* includes retention money payable of Rs. 78.55 (March 31, 2015: Rs.92.44)		

	As at March 31, 2016	As at March 31, 2015
10 Other current liabilities		
Current maturities of long-term borrowings (Refer note 5)	90.47	98.07
Interest accrued and due on borrowings / amounts payable to micro and small enterprises *	10.96	1.34
Interest accrued but not due on borrowings / mobilization advance / Advance from customers	43.46	32.45
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	-	0.00
Mobilization advance	311.63	335.88
Advance from customers	15.44	13.02
Advance billing	19.52	27.09
Dues to joint ventures	0.07	0.04
Others		
Capital creditors	12.61	5.78
Statutory dues	15.76	18.29
	519.92	531.96

*Includes interest of Rs. 1.34 (March 31, 2015: Rs. 1.22) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

Notes to financial statements for the year ended March 31, 2016

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

11a. Tangible assets

	Land	Buildings	Temporary erections - site offices	Leasehold improvements*	Plant, and machinery - construction equipment**	Site infrastructure	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total - tangible assets
Cost												
At March 31, 2014	4.78	0.17	44.56	0.14	499.99	3.07	6.10	5.67	5.49	5.64	10.64	586.25
Additions	-	-	8.72	-	31.49	0.83	0.88	1.31	0.80	0.45	1.01	45.49
Disposals	-	-	-	-	(13.80)	-	-	-	-	-	(0.92)	(14.72)
At March 31, 2015	4.78	0.17	53.28	0.14	517.68	3.90	6.98	6.98	6.29	6.09	10.73	617.02
Additions	-	-	2.13	-	20.42	-	0.65	1.97	0.43	0.21	1.71	27.52
Disposals	-	-	-	-	(40.29)	-	-	-	-	-	(0.75)	(41.04)
At March 31, 2016	4.78	0.17	55.41	0.14	497.81	3.90	7.63	8.95	6.72	6.30	11.69	603.50
Depreciation												
At March 31, 2014	-	0.01	35.06	0.14	360.09	2.93	2.17	5.67	3.56	3.11	5.75	418.49
Charge for the year	-	-	7.37	-	30.82	0.22	0.64	1.31	0.85	0.63	1.51	43.35
Adjustment to opening Reserve (Refer note 51)	-	-	-	-	-	-	2.29	-	0.19	-	0.02	2.50
Disposal during the year	-	-	-	-	(12.61)	-	-	-	-	-	(0.54)	(13.15)
At March 31, 2015	-	0.01	42.43	0.14	378.30	3.15	5.10	6.98	4.60	3.74	6.74	451.19
Charge for the year	-	-	5.37	-	32.23	0.14	0.75	1.97	0.84	0.60	1.11	43.01
Disposal during the year	-	-	-	-	(36.00)	-	-	-	-	-	(0.31)	(36.31)
At March 31, 2016	-	0.01	47.80	0.14	374.53	3.29	5.85	8.95	5.44	4.34	7.54	457.89
Net block												
At March 31, 2015	4.78	0.16	10.85	-	139.38	0.75	1.88	-	1.69	2.35	3.99	165.83
At March 31, 2016	4.78	0.16	7.61	-	123.28	0.61	1.78	-	1.28	1.96	4.15	145.61

* Leasehold improvements represent fixtures taken on finance lease.

**Plant and machinery - construction equipment :

1. Plant and machinery - construction equipment includes shuttering and scaffolding material [Rs. 84.23 (March 31, 2015 : Rs. 92.61)]. Net block value of this shuttering and scaffolding material is Rs. 33.51 (March 31, 2015: Rs. 34.23).
2. Plant and machinery - construction equipment includes equipment given on operating lease
3. Plant and machinery - construction equipment includes purchased on Finance lease

Description	March 31, 2016	March 31, 2015
Cost	15.25	16.18
Opening balance of accumulated depreciation	13.17	12.74
Depreciation for the year	1.06	1.70
Net book value	1.02	1.74

Description	March 31, 2016	March 31, 2015
Cost	4.42	0.24
Opening balance of accumulated depreciation	0.00	-
Depreciation for the year	0.44	0.00
Net book value	3.98	0.24

Notes to financial statements for the year ended March 31, 2016

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

	Mining rights	Computer software	Total intangible assets
11 b Intangible assets			
Cost			
At March 31, 2014	-	3.49	3.49
Additions	-	0.38	0.38
Disposals	-	-	-
At March 31, 2015	-	3.87	3.87
Additions	41.89	0.15	42.04
Disposals	-	-	-
At March 31, 2016	41.89	4.02	45.91
Amortization			
At March 31, 2014	-	2.10	2.10
Charge for the year	-	0.38	0.38
Adjustment to opening Reserve	-	-	-
Disposal during the year	-	-	-
At March 31, 2015	-	2.48	2.48
Charge for the year	-	0.65	0.65
Disposal during the year	-	-	-
At March 31, 2016	-	3.13	3.13
Net block			
At March 31, 2015	-	1.39	1.39
At March 31, 2016	41.89	0.89	42.78

Notes to financial statements for the year ended March 31, 2016

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

	As at March 31, 2016	As at March 31, 2015
12 Investments		
Non-current investments, unquoted trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries - equity shares (fully paid-up)		
50,000 (March 31, 2015: 50,000) equity shares of Rs. 10 each in Maytas Infra Assets Limited	0.05	0.05
50,000 (March 31, 2015: 50,000) equity shares of Rs. 10 each in Maytas Vasishta Varadhi Limited	0.05	0.05
49,995 (March 31, 2015: 49,995) equity shares of Rs. 10 each in Maytas Metro Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2015: Rs. 0.05))	-	-
1,000 (March 31, 2015: 1,000) equity shares of Rs. 100 each in Angeerasa Greenfields Private Limited	0.01	0.01
1,000 (March 31, 2015: 1,000) equity shares of Rs. 100 each in Saptaswara Agro - Farms Private Limited	0.01	0.01
1,000 (March 31, 2015: 1,000) equity shares of Rs. 100 each in Ekadanta Greenfields Private Limited	0.01	0.01
27,500 (March 31, 2015: 27,500) equity shares of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company, Limited Liability Company @	33.19	33.19
Investment in associate - equity shares (fully paid-up)		
7,750 (March 31, 2015: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited	0.08	0.08
Investment in association of persons#		
Maytas NCC JV	4.88	4.42
NCC – Maytas (JV) Pocharam [net of provision of Rs. 0.18 (March 31, 2015: Rs. 0.18)]	0.74	0.74
Maytas – CTR (JV)	3.27	3.22
NCC – Maytas – ZVS (JV)	0.16	0.05
Investment in other entities		
In equity shares (fully paid-up)		
4,000,000 (March 31, 2015: 4,000,000) equity shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2015: Rs. 4.00))	-	-
2,600 (March 31, 2015: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00
2,600 (March 31, 2015: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	0.00
In preference shares (fully paid-up)		
4,550,000 (March 31, 2015: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2015: Rs 4.55))	-	-
2,441,850 (March 31, 2015: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Limited*	24.42	24.42
In Pass Through Certificates (Refer note 48)		
2,596,675.290 (March 31, 2015 : 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *	259.67	259.67
	326.54	325.92

Aggregate amount of provision for diminution in value of investments is Rs. 8.78 (March 31, 2015: Rs. 8.78).

Includes Company's share of profit in such entities.

* Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited.

@ Hypothecated to Infrastructure Leasing and Financial Services Limited.

Notes to financial statements for the year ended March 31, 2016

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

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
13 Loans and advances				
Capital advances				
Unsecured, considered good	0.15	0.08	-	-
(A)	0.15	0.08	-	-
Deposits (others)				
Unsecured, considered good	8.18	8.44	3.59	2.37
Considered doubtful	0.07	0.06	-	-
Provision for doubtful deposits (others)	8.25 (0.07)	8.50 (0.06)	3.59 -	2.37 -
(B)	8.18	8.44	3.59	2.37
Loans and advances to related parties				
Secured, considered good (Refer note 48)	-	201.46	-	-
Unsecured, considered good	127.54	109.17	24.87	37.35
Considered doubtful	28.82	23.77	-	-
Provision for doubtful advances	156.36 (28.82)	334.40 (23.77)	24.87 -	37.35 -
(C)	127.54	310.63	24.87	37.35
Advances recoverable in cash or kind				
Unsecured, considered good	3.76	6.30	168.63	166.64
Considered doubtful	18.50	25.43	-	-
Provision for doubtful advances	22.26 (18.50)	31.73 (25.43)	168.63 -	166.64 -
(D)	3.76	6.30	168.63	166.64
Other loans and advances, unsecured, considered good unless otherwise stated				
Loan to other companies				
Secured, considered good	52.08	40.30	-	11.77
Unsecured, considered good	75.92	57.04	0.42	19.31
Inter-corporate deposits (Refer note 29)*	343.78	343.78	-	-
Balances with statutory/government authorities	15.14	9.01	17.63	17.41
Advance income tax (net of provision for taxation)	42.82	84.26	62.73	25.04
(E)	529.74	534.39	80.78	73.53
Total (A + B + C + D + E)	669.37	859.84	277.87	279.89

*includes Inter-corporate deposits to Angeerasa Greenfields Private Limited (a subsidiary of the Company) Rs. 50 (March 31, 2015 :Rs. 50).

Notes to financial statements for the year ended March 31, 2016

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

Loans and advances to related parties include

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Other advances				
Maytas Infra Saudi Arabia Company ^	0.16	0.16	-	-
Maytas Infra Assets Limited (gross) #	13.86	14.79	2.91	4.00
Maytas Vasishta Varadhi Limited *	2.84	2.83	-	-
Saptaswara Agro - Farms Private Limited (gross) ^ ^	0.27	0.27	-	-
Maytas Metro Limited ^ ^ ^	0.04	0.04	-	-
Angeerasa Greenfields Private Limited **	0.02	0.02	-	-
Ekadanta Greenfields Private Limited ***	0.03	0.03	-	-
Maytas CTR JV \$	21.74	18.88	21.96	21.83
Maytas NCC JV \$\$	1.47	1.45	-	-
NCC - Maytas JV U1 \$\$\$	0.03	0.03	-	-
Hill County Properties Limited	0.05	0.05	-	-
Inter corporate deposits				
Hill County Properties Limited	115.85	295.85	-	11.52
	156.36	334.40	24.87	37.35

^ Provision for doubtful advances Rs. 0.16 (March 31, 2015: Rs. 0.16)

Provision for doubtful advances Rs. 11.57 (March 31, 2015: Rs. 11.57)

* Provision for doubtful advances Rs. 2.83 (March 31, 2015: Rs. 2.83)

^ ^ Provision for doubtful advances Rs. 0.27 (March 31, 2015: Rs. 0.27)

^ ^ ^ Provision for doubtful advances Rs. 0.04 (March 31, 2015: Rs. 0.04)

** Provision for doubtful advances Rs. 0.02 (March 31, 2015: Rs. 0.02)

*** Provision for doubtful advances Rs. 0.03 (March 31, 2015: Rs. 0.03)

\$ Provision for doubtful advances Rs. 13.11 (March 31, 2015: Rs. 8.11)

\$\$ Provision for doubtful advances Rs. 0.76 (March 31, 2015: Rs. 0.71)

\$\$\$ Provision for doubtful advances Rs. 0.03 (March 31, 2015: Rs. 0.03)

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
14 Other assets				
Interest accrued on deposits and others				
Considered good	119.28	108.92	44.56	38.04
Considered doubtful	41.92	41.92	-	-
	161.20	150.84	44.56	38.04
Provision for doubtful interest accrued	(41.92)	(41.92)	-	-
(A) 119.28	108.92	44.56	38.04	
Claim for performance bank guarantee				
Considered doubtful	21.12	21.12	-	-
Provision for doubtful bank guarantee	(21.12)	(21.12)	-	-
(B) -	-	-	-	-
Unsecured, considered good unless otherwise stated				
Non-current bank balances (Refer note 17)	8.17	11.71	-	-
Non-current trade receivables (Refer note 16)	367.46	245.39	-	-
Non-current inventories (Refer note 15)	381.52	210.03	-	-
Others				
Fixed assets held for sale	-	-	12.48	12.48
Other receivables				
Considered good	3.94	4.00	11.47	8.80
Doubtful	1.98	1.98	-	-
	763.07	473.11	23.95	21.28
Provision for doubtful other receivables	(1.98)	(1.98)	-	-
(C) 761.09	471.13	23.95	21.28	
Total (A + B + C)	880.37	580.05	68.51	59.32

Notes to financial statements for the year ended March 31, 2016

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

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
15 Inventories (Refer note 2.1 (f))				
Project materials	-	-	106.85	101.44
Amount due from customers (project work-in-progress)	381.52	210.03	723.36	863.76
	381.52	210.03	830.21	965.20
Amount disclosed under non-current assets (Refer note 14)	(381.52)	(210.03)	-	-
	-	-	830.21	965.20
16 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	97.88	50.72	99.26	97.63
Doubtful	60.31	53.02	-	-
	158.19	103.74	99.26	97.63
Provision for doubtful receivables	(60.31)	(53.02)	-	-
	(A) 97.88	50.72	99.26	97.63
Other receivables *				
Unsecured, considered good				
	(B) 269.58	194.67	350.51	605.32
Amount disclosed under non-current assets (Refer note 14)				
	(C) (367.46)	(245.39)	-	-
Total (A + B + C)	-	-	449.77	702.95
* Non-current represents retention money of Rs. 269.58 (March 31, 2015: Rs. 194.67) and Current includes retention money of Rs. 165.43 (March 31, 2015: Rs. 211.70).				

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
17 Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	4.12	9.14
Deposits with original maturity for less than 3 months	-	-	-	10.04
On unpaid dividend account	-	-	-	0.00
Cash on hand	-	-	0.08	0.28
	-	-	4.20	19.46
Other bank balances				
Deposits with original maturity for more than 12 months *	0.66	0.33	0.02	3.35
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	0.01	2.20
Margin money deposits **	7.51	11.38	16.75	12.43
	8.17	11.71	16.78	17.98
Amount disclosed under non-current assets (Refer note 14)	(8.17)	(11.71)	-	-
	-	-	20.98	37.44

* Deposits under lien

** Lodged with authorities

Notes to financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
18 Revenue from operations		
Revenue from contracts	1,840.86	2,344.68
Revenue from equipment hiring services	4.01	2.51
Revenue from other services	-	1.01
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 32)	-	11.70
	1,844.87	2,359.90
19 Other income		
Interest income on		
- Bank deposits	2.45	3.46
- Inter corporate deposits and others	113.89	88.91
- Income tax refunds	5.77	0.84
Gain on exchange fluctuation (net)	0.45	1.07
Liabilities no longer required written back	4.24	12.15
Reversal of liquidated damages (Refer note 33)	1.34	-
Other non-operating income	6.20	10.05
	134.34	116.48
20 Cost of materials consumed		
Materials at the beginning of the year	101.44	59.99
Add: Purchases during the year	785.46	715.62
	886.90	775.61
Less: Stocks written-off	8.10	0.68
Less: Cost of materials sold	-	0.25
	878.80	774.68
Less: Materials at the end of the year	106.85	101.44
	771.95	673.24
21 Employee benefits expenses		
Salaries, wages and bonus	116.58	122.99
Contribution to provident fund and other funds (Refer note 34)	6.83	7.01
Gratuity (Refer note 34)	1.32	1.10
Compensated absences	1.62	1.84
Staff welfare expenses	3.69	3.23
	130.04	136.17

Notes to financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
22 Other expenses		
Rent	12.85	10.75
Rates and taxes	12.12	11.36
Office maintenance	5.33	6.53
Communication expenses	1.59	2.00
Printing and stationery	0.99	1.13
Legal and professional charges	13.53	20.87
Sitting fees	0.09	0.06
Travelling and conveyance	11.08	10.01
Business promotion	0.40	0.53
Donation	-	0.01
Auditor's remuneration (Refer note 44)	1.60	1.59
Loss on sale/discard/write off of fixed assets (net)	0.84	0.23
Site expenses	20.79	17.65
Hire charges	36.34	20.69
Freight and transportation	9.68	4.94
Insurance	5.01	5.93
Power and fuel	5.14	3.25
Repairs		
Plant and machinery	6.94	2.93
Buildings	0.38	0.11
Others	3.12	2.09
Provision for doubtful advances/trade receivables/ other assets [net of reversal of provision of Rs. 0.58 (March 31, 2015: Rs. 0.71)]	14.39	7.91
Stock written off	8.10	0.68
Bad debts/advances written-off	7.85	2.73
Provision for future loss (net) (Refer note 32)	30.84	-
Miscellaneous expenses	1.30	1.47
	210.30	135.45
23 Finance costs		
Interest expense	282.49	252.33
Lease finance charges	0.31	0.00
Bank charges	21.26	15.98
	304.06	268.31
24 Depreciation and amortization expense		
Depreciation expense	43.01	43.35
Amortization expense	0.65	0.38
	43.66	43.73
25 Earnings per share (EPS)		
The following reflects the (loss)/profit and share data used in the basic and diluted EPS computation:		
(Loss)/profit after tax	(188.52)	2.67
Less: Dividend payable to preference shareholders and tax thereon	(6.70)	(10.40)
Loss for calculation of EPS	(195.22)	(7.73)
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	117,255,712	91,005,084

Notes to financial statements for the year ended March 31, 2016

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

26. Going concern:

The Company has reported a net loss of Rs. 188.52 Crores for the year ended March 31, 2016 (net profit for the year ended March 31, 2015: Rs. 2.67 Crores) and has accumulated loss of Rs. 329.55 Crores as at March 31, 2016 (as at March 31, 2015: Rs. 141.03 Crores), its net worth has been substantially eroded, there are uncertainties on recovery of its investments/ inter corporate deposits/ dues from customers, etc. and the Company's current liabilities exceeds its current assets as at the balance sheet date by Rs. 131.25. Management has taken significant steps for revival and restoration of operations of the Company. Based on the business plan and following mitigating factors, the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- The Company has an order book of Rs. 10,000 approximately as at March 31, 2016.
- Management has taken significant steps for revival and restoration of operations of the Company.
- The promoter group comprising of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs. 983.61 and Rs. 181.21 respectively to support the liquidity position of the Company upto March 31, 2016. Further, the promoter has advanced loans to the extent of Rs. 21.01 through its group companies. The Company has an unutilized limit of Rs. 39.99 from IL&FS as at March 31, 2016. Also, there is an unutilised limit of BGs and LCs of Rs. 400 from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Company to meet its obligation as they arise.
- During the year, the banks have sanctioned a new term loan for an amount of Rs. 128.44, which is repayable in 12 quarterly instalments starting from September 30, 2016. Further, the Company has unutilized Cash Credit limit of Rs. 61.58 and non-fund based limits to the extent of Rs. 100.97 respectively from banks.
- During the year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively.
- The Company has issued 89,00,000 equity shares of Rs. 10 each at premium of Rs. 75.50 on a preferential basis to IL&FS, and IFIN resulting to total receipt of Rs. 76.10. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 44.25 which were due for redemption during the year. Further, the Company has issued 1,35,853 equity shares on exercise of Employee Stock Options of Rs. 10 each at premium of Rs. 48.90 during the year.
- The Board of Directors of the Company at its meeting held on May 30, 2016 has resolved, subject to requisite approvals, to issue Preference Shares of Rs. 100 each on preferential basis for an amount up to Rs. 500.

Keeping in view, the abovementioned mitigating factors, these financial statements have been prepared on a going concern basis.

27. (a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Claims against the Company not acknowledged as debts (interest, if any, not ascertainable after date of order)	21.35	21.07
(ii)	Direct taxes under dispute *	27.42	59.10
(iii)	Indirect taxes under dispute **#	85.08	80.00

*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt by the Company, disallowance of expenditure incurred towards extra works/labour cost on projects, disallowance of expenditure on which TDS is not deducted or short deducted, etc.

** The demands raised by the Sales Tax authorities and Central Excise and Service Tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

Excludes Rs. 8.31 (March 31, 2015: Rs. 7.50) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

- Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations, in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board

Notes to financial statements for the year ended March 31, 2016

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

(CLB) during the year and the Company has paid Rs. 0.08 as fee for compounding towards the same. Further, no action has been initiated by SFIO on the seventh matter till now

- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the previous year and accordingly filed written submissions. During the year, SEBI has passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with Simple Interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order has dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company has preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI has filed its affidavit and the Company has filed its rejoinder. The order from SAT is awaited on this matter.
- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV had provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract.

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2016.

(b) Other contingent liabilities

S.No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	417.39	367.64
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Company towards performance obligations	723.07	662.95
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	378.39	339.04
(iv)	Liquidated damages	32.83	30.28
(v)	Preference dividend (including dividend tax)	23.45	24.72

28. Commitments:

a. Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 7.08 (March 31, 2015: Rs. 0.67).

b. Other Commitments:

- i. The Company had given a letter of financial support to fund additional capital in Maytas Infra Saudi Arabia Company, Limited Liability Company to an extent of Rs. 24.25 (March 31, 2015: Rs. 22.85).
- ii. Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 243.96 (March 31, 2015: Rs. 226.27).

29. Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 343.78. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 323.78, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s. 391-394 of the Companies Act 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for March 31, 2016 continued to disclose as "Amounts Pending Investigation Suspense Account (Net

Notes to financial statements for the year ended March 31, 2016

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

Rs. 1,230.40" as disclosed by SCSL earlier. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in their Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and/or expert advice, other developments, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 continues to subsist with SCSL. Management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain.

30. Segment Reporting:

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and in accordance with Accounting Standard 17 - Segment Reporting, segment information with respect to geographical segment has been given in the consolidated financial statements of the Company, therefore no separate disclosure on segment information is given in these financial statements.

31. Deferred tax:

The Company has no deferred tax liability as at March 31, 2016. Deferred tax assets on timing differences have not been recognized as at March 31, 2016 in the absence of virtual certainty of future taxable profits.

32. Provision for estimated future loss on projects:

The projects in progress as at March 31, 2016 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. 45.60 (March 31: 2015 Rs. 14.76) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The movement in the balance is as under:

	As at March 31, 2016	As at March 31, 2015
Opening balance	14.76	26.46
Add: Additions during the year	31.76	2.62
Less: Reversal during the year	(0.92)	(14.32)
Closing balance	45.60	14.76

33. Provision for liquidated damages:

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the Management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc. The movement in provision for liquidated damages is as under:

	As at March 31, 2016	As at March 31, 2015
Opening balance	14.54	14.54
Add: Additions during the year	-	-
Less: Reversal during the year	(1.34)	-
Closing balance	13.20	14.54

34. Retirement benefits:

(a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the statement of profit and loss Rs. 6.83 (March 31, 2015: Rs. 7.01).

(b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the plan.

Notes to financial statements for the year ended March 31, 2016

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

Statement of profit and loss

Net employee benefit expense

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	0.91	1.17
Interest cost on benefit obligation	0.30	0.30
Expected return on plan assets	(0.03)	-
Net actuarial (gain)/ loss recognized in the year	0.14	(0.37)
Net benefit expense	1.32	1.10

Balance sheet

Benefit Asset/ (Liability)

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	(4.36)	(3.81)
Fair value of plan assets	0.86	-
Plan Liability	3.50	3.81

Changes in the present value of the defined benefit obligation

Particulars	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	3.81	3.26
Interest cost on benefit obligation	0.30	0.30
Current service cost	0.91	1.17
Benefits paid	(0.80)	(0.55)
Actuarial (gain)/loss on obligation	0.14	(0.37)
Closing defined benefit obligation	4.36	3.81

Changes in fair value of plan assets

Particulars	As at March 31, 2016	As at March 31, 2015
Opening fair value of plan assets	-	-
Expected return on plan assets	0.03	-
Expenses	(0.05)	-
Contributions by employer	1.33	-
Benefits paid	(0.45)	-
Closing fair value of plan assets	0.86	-

Amounts for current year and previous four years are as follows:

	2015-16	2014-15	2012-14	2011-12	2010-11
Defined benefit obligation	4.36	3.81	3.26	3.25	1.92
Loss/(gain) on obligation due to change in assumption	0.14	(0.37)	(1.10)	(0.20)	-
Experience gain on obligation	-	-	-	-	0.14

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

Particulars	As at March 31, 2016	As at March 31, 2015
Discount rate	7.90%	7.80%
Increase in compensation cost	5.00%	5.00%
Employee turnover	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to financial statements for the year ended March 31, 2016

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

35. In terms of the disclosures required to be made under the Accounting Standard 7 (revised 2002) notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 for "Construction Contracts":

	For the year ended March 31, 2016	For the year ended March 31, 2015
Contract revenue recognized for the year	1,840.86	2,344.68
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	9,713.25	8,909.07
Advances received for contracts in progress	300.13	392.74
Amount of retention for contracts in progress	397.02	399.69
Gross amount due from customers for contract work (excluding cancelled projects)	1,104.88	1,073.79
Gross amount due to customers for contract work	19.52	27.09

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

Sl. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	Principal amount due to micro and small enterprises	42.76	19.51
	Interest due on above	0.14	0.12
		42.90	19.63
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.14	0.12
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

37. Related party disclosures:

- I. Names of related parties and relationship with the Company (as per the Accounting Standard 18 – "Related Party Disclosures"):

A. Subsidiaries (Related parties where control exists)

- Maytas Infra Assets Limited
- Maytas Vasishta Varadhi Limited
- Maytas Metro Limited
- Angeerasa Greenfields Private limited
- Saptaswara Agro - Farms Private Limited
- Ekadanta Greenfields Private Limited
- Maytas Infra Saudi Arabia Company (Limited Liability Company)

B. Step Down Subsidiary

- Maytas Infra for Construction WLL*

* Liquidated during the year

C. Investing party in respect of which the reporting enterprise is an associate

- Infrastructure Leasing & Financial Services Limited
- SBG Projects Investments Limited

D. Joint ventures (JV)

- NCC – Maytas (JV)
 NEC – NCC – Maytas (JV)
 Maytas – NCC (JV)
 NCC – Maytas (JV)(Singapore Class Township)

Notes to financial statements for the year ended March 31, 2016

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

Maytas – CTR (JV)

NCC – Maytas – ZVS (JV)

E. Associate

Hill County Properties Limited

F. Key management personnel

Mr. Murlidhar Khattar, Managing Director.

Dr. S N Mukherjee, Chief Financial Officer

Mr. G Venkateswar Reddy, Company Secretary (upto November 30, 2015)

II. Transactions with related parties during the year#:

	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Subsidiaries		
1. Maytas Infra Assets Limited		
Expenses incurred on behalf of the party	0.00	(0.17)
Provision for doubtful advances	0.00	0.17
Loan and Advances repaid	(2.02)	-
2. Maytas Vasishta Varadhi Limited		
Expenses incurred on behalf of the party	0.00	0.01
Provision for doubtful advances	(0.00)	(0.01)
3. Maytas Metro Limited		
Expenses incurred on behalf of the party	0.00	0.00
Provision for doubtful advances	(0.00)	(0.00)
4. Angeerasa Greenfields Private Limited		
Expenses incurred on behalf of the party	0.00	0.01
Provision for doubtful advances	(0.00)	(0.01)
5. Saptaswara Agro - Farms Private Limited		
Expenses incurred on behalf of the party	0.00	0.01
Provision for doubtful advances	(0.00)	(0.01)
6. Ekadanta Greenfields Private Limited		
Expenses incurred on behalf of the party	0.00	0.00
Provision for doubtful advances	(0.00)	(0.00)
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)		
Expenses incurred on behalf of the party	-	(0.48)
Provision for doubtful advances	-	0.48
B. Investing party in respect of which the reporting enterprises is an associate		
Infrastructure Leasing & Financial Services Limited		
Interest expenditure	(153.26)	(99.86)
Payments made on behalf of the Company	(1.84)	(1.84)
Bank Guarantee Commission	(3.27)	(2.55)
Interest converted into Loan	(35.07)	-
Loan taken	(88.71)	(538.30)
Loan repaid	215.07	-
Allotment of equity shares (including securities premium)	(37.69)	(29.35)
SBG Projects Investments Limited		
Allotment of equity shares (including securities premium)	-	(69.45)
C. Joint Ventures (JV)		
1. NCC – Maytas (JV)		
Share of profit / (loss) from joint venture	-	(0.00)
2. NEC – NCC – Maytas (JV)		
Share of profit / (loss) from joint venture	-	0.02
Receipt against share of profit	-	(0.08)
Expenses incurred on behalf of the party	0.03	0.03

Notes to financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
3. Maytas – NCC (JV)		
Share of profit / (loss) from joint venture	3.63	0.16
Receipt again share of profit	(3.18)	(0.20)
Expenses incurred on behalf of the party	-	0.01
Expenses incurred on behalf of the Company	(0.02)	(0.07)
Revenue from contracts (excluding Project work in progress)	15.06	3.12
Provision for doubtful advances/trade receivables	(0.05)	(1.77)
4. NCC – Maytas (JV)(Singapore Class Township)		
Share of profit / (loss) from joint venture	(0.00)	(0.12)
Expenses incurred on behalf of the party	-	0.04
Provision for investment	-	(0.18)
5. Maytas - CTR JV		
Share of profit / (loss) from joint venture	0.07	0.29
Advance given	2.99	7.97
Provision for doubtful advances	(5.00)	-
Refund of advance given	(0.02)	(8.53)
6. NCC – Maytas – ZVS JV		
Share of profit / (loss) from joint venture	0.25	0.08
Receipt against share of profit	(0.14)	(0.48)
D. Associate		
Hill County Properties Limited		
Inter corporate deposits given	-	5.00
Inter corporate deposits recovered	(240.15)	(5.00)
Interest income	32.64	43.37
Interest converted into Loan	48.63	9.99
Reimbursement of expenses received	0.71	1.36
Expenses incurred on behalf of the party	-	(0.29)
Revenue from contracts (excluding Project work in progress)	10.83	65.62
The Company has provided internal audit services to Hill County Properties Limited free of charge.		
E. Key management personnel		
1. Mr. Murlidhar Khattar		
Professional charges/ Managerial Remuneration	1.57	1.19
2. Dr. S N Mukherjee		
Professional charges	0.79	0.73
3. Mr. G Venkateswar Reddy		
Managerial Remuneration	0.31	0.32

III. Balances outstanding debit / (credit)#:

	As at March 31, 2016	As at March 31, 2015
A. Subsidiaries (gross)		
1. Maytas Infra Assets Limited	16.82	18.84
2. Maytas Vasishtha Varadhi Limited	2.89	2.88
3. Maytas Metro Limited	0.09	0.09
4. Angeerasa Greenfields Private Limited	56.44	56.44
5. Saptaswara Agro - Farms Private Limited	0.28	0.28
6. Ekadanta Greenfields Private Limited	0.04	0.04
7. Maytas Infra Saudi Arabia Company (Limited Liability Company) (MISA)	33.35	33.35

Excluding corporate guarantee of Rs. 181.69 (March 31, 2015: Rs. 171.16) given by the Company on behalf of the MISA for loan of Rs. 105.19 (March 31, 2015: Rs. 47.99) taken by the subsidiary. Further, the Company had given a letter of financial support to fund additional capital in MISA to an extent of Rs. 24.25 (March 31, 2015: Rs. 22.85).

Notes to financial statements for the year ended March 31, 2016

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

	As at March 31, 2016	As at March 31, 2015
B. Investing party in respect of which the reporting enterprise is an associate		
Infrastructure Leasing & Financial Services Limited*		
- Long-term secured loan	(983.61)	(1074.90)
- Interest accrued and not due	(174.15)	(130.21)
- Trade payables	(0.97)	(2.00)

*Excluding bank guarantee/letter of credits of Rs. 267.71 (March 31, 2015: Rs. 267.19) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 190.96 (March 31, 2015: Rs. 190.96). The Company had also given corporate guarantee of Rs. 125 (March 31, 2015: Rs. 125) for availing Letter of Credit facilities from its bankers.

Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 216.15 (March 31, 2015: Rs. 111.62).

	As at March 31, 2016	As at March 31, 2015
C. Joint ventures		
1. NEC – NCC – Maytas (JV)	(0.07)	(0.04)
2. Maytas – NCC (JV)	14.02	11.61
3. NCC – Maytas (JV)	0.03	0.03
4. NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92
5. Maytas – CTR- JV	46.97	43.93
6. NCC – Maytas – ZVS	0.16	0.05
D. Associate		
Hill County Properties Limited		
- Inter corporate deposits (Secured)	-	201.46
- Inter corporate deposits (Unsecured)	115.85	105.91
- Interest accrued	4.66	66.85
- Other receivables	0.59	0.59
- Trade receivables (including retention money)	88.72	90.30
- Investment	0.08	0.08

IV. Provisions against balances outstanding:

	As at March 31, 2016	As at March 31, 2015
A. Subsidiaries		
1. Maytas Infra Assets Limited	(11.57)	(11.57)
2. Maytas Metro Limited	(0.09)	(0.09)
3. Saptaswara Agro - Farms Private Limited	(0.27)	(0.27)
4. Maytas Vasishta Varadhi Limited	(2.83)	(2.83)
5. Ekadanta Greenfields Private Limited	(0.03)	(0.03)
6. Angeerasa Greenfields Private Limited	(6.43)	(6.43)
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)	(0.16)	(0.16)
B. Joint Ventures		
1. Maytas - NCC (JV)	(1.82)	(1.77)
2. Maytas - CTR JV	(13.11)	(8.11)
3. NCC – Maytas (JV) (Singapore Class Township)	(0.18)	(0.18)
4. NCC – Maytas (JV)	(0.03)	(0.03)

Notes to financial statements for the year ended March 31, 2016

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

V. Maximum amount outstanding during the year in respect of loans and advances in the nature of loans given to subsidiaries, joint ventures and associate in which directors are interested

	As at March 31, 2016	As at March 31, 2015
A. Subsidiaries*		
1. Maytas Infra Assets Limited	18.79	18.96
2. Maytas Metro Limited	0.04	0.04
3. Saptaswara Agro - Farms Private Limited	0.27	0.27
4. Maytas Vasishta Varadhi Limited	2.84	2.83
5. Ekadanta Greenfields Private Limited	0.03	0.02
6. Angeerasa Greenfields Private Limited	0.02	0.02
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)	0.16	0.64
B. Joint Ventures		
1. Maytas NCC JV - Irrigation	1.47	1.71
2. NCC Maytas JV - U1	0.03	0.03
3. Maytas - CTR JV	43.71	41.24
C. Associate#		
Hill County Properties Limited	353.55	307.42

* There is no repayment schedule in respect of all the above loans. They are repayable on demand.

The repayment schedule is not beyond 7 year.

38. Interest in joint ventures:

Company's financial interest in jointly controlled entities is as follows:

Sl. No.	Name of joint venture	Share	Assets	Liabilities	Income	Expenditure	Tax	Profit/(loss) after tax
1	Maytas - NCC JV							
	March 31, 2016	50%	46.86	43.51	87.06	81.49	1.94	3.63
	March 31, 2015	50%	26.95	24.06	4.86	4.49	0.21	0.16
2	NEC – NCC – Maytas JV							
	March 31, 2016	25%	0.48	0.17	-	0.00	-	(0.00)
	March 31, 2015	25%	0.62	0.09	0.65	0.62	0.01	0.02
3	NCC – Maytas JV							
	March 31, 2016	50%	0.03	0.03	-	-	-	-
	March 31, 2015	50%	0.04	0.04	-	0.00	-	(0.00)
4	NCC – Maytas JV (Singapore Class Township)							
	March 31, 2016	50%	1.04	0.15	-	0.00	-	(0.00)
	March 31, 2015	50%	1.04	0.15	-	0.12	-	(0.12)
5	Maytas – CTR JV							
	March 31, 2016	70%	37.84	7.35	0.96	0.86	0.03	0.07
	March 31, 2015	70%	35.78	7.35	-	(0.40)	0.11	0.29
6	NCC – Maytas – ZVS JV							
	March 31, 2016	39.69%	6.50	6.32	7.85	7.46	0.14	0.25
	March 31, 2015	39.69%	4.49	4.43	2.14	1.99	0.07	0.08

a. The above joint ventures do not have any contingent liability and capital commitment as at March 31, 2016 and March 31, 2015 except in Maytas - CTR JV amounting to Rs. 11.19 (March 31, 2015 : Rs. 11.21) and Maytas – NCC JV amounting to Rs. 16.27 (March 31, 2015: 16.27)

b. All the aforesaid entities are incorporated in India.

c. The Company has the following joint ventures, which are in the nature of jointly controlled operations:

- Maytas KBL (JV)
- Maytas KCCPL Flow more (JV)
- Maytas MEIL KBL (JV)

Notes to financial statements for the year ended March 31, 2016

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

- 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 KBL Maytas (JV)
- Maytas – Rithwik (JV)
- Maytas Sushee (JV)
- Maytas Gayatri (JV)
- IL&FS Engg – Kalindee (JV)
- AMR-Maytas-KBL-WEG (JV)
- ITDC-Maytas (JV)

The Company's share in assets, liabilities, income and expenditure are duly accounted for in the accounts of the Company in accordance with such division of work as per the work sharing arrangements and therefore does not require separate disclosures. However, joint venture partners are jointly and severally liable to clients for any claims in these projects.

39. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2016, the following two schemes were in operation:

Particulars	ESOS – 2009	
	Grant I	Grant II
Date of grant	March 23, 2010	June 28, 2012
Date of Remuneration Committee approval	March 23, 2010	June 28, 2012
Date of Shareholder's approval	November 09, 2009	November 09, 2009
Number of options granted	1,201,407	2,849,984
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	<p>Vesting Option -1 Options vest on an annual basis at 30%, 35% and 35% over a period of three years.</p> <p>Vesting Option - 2 Options vest on an annual basis at 20%, 30% and 50% over a period of three years.</p>	<p>Vesting Option 1: Options vest on an annual basis at 30%, 30% and 40% over a period of three years.</p> <p>Vesting Option 2: Options vest on an annual basis at 40% and 60% over a period of two years.</p> <p>Vesting Option 3: Options vest totally after one year from the date of grant.</p>
Exercise Period	3 Years from the date of vesting	3 Years from the date of vesting

(I) The details of activity under Grant I of ESOS – 2009 have been summarized below:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	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	1,65,328	176.90	370,877	176.90
Granted during the year	-	-	-	-
Forfeited during the year	43,499	176.90	62,343	176.90
Exercised during the year	-	-	-	-
Expired during the year	1,21,829	176.90	143,206	176.90
Outstanding at the end of the year	-	-	165,328	176.90
Exercisable at the end of the year	-	-	165,328	176.90
Weighted average remaining contractual life (in years)	-	-	0.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

Notes to financial statements for the year ended March 31, 2016

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

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

Year	Exercise prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share)
2015-16	176.90	-	-	176.90
2014-15	176.90	165,328	0.98	176.90

(II) The details of activity under Grant II of ESOS – 2009 have been summarized below:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	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	7,57,553	58.90	2,160,848	58.90
Granted during the year	-	-	-	-
Forfeited during the year	1,91,110	58.90	342,162	58.90
Exercised during the year	1,35,853	58.90	1,061,133	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,22,590	58.90	757,553	58.90
Exercisable at the end of the year	4,22,590	58.90	492,933	58.90
Weighted average remaining contractual life (in years)	2.24	-	3.24	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	26.18	-

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

Year	Exercise prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share)
2015 – 16	58.90	4,22,590	2.24	58.90
2014 – 15	58.90	757,553	3.24	58.90

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	ESOS 2009 Grant I	ESOS 2009 Grant II
Dividend yield (%)	0.19%	-
Expected volatility	68.34%	54.38%
Risk-free interest rate	6.67%-7.38%	8.38%
Weighted average share price (Rs.)	176.50	58.90
Exercise price (Rs.)	176.50	58.90
Expected life of options granted in years	2.5 – 4.5 years	2.5 – 5.5 years

Effect of the above ESOS plans on the statement of profit and loss and on its financial position:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total employee compensation cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

In March 2005, the Institute of Chartered Accountants of India had issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of

Notes to financial statements for the year ended March 31, 2016

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

employee stock compensation accounting in the Financial Statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Loss considered for EPS (Refer note 25)	(195.22)	(7.73)
Add: Employee stock compensation under intrinsic value method	-	
Less: Employee stock compensation expense / (reversal) under fair value method	(2.10)	(2.46)
Pro forma loss	(193.12)	(5.27)
Earnings Per Share (Rs.)		
Basic		
- As reported	(16.65)	(0.85)
- Pro forma	(16.47)	(0.58)
Diluted		
- As reported	(16.65)	(0.85)
- Pro forma	(16.47)	(0.58)

40. CIF value of imports:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Project materials	10.61	1.33
Fixed assets	-	12.39
	10.61	13.72

41. Earnings in foreign currency (accrual basis) :

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue from contracts	15.88	272.48
Other non-operating income	2.01	-
	17.89	272.48

42. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Subcontract expense	5.63	221.93
Legal and professional charges	0.98	7.07
Material consumed	0.12	20.64
Travelling and conveyance	0.05	0.44
Employee benefit expense	0.43	2.67
Others	0.22	0.85
	7.43	253.60

43. Imported and indigenous materials consumed:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	%	Value	%	Value
Imported	1.38%	10.61	0.20%	1.33
Indigenous	98.62%	761.34	99.80%	671.91
Total	100%	771.95	100%	673.24

Notes to financial statements for the year ended March 31, 2016

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

44. Auditor's remuneration (including Service Tax):

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Statutory audit	0.81	0.80
Limited review	0.34	0.34
Certification	0.23	0.24
Audit fees for consolidated financial statements	0.17	0.17
Out of pocket expenses	0.05	0.04
Total	1.60	1.59

Note: The above remuneration excludes Rs. Nil (March 31, 2015: Rs. 0.11) pertaining to share issue expenses.

45. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2016 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Trade receivables (including retention money)	AED 2.36	42.50	AED 4.55	77.15
Advances given	AED 0.01	0.09	AED 0.08	1.38
Advances given	SAR 0.01	0.17	SAR 0.01	0.16
Other receivables	AED 0.11	2.01	-	-
Amount due from customers (Project work-in-progress)	-	-	AED 0.24	4.12
Bank balances	AED 0.01	0.22	AED 0.12	2.06
Trade payables	AED 0.05	0.97	AED 1.47	25.03
Trade payables	-	-	USD 0.00	0.06
Security deposit payable	AED 1.58	28.49	AED 2.91	49.36
Mobilization advance payable	-	-	AED 0.05	0.79
Advance billing	AED 0.05	0.96	AED 0.11	1.91
Investment	SAR 2.75	33.19	SAR 2.75	33.19

46. Leases:

In case of assets taken on lease:

Operating lease: Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Minimum lease payments (MLP) under non-cancellable operating leases are:

Particulars	As at March 31, 2016	As at March 31, 2015
Minimum Lease Payments		
Not later than one year	0.16	1.45
Later than one year but not later than five years	-	0.16
Later than five years	-	-
	0.16	1.61

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 the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

Notes to financial statements for the year ended March 31, 2016

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

	March 31, 2016		March 31, 2015	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	1.52	1.00	0.08	0.05
After one year but not more than five years	3.82	3.21	0.20	0.16
More than five years	-	-	-	-
Total minimum lease payments	5.34	4.21	0.28	0.21
Less: amounts representing finance charges	(1.13)	-	(0.07)	-
Present value of minimum lease payments	4.21	4.21	0.21	0.21

Particulars	As at March 31, 2016	As at March 31, 2015
Total minimum lease payments during the year	0.74	0.00
Less: amount representing finance charges	(0.31)	(0.00)
Present value of minimum lease payments (rate of interest 14%)	0.43	0.00

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, 2016	As at March 31, 2015
Future Minimum Lease Payments		
Not later than one year	-	0.52
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	0.52

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

47. In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC), wherein the Company was also a contributory. As at March 31, 2016, the Investment of the Company includes Rs. 259.67 (March 31, 2015: Rs. 259.67) contributed towards these PTCs and has receivables loans and advances and Investments aggregating to Rs. 196.73 which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc.

Based on internal assessment, legal advice and fair valuation carried out by external experts of underlying investments held by the Trust, management does not currently envisage any diminution in the value of aforesaid assets.

48. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering & Construction Company Limited ("IECCL")] in the Hill County Properties Limited ("HCPL"), IL&FS Group had extended loans to HCPL through the Company amounting to Rs. Nil (March 31, 2015: Rs. 201.46). Such facilities were ranked as priority debt and had priority in repayment over other liabilities of HCPL (except existing secured borrowings from banks). In addition, towards security for the same, the Company had entered into an "Articles of Agreement" with HCPL wherein IL&FS Group had been given an option for adjusting the loans, along with accrued interest, against all the unsold villas and apartments of Hill County Phase I project of HCPL.

During the earlier years, the Company had entered into inter-se sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory, pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and mortgage of title deeds of immovable property from subsidiaries of HCPL. HCPL was in the process of creating charges for certain mortgage of title deed of immovable property and development rights from identified subsidiaries along with their respective corporate guarantees. Based on the security of these assets, the loans had been classified as secured.

Notes to financial statements for the year ended March 31, 2016

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

49. (i) In the previous year, consequent to an arbitration award, the Company had accrued proportionate revenue to the extent of percentage of completion in case of a road project amounting of Rs. 97.29 and accrued interest of Rs. 57.29 (including Rs. 24.39 recognized during the year). The customer had filed an appeal with the Honorable High Court of New Delhi against the said award and the hearings are on-going. The Company has filed a counter stating that the objections raised by the customer are beyond the scope of challenge allowable under law and the appeal is not legally tenable.
- (ii) During the year, the Company has accrued revenue of Rs. 85.51 and interest of Rs. 43.16 on account of compensation claimed by the Company for delays due to handing over of the land, drawings, etc. for project execution. The compensation is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company and which has now been accrued based on expert opinion and internal assessment and the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable.

50. As at March 31, 2016, the Company has made investment of Rs. 33.19 in an overseas subsidiary. Based on the management certified financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options and is confident to restore the carrying value of the investment and therefore no provision is required for diminution in the value of such investment/potential obligations.
51. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company had revised the estimated useful lives of fixed assets with effect from April 01, 2014. Accordingly, the net-book value of the fixed assets as on April 01, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. As a result of such change in the estimated useful lives, the depreciation and amortization expense for the year ended March 31, 2015 had decreased by Rs. 11.62 with a corresponding impact on profit after tax and fixed assets.

Further, as per the notification issued by MCA dated August 29, 2014, the Company had opted to adjust the carrying amount of certain fixed assets amounting to Rs. 2.50 as on April 1, 2014 whose remaining useful life was 'Nil' as on that date, to deficit in the Statement of profit and loss in the financial statements.

52. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.
53. Previous year's figures have been regrouped/rearranged to conform to those of the current year.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No: 093649

Place : New Delhi
Date : May 30, 2016

**For and on behalf of the board of directors of
IL&FS Engineering and Construction Company Limited**

Ramchand K
Chairman
DIN: 00051769

Dr. S N Mukherjee
Chief Financial Officer

Place : New Delhi
Date : May 30, 2016

Murlidhar Khattar
Managing Director
DIN: 00266777

Sushil Dudeja
Company Secretary

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IL&FS Engineering and Construction Company Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associate and jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group, its associate and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associate and jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

As detailed in Note 28, the accompanying consolidated financial statements include aggregate assets of Rs. 234.23 Crores, aggregate revenues of Rs. 197.62 Crores and net cash outflows amounting to Rs. 1.94 Crores of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying Consolidated Financial Statements do not include adjustments, if any, that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2016 been available and on which we are unable to comment on the same.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Group, its associate and jointly controlled entities as at March 31, 2016, of their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

- a. Note 46 of the accompanying consolidated financial statements regarding Rs. 259.67 Crores investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 196.73 Crores which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
- b. Note 48 of the accompanying consolidated financial statement regarding amount due from customer (project work-in-progress). Based on an Arbitration award, the Company had recognised claims in case of a road project of which balance as at March 31, 2016 amounts to Rs. 97.29 Crores and interest of Rs. 57.29 Crores (including interest of Rs. 24.39 Crores recognized during the year) against which the customer had filed an appeal with Honorable High Court of New Delhi.

Also, in the case of another road project, during the year, the Company has recognised claims amounting

to Rs. 85.51 Crores and interest of Rs. 43.16 Crores for delays due to handing over of the land, drawings, etc. for project execution which is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company, which has now been accrued based on expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

- c. Note 32 of the accompanying consolidated financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 362.36 Crores which is under litigation. Based on internal evaluation, other developments and expert advice, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:
 - a. We /the other auditors whose reports we have relied upon, have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
 - c. The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. The matter described in the Basis for Qualified opinion and Emphasis of Matter paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group;

- f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- h. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report; and
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and jointly controlled entities – Refer note 30 (a) to the consolidated financial statements;
 - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts Refer note 35 and 36 to the consolidated financial statement as it relates to the Group and jointly controlled entities. The Group and jointly controlled entities do not have any derivative contracts; and
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India.

Other Matter

We did not audit revenues of Rs. 95.86 Crores for the year ended March 31, 2016, assets of Rs. 166.90 Crores and cash outflows of Rs. 0.22 Crores as at March 31, 2016, relating to 6 subsidiaries and 6 jointly controlled entities included in the accompanying consolidated financial results for the year ended March 31, 2016. The financial statements and other financial information of the above subsidiaries and jointly controlled entities have been audited by other auditors whose reports have been furnished to us, and our opinion on the year to date results is based solely on the report of such other auditors.

For S.R. BATLIBOI & ASSOCIATE LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner

Membership Number: 093649

Place: New Delhi

Date: May 30, 2016

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

In conjunction with our audit of the consolidated financial statements of IL&FS Engineering and Construction Company Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of

their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of subsidiary companies, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2016:

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

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

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, maintained adequate internal financial

controls over financial reporting as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the internal financial controls over financial reporting were operating effectively in the Holding Company and its subsidiary companies, which are companies incorporated in India as of March 31, 2016.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Holding

Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 30, 2016 expressed a qualified opinion.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place: New Delhi

Date: May 30, 2016

Consolidated Balance sheet as at March 31, 2016

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

	Notes	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	213.91	249.12
Reserves and surplus	4	(239.52)	19.69
		(25.61)	268.81
Minority interest	50	(94.16)	18.30
Non-current liabilities			
Long-term borrowings	5	1,388.63	1,471.76
Other long-term liabilities	6	448.67	435.04
Long-term provisions	7	16.41	4.84
		1,853.71	1,911.64
Current liabilities			
Short-term borrowings	8	594.19	417.86
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	9		
Total outstanding dues of creditors of other than micro enterprises and small enterprises		42.76	19.51
		986.07	1,063.12
Other current liabilities	10	587.46	598.06
Short-term provisions	7	50.78	31.86
		2,261.26	2,130.41
		3,995.20	4,329.16
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11 a	154.70	183.70
Intangible assets	11 b	42.78	1.39
Capital work-in-progress		8.54	2.24
Non-current investments	12	284.17	284.17
Deferred tax assets	34	0.02	0.01
Loans and advances	13	684.11	874.22
Other non-current assets	14	899.05	680.95
		2,073.37	2,026.68
Current assets			
Inventories	15	872.96	1,107.10
Trade receivables	16	594.38	788.31
Cash and bank balances	17	21.66	40.10
Loans and advances	13	364.30	307.65
Other current assets	14	68.53	59.32
		1,921.83	2,302.48
		3,995.20	4,329.16

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

Ramchand K

Chairman

DIN: 00051769

Dr. S N Mukherjee

Chief Financial Officer

Murlidhar Khattar

Managing Director

DIN: 00266777

Sushil Dudeja

Company Secretary

Place : New Delhi

Date : May 30, 2016

Place : New Delhi

Date : May 30, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

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

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	18	2,131.54	2,782.72
Other income	19	134.35	116.59
Total revenue (I)		2,265.89	2,899.31
Expenses			
Cost of materials consumed	20	1,006.00	815.18
Increase in work-in-progress	21	(1.60)	(9.30)
Employee benefits expenses	22	140.82	319.09
Subcontractors expenses		903.75	1,297.99
Other expenses	23	287.78	160.85
Total expenses (II)		2,336.75	2,583.81
Earnings before interest, tax, depreciation and amortization (EBITDA) (I-II)		(70.86)	315.50
Finance costs	24	308.08	273.48
Depreciation and amortization expense	25	56.36	64.18
Loss before tax and minority interest		(435.30)	(22.16)
Tax expense:			
Current tax		1.82	0.86
Taxes for earlier years		-	0.09
Total tax expense		1.82	0.95
Loss after tax and before minority interest		(437.12)	(23.11)
Share of loss transferred to minority interest		(111.37)	(12.21)
Loss for the year		(325.75)	(10.90)
Earnings per equity share [Nominal value of share Rs. 10 (March 31, 2015 : Rs. 10)]	26		
Basic and diluted		(28.35)	(2.34)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari

Partner
Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

Ramchand K

Chairman
DIN: 00051769

Murlidhar Khattar

Managing Director
DIN: 00266777

Dr. S N Mukherjee

Chief Financial Officer

Sushil Dudeja

Company Secretary

Place : New Delhi
Date : May 30, 2016

Place : New Delhi
Date : May 30, 2016

Consolidated cash flow statement for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from operating activities		
Loss before tax before minority interest	(435.30)	(22.16)
Non cash adjustments to reconcile loss before tax and before minority interest to net cash flows:		
Liabilities no longer required written back	(4.24)	(12.15)
Provision for / (Reversal) of provision for estimated future loss on projects	30.84	(11.70)
Loss on sale/discard/write off of fixed assets (net)	0.84	0.23
Provision for retirement benefits	0.13	0.99
Depreciation and amortization expense	56.36	64.18
Stocks written-off	8.10	0.68
Provision for doubtful advances/trade receivables/other assets	18.21	7.81
Bad debts/advances written-off	77.28	2.73
Reversal of provision for liquidated damages	(1.34)	-
Interest expense	286.82	256.65
Interest income	(122.12)	(93.32)
Operating (loss) / profit before working capital changes	(84.42)	193.94
Movement in working capital:		
(Decrease) / Increase in trade payables	(64.47)	114.55
Decrease in other liabilities	(81.82)	(38.34)
Decrease / (Increase) in trade receivables	69.12	(110.23)
Decrease / (Increase) in inventories	54.55	(285.75)
(Increase) / Decrease in loans and advances	(70.04)	35.24
Increase in other assets	(2.61)	(0.85)
Cash used in operations	(179.69)	(91.44)
Direct taxes paid (net of refunds)	2.75	(18.53)
Net cash used in operating activities (A)	(176.94)	(109.97)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(75.30)	(52.31)
Proceeds from sale of fixed assets	22.86	2.57
Advances given to joint ventures/associate	(2.21)	(5.00)
Refund of Advances from joint ventures/associate	201.47	5.28
Advances to other companies (net)	-	0.01
Proceeds from bank deposits (having original maturity of more than three months)	4.56	4.40
Interest received	95.28	29.92
Net cash flow from/ (used in) investing activities (B)	246.66	(15.13)

Consolidated cash flow statement for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from financing activities		
Proceeds from issuance of equity share capital	76.90	134.96
Redemption of preference share capital	(44.25)	(112.86)
Proceeds from long-term borrowings	247.91	558.53
Repayment of long-term borrowings	(338.64)	(145.49)
Proceeds/(repayment) from short-term borrowings (net)	176.33	(175.67)
Interest paid	(202.10)	(162.30)
Net cash flow (used in) / from financing activities (C)	(83.85)	97.17
Foreign currency translation adjustments (D)	(3.29)	1.24
Net decrease in cash and cash equivalents (A + B + C + D)	(17.42)	(26.69)
Cash and cash equivalents at the beginning of the year	22.12	48.81
Cash and cash equivalents at the end of the year (refer note 17)	4.70	22.12

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the Consolidated Financial Statements

Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.94 (March 31, 2015: Rs. 9.99) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No: 093649

Place : New Delhi
Date : May 30, 2016

**For and on behalf of the board of directors of
IL&FS Engineering and Construction Company Limited**

Ramchand K
Chairman
DIN: 00051769

Dr. S N Mukherjee
Chief Financial Officer

Place : New Delhi
Date : May 30, 2016

Murlidhar Khattar
Managing Director
DIN: 00266777

Sushil Dudeja
Company Secretary

Notes to Consolidated financial statements for the year ended March 31, 2016

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

1. Corporate information:

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

2. Basis for preparation of Consolidated financial statements:

The consolidated financial statements of the Consolidated entities for the year ended March 31, 2016, have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Consolidated entities have prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

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

2.1 Statement of significant accounting policies:

a) Principles of consolidation:

The consolidated financial statements of the Consolidated entities have been prepared using uniform accounting policies for like transactions and other events in similar circumstances, except as referred in note 27 below.

Investments in Consolidated entities, except where such investments are acquired with a view to their subsequent disposal in the immediate future, are accounted in accordance with accounting principles as defined under Accounting Standard ('AS') 21 "Consolidated Financial Statements", on a line by line basis, AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements", under Equity method and AS 27 "Financial Reporting of Interests in Joint Ventures", using proportionate consolidation method notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated in full on consolidation of subsidiaries and proportionately (to the extent it pertains to the Group) on consolidation of joint ventures.

Minorities' interest in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended March 31, 2016.

The Consolidated Financial Statements for the year ended March 31, 2016 have been prepared on the basis of the financial statements of the following subsidiaries, associate and joint venture entities:

Name of the Consolidated Entities	Country of Incorporation	% of Interest as at	
		March 31, 2016	March 31, 2015
Subsidiaries			
Maytas Infra Assets Limited (MIAL)	India	100.00%	100.00%
Maytas Metro Limited	India	99.99%	99.99%
Maytas Vashista Varadhi Limited	India	100.00%	100.00%
Angeerasa Greenfields Private limited	India	100.00%	100.00%
Saptaswara Agro-Farms Private Limited	India	100.00%	100.00%
Ekadanta Greenfields Private Limited	India	100.00%	100.00%
Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA)	Saudi Arabia	55.00%	55.00%

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Step Down Subsidiary			
Maytas Infra for Construction WLL (Refer Note I)	Qatar	-	49%
Joint Ventures (AOPs)			
NCC-Maytas (JV)	India	50.00%	50.00%
NEC-NCC-Maytas(JV)	India	25.00%	25.00%
Maytas-NCC (JV)	India	50.00%	50.00%
NCC-Maytas (JV) (Singapore Class Township)	India	50.00%	50.00%
Maytas-CTR (JV)	India	70.00%	70.00%
NCC-Maytas-ZVS (JV)	India	39.69%	39.69%
Associate			
Hill County Properties Limited (Refer Note II)	India	31.00%	31.00%

Note I:

During the previous year, MISA had incorporated a subsidiary. MISA had written-off the investment as the step-down subsidiary was under liquidation as at March 31, 2015. The step down subsidiary has been liquated during the current year. Accordingly, the net assets, revenues and cash flows of Maytas Infra for Construction WLL have not been included in the consolidated financial statements as at and the year ended March 31, 2016 and March 31, 2015.

Note II:

During the year 2010-11, the Company had invested Rs. 0.10 in equity shares of Hill County Properties Limited (HCPL) constituting 40% of the post issue paid up share capital of HCPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS Group (consisting of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and the Company) to be the new promoters of HCPL. During the earlier year, the Company had sold "Rs. 2,250 Equity Shares of Rs. 100 each of HCPL amounting to Rs. 0.02" constituting 9% of the paid up share capital of HCPL to Infrastructure Leasing and Financial Services Limited. HCPL was under the direct supervision of the Company Law Board (CLB), represented by a nominee director and hence was operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. Hence the investment in HCPL was accounted in accordance with Accounting Standard 13 "Accounting for Investments" instead of applying equity method in accounting for investments. During the previous year, the term of the CLB nominee director has expired and HCPL ceased to operate under severe long-term restrictions. However, such acquisition of shares does not form part of a strategy to acquire and retain long term assets / investments. Hence the investment in HCPL is continued to be accounted in accordance with Accounting Standard 13 "Accounting for Investments".

b) Use of estimates:

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

c) Revenue recognition:

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

Revenue from construction contracts

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

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

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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Revenue from design and consultancy services

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

Revenue from hire charges

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

Interest

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

Dividend

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

d) Tangible 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. Borrowing 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 realizable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower
- (iv) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (v) Depreciation on fixed assets other than those mentioned in S No (vi) 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 II to the Companies Act, 2013.
- (vi) Depreciation on the following fixed assets, for which rates are not prescribed under Schedule II to the Companies, Act 2013, is provided on a

straight-line basis, at rates that are based on useful lives as estimated by the management:

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

(vii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

(viii) Depreciation on the following tangible assets of an overseas subsidiary is charged on straight line basis, at the rates based on useful life of the assets as estimated by the Management, which are higher than the rates prescribed under Schedule II to the Companies Act, 2013.

Category of asset	Useful life
Buildings	4 years
Plant, and machinery - construction equipment	2-4 years
Vehicles	4 years
Furniture and fixtures	2-4 years
Office equipment	4 years
Data Processing equipment	2 years

(ix) The net block and depreciation charge respectively of overseas subsidiary is 5.84% of total net block of tangible assets at the Consolidated entities as at March 31, 2016 (March 31, 2015: 9.65%) and 22.80% of the total depreciation expense for the Consolidated entities for the year ended March 31, 2016 (March 31, 2015: 31.99%)

e) Intangible Assets - Software:

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

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

f) Investments:

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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

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

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

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

g) Inventories:

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

h) Retirement and other employee benefits:

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Consolidated entities have no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

Accumulated Gratuity liability which is expected to be paid on account of retirement within 12 months is treated as Short term employee benefit. Accordingly the Consolidated entities present the liability as current liability. Accumulated Gratuity liability in respect of which the consolidated entities have no obligation before 12 months is treated as long term employee benefit. Accordingly the Consolidated entities present the liability as non-current liability.

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

i) Segment reporting:

Identification of segments

The Consolidated entities operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the consolidated entities operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Consolidated entities prepare its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

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.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Consolidated entities has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

k) Foreign currency transactions:

• **Initial recognition**

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

• **Conversion**

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

• **Exchange differences**

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

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

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

• **Accounting for derivative instruments**

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

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

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

• **Translation of integral foreign operation**

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

l) Leases:

• **Where the Consolidated entities are Lessee**

Finance leases, which effectively transfer to the Consolidated entities substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate

Notes to Consolidated financial statements for the year ended March 31, 2016

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

of return. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

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

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

- **Where the Consolidated entities is a Lessor**

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

m) Borrowing costs:

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

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

n) Accounting for Jointly controlled operations:

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

o) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference

dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding, without a corresponding change in resources.

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

p) Impairment:

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

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

q) Provisions, contingent liabilities and contingent assets:

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

r) Cash and cash equivalents:

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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

s) Employee stock compensation cost:

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

t) Measurement of EBITDA:

As permitted by the Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Consolidated entities have opted to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of statement of profit and loss. The Consolidated entities measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Consolidated entities does not include depreciation and amortisation expense, finances costs, tax expense and minority interest.

		As at March 31, 2016	As at March 31, 2015
3	Share capital		
	Authorized shares (Nos.)		
	350,000,000 (March 31, 2015 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
	35,000,000 (March 31, 2015 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
		700.00	700.00
	Issued, subscribed and paid up shares (Nos.)		
	121,158,671 (March 31, 2015 : 112,122,818) equity shares of Rs. 10 each fully paid-up	121.16	112.12
	525,000 (March 31, 2015 : 1,200,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up	5.25	12.00
	8,750,000 (March 31, 2015 : 12,500,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up	87.50	125.00
		213.91	249.12

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

Equity shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	112,122,818	112.12	89,787,243	89.79
Issued during the year -Preferential issue	8,900,000	8.90	21,274,442	21.27
Issued during the year -ESOP exercised	135,853	0.14	1,061,133	1.06
Outstanding at the end of the year	121,158,671	121.16	112,122,818	112.12

6% cumulative redeemable preference shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	1,200,000	12.00	7,485,780	74.86
Redeemed during the year	(675,000)	(6.75)	(6,285,780)	(62.86)
Outstanding at the end of the year	525,000	5.25	1,200,000	12.00

6% optionally convertible cumulative redeemable preference shares

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	12,500,000	125.00	17,500,000	175.00
Redeemed during the year	(3,750,000)	(37.50)	(5,000,000)	(50.00)
Outstanding at the end of the year	8,750,000	87.50	12,500,000	125.00

(b) Terms/rights attached to equity shares

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

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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

(c) Restrictions attached to equity shares

- (i) As at March 31, 2016, 56,917,073 (March 31, 2015: 73,076,954) equity shares are required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company had created lock-in on February 8, 2015 for 9,795,846 shares and 11,478,596 shares upto April 29, 2018 and April 29, 2016 respectively. During the current year, the Company has extended the lock-in for 26,742,631 shares upto April 10, 2016 out of the 51,802,512 shares which were locked in upto October 31, 2015. Further, the Company has created lock in for 8,900,000 shares upto October 10, 2018.
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

(d) Terms of 6% cumulative redeemable preference shares

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

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust (MIT), on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by ITCL being the Trustee of MIT, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (2,25,000 CRPS of Rs.100 each) which were due for redemption on September 30, 2015, have been redeemed on due date.

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

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

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

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

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

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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

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

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

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

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

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

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

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	30.16%	36,538,477	32.59%
IL&FS Financial Services Limited (IFIN)	22,933,437	18.93%	18,441,482	16.45%
Infrastructure Leasing and Financial Services Limited (IL&FS)	22,505,048	18.57%	18,096,995	16.14%
ICICI Bank Limited	5,971,979	4.93%	5,971,979	5.33%

6% cumulative redeemable preference shares of Rs. 100 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	116,232	22.14%	203,406	16.95%
IDBI Bank Limited	36,648	6.98%	64,134	5.34%
State Bank of India	36,960	7.04%	64,680	5.39%
State Bank of Hyderabad	28,044	5.34%	49,077	4.09%
IL&FS Financial Services Limited	-	-	450,000	37.50%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	225,000	42.86%	225,000	18.75%

6% optionally convertible cumulative redeemable preference shares of Rs. 100 each, fully paid

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	1,937,200	22.14%	3,390,100	27.12%
State Bank of India	616,000	7.04%	1,078,000	8.62%
IDBI Bank Limited	610,800	6.98%	1,068,900	8.55%
State Bank of Hyderabad	467,400	5.34%	817,950	6.54%
Allahabad Bank	378,000	4.32%	661,500	5.29%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	3,750,000	42.86%	3,750,000	30.00%

As per the records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of the shares.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

(h) Shares reserved for issue under options

Refer note 40 for details of shares reserved for issue under the Employee Stock Option Scheme (ESOS) of the Company.

		As at March 31, 2016	As at March 31, 2015
4	Reserves and surplus		
	Securities premium account		
	Balance as per last financial statements	171.38	62.59
	Add : Addition on allotment of ESOPs exercised during the year	0.66	5.18
	Add : Addition on issue of equity shares on preferential basis during the year	67.20	107.44
	Less: Adjustment of share issue expenses (net of tax Rs. Nil)	-	(3.83)
	Closing balance	239.24	171.38
	Foreign currency translation reserve		
	Balance as per last financial statement	9.50	8.33
	Add: Foreign currency translation reserve for the current year	(1.32)	1.17
	Balance carried forward to Balance Sheet	8.18	9.50
	Deficit in the statement of profit and loss		
	Balance as per last financial statement	(161.19)	(147.79)
	Deficit brought forward from the Statement of Profit and Loss	(325.75)	(10.90)
	Adjustment for Depreciation as per the Companies Act 2013, (net of tax Rs. Nil) (Refer note 49)	-	(2.50)
	Net deficit in the statement of profit and loss	(486.94)	(161.19)
	Total reserves and surplus	(239.52)	19.69

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
5	Long-term borrowings			
	Term loans			
	From banks			
	Indian rupee working capital term loans (secured)			
	-	-	-	37.67
	229.00	179.85	78.88	59.77
	From others			
	From related party (secured) (Refer note 39 III A)			
	983.61	1,074.90	-	-
	171.50	216.08	9.71	-
	1.31	0.75	0.88	0.58
	3.21	0.18	1.00	0.05
	1,388.63	1,471.76	90.47	98.07
	The above amount includes			
	Secured borrowings			
	1,388.63	1,471.76	90.47	98.07
	Unsecured borrowings			
	-	-	-	-
	Amount disclosed under the head "other current liabilities" (Refer note 10)			
	-	-	(90.47)	(98.07)
	1,388.63	1,471.76	-	-

- (a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10.
- (b) Indian rupee working capital term loans from banks carry interest @ 9% p.a. (March 31, 2015 : 9% p.a.) and have been repaid by March 31, 2016 as per schedule given below:

Particulars	%	Due dates
FY 2010-11	32	September 30, 2011
FY 2012-13	15	Quarterly installments due on June 30, September 30, December 31 and March 31 every year.
FY 2013-14	20	
FY 2014-15	20	
FY 2015-16	13	

These loans were 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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans from others. These loans were additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

- c. Indian rupee term loans from banks to the extent of Rs 179.44 (March 31, 2015: Rs 239.62) carries an interest @ 11% p.a. (March 31, 2015 : 11% p.a.). The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Further, Indian rupee term loans to an extent of Rs. 128.44 (March 31, 2015 : Nil) carry an interest rate of 10.10% p.a to 11.15% p.a (March 31, 2015 : Nil). These loans are repayable in 4 years as per the schedule given below:

Particulars	%	Due dates
FY 2016-17	15	September 30, 2016, December 31 2016 and March 31, 2017
FY 2017-18	35	Quarterly instalments due on June 30, September 30, December 31 and March 31 every year.
FY 2018-19	40	
FY 2019-20	10	

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally guaranteed by letter of comfort from Infrastructure Leasing and Financial Services Limited.

- d. Vehicle loans from Non-Banking Financial Companies carry interest @ 13% to 18.39% p.a. (March 31, 2015 : 14.73% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- e. Secured loans from related party carry interest @ 12% to 13% p.a. (March 31, 2015 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 57 months to 84 months from the date of first disbursement. Further Interest on loan to the extent of Rs. Nil (March 31, 2015 : Rs. 130) from the drawdown date till March 2015 was accrued and converted into Funded Interest Term Loan (FITL), which carried interest @ 0.01% p.a. During the current year, FITL along with interest and premium has been prepaid.

Out of the above, loan to the extent of Rs. 421.60 (March 31, 2015 : Rs. 421.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Out of the above, loan of Rs 162 (March 31, 2015 : Rs. 162) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs. Nil (March 31, 2015 : Rs. 180) was secured by way of pari passu lien on cash flows from HCPL to the Company and were additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and Mortgage of title deeds of immovable property from subsidiaries of HCPL. This facility has been fully repaid during the year.

Loan to the extent of Rs. 375 (March 31, 2015 : Rs. 375) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.

Loan to the extent of Rs. 98.30 (March 31, 2015 : Rs. 98.30) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

Loan to the extent of Rs. 88.71 (March 31, 2015 : Rs. Nil) is secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 43 (March 31, 2015 : Rs. Nil) is additionally secured by way of second charge on fixed assets of the Company.

- f. Secured loans from others carry interest @ 13% p.a. (March 31, 2015 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months from the date of first disbursement.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Loan of Rs. 181.21 (March 31, 2015 : Rs. 194.62) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited.

Loan of Rs. Nil (March 31, 2015 : Rs.21.46) was secured by way of pari passu lien on cash flows from Hill County Properties Limited (HCPL) to the Company and additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantee and Mortgage of title deeds of immovable property from subsidiaries of HCPL. This facility has been fully prepaid during the year.

- (g) Finance lease obligation is secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e, lease obligation plus interest, is payable in 4 years.

		As at March 31, 2016	As at March 31, 2015
6	Other long-term liabilities		
	Trade payables	-	-
	Dues to micro and small enterprises		
	Dues to other than micro and small enterprises*	158.38	172.94
	Interest accrued but not due on borrowings	219.65	159.52
	Mobilization advance	43.59	91.26
	Others		
	Capital Creditors	15.81	-
	Statutory dues	3.62	3.62
	Others	7.62	7.70
		448.67	435.04

*represents retention money

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
7	Provisions			
	Provision for employee benefits			
	Provision for gratuity (Refer note 37)	3.14	3.63	0.36
	Provision for compensated absences	-	-	3.60
		3.14	3.63	3.96
	Other provisions			
	Provision for estimated future loss on projects (Refer note 35)	13.27	1.21	32.33
	Provision for liquidated damages (Refer note 36)	-	-	13.20
	Provision for tax (Net of Advance tax)	-	-	1.29
		13.27	1.21	46.82
		16.41	4.84	50.78

		As at March 31, 2016	As at March 31, 2015
8	Short-term borrowings		
	Cash credit facilities from banks (secured)	449.37	306.28
	Cash credit and other facilities from banks (unsecured)	105.22	47.99
	Loans from others (unsecured)	39.60	63.59
		594.19	417.86
	The above amount includes		
	Secured borrowings	449.37	306.28
	Unsecured borrowings	144.82	111.58
		594.19	417.86

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14.50% p.a. (March 31, 2015: 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties

Notes to Consolidated financial statements for the year ended March 31, 2016

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

both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Loans aggregating to Rs. 233.22 (March 31, 2015 : Rs.194.66) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to Rs. 216.15 (March 31, 2015 : Rs. 111.62) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited.

- b. Cash credit and other facilities from banks are repayable on demand and carries interest @ 4% p.a. These loans which have been classified as unsecured are secured by way of corporate guarantee from the Company and promissory note from the minority shareholders.
- c. Unsecured loan from others of Rs. 21.01 (March 31, 2015 : Rs. 45) carries interest @ 14% to 15% p.a. (March 31, 2015 : Rs. 14% to 15% p.a.) with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities are payable at monthly rests.
- d. Unsecured loans from others to the extent of Rs. 18.59 (March 31, 2015: Rs. 18.59) are interest free loans and repayable on demand:

	As at March 31, 2016	As at March 31, 2015
9 Trade payables		
- total outstanding dues of micro enterprises and small enterprises	42.76	19.51
- total outstanding dues of creditors other than micro enterprises and small enterprises *	986.07	1,063.12
* includes retention money payable of Rs. 97.73 (March 31, 2015: Rs.107.26)		

	As at March 31, 2016	As at March 31, 2015
10 Other current liabilities		
Current maturities of long-term borrowings (Refer note 5)	90.47	98.07
Interest accrued and due on borrowings*	14.92	1.34
Interest accrued but not due on borrowings / mobilization advance	43.46	32.45
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	-	0.00
Mobilization advance	373.66	401.40
Advance from customers	16.21	13.02
Dues to Joint venturers	0.56	0.61
Advance billing	19.52	27.09
Others		
Capital creditors	12.61	5.78
Statutory dues	16.05	18.30
	587.46	598.06

* Includes interest of Rs. 1.34 (March 31, 2015: 1.22) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

Consolidated Notes to financial statements for the year ended March 31, 2016

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

11a. Tangible assets

	Land	Buildings	Temporary erections - site offices	Leasehold improvements*	Plant, and machinery -construction equipment**	Site infrastructure	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total -tangible assets
Cost												
At March 31, 2014	4.78	2.60	45.30	0.17	551.80	3.07	7.71	5.83	6.78	8.06	11.58	647.68
Additions	-	0.18	8.72	-	39.74	0.83	1.00	1.31	0.85	1.77	1.61	56.01
Other adjustments	-	-	-	-	2.05	-	0.05	-	0.04	0.10	0.04	2.38
- Exchange difference	-	-	-	-	(13.82)	-	-	(0.06)	-	(0.03)	(0.92)	(14.83)
Disposals	-	-	-	-	579.77	3.90	8.76	7.08	7.67	9.90	12.31	691.24
At March 31, 2015	4.78	2.88	54.02	0.17	579.77	3.90	8.76	7.08	7.67	9.90	12.31	691.24
Additions	-	-	2.13	-	42.04	-	0.66	1.96	0.43	0.60	1.71	49.53
Other adjustments	-	-	-	-	3.88	-	0.09	-	0.08	0.23	0.10	4.55
- Exchange difference	-	0.17	-	-	(59.65)	-	(0.64)	-	-	-	(0.75)	(61.04)
Disposals	-	-	-	-	566.04	3.90	8.87	9.04	8.18	10.73	13.37	684.28
At March 31, 2016	4.78	3.05	56.15	0.17	566.04	3.90	8.87	9.04	8.18	10.73	13.37	684.28
Depreciation												
At March 31, 2014	-	1.24	35.82	0.14	388.94	2.91	3.33	5.80	4.60	4.09	6.08	452.95
Charge for the year	-	0.88	7.37	-	48.41	0.22	1.01	1.31	0.98	1.71	1.91	63.80
Other adjustments	-	-	-	-	1.30	-	0.04	-	0.04	0.05	0.01	1.50
- Exchange difference	-	0.06	-	-	-	-	2.29	-	0.19	-	0.02	2.50
Adjustment to reserves (Refer note 49)	-	-	-	-	(12.63)	-	-	(0.03)	-	(0.02)	(0.54)	(13.21)
Disposals	-	0.01	-	-	426.02	3.13	6.67	7.08	5.81	5.83	7.48	507.54
At March 31, 2015	-	2.19	43.19	0.14	43.16	0.14	0.97	1.96	0.93	1.27	1.36	55.71
Charge for the year	-	0.55	5.37	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	3.17	-	0.08	-	0.07	0.14	0.05	3.67
- Exchange difference	-	0.16	-	-	(36.53)	-	(0.50)	-	-	-	(0.31)	(37.34)
Disposals	-	-	-	-	435.82	3.27	7.22	9.04	6.81	7.24	8.58	529.58
At March 31, 2016	-	2.90	48.56	0.14	435.82	3.27	7.22	9.04	6.81	7.24	8.58	529.58
Net block												
At March 31, 2015	4.78	0.69	10.83	0.03	153.75	0.77	2.09	-	1.86	4.07	4.83	183.70
At March 31, 2016	4.78	0.15	7.59	0.03	130.22	0.63	1.65	-	1.37	3.49	4.79	154.70

** Leasehold improvements represent fixtures taken on finance lease.

**Plant and machinery - construction equipment :

- Plant and machinery - construction equipment includes shuttering and scaffolding material Rs. 128.18 (March 2015 : Rs. 135.43). Net block value of this shuttering and scaffolding material is Rs. 35.44 (March 2015: Rs. 42.40)
- Plant and machinery - construction equipment includes equipment given on operating lease
- Plant and machinery - construction equipment includes equipment taken on finance lease

Description	March 31, 2016	March 31, 2015
Cost	15.25	27.45
Opening balance of accumulated depreciation	13.17	22.34
Depreciation for the year	1.06	2.99
Net book value	1.02	2.12

Description	March 31, 2016	March 31, 2015
Cost	4.42	0.24
Opening balance of accumulated depreciation	0.00	-
Depreciation for the year	0.44	0.00
Net book value	3.98	0.24

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	Mining rights	Computer software	Total intangible assets
11 b Intangible assets			
Cost			
At March 31, 2014	-	3.49	3.49
Additions	-	0.38	0.38
Disposals	-	-	-
At March 31, 2015	-	3.87	3.87
Additions	41.89	0.15	42.04
Disposals	-	-	-
At March 31, 2016	41.89	4.02	45.91
Amortization			
At March 31, 2014	-	2.10	2.10
Charge for the year	-	0.38	0.38
Disposal during the year	-	-	-
At March 31, 2015	-	2.48	2.48
Charge for the year	-	0.65	0.65
Disposal during the year	-	-	-
At March 31, 2016	-	3.13	3.13
Net block			
At March 31, 2015	-	1.39	1.39
At March 31, 2016	41.89	0.89	42.78

	As at March 31, 2016	As at March 31, 2015
12 Investments		
(A) Non-current investments, unquoted trade investments (valued at cost unless stated otherwise)		
Investment in Associates - equity shares (fully paid-up)		
7,750 (March 31, 2015: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited [Including Rs. 0.08 (March 31, 2015: Rs. 0.08) of goodwill arising on consolidation]	0.08	0.08
Investment in other entities		
In equity shares (fully paid)		
4,000,000 (March 31, 2015: 4,000,000) equity shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2015: Rs. 4.00))	-	-
2,600 (March 31, 2015: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00
2,600 (March 31, 2015: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	0.00
In preference shares (fully paid-up)		
4,550,000 (March 31, 2015: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2015: Rs 4.55))	-	-
2,441,850 (March 31, 2015: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Limited *	24.42	24.42
In Pass Through Certificates (Refer note 46)		
2,596,675.290 (March 31, 2015: 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *	259.67	259.67
	284.17	284.17

Aggregate amount of provision for diminution in value of investments is Rs. 8.55 (March 31, 2015: Rs. 8.55)

* Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial services Limited.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
13 Loans and advances				
Capital advances				
Unsecured, considered good	1.14	1.07	-	-
(A)	1.14	1.07	-	-
Deposits (others)				
Unsecured, considered good	8.18	8.44	3.60	2.38
Considered doubtful	0.07	0.06	-	-
	8.25	8.50	3.60	2.38
Provision for doubtful deposits (others)	(0.07)	(0.06)	-	-
(B)	8.18	8.44	3.60	2.38
Loans and advances to related parties				
Secured, considered good (Refer note 47)	-	201.46	-	-
Unsecured, considered good	121.63	102.96	-	11.53
Considered doubtful	13.91	8.85	-	-
	135.54	313.27	-	11.53
Provision for doubtful advances	(13.91)	(8.85)	-	-
(C)	121.63	304.42	-	11.53
Advances recoverable in cash or kind				
Unsecured, considered good	3.80	6.34	273.79	215.15
Considered doubtful	18.50	25.43	-	-
	22.30	31.77	273.79	215.15
Provision for doubtful advances	(18.50)	(25.43)	-	-
(D)	3.80	6.34	273.79	215.15
Other loans and advances, unsecured, considered good unless otherwise stated				
Loan to other companies				
Secured, considered good	52.08	40.30	-	11.77
Unsecured, considered good	75.92	57.04	0.42	19.31
Inter-corporate deposits (Refer note 32)	362.36	362.36	-	-
Balances with statutory/government authorities	15.36	9.21	23.66	22.37
Advance income tax/ TDS Receivable (net of provision for taxation)	43.64	85.04	62.83	25.14
(E)	549.36	553.95	86.91	78.59
Total (A + B + C + D + E)	684.11	874.22	364.30	307.65

Loans and advances to related parties include

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Other advances				
Hill County Properties Limited	0.05	0.05	-	-
Dues from joint ventures	19.64	17.37	-	-
Inter-corporate deposits				
Hill County Properties Limited	115.85	295.85	-	11.53
	135.54	313.27	-	11.53

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
14 Other assets				
Interest accrued on deposits and others				
Considered good	119.28	108.92	44.58	38.04
Considered doubtful	41.92	41.92	-	-
	161.20	150.84	44.58	38.04
Provision for doubtful interest accrued	(41.92)	(41.92)	-	-
(A)	119.28	108.92	44.58	38.04
Claim for performance bank guarantee				
Considered doubtful	21.12	21.12	-	-
Less: Provision for doubtful bank guarantee	(21.12)	(21.12)	-	-
(B)	-	-	-	-
Unsecured, considered good unless otherwise stated				
Non-current bank balances (Refer note 17)	8.17	11.71	-	-
Non-current trade receivables (Refer note 16)	386.14	346.29	-	-
Non-current inventories (Refer note 15)	381.52	210.03	-	-
Others				
Fixed assets held for sale	-	-	12.48	12.48
Other receivables				
Considered good	3.94	4.00	11.47	8.80
Doubtful	1.98	1.98	-	-
	781.75	574.01	23.95	21.28
Provision for doubtful other receivables	(1.98)	(1.98)	-	-
(C)	779.77	572.03	23.95	21.28
Total (A + B + C)	899.05	680.95	68.53	59.32

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
15 Inventories [Refer note 2.1 (g) and 27]				
Project materials	-	-	106.87	101.46
Work-in-progress	-	-	24.19	22.59
Amount due from customers (project work-in-progress)	381.52	210.03	741.90	983.05
	381.52	210.03	872.96	1,107.10
Amount disclosed under non-current assets (Refer note 14)	(381.52)	(210.03)	-	-
Total	-	-	872.96	1,107.10

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
16 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	98.06	50.90	108.04	105.42
Doubtful	63.68	52.49	-	-
	161.74	103.39	108.04	105.42
Provision for doubtful receivables	(63.68)	(52.49)	-	-
(A)	98.06	50.90	108.04	105.42
Other receivables *				
Unsecured, considered good	(B) 288.08	295.39	486.34	682.89
Doubtful	-	-	-	-
	288.08	295.39	486.34	682.89
Provision for doubtful receivables	-	-	-	-
(B)	288.08	295.39	486.34	682.89
Amount disclosed under non-current assets (Refer note 14)	(C) (386.14)	(346.29)	-	-
Total (A + B + C)	-	-	594.38	788.31
* Non-current represents retention money of Rs. 288.08 (March 31, 2015: Rs. 295.39) and Current includes retention money of Rs. 295.67 (March 31, 2015: Rs. 227.46).				

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
17 Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	4.62	11.80
Deposits with original maturity for less than 3 months	-	-	-	10.04
On unpaid dividend account	-	-	-	0.00
Cash on hand	-	-	0.08	0.28
	-	-	4.70	22.12
Other bank balances				
Deposits with original maturity for more than 12 months *	0.65	0.32	0.07	3.35
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	0.14	2.20
Margin money deposits **	7.52	11.39	16.75	12.43
	8.17	11.71	16.96	17.98
Amount disclosed under non-current assets (Refer note 14)	(8.17)	(11.71)	-	-
Total	-	-	21.66	40.10

* Deposits under lien

** Lodged with authorities

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
18 Revenue from operations		
Revenue from contracts	2,083.70	2,765.65
Revenue from equipment hiring services	4.01	2.51
Revenue from other services	43.83	2.86
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (refer note 35)	-	11.70
	2,131.54	2,782.72
19 Other income		
Interest income on		
Bank deposits	2.45	3.46
Inter corporate deposits and others	113.90	88.91
Income tax refunds	5.77	0.95
Gain on exchange fluctuation (net)	0.45	1.07
Liabilities no longer required written back	4.24	12.15
Reversal of liquidated damages	1.34	-
Other non-operating income	6.20	10.05
	134.35	116.59
20 Cost of materials consumed		
Materials at the beginning of the year	101.46	60.02
Add: Purchases during the year	1,019.49	857.55
	1,120.95	917.57
Less: Stocks written-off	8.10	0.68
Less: Cost of materials sold	-	0.25
	1,112.85	916.64
Less: Materials at the end of the year	106.85	101.46
	1,006.00	815.18
21 Increase in work-in-progress		
Opening Work-in-progress	22.59	13.29
Closing Work-in-progress	24.19	22.59
	(1.60)	(9.30)
22 Employee benefits expenses		
Salaries, wages and bonus	127.36	305.91
Contribution to provident fund and other funds (Refer note 37)	6.83	7.01
Gratuity (Refer note 37)	1.32	1.10
Compensated absences	1.62	1.84
Staff welfare expenses	3.69	3.23
	140.82	319.09

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
23 Other expenses		
Rent	13.88	12.06
Rates and taxes	12.12	12.01
Office maintenance	5.33	6.53
Communication expenses	1.59	2.11
Printing and stationery	0.99	1.42
Legal and professional charges	15.27	26.36
Sitting fees	0.09	0.06
Travelling and conveyance	11.26	13.99
Business promotion	0.40	0.61
Donation	-	0.01
Auditor's remuneration (refer note 41)	1.60	1.59
Loss on sale/discard/write off of fixed assets (net)	0.84	0.23
Site expenses	20.79	17.65
Hire charges	36.34	29.90
Freight and transportation	9.68	4.94
Insurance	5.01	6.51
Power and fuel	5.14	5.06
Repairs		
Plant and machinery	6.94	4.15
Buildings	0.38	0.11
Others	3.12	2.67
Provision for estimated future losses (net)(refer note 35)	30.84	-
Provision for doubtful advances/trade receivables [net of reversal of provision of Rs. 0.58 (March 31, 2015: Rs. 0.09)]	18.21	7.81
Stock written off	8.10	0.68
Bad debts/advances written-off	77.28	2.73
Miscellaneous expenses	2.58	1.66
	287.78	160.85
24 Finance cost		
Interest expense	286.51	256.65
Lease finance charges	0.31	0.00
Bank charges	21.26	16.83
	308.08	273.48
25 Depreciation and Amortization		
Depreciation	55.71	63.77
Amortization	0.65	0.38
	56.36	64.15
26 Earnings per share (EPS):		
The following reflects the loss and share data used in the basic and diluted EPS computation:		
Loss for the year	(325.75)	(10.90)
Less: Dividend payable to preference shareholders & tax thereon	(6.70)	(10.40)
Loss for calculation of EPS	(332.45)	(21.30)
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	117,255,712	91,005,084

Notes to Consolidated financial statements for the year ended March 31, 2016

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

27. Uniform accounting policies:

As per the requirements of AS-21, AS-23 and AS-27, in the preparation of consolidated financial statements, the accounting policies of the Consolidated entities are required to be aligned with those of the Company to the extent practicable. The following accounting policy followed by various Consolidated entities is not aligned with those of the Company:

As per the Consolidated entities accounting policy, revenue from construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, NCC-Maytas (JV) (Singapore Class Township) and Maytas CTR (JV), joint venture entities have determined stage of completion on the basis of "Surveys performed" wherein the Consolidated entities has determined the stage of completion of the project by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs. The proportion of the aggregate work-in-progress of the above joint venture entities as compared to the work-in-progress at consolidated financial statement is 2.11% as at March 31, 2016 (1.86% as at March 31, 2015).

The Consolidated entities have estimated the impact of such differential accounting policies on the consolidated results for the year-end financial position of the Consolidated entities as at March 31, 2016 and based on such estimates, has determined that the difference is not material. Management is of the opinion that, such alignment of accounting policies is not practicable and that the cumulative impact of such alignment, if made, would not be significant to the consolidated financial statements.

28. The accompanying consolidated financial statements include aggregate assets amounting of Rs 234.23, aggregate revenue of Rs 197.62 and cash outflow of Rs 1.94 of an overseas subsidiary consolidated based on its unaudited financial statements. Management is of the view that adjustment, if any, that may have been required had the audited financial statements of the subsidiaries been made available would not be material.

29. Going concern:

The Company has reported a net loss of Rs. 325.75 Crores for the year ended March 31, 2016 (net profit for the year ended March 31, 2015: Rs. 10.90 Crores) and has accumulated loss of Rs. 486.94 Crores as at March 31, 2016 (as at March 31, 2015: Rs. 161.19 Crores), its net worth has been substantially eroded, there are uncertainties on recovery of its investments/ inter corporate deposits/ dues from customers, etc. and the Company's current liabilities exceeds its current assets as at the balance sheet date by Rs. 339.43. Management has taken significant steps for revival and restoration of operations of the Company. Based on the business plan and following mitigating factors, the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- a. The Company has an order book of Rs. 10,000 approximately as at March 31, 2016.
- b. Management has taken significant steps for revival and restoration of operations of the Company.
- c. The promoter group comprising of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs. 983.61 and Rs. 181.21 respectively to support the liquidity position of the Company upto March 31, 2016. Further, the promoter has advanced loans to the extent of Rs. 21.01 through its group companies. The Company has an unutilized limit of Rs. 39.99 from IL&FS as at March 31, 2016. Also, there is an unutilised limit of BGs and LCs of Rs. 400 from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Company to meet its obligation as they arise.
- d. During the year, the banks have sanctioned a new term loan for an amount of Rs. 128.44, which is repayable in 12 quarterly instalments starting from September 30, 2016. Further, the Company has unutilized Cash Credit limit of Rs. 61.58 and non-fund based limits to the extent of Rs. 100.97 respectively from banks.
- e. During the year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively.
- f. The Company has issued 89,00,000 equity shares of Rs. 10 each at premium of Rs. 75.50 on a preferential basis to IL&FS, and IFIN resulting to total receipt of Rs. 76.10. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 44.25 which were due for redemption during the year. Further, the Company has issued 1,35,853 equity shares on exercise of Employee Stock Options of Rs. 10 each at premium of Rs. 48.90 during the year.
- g. The Board of Directors of the Company at its meeting held on May 30, 2016 has resolved, subject to requisite approvals, to issue Preference Shares of Rs. 100 each on preferential basis for an amount up to Rs. 500.

Keeping in view, the abovementioned mitigating factors, these financial statements have been prepared on a going concern basis.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

30. (a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Claims against the Consolidated entities not acknowledged as debts (interest, if any, not ascertainable after date of order)	21.35	21.07
(ii)	Direct taxes under dispute *	27.72	59.42
(iii)	Indirect taxes under dispute ** #	101.35	96.27

*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt, disallowance of expenditure incurred towards extra works/labour cost on projects, disallowances of expenditure on which TDS is not deducted or short deducted, etc.

**The demands raised by the Sales Tax authorities and Central Excise and service tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

#Excludes Rs. 8.31 (March 31, 2015: Rs. 7.50) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

- (iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations, in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board (CLB) during the year and the Company has paid Rs. 0.08 as fee for compounding towards the same. Further, no action has been initiated by SFIO on the seventh matter till now
- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the previous year and accordingly filed written submissions. During the year, SEBI has passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with Simple Interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order has dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company has preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI has filed its affidavit and the Company has filed its rejoinder. The order from SAT is awaited on this matter.
- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV had provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract.

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2016.

(b) Other contingent liabilities

S.No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	423.21	373.46
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Consolidated entities towards performance obligations	728.14	668.02
(iii)	Corporate guarantees (including guarantees towards performance obligations)	273.20	291.05
(iv)	Liquidated damages	32.83	30.28
(v)	Preference dividend (including dividend tax)	23.45	24.72

Notes to Consolidated financial statements for the year ended March 31, 2016

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

31. Commitments:

a. Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 7.08 (March 31, 2015: Rs. 0.67).

b. Other Commitments:

- i. Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 243.96 (March 31, 2015: Rs. 226.27).

32. Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 362.36. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 342.11, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s. 391-394 of the Companies Act 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for March 31, 2016 continued to disclose as "Amounts Pending Investigation Suspense Account (Net) Rs. 1,230.40" as disclosed by SCSL earlier. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in their Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and/or expert advice, other developments, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 continues to subsist with SCSL. Management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain.

33. Segment Reporting:

Business segment:

The Consolidated entities operations fall into a single business segment "Construction and Infrastructure Development". Therefore, segment reporting in terms of Accounting Standard 17 on Segmental Reporting is not required to be disclosed.

Geographical segments:

Although the Consolidated entities major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country, and rest of the world.

Segment	Segment revenue		Carrying amount of segment assets		Carrying amount of additions to segment assets	
	2016	2015	2016	2015	2016	2015
India	1,918.04	2,094.45	3,715.92	3,922.43	69.53	45.87
Rest of the world	213.50	688.27	279.28	414.17	22.04	10.52
Total	2,131.54	2,782.72	3,995.20	4,336.60	91.57	56.39

34. Deferred tax:

The Consolidated entities have no deferred tax liability as at March 31, 2016. Deferred tax assets on account of timing differences have not been recognized as at March 31, 2016 in the absence of virtual certainty of future taxable profits, except for Maytas-NCC (JV), a joint venture for Rs. 0.02 since there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Particulars	March 31, 2016	March 31, 2015
Depreciation	0.01	0.00
Provision for Gratuity	0.01	0.00
Total	0.02	0.01

35. Provision for estimated future loss from projects:

The projects in progress as at March 31, 2016 have been evaluated for future loss, if any, based on estimates relating to cost-to-complete the same. Based on such evaluation, the Consolidated entities have provided for estimated future losses to an extent of Rs. 45.60 (March 31, 2015: Rs. 14.76) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The movement in the balance is as under:

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	As at March 31, 2016	As at March 31, 2015
Opening balance	14.76	26.46
Add: Additions during the year	31.76	2.62
Less: Reversal during the year	(0.92)	(14.32)
Closing balance	45.60	14.76

36. Provision for liquidated damages:

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the Management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc. The movement in provision for liquidated damages is as under:

	As at March 31, 2016	As at March 31, 2015
Opening balance	14.54	14.54
Add: Additions during the year	-	-
Less: Reversal during the year	(1.34)	-
Closing balance	13.20	14.54

37. Retirement benefits:

(a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the statement of profit and loss Rs. 6.83 (March 31, 2015 Rs. 7.01).

(b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan wherever applicable. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with LIC of India.

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the plan.

Consolidated statement of profit and loss

Net employee benefit expense

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	0.91	1.17
Interest cost on benefit obligation	0.30	0.30
Expected return on plan assets	(0.03)	-
Net actuarial loss/ (gain) recognized in the year	0.14	(0.37)
Net benefit expense	1.32	1.10

Balance sheet

Benefit Asset/ (Liability)

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	(4.36)	(3.81)
Fair value of plan assets	0.86	-
Plan Liability	3.50	3.81

Changes in the present value of the defined benefit obligation

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Particulars	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	3.81	3.26
Interest cost on benefit obligation	0.30	0.30
Current service cost	0.91	1.17
Benefits paid	(0.80)	(0.55)
Actuarial loss /(gain) on obligation	0.14	(0.37)
Closing defined benefit obligation	4.36	3.81

Changes in fair value of plan assets

Particulars	As at March 31, 2016	As at March 31, 2015
Opening fair value of plan assets	-	-
Expected return on plan assets	0.03	-
Expenses	(0.05)	-
Contributions by employer	1.33	-
Benefits paid	(0.45)	-
Closing fair value of plan assets	0.86	-

Amounts for current year and previous four years are as follows:

	2015-16	2014-15	2012-14	2011-12	2010-11
Defined benefit obligation	4.36	3.81	3.26	3.25	1.92
Loss/(gain) on obligation due to change in assumption	0.14	(0.37)	(1.10)	(0.20)	-
Experience gain on obligation	-	-	-	-	0.14

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

Particulars	As at March 31, 2016	As at March 31, 2015
Discount rate	7.90%	7.80%
Increase in compensation cost	5.00%	5.00%
Employee turnover	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

38. In terms of the disclosures required to be made under the Accounting Standard 7 (revised 2002) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 for "Construction Contracts":

	For the year ended March 31, 2016	For the year ended March 31, 2015
Contract revenue recognized for the year	2,083.70	2,765.65
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	10,672.03	11,094.16
Advances received for contracts in progress	312.05	467.44
Amount of retention for contracts in progress	422.53	516.93
Gross amount due from customers for contract work (excluding cancelled projects)	1,146.84	1,214.90
Gross amount due to customers for contract work	19.52	27.09

39. Related party disclosures:

I. Names of related parties and description of relationship with the Consolidated entities as per the Accounting Standard – 18 "Related Party Disclosures":

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

- Infrastructure Leasing & Financial Services Limited
- SBG Projects Investment Limited

Notes to Consolidated financial statements for the year ended March 31, 2016

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

- **Joint Ventures (JV)**
 1. NCC-Maytas (JV)
 2. NEC-NCC-Maytas(JV)
 3. Maytas-NCC (JV)
 4. NCC-Maytas (JV) (Singapore Class Township)
 5. Maytas-CTR (JV)
 6. NCC-Maytas-ZVS (JV)

- **Associate**
Hill County Properties Limited

F. Key management personnel

1. Mr. Murlidhar Khattar, Managing Director
2. Dr. S N Mukherjee, Chief Financial Officer
3. Mr. G Venkateswar Reddy, Company Secretary (upto November 30, 2015)

II. Transactions with related parties during the year:

	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Investing party in respect of which the reporting enterprise is an associate		
1. Infrastructure Leasing & Financial Services Limited		
Interest expenditure	(153.26)	(99.86)
Payments made on behalf of the Company	(1.84)	(1.84)
Bank Guarantee Commission	(3.27)	(2.55)
Interest converted into Loan	(35.07)	-
Loan taken	(88.71)	(538.30)
Loan repaid	215.07	-
Allotment of equity shares including securities premium	(37.69)	(29.35)
2. SBG Projects Investment Limited		
Allotment of equity shares including securities premium	-	(69.45)
B. Joint ventures (JV)**		
1. NEC – NCC – Maytas (JV)		
Receipt against share of profit	-	(0.06)
Expenses incurred on behalf of the party	0.02	0.02
2. Maytas – NCC (JV)		
Expenses incurred on behalf of the party	-	0.01
Expenses incurred on behalf of the Company	(0.01)	(0.04)
Receipt against share of profit	(1.59)	(0.10)
Revenue from contracts (excluding Project work in progress)	7.53	1.56
Provision for doubtful advances/trade receivables	(0.03)	(0.89)
3. NCC – Maytas (JV) (Singapore Class Township)		
Expenses incurred on behalf of the party	-	0.02
Provision for investment	-	(0.09)
4. Maytas CTR JV		
Advance given	0.90	2.39
Refund of advance given	(0.01)	(2.56)
5. NCC – Maytas – ZVS JV		
Receipt against share of profit	(0.08)	(0.29)

** Represents other venture's share in the transactions with the joint ventures

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
C. Associate		
Hill County Properties Limited		
Loans given	-	5.00
Loans repaid	(240.15)	(5.00)
Interest income	32.64	43.37
Interest converted into Loan	48.63	9.99
Reimbursement of expenses received	0.71	1.36
Expenses incurred on behalf of the party	-	(0.29)
Revenue from Contracts (excluding project work in progress)	10.83	65.62
The Company has provided internal audit services to Hill County Properties Limited free of charge.		
D. Key Management Personnel		
1. Murlidhar Khattar		
Professional charges	1.57	1.19
2. Dr. S N Mukherjee		
Professional charges	0.79	0.73
3. Mr. G Venkateswar Reddy		
Managerial Remuneration	0.31	0.32

III. Balances outstanding debit / (credit):

	As at March 31, 2016	As at March 31, 2015
A. Investing party in respect of which the reporting enterprise is an associate		
Infrastructure Leasing & Financial Services Limited*		
Long-term secured loan	(983.61)	(1,074.90)
Interest accrued and not due	(174.15)	(130.21)
Trade payables	(0.97)	(2.00)

*Excluding bank guarantee/ letter of credit of Rs. 267.71 (March 31, 2015: Rs. 267.19) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 190.96 (March 31, 2015: Rs. 190.96). The Company had also given corporate guarantee of Rs. 125 (March 31, 2015: Rs 125) for availing Letter of credit facilities from its bankers.

Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 216.15 (March 31, 2015: Rs. 111.62).

	As at March 31, 2016	As at March 31, 2015
B. Joint ventures		
1. NEC – NCC – Maytas (JV)	(0.55)	(0.58)
2. Maytas – NCC (JV)	3.23	1.79
3. NCC – Maytas (JV)	0.01	0.01
4. NCC – Maytas (JV) (Singapore Class Township)	0.04	0.04
5. Maytas – CTR- JV	16.49	15.53
6. NCC – Maytas – ZVS	(0.01)	(0.01)
C. Associate		
Hill County Properties Limited		
- Inter corporate deposits secured	-	201.46
- Inter corporate deposits unsecured	115.85	105.91
- Interest accrued	4.66	66.85
- Other receivables	0.59	0.59
- Trade receivables (including retention money)	88.72	90.30
- Investment	0.08	0.08

Notes to Consolidated financial statements for the year ended March 31, 2016

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

IV. Provisions against balances outstanding:

	As at March 31, 2016	As at March 31, 2015
A. Joint Ventures		
1. Maytas - NCC (JV)	(1.82)	(1.77)
2. Maytas - CTR JV	(13.11)	(8.11)
3. NCC – Maytas (JV)	(0.03)	(0.03)
4. NCC – Maytas (JV) (Singapore Class Township)	(0.18)	(0.18)

40. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2016 the following two schemes were in operation:

Particulars	ESOS – 2009	
	Grant I	Grant II
Date of grant	March 23, 2010	June 28, 2012
Date of Remuneration Committee approval	March 23, 2010	June 28, 2012
Date of Shareholder's approval	November 09, 2009	November 09, 2009
Number of options granted	1,201,407	2,849,984
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	Vesting Option - 1 Options vest on an annual basis at 30%, 35% and 35% over a period of three years. Vesting Option - 2 Options vest on an annual basis at 20%, 30% and 50% over a period of three years.	Vesting Option 1: Options vest on an annual basis at 30%, 30% and 40% over a period of three years. Vesting Option 2: Options vest on an annual basis at 40% and 60% over a period of two years. Vesting Option 3: Options vest totally after one year from the date of grant.
Exercise Period	3 Years from the date of vesting	3 Years from the date of vesting

(i) The details of activity under Grant I of ESOS – 2009 have been summarized below:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	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	1,65,328	176.90	370,877	176.90
Granted during the year	-	-	-	-
Forfeited during the year	43,499	176.90	62,343	176.90
Exercised during the year	-	-	-	-
Expired during the year	1,21,829	176.90	143,206	176.90
Outstanding at the end of the year	-	-	165,328	176.90
Exercisable at the end of the year	-	-	165,328	176.90
Weighted average remaining contractual life (in years)	-	-	0.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

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)
2015-16	176.90	-	-	176.90
2014-15	176.90	165,328	0.98	176.90

Notes to Consolidated financial statements for the year ended March 31, 2016

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

(II) The details of activity under Grant II of ESOS – 2009 have been summarized below:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	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	7,57,553	58.90	2,160,848	58.90
Granted during the year	-	-	-	-
Forfeited during the year	1,91,110	58.90	342,162	58.90
Exercised during the year	1,35,853	58.90	1,061,133	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,22,590	58.90	757,553	58.90
Exercisable at the end of the year	4,22,590	58.90	492,933	58.90
Weighted average remaining contractual life (in years)	2.24	-	3.24	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	26.18	-

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

Year	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)
2015 – 16	58.90	4,22,590	2.24	58.90
2014– 15	58.90	757,553	3.24	58.90

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	ESOS 2009 Grant I	ESOS 2009 Grant II
Dividend yield (%)	0.19%	-
Expected volatility	68.34%	54.38%
Risk-free interest rate	6.67%-7.38%	8.38%
Weighted average share price (Rs.)	176.50	58.90
Exercise price (Rs.)	176.50	58.90
Expected life of options granted in years	2.5 – 4.5 years	2.5 – 5.5 years

Effect of the above ESOS plans on the statement of profit and loss and on its financial position:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Employee Compensation Cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

In March 2005, the Institute of Chartered Accountants of India 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

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit/(Loss) considered for EPS (Refer note 26)	(332.45)	(21.30)
Add: Employee stock compensation under intrinsic value method	-	
Less: Employee stock compensation expense / (reversal) under fair value method	(2.10)	(2.46)
Proforma loss	(330.35)	(18.84)
Earnings Per Share (Rs.)		
Basic		
- As reported	(28.35)	(2.34)
- Proforma	(28.17)	(2.07)
Diluted		
- As reported	(28.35)	(2.34)
- Proforma	(28.17)	(2.07)

41. Auditor's remuneration (including Service Tax):

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Statutory audit	0.81	0.80
Limited review	0.34	0.34
Certification	0.23	0.24
Audit fees for consolidated financial statements	0.17	0.17
Out of pocket expenses	0.05	0.04
Total	1.60	1.59

Note: The above remuneration for previous year excludes Rs. Nil (March 31, 2015: Rs. 0.11) pertaining to share issue expenses.

42. The aggregate amount of the gross assets, liabilities, income and expenses related to the Group's share in the joint ventures included in these consolidated financial statements as of and for the year ended March 31, 2016 are given below:

Particulars	As at March 31, 2016	As at March 31, 2015
Consolidated Balance Sheet:		
Non-current assets		
Tangible assets	0.05	0.07
Deferred tax assets (net)	0.02	0.01
Long-term loans and advances	1.04	0.98
Other non-current assets	19.33	13.38
Total Non-current assets	(A) 20.44	14.44
Current assets		
Inventories	24.20	22.61
Trade receivables	23.13	7.88
Cash and bank balances	0.51	0.55
Short-term loans and advances	24.44	23.44
Other current assets	0.02	-
Total current assets	(B) 72.30	54.48
Total Assets (A+B)	92.74	68.92
Non-current liabilities		
Other long-term liabilities	27.98	22.39
Total Non-current liabilities	(C) 27.98	22.39
Current liabilities		
Trade payables	24.91	9.06
Other current liabilities	39.54	37.34
Short-term provisions	0.31	0.13
Total Current liabilities	(D) 64.76	46.53
Total Liabilities (C+D)	92.74	68.92

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Consolidated statement of profit and loss:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Income		
Revenue from operations	95.86	7.54
Other income	0.01	0.11
Total Income (A)	95.87	7.65
Expenditure		
Increase in Work-in-progress	(1.60)	(9.29)
Employee benefits expense	-	0.02
Sub-contract expenses	91.35	16.02
Other expenses	0.03	0.03
Financial costs	-	0.01
Depreciation and amortization expense	0.03	0.03
Total Expenditure (B)	89.81	6.82
Profit before tax (C = A-B)	6.06	0.83
Provision for taxation		
- Current tax	2.11	0.31
- Tax for earlier years	-	0.09
Total tax expense (D)	2.11	0.40
Profit after tax (C-D)	3.95	0.43

43. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2016 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Trade receivables	AED 2.36	42.50	AED 4.55	77.15
Advances given	AED 0.01	0.09	AED 0.08	1.38
Other receivables	AED 0.11	2.01	-	-
Amount due from customers (Project work-in-progress)	-	-	AED 0.24	4.12
Bank balances	AED 0.01	0.22	AED 0.12	2.06
Trade payables	AED 0.05	0.97	AED 1.47	25.03
Trade payables	-	-	USD 0.00	0.06
Security deposit payable	AED 1.58	28.49	AED 2.91	49.36
Mobilization advance payable	-	-	AED 0.05	0.79
Advance billing	AED 0.05	0.96	AED 0.11	1.91

Notes to Consolidated financial statements for the year ended March 31, 2016

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

44. Net assets and share in profit / (loss) of components in absolute numbers and as a percentage of Net assets and share in profit / (loss) as per consolidated financial statements:

Name of the entity	March 31, 2016				March 31, 2015			
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent	(103.20%)	123.60	57.87%	(188.52)	97.34%	279.48	(24.50%)	2.67
Subsidiaries								
<i>Indian</i>								
Maytas Infra Assets Limited	9.62%	(11.52)	0.00%	(0.00)	(4.01%)	(11.51)	0.18%	(0.02)
Maytas Vasista Varadhi Limited	(0.04%)	0.05	-	-	0.02%	0.05	-	-
Maytas Metro limited	3.45%	(4.13)	-	-	(1.44%)	(4.13)	-	-
Angeerasa Green Fields Pvt. Ltd.	0.03%	(0.03)	0.00%	(0.00)	(0.01%)	(0.02)	0.00%	(0.00)
Ekadanta Green Fields Pvt. Ltd.	0.03%	(0.04)	0.00%	(0.00)	(0.01%)	(0.03)	0.00%	(0.00)
Saptaswara Agro Farms Pvt. Ltd.	0.23%	(0.28)	0.00%	(0.00)	(0.09%)	(0.27)	0.00%	(0.00)
<i>Foreign</i>								
Maytas Infra Saudi Arabia Company, Limited Liability Company	254.61%	(304.95)	76.32%	(248.61)	7.63%	21.92	247.16%	(26.94)
Minority interests in all subsidiaries	(78.62%)	94.16	(34.19%)	111.37	6.37%	18.30	(112.02%)	12.21
Joint Ventures (Indian)								
Maytas NCC JV	(4.07%)	4.88	(1.11%)	3.63	1.54%	4.42	(1.47%)	0.16
NEC-NCC-Maytas (JV)	-	-	-	-	-	-	(0.09%)	0.01
NCC-Maytas (JV)	-	-	0.00%	(0.00)	-	-	-	-
NCC-Maytas (JV) (Singapore Class Township)	(0.74%)	0.89	0.00%	(0.00)	0.00%	0.00	1.10%	(0.12)
Maytas – CTR (JV)	(2.73%)	3.27	(0.02%)	0.07	1.12%	3.22	(2.66%)	0.29
NCC – Maytas – ZVS (JV)	(0.14%)	0.17	(0.08%)	0.25	0.02%	0.05	(0.83%)	0.09
Consolidation adjustments	21.57%	(25.84)	1.21%	(3.94)	(8.48%)	(24.37)	(6.88%)	0.75
Total	100.00%	(119.77)	100.00%	(325.75)	100.00%	287.11	100.00%	(10.90)

45. Leases:

In case of assets taken on lease:

Operating lease: Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Minimum lease payments (MLP) under non-cancellable operating leases are:

Particulars	As at March 31, 2016	As at March 31, 2015
Minimum Lease Payments		
Not later than one year	0.16	1.45
Later than one year but not later than five years	-	0.16
Later than five years	-	-
	0.16	1.61

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 the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

Notes to Consolidated financial statements for the year ended March 31, 2016

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

	March 31, 2016		March 31, 2015	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	1.52	1.00	0.08	0.05
After one year but not more than five years	3.82	3.21	0.20	0.18
More than five years			-	-
Total minimum lease payments	5.34	4.21	0.28	0.23
Less: amounts representing finance charges	(1.13)	-	(0.07)	-
Present value of minimum lease payments	4.21	4.21	0.21	0.23

Particulars	As at March 31, 2016	As at March 31, 2015
Total minimum lease payments during the year	0.74	0.00
Less: amount representing finance charges	(0.31)	(0.00)
Present value of minimum lease payments (rate of interest 14%)	0.43	0.00

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, 2016	As at March 31, 2015
Future Minimum Lease Payments		
Not later than one year	-	0.52
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	0.52

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

46. In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC), wherein the Company was also a contributory. As at March 31, 2016, the Investment of the Company includes Rs. 259.67 (March 31, 2015: Rs. 259.67) contributed towards these PTCs and has receivables loans and advances and Investments aggregating to Rs. 196.73 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.

47. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering & Construction Company Limited ("IECCL")] in the Hill County Properties Limited ("HCPL"), IL&FS Group had extended loans to HCPL through the Company amounting to Rs. Nil (March 31, 2015: Rs. 201.46). Such facilities were ranked as priority debt and had priority in repayment over other liabilities of HCPL (except existing secured borrowings from banks). In addition, towards security for the same, the Company had entered into an "Articles of Agreement" with HCPL wherein IL&FS Group had been given an option for adjusting the loans, along with accrued interest, against all the unsold villas and apartments of Hill County Phase I project of HCPL.

During the earlier years, the Company had entered into inter-se sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory, pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and mortgage of title deeds of immovable property from subsidiaries of HCPL. HCPL was in the process of creating charges for certain mortgage of title deed of immovable property and development rights from identified subsidiaries along with their respective corporate guarantees. Based on the security of these assets, the loans had been classified as secured.

48. (i) In the previous year, consequent to an arbitration award, the Company had accrued proportionate revenue to the extent of percentage of completion in case of a road project amounting of Rs. 97.29 and accrued interest of Rs. 57.29 (including

Notes to Consolidated financial statements for the year ended March 31, 2016

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

Rs. 24.39 recognized during the year). The customer had filed an appeal with the Honorable High Court of New Delhi against the said award and the hearings are on-going. The Company has filed a counter stating that the objections raised by the customer are beyond the scope of challenge allowable under law and the appeal is not legally tenable.

- (ii) During the year, the Company has accrued revenue of Rs. 85.51 and interest of Rs. 43.16 on account of compensation claimed by the Company for delays due to handing over of the land, drawings, etc. for project execution. The compensation is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company and which has now been accrued based on expert opinion and internal assessment and the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable.

49. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company had revised the estimated useful lives of fixed assets with effect from April 01, 2014. Accordingly, the net-book value of the fixed assets as on April 01, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. As a result of such change in the estimated useful lives, the depreciation and amortization expense for the year ended March 31, 2015 had decreased by Rs. 11.62 with a corresponding impact on profit after tax and fixed assets.

Further, as per the notification issued by MCA dated August 29, 2014, the Company had opted to adjust the carrying amount of certain fixed assets amounting to Rs. 2.50 as on April 1, 2014 whose remaining useful life was 'Nil' as on that date, to deficit in the Statement of profit and loss in the financial statements.

50. Losses attributable to minority in excess of minority interest in the equity of subsidiary have not been adjusted to reserves and surplus as there is a binding obligation.
51. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.
52. Previous year's figures have been regrouped/rearranged to conform to those of the current year.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No: 093649

Place : New Delhi
Date : May 30, 2016

**For and on behalf of the board of directors of
IL&FS Engineering and Construction Company Limited**

Ramchand K
Chairman
DIN: 00051769

Dr. S N Mukherjee
Chief Financial Officer

Place : New Delhi
Date : May 30, 2016

Murlidhar Khattar
Managing Director
DIN: 00266777

Sushil Dudeja
Company Secretary

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED
CIN: L45201AP1988PLC008624

 Regd. Office: Door No: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No. 2, Banjara Hills, Hyderabad – 500 033
 Phone : 040 40409333; Fax : 040 40409444; Email : cs@ilfsengg.com
 Website : www.ilfsengg.com

ATTENDANCE SLIP

I/We hereby record my/our presence at the 27th Annual General Meeting being held on Friday, September 23, 2016 at 11.00 A.M. at KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad- 500 004

Name of the Member / Proxy* No. of shares held

Folio No.	Client ID :	DP ID :
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Signature of Member	
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*Strikeout whichever is not applicable

- Note:**
1. Member / Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
 2. Member / Proxy should bring his/her copy of the Annual Report

FORM No. MGT-11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L45201AP1988PLC008624
Name of the company: IL&FS Engineering and Construction Company Limited
Registered office: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500033.

Name of the member (s):		E-mail Id:	
Registered address:		Folio No/ Client Id:	
		DP ID:	

I/We, being the member (s) of shares of the above named company, hereby appoint

1.	Name:
	Address:
	E-mail Id:
	Signature: or failing him

2.	Name:
	Address:
	E-mail Id:
	Signature: or failing him

3.	Name:
	Address:
	E-mail Id:
	Signature:

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on Friday, September 23, 2016 at 11.00 A.M. at KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolution(s) Description	For	Against
Ordinary Resolutions:			
1	To consider and adopt standalone and consolidated financial statements of the Company for the financial year ended March 31, 2016, the reports of Board of Directors and Auditors thereon		
2	To appoint a Director in place of Mr. Karunakaran Ramchand (DIN – 00051769), who retires by rotation and, being eligible, offers himself, for re- appointment		
3	To consider and ratify appointment of Statutory Auditors of the Company for FY 2017		
4	To approve remuneration payable to Cost Auditors for FY 2017		
5	To appoint Mr. Debabrata Sarkar (DIN 02502618) as a Non-Executive Independent Director of the Company		
Special resolution:			
6	To issue securities of the Company for an amount up to Rs. 500 crore		

Signed this day of 2016

Signature of Member

Affix a
Rs.1/-
Revenue
Stamp

.....
Signature of first proxy holder

.....
Signature of second proxy holder

.....
Signature of third proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate. (***)
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



Work in progress at Bangalore Metro Rail Project, Karnataka



Work in progress at four laning of Kiratpur Ner Chowk Section of NH-21 in Himachal Pradesh



Rural Electrification (RE) works for PWNL (Paschimanchal Vidyut Vitran Nigam Limited) in Bulandshahr district of Uttar Pradesh



400 KV Double Circuit, Quad Moose Conductor and Suspension Tower at Cuddalore Transmission Line Project in Cuddalore district of Tamil Nadu

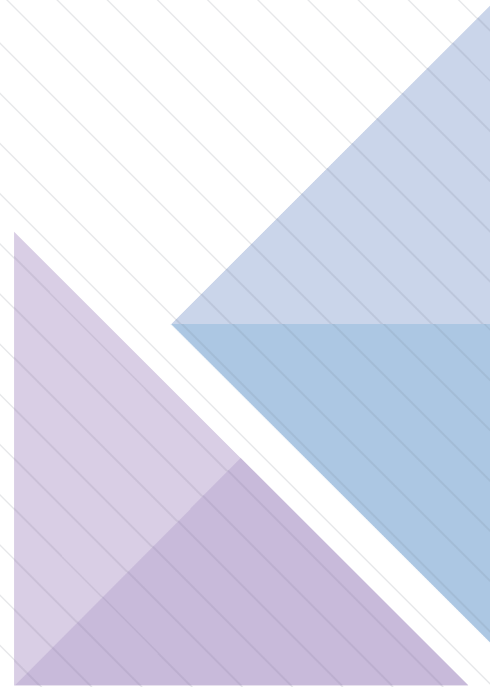


Mahindra Ashvitha Residential Project in Hyderabad, Telangana



Lodha Residential Project in Mumbai, Maharashtra

BOOK-POST



If undelivered, please return to:

 **Engineering Services**

IL&FS Engineering and Construction Company Limited
CIN - L45201AP1988PLC008624

Registered Office: Door No. 8-2-120/113/3/4F, Sanali Info Park
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