

ANNUAL REPORT

2017 - 2018



Partner in Nation Building



IL&FS | Engineering Services

IL&FS Engineering and Construction Company Limited



Kochi-Koottanad-Bangalore-Mangalore Pipeline Project, Kerala / Karnataka



EPC Pipeline Laying Project in Karnataka for Indian Strategic Petroleum Reserves Limited (ISPRL), Ministry of Petroleum and Natural Gas, Government of India



Assam-25 Road Project, Assam



Four Laning of Patna Gaya Dobhi Section of NH-83 Road Project, Bihar



DLF Road Project, Gurgaon, Haryana



Bangalore Metro Rail Project, Phase-2, Bengaluru, Karnataka

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Bankers

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

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

Mr Karunakaran Ramchand
(Chairman)

Mr Mukund Sapre
(Managing Director)

Mr Saleh Mohammed A Binladen*

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

Mr Debabrata Sarkar

Mr Ganapathi Ramachandran

Ms Sutapa Banerjee

Mr Bhaskar Chatterjee

*Resigned wef May 29, 2018

**Ceased to be a Director wef May 29, 2018

Chief Financial Officer

Dr Sambhu Nath Mukherjee

Company Secretary

Mr Sushil Dudeja

Statutory Auditors

BSR & Associates LLP

Chartered Accountants

ICAI Firm Regn No. : 116231W/W-100024
Salalpuria Knowledge City
Orwell, 6th Floor, Unit-3,
Survey No. 83/1, Plot No.2,
Raidurg, Hyderabad – 500081

M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Regn No. : 000459S
5-D, Fifth Floor, 6-3-652,
Kautilya Apartment,
Raj Bhavan Quarters Colony,
Somajiguda, Hyderabad- 500082

Registered Office:

CIN: L45201AP1988PLC008624

Door No.8-2-120/113/3/4F, Sanali Info Park,
Cyber Towers, Road No.2, Banjara Hills,
Hyderabad-500033.

Tel. +91 40 40409333, Fax No. +91 40 40409444

Website: www.ilfsengg.com

Email : cs@ilfsengg.com

NOTICE

NOTICE is hereby given that **Twenty-Ninth Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited** will be held at 11:30 am on Monday, September 17, 2018 at KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS :

- (1) To consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company for the Financial Year Ended March 31, 2018, the reports of the Board of Directors and Auditors' thereon; and
 - (b) the Audited Consolidated Financial Statements of the Company for the Financial Year Ended March 31, 2018 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 modifications, 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 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S), as Joint Statutory Auditors of the Company, approved by the Members in their 28th Annual General Meeting to hold office for a period of 5 consecutive years until the conclusion of 33rd Annual General Meeting be and is hereby ratified from this Annual General Meeting till the conclusion of next Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of Financial Statements of the Company"

"RESOLVED FURTHER THAT pursuant to the provisions of Companies (Amendment) Act, 2017 read with amended rules of the Companies (Audit and Auditors) Rules, 2014 effective from May 7, 2018, the appointment of BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S) as Joint Statutory Auditors of the Company for the remaining period till the conclusion of 33rd Annual General Meeting, shall not be subject to ratification by the Members of the Company"

SPECIAL BUSINESS :

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

Remuneration to Cost Auditors :

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Narasimha Murthy & Co, Cost Accountants (Firm Registration No. 000042), re- appointed as Cost Auditors by the Board of Directors of the Company

to conduct audit of the Cost Records of the Company for the financial year ending March 31, 2019, be paid a remuneration of ₹ 7,50,000/- (Rupees Seven Lakh Fifty Thousand only) (excluding applicable taxes) in addition to reimbursement of out of pocket expenses and conveyance as may be incurred in the course of Audit"

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

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

Approval of the IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018 and Grant of Options to the Employees of the Company

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory laws / Guidelines / Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as may be prescribed/imposed by the appropriate regulatory authority(ies) / institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee') consent of the Members of the Company be and is hereby accorded to approve, formulate and implement "IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018" ("scheme") and the Board be and is hereby authorised to create, grant, offer, issue and allot, in one or more tranches, a maximum of 2,00,00,000 (Two Crore) options (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) exercisable into 2,00,00,000 (Two Crore) equity shares of face value of ₹ 10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) to or for the benefit of permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of

the outstanding Equity Shares of the Company) of the Company and its Present and Future Subsidiary Companies and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Identified Employees") and as may be approved by the Board, from time to time at such price or prices in one or more tranches and on such terms and conditions as may be determined by the Committee/Board in accordance with the applicable laws, and as per the terms of the Scheme and to provide for grant and subsequent vesting and exercise of options by Identified Employees in the manner and method as contained in the Scheme and described in the Explanatory Statement"

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari – passu in all respects with the then existing Equity Shares of the Company"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take requisite steps for listing of the Equity Shares allotted under the Scheme, from time to time, on the Stock Exchanges where the Equity Shares of the Company are listed"

"RESOLVED FURTHER THAT the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein"

"RESOLVED FURTHER THAT the Board of the Company, subject to compliance of the applicable laws and regulations be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the scheme not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Scheme and do all other things incidental to and ancillary thereof"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appoint Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Scheme and to make applications to the appropriate Authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution"

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

Approval of Grant of Options to the Employees of Present and Future Subsidiary Company under the IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 (including

any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory laws / Guidelines / Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as may be prescribed / imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee') the consent of the Members of the Company be and is hereby accorded to extend the benefits of IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018" ("scheme") to the permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) of the present and future Subsidiary Company / ies of the Company, and such other employees as may be permitted under the applicable laws (hereafter collectively referred as ("Identified Employees") and as may be approved by the Board from time to time, on such terms and conditions, as contained in the Scheme and described in the Explanatory Statement"

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank paripassu in all respects with the then existing Equity Shares of the Company

"RESOLVED FURTHER THAT the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary for the effective implementation and administration of the Scheme and to make applications to the appropriate Authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution"

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

Sushil Dudeja
Company Secretary
(Membership No. A19265)

Place: Mumbai
Date: July 31, 2018

NOTES:

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED**
- (2) **A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER**
- (3) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto and forms part of the Notice
- (4) Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the Meeting
- (5) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the Meeting
- (6) Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during office hours between 9:00 a.m. to 5:00 p.m. on all working days prior to the date of the Annual General Meeting (AGM)
- (7) The Register of Members and Share Transfer Books of the Company will be closed from Monday, September 10, 2018 to Monday, September 17, 2018 (both days inclusive) for the purpose of 29thAGM
- (8) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Computershare Private Limited (Karvy), Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad –500 032 in respect of their physical share folios, if any
- (9) Members are requested to bring their copies of Annual Report to the AGM
- (10) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting
- (11) The Notice of the AGM along with the Annual Report is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member had requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode
- (12) Members may also note that the Notice of 29th AGM and the Annual Report for FY 2018 are also available on the Company's website at www.ilfsengg.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email id: cs@ilfsengg.com
- (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 are also requested to 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 Director seeking re-appointment at 29th AGM of the Company to be held on Monday, September 17, 2018 are provided in Annexure 1 of this Notice
- (17) A Route map showing directions to reach the venue of 29th AGM is given at the end of this Notice as per the requirement of the Secretarial Standard-2 on General Meetings
- (18) Procedure of E-Voting –
 - (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 Listing Regulations, your Company is pleased to provide Members, facility to exercise their right to vote at 29th 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 (having CP number 5360), proprietor of RPR & Associates, Company Secretaries, who has consented to act as the Scrutiniser of the Company, 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. Members of the Company holding shares either in physical form or in dematerialized form may cast their vote electronically.
 - iii. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
 - iv. After entering the details appropriately, click on LOGIN.
 - v. You will reach the Password change menu wherein you are required to mandatorily

change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-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 7, 2018 under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN
 - ix. Members holding multiple folios / demat account shall choose the voting process separately for each folios / demat account
 - x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, 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 Member, he/she shall not be allowed to change it subsequently
 - xii. The Portal will be open for voting from 9.00 a.m. on Thursday, September 13, 2018 to 5.00 p.m. on Sunday, September 16, 2018
 - xiii. The Members who have cast their vote by remote e-voting prior to the AGM may attend the Meeting but shall not be entitled to cast their vote again
 - xiv. Persons who have acquired shares and became Members of the Company after the dispatch of Annual Report but before the cut-off date i.e. Friday, September 7, 2018, 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 Members and e-voting User Manual for Members available at the download section of <http://evoting.karvy.com> or contact Toll Free No. 18003454001
- (iv) The Results of the remote e-voting and voting at AGM venue will be declared not later than 48 hours from the 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. 3 :

In terms of the provisions of Section 139(1) of the Companies Act, 2013 ("the Act") BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S), were appointed as Joint Statutory Auditors of the Company at the 28th Annual General Meeting (AGM) held on 28th August, 2017 to hold office for a period of 5 consecutive years from the conclusion of the 28th AGM until the conclusion of the 33rd AGM of the Company. In terms of the provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by the Members at every AGM. Accordingly, ratification of appointment of Joint Statutory Auditors of the Company from the conclusion of this AGM till the conclusion of next AGM by the Members is being sought in the resolution set out at item no. 3 of this Notice

Further, pursuant to the provisions of the Companies (Amendment) Act, 2017 read with amended rules of the Companies (Audit and Auditors) Rules, 2014 effective from May 7, 2018, the appointment of BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S), as Joint Statutory Auditors of the Company for the remaining period till the conclusion of 33rd Annual General Meeting, shall not be subject to ratification by the Members of the Company

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

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

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

Item No. 4 :

The Board of Directors, on the recommendation of the Audit Committee, approved the re-appointment as well as the remuneration of Narasimha Murthy & Co, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending on March 31, 2019 at a remuneration of ₹ 7,50,000/- (Rupees Seven Lakh Fifty Thousand only) (excluding applicable taxes) plus reimbursement of out of pocket expenses and other expenses as may be incurred in the course of audit

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

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

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

Item No. 5 and 6:

In the present competitive scenario, the Board of Directors of the

Company (hereinafter referred to as the “**Board**”) has identified the need to enhance the employee engagement, to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company and to create a sense of ownership and participation amongst them

In view of this, the Board has formulated a draft of the “IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018” (hereinafter referred to as ‘Scheme’) for the permanent employees of the Company and its present and future Subsidiary Company(ies) (hereinafter referred to as ‘**employees**’ or ‘**said employees**’) in accordance with the applicable laws

Hence, in terms of the Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI (SBEB) Regulations, 2014”) and Section 62 and other applicable provisions of the Companies Act, 2013, issue of shares to employees under a scheme of employees’ stock option requires an approval of the existing Members by way of a Special Resolution

Accordingly, approval of the Members of the Company is being sought for the issue of further Equity Shares under the “IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018”, to the employees, as may be determined by the Board of the Company by way of Special Resolutions set out at item no. 5 and 6

Further, as per Regulation 6(3)(c) of SEBI (SBEB) Regulations, 2014 and Section 62 and other applicable provisions of the Companies Act, 2013, approval of the Members by way of separate Special Resolution is also required for grant of Employee Stock Options to the employees of present and future Subsidiary Company(ies), hence the Special Resolution at Item No. 6 seeks your approval for the said purpose

The IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018 will be administered by the Nomination and Remuneration Committee (hereinafter referred to as “Committee”) of the Company. The Committee for the said purpose has been designated as Compensation Committee in compliance with SEBI (SBEB) Regulations, 2014

The main features and other details of the Scheme as required under Regulation 6(2) of SEBI (SBEB) Regulations, 2014, are as under:

1. **Brief description of the Scheme**

The Scheme shall be called as the “IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018” or “the scheme” and shall extend its benefits to the permanent employees of the Company and its present and future Subsidiary Company (ies), in accordance with the applicable laws

The scheme will be implemented via Direct Route wherein the Company will allot fresh Equity Shares of the Company to eligible employees upon successful exercise of their vested options

2. **Total number of Options to be granted under the Scheme**

The maximum number of options to be granted under Scheme shall not exceed 2,00,00,000 (Two Crore) options convertible into equal number of Equity Shares of the Company of face value ₹ 10/- each

3. **Identification of classes of employees entitled to participate and be beneficiaries in Scheme**

- I. A permanent employee of the Company, its Subsidiary (existing & future) who has been working in India or outside India, or

- II. A director of the Company, its Subsidiary (existing & future), whether a whole time director or not but excluding an independent director;

But does not include:

- I. An employee or Director who is a promoter or a person belonging to the promoter group; or
- II. A director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company

4. **Requirement of Vesting and period of Vesting**

The options granted under Scheme shall vest, subject to completion of minimum 1 (One) year and maximum 3 (Three) years from the date of Grant and Date of Vesting

The Actual vesting may further be linked with the performance of the Grantees as well as performance of the organisation, as determined by the Committee and mentioned in the Grant Letter

5. **Maximum period within which the options shall be vested**

The maximum period within which the Options shall be vested shall be 3 (Three) years from the date of Grant of Options

6. **Exercise Price or Pricing Formula:**

The Exercise price of the Shares will be based on the Market Price of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved

Since the shares of the Company are listed on more than one Stock Exchange, the price of the Stock Exchange where there is highest trading volume shall be considered as the market price

The Committee has a power to provide suitable discount upto 40% on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company which is ₹ 10/- per share

7. **Exercise period and process of Exercise:**

Under the Scheme, the Exercise period for the vested options will be 1 (One) year from the date of last vesting

The mode and manner of the Exercise of the Options shall be communicated to the employees individually. On exercise of the Options, the employee shall forthwith pay to the Company the price which includes the grant price and applicable taxes. The options shall lapse if not exercised within the specified exercise period

8. **Appraisal process for determining the eligibility of the Employees to Scheme:**

The appraisal process for determining the eligibility of the employees will be in accordance with the Scheme or as may be determined by the Committee at its sole discretion

The employees would be granted options under the Scheme based on various parameters including but not limited to:

- i. Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company. The Period of probation shall be excluded from the tenure of employment of the employee in the company
- ii. Performance: Employee’s performance during the financial year on the basis of the parameters decided by the management

- iii. Designation: All Employees employed in the permanent capacity at all levels are eligible to participate
- iv. The present and potential contribution of the Employee to the success of the Company
- v. Employment Terms

9. The Maximum number of Options to be granted per employee and in aggregate

The maximum number of Options that can be granted to any eligible employee during any one-year shall not equal or exceed 1% of the issued capital of the Company at the time of grant of options. The Committee may decide to grant such number of options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the shareholders in a general meeting

The maximum number of options to be granted under this scheme shall not exceed 2,00,00,000 (Two Crore)

10. The Maximum quantum of benefits to be provided per Employee under the scheme

The maximum quantum of benefit that will be provided to every eligible Employee under the Scheme will be the difference between the Market value of Company's Share on the Stock Exchange as on the date of exercise of options and the Exercise Price paid by the employee to the Company

11. Implementation and administration of the scheme

The scheme shall be implemented by Direct Route and will be administered by the Nomination and Remuneration Committee (hereinafter referred to as "Committee") of the company. The Board of Directors for the purpose of said administration has designated the Nomination and Remuneration Committee as Compensation Committee in compliance with SEBI (SBEB) Regulations, 2014

12. Whether the scheme involves new issue of shares by the company or secondary acquisition by the Trust or both

The scheme is implemented by direct route, wherein the Company will allot fresh Equity Shares of the Company to its Employees and Employees of its Subsidiary (existing & future) who successfully exercised their vested options.

13. The amount of loan to be provided for implementation of the scheme by the company to the trust, its tenure, utilization, repayment terms, etc.;

Not Applicable

14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme

Not Applicable

15. Disclosure and accounting policies:

The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB) Regulations, 2014 or as may be prescribed by regulatory authorities from time to time

16. The method which the Company shall use to value its Options

Fair Value Method

17. Statement with regard to Disclosure in Director's Report

As the company is adopting fair value method, presently

there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report

In terms of Section 62 of the Act and Regulation 6 of the SEBI SBEB Regulations, the approval of the Members is sought by way of Special Resolution for the approval of the "IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018" and issuance of shares under this scheme to the employees of the Company and its present and future Subsidiary Company (ies). The Board of Directors recommended passing of the Special Resolutions as set out at Item No. 5 and 6 for approval of the Members 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. 5 and 6 of the Notice

Annexure 1

Information of Director seeking re-appointment under Section 152 of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Requirements) Regulations, 2015 and Secretarial Standard-2

Item No.: 2 Director seeking re-appointment:

Mr. Karunakaran Ramchand (DIN – 00051769) :

Mr. Karunakaran Ramchand has been appointed as Chairman of the Board of IL&FS Engineering and Construction Company Limited effective November 14, 2011. He is the Managing Director of IL&FS Transportation Networks Limited (ITNL). 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 34 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 more than 25 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) Directorships in other Public Limited Companies:

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

(II) Directorships in Foreign Companies :

1. IL&FS Maritime Offshore Pte. Ltd.,
2. Land Registration Systems Ine (LARES),

3. Elsamex S.A,
4. ITNL International Pte Limited,
5. ITNL Offshore Pte. Ltd.,
6. ITNL Offshore Two Pte. Limited,
7. ITNL Offshore Three Pte. Limited,
8. ITNL International DMCC
9. IL&FS Prime Terminals FZC, Dubai
10. Chongqing YuHe Expressway Company Limited, China
11. I IPL USA LLC
12. Elsamex International SL
13. Sharjah General Services Company LLC
14. Kukuza Project Development Company
15. I IPL LAOS Pte Ltd.
16. IL&FS Africa Infrastructure Development Company
17. ITNL Infrastructure Developer LLC

(III) 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

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

Sd/-
Sushil Dudeja
Company Secretary

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@if sengg.com

Date: July 31, 2018
Place: Mumbai

Route Map to 29th AGM Venue

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
Landmark :	Next to Birla Mandir
Date & Time :	Monday, September 17, 2018 at 11.30 am



Distance from Rajiv Gandhi International Airport



Distance from Secunderabad Junction Railway Station

DIRECTORS' REPORT

The Members

IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Twenty-Ninth Annual Report along with the Audited Financial Statements for the Financial Year Ended March 31, 2018

(I) STANDALONE FINANCIAL RESULTS :

Your Company has adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Accordingly, the Standalone and Consolidated Financial Statements along with the comparatives for the year ended March 31, 2018 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with Rules made thereunder. The effect of transition to Ind AS has been given in detail in Financial Statement section

(₹ in Crore)

Particulars	FY 2018	FY 2017
Revenue from Operations	1868.76	1817.38
Other Income	250.86	202.06
Company's share of profit from integrated joint ventures	32.00	5.77
Total Income	2151.62	2,025.21
Profit before Interest, Depreciation, Exceptional Items and Tax	443.78	384.40
Less: Finance Cost	396.03	330.97
Profit before Depreciation, Exceptional Items and Tax		
Less: Depreciation and Amortization Expenses	44.54	47.97
Profit before Exceptional Items & Tax	3.21	5.46
Exceptional Item (Net)	0.00	0.00
Profit Before Tax	3.21	5.46
Provision for Tax	(3.71)	0.43
Profit After Tax	6.92	5.03
Other comprehensive income/(loss) for the year	1.04	0.24
Total Comprehensive Income for the year	7.96	5.27
Paid up Equity Capital	131.12	131.12
Earnings per share (in Rupees)		
- Basic	0.53	0.41
- Diluted	0.53	0.41

(II) FINANCIAL PERFORMANCE REVIEW :

During the year ended March 31, 2018, your Company achieved a turnover of ₹ 1,868.76 crore on standalone basis as against ₹ 1,817.38 crore in FY 2017. The Net Profit for the year amounted to ₹ 6.92 crore as against net profit of ₹ 5.03 crore in FY 2017

(III) DIVIDEND :

Due to accumulated losses of the Company from the previous years, your Directors express their inability to recommend any dividend for the year on Preference as well as on Equity Shares

(IV) RESERVES :

No amount is recommended for transfer to Reserves of the Company for FY 2018

(V) THE STATE OF AFFAIRS OF THE COMPANY :

During the year under review, your Company bagged various orders in the Roads, Buildings & Structures, Power and Oil & Gas Sectors. The Orders received during the year under review amounted to ₹ 1,632.70 crore. Also, the Company already had orders worth ₹ 10,649 crore at the beginning of the year. Out of the total orders in hand, the unexecuted order value stands at ₹ 10,140 crore (approx.) at the end of the year

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

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

(VI) SHARE CAPITAL :

During the year under review, there were no change in the share capital of the Company

Shares held by Directors :

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

(VII) DEPOSITS :

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

(VIII) DIRECTORS :

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

Further, Mr Saleh Mohammed A Binladen, Non-Executive Director resigned from the Directorship of the Company wef May 29, 2018. Consequent to the resignation of Mr Binladen, Mr Akberali Mohamedali Moawalla, Alternate Director to Mr Binladen, ceased to be a Director of the Company. Your Directors place on record their sincere appreciation on the contribution made by Mr Binladen and Mr Moawalla towards the Company

In terms of the provisions of the Companies Act, 2013, Mr Karunakaran Ramchand, Non-Executive Director of the Company, shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The brief profile of Mr Ramchand for re-appointment as a Director of the Company is included in the notice of Annual General Meeting in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard 2. Your Directors recommend the re-appointment of Mr Ramchand as a Director of the Company at the ensuing Annual General Meeting of the Company

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

Statement on Declaration given by Independent Directors :

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

Familiarization Programme of Independent Directors :

The Company through its Managing Director and Senior Management conducts programmes/ presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company. The programmes/ presentations also familiarizes the Independent Directors with their roles, rights and responsibilities. The details of familiarization programmes imparted to Independent Directors of the Company during FY 2018 is available on the website of the Company at: <http://www.ilfsengg.com/Document/FamiliarizationProgramme.pdf>

Non-Executive Directors :

The Non-Executive Directors are entitled for sitting fee of ₹ 30,000 per meeting for attending the Meetings of the Board and/or Committee(s) thereof. Additionally, the actual out of pocket expenses incurred by the Non-Executive Directors for attending the meetings are also borne by the Company. Except as mentioned above, no other payments were made by the Company to 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 Form MGT-9 annexed to the Directors' Report as well as the Corporate Governance Section of this Annual Report

Performance Evaluation :

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors of the Company had in its Meeting held on November 10, 2014 approved the policy on Performance Evaluation of the Board of Directors, which laid down the criteria for performance evaluation of Board of Directors, its Committees, Executive Directors, Independent Directors and Non-Executive Directors. Further, in terms of the provisions of Section 178 of the Companies Act, 2013 read with Companies Amendment Act, 2017, the Nomination and Remuneration Committee of the Board had decided that the evaluation of performance of the Board, its Committees, individual directors and the Chairman will be carried out by the Board of Directors as per the parameters evolved from the policy on Performance Evaluation of the Board of Directors. The Board of Directors thereafter, in its Meeting held on July 31, 2018, evaluated the performance of its own, all its Committees, and Individual Directors (excluding the Director being evaluated) as satisfactory. The policy on performance evaluation is available on the website of the Company at <http://www.ilfsengg.com/html/policies/PerformanceEvaluationPolicy.pdf>

Managerial Remuneration Policy :

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

(IX) KEY MANAGERIAL PERSONNEL :

In terms of the provisions of Section 203 of the Companies Act, 2013, the Board of Directors have designated Mr Mukund Sapre– Managing Director, Dr Sambhu Nath Mukherjee– Chief Financial Officer and Mr Sushil Dudeja- Company Secretary as the Key Managerial Personnel of the Company

(X) 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

(XI) 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 by the Company 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	
	d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	NA
iv)	The expenditure incurred on Research and Development	Nil
(C)	FOREIGN EXCHANGE	
	Foreign Exchange earned in terms of actual inflows during the year	Nil
	Foreign Exchange Outgo during the year in terms of actual outflows	₹ 7.47 crore

(XII) BOARD AND ITS COMMITTEES :

(a) Board of Directors :

During the year under review the Board of Directors of the Company met four times on May 29, 2017, August 28, 2017, November 28, 2017 and February 12, 2018. The attendance, along with such other details as required, of each of the Directors is mentioned in the Corporate Governance Report section of this Annual Report

(b) Audit Committee :

The Audit Committee of the Board of Directors of the Company consists of four Members. During the year under review, there were no change in the composition of the Committee. The dates of meetings of Audit Committee held during FY 2018, attendance of Members in the Meetings and other details are mentioned in the Corporate Governance Report section of this Annual Report

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

(c) Corporate Social Responsibility Committee :

The Board of Directors of the Company constituted Corporate Social Responsibility (CSR) Committee on March 18, 2014 and formulated a policy on CSR which is available on the website of the Company at http://www.ilfsengg.com/html/policies/CSR_Policy.pdf.

During the year under review due to demise of Mr Rajiv Sarin, the CSR Committee was reconstituted by the Board of Directors in its Meeting held on May 29, 2017. In place of Mr Sarin, Mr Debabrata Sarkar was inducted as a Member of the Committee

For details relating to composition of CSR Committee, number of meetings held during the year under review and other details, Members are requested to refer the Corporate Governance Report which forms part of this Annual Report

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

(d) Other Committees :

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

(XIII) RISK MANAGEMENT :

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

Further, the Board of Directors in its Meeting held on May 29, 2017, re-constituted the Risk Management Committee comprising of Mr Debabrata Sarkar, Mr Ganapathi Ramachandran, Ms Sutapa Banerjee, Mr Bhaskar Chatterjee – Independent Directors and Mr Mukund Sapre, Managing Director of the Company. The Risk Management Committee of the Company is responsible for overseeing the implementation of the Policy. In the opinion of the Board, the policy on Risk Management addresses the risks associated with the business including identification of elements of risk which may threaten the existence of the Company. The Board of Directors/Audit Committee reviews the risk assessment and mitigation procedures across the entity from time to time. As on March 31, 2018, there were no risks which may threaten the existence of the Company

(XIV) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES :

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

SUBSIDIARY ENTITIES:

Following are the Subsidiaries of your Company:

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

ASSOCIATES & JOINT VENTURES :

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

Associate :

Hill County Properties Limited

Joint Ventures (Association of Persons) :

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

Joint Ventures (Jointly Controlled Operations) :

Maytas- KBL (JV)
Maytas KCCPL Flow More (JV)
Maytas MEIL KBL (JV)
Maytas MEIL ABB AAG (JV)
MEIL Maytas ABB AAG (JV)
MEIL Maytas KBL (JV)
MEIL Maytas WPIL (JV)
MEIL Maytas AAG (JV)
MEIL-SEW-Maytas-BHEL (JV)
L&T KBL Maytas (JV)

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

(XV) AUDITORS AND AUDITORS' REPORT :

(a) Statutory Auditors :

In terms of provisions of Section 139 of the Companies Act, 2013 read with Rules made thereunder, BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S) were appointed as the Joint Statutory Auditors of the Company for a period of five consecutive years to hold office from the conclusion of 28th AGM till the conclusion of 33rd AGM of the Company to be held in the year 2022, subject to ratification by the Members at every AGM. Accordingly resolution for ratification of appointment of Joint Statutory Auditors by the Members of the Company is included in Notice of AGM for approval of the Members

Further, in terms of provisions of the Companies (Amendment) Act, 2017, the ratification of appointment of Joint Statutory Auditors by the Members of the Company was no longer required. Accordingly, the appointment of BSR & Associates LLP, Chartered Accountants and M Bhaskara Rao & Co, Chartered Accountants, as Joint Statutory Auditors of the Company for the remaining period i.e. 3 years till the conclusion of 33rd Annual General Meeting, shall not be subject to ratification by the Members of the Company

The Board noted that there were following qualifications in the Auditor's Report for the Standalone and Consolidated Financial Statements for the Year Ended March 31, 2018:

(1) Standalone Financial Statements :

"The accompanying financial statement as at March 31, 2018, the Company has investment (including advance of ₹ 258 Lakhs) amounting to ₹ 3,577 Lakhs made in an overseas subsidiary. Based on the latest available unaudited standalone financial statements of the aforesaid subsidiary as at March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the Standalone Ind AS financial statement"

(2) Consolidated Financial Statements :

"The accompanying consolidated Ind AS financial statements include aggregate assets of ₹ 769 Lakhs, aggregate revenues (including other income) of ₹ 2,625 Lakhs and net cash inflows amounting to ₹ 42 Lakhs of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying consolidated Ind AS Financial statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2018 been available and accordingly we are unable to comment on the same."

(3) Internal Financial Controls :

The following material weaknesses has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018:

(i) 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

(ii) 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 explanations on the aforementioned qualification are given below:

(a) Qualification on Standalone Financial Statements :

"Management is in discussion with the other shareholder of the subsidiary on various options to restore the carrying value of the investment and on conclusion of the ongoing restructuring of their management, options to revive the operations of the subsidiary including approval of claims submitted to them is likely to be resolved and therefore no provision considered necessary for diminution in the value of such investment/potential obligations in respect of the aforesaid"

(b) 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 :**

In terms of the provisions of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended, Company maintains cost records and accounts in respect of the Roads and other infrastructure projects

The Board of Directors on the recommendation of Audit Committee appointed Narasimha Murthy & Co as the Cost Auditors of the Company for FY 2018 for conducting the Cost Audit of the Company and the remuneration payable to them was approved by the Members at the Twenty Eighth AGM of the Company held on August 28, 2017. The Cost Auditors have submitted their report for FY 2018 to the Board of Directors in its Meeting held on July 31, 2018. The Cost Audit Report of the Company for FY 2018 does not contain any qualification, reservation or adverse remark

Further, on the recommendation of Audit Committee, the Board of Directors in its Meeting held on July 31, 2018 re-appointed Narasimha Murthy & Co, Cost Accountants as the Cost Auditors of the Company for FY 2019 at a remuneration of ₹ 7.5 lakh plus applicable taxes and out of pocket expenses. Necessary resolution for ratification of their remuneration in terms of the provisions of the Companies Act, 2013 read with Rules made there under is included in the Notice of AGM for the approval of the Members

(c) **Secretarial Auditors :**

In terms of the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed RPR & Associates, Company Secretaries to conduct the Secretarial Audit for FY 2018. The Secretarial Audit Report for the Financial Year Ended March 31, 2018 is enclosed as **Annexure 3** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark

The Board of Directors of the Company had in its Meeting held on July 31, 2018, re-appointed RPR & Associates, Company Secretaries as the Secretarial Auditor of the Company for FY 2019

(XVI) CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :

It is the endeavor of the Company to enter its contracts/arrangements/ transactions with the related parties in the ordinary course of business and on arms' length basis. In terms of the provisions of Section 188 of the Companies Act, 2013 read with Rules made thereunder, all transactions with Related Parties were in ordinary course of business and on arm's length basis. Accordingly, details of related party transactions as per section 188 of Companies Act, 2013 in Form AOC-2 is not required. All contracts / arrangements / transactions entered by the Company were in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations

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

(XVII) EMPLOYEES STOCK OPTION SCHEME :

The Company's Employee Stock Option Scheme 2009 (ESOP Scheme 2009) was in place since year 2009 and the Company had made grants under ESOP scheme 2009 to the eligible employees of the Company from time to time. The ESOP Scheme 2009 was rendered unattractive due to fall in the price of shares in the stock market and with the consent of employees who were holding the options vested under the said scheme, ESOP Scheme 2009 had been withdrawn by the Company during FY 2018

The Company has received a certificate from the Statutory Auditors of the Company that the ESOP scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the Members. The Certificate is enclosed as **Annexure 4** with this report. Also, the disclosure as required under SEBI (Share Based Employee Benefits) Regulations, 2014 relating to ESOP 2009 scheme of the Company is available on the website of the Company at www.ilfsengg.com

Further, the Board of Directors in its Meeting held on July 31, 2018, subject to the approval of Members of the Company at the ensuing Annual General Meeting, approved the IL&FS Engineering and Construction Compant Limited Employees Stock Option Scheme 2018. The special resolution for approval of the said Scheme is included in the Notice of Annual General Meeting. The Board recommends passing of said resolution

(XVIII) MANAGEMENT DISCUSSION AND ANALYSIS :

A separate section titled "Management Discussion and Analysis" consisting of details as required under Regulation 34 read with Schedule V of the Listing Regulations forms part of this Annual Report

(XIX) 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 also enclosed to the Report on Corporate Governance

(XX) DISCLOSURES :

(a) Extract of Annual Return :

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

(b) Vigil Mechanism :

In terms of the provisions of the Section 177 of the Companies Act, 2013 and Listing Regulations, the Company had established a Vigil Mechanism through its Whistle Blower Policy for directors and employees to report concerns about unethical behavior, actual/suspected frauds and violation of Company's Code of Conduct. Please refer to the Corporate Governance section of the Annual Report for further details

(c) Policy on Prevention of Sexual Harassment :

In terms of the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. The Company from time to time conducts workshops or awareness programmes against sexual harassment at works place

The Company had also constituted an Internal Committee comprising of employees of the Company and an Independent NGO representative. The scope of the Internal Committee encompasses all incidents / occurrences of sexual harassment which take place at the workplace and where either of the party (aggrieved / accused) is an employee of the Company. During the year under review, the Company has not received any complaints under the policy

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

(d) Particulars of Loans, Guarantees or Investments under Section 186 :

Your Company is into the business of providing Infrastructure Facilities. Accordingly, the provisions of Section 186 pertaining to providing Loan or Guarantee to other corporates are exempted. All information regarding Loans, Guarantees and Investments are mentioned in the notes to financial statements for FY 2018 which are self-explanatory

(e) Particulars of employees and related disclosures :

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

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

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

(g) Reporting of Fraud : The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013

(h) Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company : During the year under view no significant and material orders passed by any Regulator or Courts or Tribunal which may impact the going concern status of the Company

(i) Details in respect of adequacy of internal financial controls : The details of internal financial controls and their adequacy is given in Management Discussion and Analysis Report

(XXI) 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: July 31, 2018

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 CSR policy and projects or programs :

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

2. The Composition of CSR Committee as on March 31, 2018:

Ms Sutapa Banerjee- Chairperson

Mr Mukund Sapre – Member

Mr Debabrata Sarkar- Member

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

(₹in Crore)

Particulars	FY 2014-15 Audited	FY 2015-16 Audited	FY 2016-17 Audited
Profit/(Loss) before tax	2.67	(188.52)	2.30
Less: Dividend Income	0.00	0.00	0.00
Less: Any profit arising from overseas branch	0.00	0.00	0.00
Total	2.67	(188.52)	2.30
Average profit/(Loss) for three years	(2.67 + (188.52) + 2.30/3)=		(61.18)
On this basis CSR expenditure works out= Nil			

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

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

5. Details of CSR spent during the financial year:

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

b. Amount unspent, if any – Not Applicable

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 was not required to spend any amount on CSR activities.

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

Sd/-
Mukund Sapre
Managing Director

Sd/-
Sutapa Banerjee
Chairperson- CSR Committee

FORM AOC – 1
PART - A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details						
		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, 2017 to March 31, 2018						
3	Date of acquiring subsidiary	28/02/2011	28/02/2011	28/02/2011	12/02/2008	09/09/2008	30/04/2008	11/07/2011
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Cr)						
5	Share capital	0.01	0.01	0.01	0.05	0.05	0.05	60.35
6	Reserves & Surplus	(0.04)	(0.06)	(0.29)	(11.57)	0	0	(301.42)
7	Total Assets	50.00	18.58	20.00	3.31	75.25	3.04	7.69
8	Total Liabilities	50.00	18.58	20.00	3.31	75.25	3.04	7.69
9	Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Turnover	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Profit before taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(8.05)
12	Provision for taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Profit after taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(8.05)
14	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	% of shareholding	100%	100%	100%	100%	100%	100%	55%

MISA is a foreign subsidiary and its Local currency is SAR. Exchange rate as on March 31, 2018: ₹ 17.35/SAR 1

PART - B: ASSOCIATES AND JOINT VENTURES

(₹ in Crore)

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		23/01/2002	04/11/2004	09/07/2004	14/02/2003	01/09/2007	10/05/2007
2	Date of acquiring Associates and Joint Ventures	13/01/2011						
3	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	0	36.34	0.00	3.27	0.21
	Extent of Holding %	32%	50.00%	25.00%	50.00%	50.00%	70.00%	39.69%
4	Description of how there is significant influence	Shareholding more than 20%	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
5	Reason why the associate/joint venture is not consolidated	Acquisition does not form part of business strategy to acquire and retain as long term asset/investment	NA	NA	NA	NA	NA	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	0.06	(0.07)	33.00	0.96	47.12	0.22
7	Profit/Loss for the year							
	i. Considered in Consolidation	NA	0.00	0.00	31.66	0.00	0.07	0.28
	ii. Not Considered in Consolidation	NA	0.00	0.00	31.66	0.00	0.03	0.44

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2018

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

To
 The Members,
M/s. IL&FS Engineering and Construction Company Limited

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

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

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the “Financial Year” ended **March 31, 2018 (i.e. from April 1, 2017 to March 31, 2018)** 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2018 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 (Not applicable to the Company during the financial year);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the financial year);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the financial year);

We 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 as amended (Listing Regulations) and the Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited (NSE);

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

We 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.

We further report that:

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

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

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We 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.

**For RPR & ASSOCIATES
Company Secretaries**

**Place: Hyderabad
Date: 04.07.2018**

**Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360**

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

Annexure

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

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

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

**For RPR & ASSOCIATES
Company Secretaries**

**Place: Hyderabad
Date: 04.07.2018**

**Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360**

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

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

1. As requested by the Company, we have examined the Employees Stock Option Scheme 2009 (hereinafter referred as the "Scheme") of the Company, which were approved by the then Remuneration Committee of the Board of Directors of the Company on June 28, 2012, to determine whether the Scheme is in compliance with the relevant provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") and in accordance with the resolutions passed in the 21st Annual General Meeting of the Company. We also noted that the said scheme has been withdrawn by the Company during FY2018.
2. We understand that this Certificate is required to be placed by the Company at its ensuing Annual General Meeting as stipulated in the SEBI Guidelines in respect of the scheme.

Management's Responsibility

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

Auditor's Responsibility

4. Pursuant to this, our responsibility is to express reasonable assurance in the form of an opinion whether the Company has implemented the Scheme in accordance with the provisions of the SEBI Guidelines and in accordance with the resolutions passed in the 21st Annual General Meeting of the Company.
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. In this connection, we have performed the following procedures:
 - i. Read the copy of the Scheme, provided to us by the Company, to examine the compliance by the Company with the provisions of the SEBI Guidelines.
 - ii. Read the Shareholders' resolution passed in the 21st Annual General Meeting held on November 09, 2009 noting the approval accorded to management to issue employee stock options to the employees and directors of the Company.
 - iii. Obtained necessary representations from management.
6. We have not updated our procedures for events beyond March 31, 2018 and accordingly do not comment upon changes if any, beyond that date.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

Restriction on use

10. This report is intended solely for your information and in connection with the purpose mentioned in Paragraph 1 above, and is not to be used or referred to for any other purpose or distributed to anyone. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For M Bhaskara Rao & Co
Chartered Accountants
Firm Reg No 000459 s

V K Muralidhar
Partner

Membership No 201570

Place: Mumbai
Date: July 31, 2018

Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
MARCH 31, 2018

[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]	1. Public Company ✓ 2. Private Company		
v. Sub-Category of the Company	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	✓
	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-500 033 040-4040 9333 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)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section under Companies Act, 2013
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 Vasishta 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* 5 th 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 Company	32%	2(6)

*Subsidiary incorporated outside India

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on March 31, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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	55,400,884	0	55,400,884	42.25	55,400,884	0	55,400,884	42.25	0.00
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):-	55,400,884	0	55,400,884	42.25	55,400,884	0	55,400,884	42.25	0.00
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):-	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	13,092,860	0	13,092,860	9.99	9,861,260	0	9,861,260	7.52	(2.47)
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	0	0	0	0.00	0	0	0	0.00	(0.00)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	13,092,860	0	13,092,860	9.99	9,861,260	0	9,861,260	7.52	(2.47)

Category of Shareholders	No. of Shares held at the beginning of the year (As on March 31, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	12,455,555	0	12,455,555	9.50	12,712,376	0	12,712,376	9.70	(0.20)
(ii) Overseas	36,538,477	0	36,538,477	27.87	36,538,477	0	36,538,477	27.87	0.00
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ` 1 lakh	6,717,081	1,231	6,718,312	5.12	8,902,085	1,231	8,903,316	6.79	1.67
(ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	3,692,732	2,812,000	6,504,732	4.96	4,317,849	2,812,000	7,129,849	5.44	0.48
c) Others (Specify)									
Clearing Members	81,426	0	81,426	0.06	122,698	0	122,698	0.09	0.03
Non Resident Indians	267,765	0	267,765	0.20	367,530	0	367,530	0.28	0.08
Non Resident Indian-Non Repatriation	58,667	0	58,667	0.04	78,888	0	78,888	0.06	0.02
Trusts	2,000	0	2,000	0.00	3,000	0	3,000	0.00	0.00
NBFCs Registered with RBI	400	0	400	0.01	2,800	0	2,800	0.00	0.01
Sub-total (B)(2)	59,814,103	2,813,231	62,627,334	47.76	63,045,703	2,813,231	65,858,934	50.23	(2.47)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	72,906,963	2,813,231	75,720,194	57.75	72,906,963	2,813,231	75,720,194	57.75	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	128,307,847	2,813,231	131,121,078	100.00	128,307,847	2,813,231	131,121,078	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 / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Infrastructure Leasing and Financial Services Limited	27,486,243	20.96	0.00	27,486,243	20.96	0.00	0.00
2.	IL&FS Financial Services Limited	27,914,641	21.29	0.00	27,914,641	21.29	0.00	0.00
	Total	55,400,884	42.25	0.00	55,400,884	42.25	0.00	0.00

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

Particulars	Shareholding at the beginning of the year		Date of change in shareholding	Increase/ Decrease-in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
At the beginning of the year	55,400,884	42.25	NA	Nil	NA	55,400,884	42.25
At the End of the year	55,400,884	42.25	NA	Nil	NA	55,400,884	42.25

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning and at the end of the Year		Date of Change in Shareholding	Increase/Decrease in share holding	Reason	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	36,538,477	27.87	-	-	-	36,538,477	27.87
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	36,538,477	27.87	-	-	-	36,538,477	27.87
2	ICICI Bank Ltd							
	At the beginning of the year	5,912,263	4.51	-	-	-	5,912,263	4.51
	Date wise increase/decrease in shareholding during the year	-	-	07/04/2017	2,052	Purchase	5,914,315	4.51
		-	-	07/04/2017	-60,000	Sale	5,854,315	4.46
		-	-	14/04/2017	1	Purchase	5,854,316	4.46
		-	-	21/04/2017	-50	Sale	5,854,266	4.46
		-	-	28/04/2017	-2,309	Sale	5,851,957	4.46
		-	-	12/05/2017	87,478	Purchase	5,939,435	4.53
		-	-	19/05/2017	-2,272	Sale	5,937,163	4.53
		-	-	26/05/2017	-85,201	Sale	5,851,962	4.46
		-	-	09/06/2017	50,000	Purchase	5,901,962	4.50
		-	-	09/06/2017	-150,020	Sale	5,751,942	4.39
		-	-	16/06/2017	-190,000	Sale	5,561,942	4.24
		-	-	23/06/2017	2,515	Purchase	5,564,457	4.24
		-	-	23/06/2017	-92,000	Sale	5,472,457	4.17
		-	-	30/06/2017	100,000	Purchase	5,572,457	4.25
		-	-	30/06/2017	-150,000	Sale	5,422,457	4.14
		-	-	07/07/2017	-150,111	Sale	5,272,346	4.02
		-	-	14/07/2017	-50,000	Sale	5,222,346	3.98
		-	-	21/07/2017	-50,000	Sale	5,172,346	3.94
		-	-	28/07/2017	187	Purchase	5,172,533	3.94
		-	-	28/07/2017	-50,000	Sale	5,122,533	3.91
		-	-	04/08/2017	25,112	Purchase	5,147,645	3.93
		-	-	04/08/2017	-25,000	Sale	5,122,645	3.91
		-	-	11/08/2017	-50,016	Sale	5,072,629	3.87
		-	-	25/08/2017	-50,100	Sale	5,022,529	3.83
		-	-	01/09/2017	-53,282	Sale	4,969,247	3.79
		-	-	08/09/2017	50,000	Purchase	5,019,247	3.83
		-	-	08/09/2017	-230,999	Sale	4,788,248	3.65
		-	-	15/09/2017	1,550	Purchase	4,789,798	3.65
		-	-	15/09/2017	-250,000	Sale	4,539,798	3.46
		-	-	22/09/2017	-200,700	Sale	4,339,098	3.31
	-	-	29/09/2017	-4,977	Sale	4,334,121	3.31	
	-	-	06/10/2017	-500	Sale	4,333,621	3.31	
	-	-	13/10/2017	514	Purchase	4,334,135	3.31	
	-	-	20/10/2017	-504	Sale	4,333,631	3.31	
	-	-	27/10/2017	376	Purchase	4,334,007	3.31	
	-	-	31/10/2017	50,000	Purchase	4,384,007	3.34	
	-	-	31/10/2017	-50,200	Sale	4,333,807	3.31	
	-	-	03/11/2017	50,000	Purchase	4,383,807	3.34	
	-	-	03/11/2017	-272,677	Sale	4,111,130	3.14	
	-	-	10/11/2017	30,068	Purchase	4,141,198	3.16	
	-	-	10/11/2017	-930,000	Sale	3,211,198	2.45	
	-	-	17/11/2017	-315,501	Sale	2,895,697	2.21	
	-	-	09/02/2018	1,188	Purchase	2,896,885	2.21	
	-	-	16/02/2018	15,416	Purchase	2,912,301	2.22	
	-	-	23/02/2018	1,200	Purchase	2,913,501	2.22	

Sl. No.	Name of the Share Holder	Shareholding at the beginning and at the end of the Year		Date of Change in Shareholding	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
	Date wise increase/decrease in shareholding during the year	-	-	02/03/2018	-17,804	Sale	2,895,697	2.21
				16/03/2018	50,000	Purchase	2,945,697	2.25
				16/03/2018	-50,000	Sale	2,895,697	2.21
				23/03/2018	-180,034	Sale	2,715,663	2.07
				30/03/2018	18,500	Purchase	2,734,163	2.09
				30/03/2018	-68,500	Sale	2,665,663	2.03
	At the end of the year	5,912,263	4.51	31/03/2018	-	-	2,665,663	2.03
3	SNR Investments Private Limited							
	At the beginning of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
4	Veeyes Investments Private Limited							
	At the beginning of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
5	State Bank Of India							
	At the beginning of the year	1,901,029	1.45	-	-	-	1,901,029	1.45
	Date wise increase/decrease in shareholding during the year	-	-	21/04/2017	1,406,399	Transfer	3,307,428	2.52
	At the end of the year	3,307,428	2.52	-	-	-	3,307,428	2.52
6	IDBI Bank Ltd							
	At the beginning of the year	1,589,590	1.21	-	-	-	1,589,590	1,589,590
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	1,589,590	1.21	-	-	-	1,589,590	1.21
7	B Teja Raju							
	At the beginning of the year	1,490,000	1.16	-	-	-	1,490,000	1.16
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	1,490,000	1.14	-	-	-	1,490,000	1.14
8	Allahabad Bank							
	At the beginning of the year	1,179,042	0.90	-	-	-	1,179,042	0.90
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	1,179,042	0.90	-	-	-	1,179,042	0.90
9	B Ramalinga Raju HUF							
	At the beginning of the year	662,500	0.51	-	-	-	662,500	0.51
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the end of the year	662,500	0.51	-	-	-	662,500	0.51
10	Bank of Maharashtra							
	At the beginning of the year	501,680	0.38	-	-	-	501,680	0.38
	Date wise increase/decrease in shareholding during the year	-	-	16/03/2018	501,680	Purchase	1,003,360	0.77
				16/03/2018	501,680	Sale	501,630	0.38
	At the end of the year	501,630	0.38	-	-	-	501,630	0.38

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.	Karunakran Ramchand-Chairman							
	At the beginning of the year	40,000	0.03	-	-	-	40,000	0.03
	At the end of the year	40,000	0.03	-	-	-	40,000	0.03
2.	Dr. Sambhu Nath Mukherjee- Chief Financial Officer							
	At the beginning of the year	12,250	0.01	-	-	-	12,250	0.01
	At the end of the year	12,250	0.01	-	-	-	12,250	0.01

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

₹ in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1,942.42	49.99	-	1,992.41
(ii) Interest due but not paid	21.86	-	-	21.86
(iii) Interest accrued but not due	408.38	1.21	-	409.59
Total (i+ii+iii)	2,372.66	51.20	-	2,423.86
Change in Indebtedness during the financial year				
Addition- Principal	11.20	1021.65	-	1032.85
Reduction- Principal	424.10	128.14	-	552.24
Addition- Interest	286.21	32.67	-	318.88
Reduction-Interest	264.75	24.31	-	289.06
Net Change	(391.44)	901.87	-	510.43
Indebtedness at the end of the financial year				
(i) Principal Amount	1,529.52	943.50	-	2,473.02
(ii) Interest due but not paid	55.16	-	-	55.16
(iii) Interest accrued but not due	429.84	9.57	-	439.42
Total (i+ii+iii)	2,014.52	953.07	-	2,967.59

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in ₹

Sl. No.	Particulars of Remuneration	Mr. Mukund Sapre* Managing Director	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil
	(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	-	-
	Sweat Equity	-	-
	Commission		
	- as % of profit	-	-
	- others, specify...	-	-
	Others:		
	Sitting Fees	360,000	360,000
	Total (A)	360,000	360,000
	Ceiling as per the Act		12,723,330

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors								(Amount in ₹)
		Mr Karunakran Ramchand	Mr Saleh Moahmmmed A BinLaden	Mr Akberali Mohamedali Moawalla ¹	Mr Debabrata Satkar	Mr Ganapathi Ramachandran	Ms Sutapa Banerjee	Mr Rajiv Sarin ²	Mr Bhaskar Chatterjee		Total
1.	Independent Directors · Fee for attending Board/Committee Meetings · Commission · Others, please specify	NA NA NA	NA NA NA	NA NA NA	450,000 - -	420,000 - -	390,000 - -	- - -	150,000 - -	1,410,000
	Total (1)	NA	NA	NA	450,000	420,000	390,000	-	150,000	1,410,000
2.	<u>Other Non-Executive Directors</u> · Fee for attending Board Committee Meetings · Commission · Others, please specify	180,000 - -	- - -	- - -	NA NA NA	NA NA NA	NA NA NA	NA NA NA	NA NA NA	180,000
	Total (2)	180,000	-	-	NA	NA	NA	NA	NA	180,000
	Total Managerial Remuneration [B(1) + B(2)]	180,000	-	-	450,000	420,000	390,000	-	150,000	1,590,000

¹Alternate Director to Mr Saleh Mohammed A BinLaden

²Expired on May 11, 2017

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

Amount in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total Amount (in ₹)
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,02,116	87,26,808*	1,16,28,924
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others:			
	Leave Encashment	-	-	-
	Gratuity	-	-	-
	Total	29,02,116	87,26,808*	1,16,28,924

*Professional fees excluding applicable taxes

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Annexure 6

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

Sl. No.	Requirements	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Apart from sitting fees, the Directors of the Company does not draw any remuneration from the Company. Hence, not applicable.
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year	Managing Director – Nil* Chief Financial Officer – 5% Company Secretary – Nil
3.	The percentage increase in the median remuneration of employees in the financial year	-8.06%
4.	The number of permanent employees on the rolls of the Company	There were 959 employees on the Permanent rolls of the Company as on March 31, 2018
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There was no percentile increase in the salary for the Financial Year 2017-2018
6.	Affirmation that the remuneration is as per the managerial remuneration policy of the Company	Affirmed

*Mr Mukund Sapre is not drawing any remuneration as per his terms of appointment

DETAILS OF TOP TEN EMPLOYEE IN TERMS OF REMUNERATION DURING FY 2017-18 (including Employer contribution on PF)
Annexure 7
(Amount in ₹)

Name of the Employee	Designation	Remuneration received (CTC in ₹) (FY:2017-18)	Nature (Contract/ Permanent)	Qualification & Experience	Date of Commencement of Employment	Date of Exit of Employment (if any)	Age of Employee (in Years)	Last Employment held before joining the company	No. of Equity Shared Held	Whether relative of Director
Mr Manoj Kumar Singh	Chief Executive Officer	16,912,752	Permanent	BE (Civil), MBA & 31 Yrs	Jan 3, 2017	-	56	Simplex Infrastructures Ltd	-	No
Mr. Sitaraman Ramachandran	Chief Executive Officer	10,620,000*	Contract	B.E. (Mech), PDDBM & 39 Yrs	Apr 25, 2016	-	65	IVRCL Limited	-	No
Dr SN Mukherjee	Chief Financial Officer	8,726,808*	Contract	PhD, LLB, PGDM, ACMA, CAIIB & 34 Yrs	Jan 1, 2012	-	66	Infrastructure Leasing and Financial Services Ltd.	-	No
Mr Anil Kumar Khanna	President	4,621,088	Permanent	B.E. (Mech) & 42 Yrs	Apr 11, 2011	July 31, 2017	67	Jindal Power Ltd.	-	No
Mr. B N Nagaraj	Executive Vice President	7,601,288	Permanent	BE(Civil) & 30 Yrs	May 18, 2017	-	54	Essel Highways Ltd.	-	No
Mr. Anoop Kumar Aggarwal	Executive Vice President	5,775,648	Permanent	B.E. (Mech) & 33 Yrs	Jun 19, 2014	-	57	Petron Civil Engineering Pvt. Ltd.	-	No
Mr. Chimala Marri Sudhakar	President	1,550,464	Permanent	B.Tech(Elect), PMP & 31 Yrs	Mar 17, 2016	Aug 1, 2017	61	Kalpataru Power Transmission Ltd	-	No
Mr. Sabu Jacob	Vice President	5,311,500	Permanent	M. Tech & 25 Yrs	May 7, 2014	-	50	Soma ISOLUX	-	No
Mr. Pushparaj Uchil	Vice President	5,500,000	Contract	Diploma – (Civil) & 37 Yrs	Sep 3, 2015	-	63	ERA Infra Engineering Ltds.	-	No
Mr. Ajay Ratan	Vice President	4,068,540	Permanent	B.E Hons(Electronics) & 30 Yrs	Jul 15, 2015	-	54	Kalpataru Power Transmission Ltd	-	No

*The remuneration is including GST

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)

Sl. No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) (FY:2017-18)	Nature (Contract/ Permanent)	Qualification & Experience	Date of Commencement of Employment	Date of Exit of Employment (if any)	Age of Employee (in Years)	Last Employment held before joining the company	No. of Equity Shared Held	Whether relative of Director
1	Mr Anil Kumar Khanna	President	4,621,088	Permanent	B.E. (Mech) & 42 Yrs	Apr 11, 2011	July 31, 2017	67	Jindal Power Ltd.	-	No

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

Sl. No	Name of the Employee	Designation	Remuneration Received (CTC in ₹) (FY:2017-18)	Nature (Contract/ Permanent)	Qualification & Experience	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 Manoj Kumar Singh	Chief Executive Officer	16,912,752	Permanent	BE (Civil) & 31 Yrs	Jan 3, 2017	56	Simplex Infrastructures Ltd	-	No
2	Mr. Sitaraman Ramachandran	Chief Executive Officer	10,620,000*	Contract	B.E. (Mech), PDDBM & 39 Yrs	Apr 25, 2016	65	IVRCL Limited	-	No

*The remuneration is including GST

MANAGEMENT DISCUSSION AND ANALYSIS

(A) ABOUT THE COMPANY :

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

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

(B) ECONOMIC OVERVIEW :

Indian Economy

Increasing growth is positioning India as the fastest-growing G20 economy. Investment and exports, supported by the implementation of the new Goods and Services Tax (GST), are becoming major growth engines. Inflation trend is expected to hover within the target band, with upside risks driven by rising oil prices and increase in housing allowance for public employees. The current account deficit is estimated to increase. Job creation in the formal sector likely to remain sluggish, leaving the vast majority of workers in low-productivity, low-paid activities

Fiscal and monetary policies are projected to remain broadly neutral. To reduce the relatively high public debt-to-GDP ratio, containing contingent fiscal liabilities is key, including enhanced governance of public enterprises. Better risk assessment in banks would allow allocating financial resources to the best projects and avoiding increase in Non-Performing Assets (NPAs). Investing more in education and training, combined with modernisation of labour laws, would help create better jobs and make growth more inclusive

The economy is rebounding after the transitory negative impacts of demonetisation and GST. Reforms are gradually paying off, as confirmed by the recovery in industrial production and investment after several weak years. With capacity utilisation rising, corporate earnings recovering and the recapitalisation of public banks, investment has revived. Private consumption has suffered from the confidence and employment shocks associated with demonetisation

Infrastructure and Construction Sector in India

Being a key driver of the economy, sector is significantly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development

India has a requirement of investment worth ₹ 50 trillion in infrastructure by 2022 to have sustainable development in the country. India has during the recent period received significant investment from international investors like the Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB), Private Equity and Venture Capital Funds (PE/VCS) apart from quite a few merger & Acquisition deals in the infrastructure space. In January 2018, the National Investment and Infrastructure Fund (NIIF) partnered with UAE-based DP World to create a platform to mobilise significant investments into ports, terminals, transportation, and logistics businesses in India

The Government of India (GOI) is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport, prior to the general elections in 2019. The GOI is taking every possible initiative to boost the infrastructure sector. Some of the steps taken in the recent past are being appended below:

- Announcements in Union Budget 2018-19:
 - o Massive push to the infrastructure sector by allocating ₹ 5.97 lakh crore for the sector.
 - o Railways received the highest ever budgetary allocation of ₹ 1.48 trillion
 - o ₹ 16,000 crore towards Sahaj Biji Har Ghar Yojana (Saubhagya) scheme. The scheme aims to achieve universal household electrification in the country.
 - o ₹ 4,200 crore to increase capacity of Green Energy Corridor Project along with other wind and solar power projects.
 - o Allocation of ₹ 10,000 crore to boost telecom infrastructure
- A new committee to lay down standards for metro rail systems was approved in June 2018
- ₹ 2.05 lakh crore will be invested in the smart cities mission. All 100 cities have been selected as of June 2018
- Contracts awarded under the Smart Cities Mission would show results in the near future as the work is already in full swing
- The GOI is working to ensure a good living habitat for the poor in the country and has launched new flagship urban missions like the Pradhan Mantri Awas Yojana (Urban), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and Swachh Bharat Mission (Urban) under the urban habitat model

India's national highway network is expected to cover 50,000 kilometers by 2019, with around 20,000 km of works scheduled for completion in the next couple of years, according to the Ministry of Road Transport and Highways (MORT&H)

The GOI is devising a plan to provide Wi-Fi facility to 550,000 villages by March 2019 for an estimated cost of ₹ 3,700 crore as per the Department of Telecommunications, Government of India.

India and Japan have joined hands for infrastructure development in India's north-eastern states and are also setting up an India-Japan Coordination Forum for Development of North East to undertake strategic infrastructure projects in the northeast

Road Ahead

After two subdued years, interjected by demonetisation and rollout of the Goods and Services Tax (GST), growth is seen recuperating to a respectable 7.5% next fiscal. The key engines supporting the upturn are largely domestic and policy-driven, though a synchronous upturn in global growth will, undoubtedly, provide some tailwind. The extent of pick-up and its sustainability would be determined by the following thrust vectors:

- Resolution of stressed assets in banking
- Rural rejuvenation
- Relentless implementation of reforms, and
- Rising global growth

Gross Non Performing Assets (GNPAs) of the public sector banks have reached such gargantuan proportions that no meaningful and sustainable economic recovery is plausible without a fast track and decisive resolution process

With improving economy and turning credit cycle, fresh slippages will moderate and NPAs likely to peak by March 2019. Continued government support though capital infusion, including growth capital, will, however, be critical for the lending cycle to start, a requisite for growth step-up but that is likely to push back private investments

An unintended consequence of resolution will be possible slowdown or deferment in private sector capex arising out of improvement in the utilisation of stressed capacities that move into stronger hands, and reduced financial and management bandwidth for acquirers, especially the strategic ones, for new large projects

The focus on demand and job creation through spending on rural and labour-intensive infrastructure space is likely to support growth next fiscal, and push demand in the consumer sectors

Funding, though, remains a concern – with significantly higher reliance on non-budgetary resources for supporting the aggressive spending plan on rural roads, affordable housing and railways

The sustainability of recovery also depends on effective implementation of key reforms such as GST, the Real Estate (Regulation and Development) Act, 2016, or RERA, and the Ujwal Discom Assurance Yojana (UDAY), rolled out in the last few years. Each of these has the potential to be transformative in the long run, but near-term efficacy and impact likely to be moderate

The most urgent need is to iron out the pain points in GST, and ease its impact on critical segments such as Micro, Small and Medium enterprises (MSMEs) and exports

Besides, tax collections remain subdued despite high enrolments. Streamlining procedural issues and improving compliance will be critical for businesses to refocus on growth and fiscal target to be met

The affordable housing segment is witnessing unprecedented action from both, the government and private sector. It is expected that the momentum in this area to gather pace in fiscal 2019 with higher budget allocations and increasing attention of private players, given subdued demand in other segments

Global growth is gathering pace, and the momentum in global trade is expected to continue in 2018 as well. This should buoy India's exports, but the pick-up is unlikely to be material, given poor local infrastructure, higher cost of capital and labour productivity issues

(C) Opportunities:

(1) Roads :

Initiative taken in the past four years have strengthened the pace of activity in the Road Sector and course correction measures have reformed the way project are being implemented. Signs of improvement were quite conspicuous during FY 2018. Close to 68 percent of award target was met during the year. Taking into consideration the performance over past few years, The Ministry of Road Transport and Highways (MoRTH) has moved towards setting more realistic goals. It has fixed a target of awarding works for around 20,000 Km of national highways during the current fiscal year under Bharatmala Pariyojna, which is about 25 percent more than the 17,055 km awarded during FY 2017-18.

Objective of the program is to optimize the efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through development of Economic Corridor, Inter Corridors and Feeder Routes, National Corridor efficiency Improvement, Border and International Connectivity roads, Coastal and Port connectivity roads and Green-field expressway.

Different components of Bharatmala Pariyojna will be implemented by Ministry of Road Transport and Highways through various implementation agencies viz. the National Highways Authority of India (NHAI), National Highways and Infrastructure Development Corporation Limited (NHIDCL) and State Public Works departments (PWDs)/State Road Development Corporations (RDCs) through the Roads wing of the Ministry.

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

- 1. Bharatmala Project:** Central Government plans for ₹ 5,35,000 crore project linking India's vast west-to-east land border from Gujarat to Mizoram. It will also link to a road network in coastal states from Maharashtra to West Bengal. In a way, this road network will garland the entire country. Central government is planning to finish the 24,800-km road project in 5 years
- 2. Setu Bharatam project:** The ₹ 50,800 crore Setu Bharatam project aims to ensure highways without railway crossings by 2019 and overhaul of 1,500 British-era bridges. Under this project, 208 railway crossings will be replaced by rail over bridges (ROBs) by 2019 at an estimated cost of ₹ 20,800 crore. Also, 1,500 bridges of the British era across the country will be overhauled for around ₹ 30,000 crore
- 3. Rashtriya Rajmarg Zila Sanjoyokta Pariyojna:** This project aims to connect 100 of the 676 district headquarters in the country with world-class highways. The project entails development of 6,600 km of highways at an estimated cost of about ₹ 60,000 crore
- 4. Chardham-Highway Project:** The Chardham Mahamarg Vikas Pariyojna, or the Chardham highway development project, is an ambitious initiative to improve connectivity to the Char Dham pilgrimage centres in the Himalayas. The project's main objective is to develop around 900 km of national highways. These highways will be built in Uttarakhand at an approximate cost of ₹ 12,000 crore

(2) Railways :

Recording the highest – ever Capital expenditure allocation in the 2018-19 budget, the railway has been one of the major beneficiaries of the Country's growing focus on Infrastructure development. The budget has allocated a large corpus of ₹ 1.48 trillion to the sector, with a primary focus on big-ticket projects such as high speed rail (HSR) and Station Redevelopment.

Overall, given the ambitious expansion and modernization plans of Indian Railways, the sector is likely to witness the launch of total 333 projects with cost higher than ₹ 5 billion, requiring a combined investment of ₹ 17.68 Trillion.

Segment-wise, HSR accounts for the largest share of Investment entailed by the top projects at ₹ 12.56 trillion. This is followed by new line works at ₹ 2.28 trillion, line doubling at ₹ 1.67 trillion and gauge conversion at ₹ 576 Billion. Occupying a stratum between Indian Railway conventional long distance inter-city and suburban trains, with some of the hallmarks of an urban metro, The government has given in-principle approval for six Metro rail projects in Delhi (phase-IV), Indore, Bhopal, Kanpur, Agra and Meerut under the New Metro Policy, 2017 including Rapid Rail Transit System (RRTS), a new approach for India, offering fast, frequent and high capacity intra-regional rail services.

(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 ₹ 70,000 Crore in 12 major ports in next five years

Sagarmala Project: It aims to promote port-led direct and indirect development and provide infrastructure to transport goods to and from ports quickly, efficiently and cost-effectively. The project is estimated to cost around ₹ 8,00,000 crore. The Government wants to implement the projects worth ₹ 3,93,402 crore under the ambitious Programme by March 2019

Increasing investments and cargo traffic point towards a healthy outlook for the Indian ports sector. Providers of services such as Operation and Maintenance (O&M), pilotage and harbouring and marine assets such as barges and dredgers are benefiting from these investments. The Planning Commission of India forecasts an investment of ₹ 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:

Urbanisation offers an opportunity to India to achieve higher economic growth as cities provide economies of agglomeration. Urbanisation level in India, which was around 31 percent in census 2011 is estimated to increase and reach 40 per cent by 2030 in percentage terms, the urbanisation level may appear to be modest, however in absolute numbers it is very large. Urban population of India is more than the entire population of United States of America or Brazil. The urban economy has also witnessed significant growth and is contributing to around 60 per cent of GDP. However, to reap the full benefits of urbanisation, it is important that it is efficient and sustainable.

To transform the urban landscape in the country, the Government has recently launched the Urban Rejuvenation Mission (URM) comprising of Atal Mission for Urban Rejuvenation and Transformation (AMRUT), Smart Cities Mission and Housing for All

The Ministry of Housing and Urban Affairs (MoHUA) has adopted a challenge or competition method to select 100 cities under the smart city mission project. As on date 99 cities have been selected by the Ministry with total proposed investment of ₹ 2,039.79 billion.

(5) Irrigation, Water & Waste Water :

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

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

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

Due to Prime Minister’s initiative, focus has also been given towards development of North-Eastern State. Brahmaputra Board has been restructured and ₹ 3640 crore has been approved by the Government to expedite the long pending projects like flood control, irrigation etc.

Namami Gange Programme with a budget outlay of ₹ 20000 crore is also at advance stage and number of projects in Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and in West Bengal are at advance stage of implementation

(6) Power :

Over the past couple of years, several government schemes have been introduced in Power Sector with the aim to ensuring 24 x 7 quality and reliable power supply to all. The latest among these is the Pradhan Mantri Sahaj Bijli Har Ghar Yojna (Saubhagya), which has set an ambitious target of 100 percent household electrification by March 2019. Some of the other government schemes in the Power Sector are the Ujwal Discom Assurance Yojna (UDAY), the integrated Power Distribution Scheme (IPDS) and the Deendayal Upadhyay Gram Jyoti Yojna for improving subtransmission and distribution networks in Urban and Rural areas respectively. Government of India under its 12th central plan has provided expense budget of ₹ 15 trillion thereby making this sector full of business opportunities in generation, distribution, transmission and equipments

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

Up gradation and new 11/33KV lines	₹ 100,000 crore
Sub stations	₹ 50,000 crore

Rework/modification of current facilities	₹ 2,24,770 crore
Rural Electrification	₹ 65,990 crore
Transmission lines	₹ 1,80,000 crore

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

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

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

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

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

(7) Building :

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

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

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

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

(8) Oil & Gas :

- India is aiming at USD 100 billion investments in the Natural Gas Sector by 2022, including setting up of RLNG terminals, completion of the gas grid, pipeline projects and setting up of CGD network in more cities
- Indian Oil Corp plans to make an investment of US\$22.91 billion, including US\$7.64 billion for expanding its existing brownfield refineries, in the next 5 to 7 years. Moreover, the company plans to lay the nation's longest LPG pipeline of 1987 km, from Gujarat coast to Gorakhpur in eastern Uttar

Pradesh, to cater to growing demand for cooking gas in the country

- State run energy firms Bharat Petroleum, Hindustan Petroleum and Indian Oil Corp plan to spend US\$ 20 billion on refinery expansions to add units, by 2022
- India targets US\$100 billion worth investments in gas infrastructure by 2022, including an addition of another 228 cities to city gas distribution (CGD) network. This would include setting up of RLNG terminals, pipeline projects, completion of the gas grid and setting up of CGD network in more cities.
- In August 2017, the Board of Indian Oil approved its expansion of its Gujarat refinery from 13.7 MMTPA to 18 MMTPA at a cost of US\$ 2.31 billion.
- The country's state owned oil companies aim to sustain spending at a 3 year high due to increasing demand and declining oil services costs. In 2017, Hindustan Petroleum plans to increase its spending by 17 per cent and Indian Oil by 25 per cent.
- Indian Oil plans to expand its refining capacity and build new businesses, for which it will be spending US\$ 27.94 billion over the next 5-7 years.
- In November 2017, country's natural gas pipeline network spanned over **16,470 km** in length and the proposed expansion of **30,000 kms** is envisaged by 2018-19
- India is already a refining hub with 21 refineries and expansions planned for tapping foreign investment in export-oriented infrastructure, including product pipelines and export terminals.

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

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

This was possible only through

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

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

(D) Performance during the year :

- Your company had been able to secure orders in Power, Roads and Oil & Gas segments
- Continued management efforts to improve the

performance of the Company has resulted in successful completion of some projects in India and overseas

Details of Projects awarded during April 2017 to March 2018 :

(₹ in Crores)

Description	Total Value Awarded
Power	
Urban Electrification works of Jamshedpur Electric Supply area in East Singhbhum, West Singhbhum & Saraikela Kharsawan Districts under IPDS – Jharkhand	157.75
RE Works of East Singhbhum District Under DDUGJY - Jharkhand	169.25
RE Works of West Singhbhum District Under DDUGJY - Jharkhand	232.35
Urban Electrification works of Dhanbad Electric Supply Circle covering Dhanbad & Chirkunda in Dhanbad District under IPDS - Jharkhand	126.38
Urban Electrification works of Dumka - Sahibganj Electric Supply Circle covering Dumka, Jamtara, Sahibganj and Pakur Districts under IPDS – Jharkhand	110.38
Roads	
4 laning of Amravati - Chikhli Project of NH-6, Section 1 from Km 165.600 to Km 220.000 - Maharashtra	581.96
Oil and Gas	
Pipeline laying works for Dobhi - Durgapur - Haldia Pipeline Section under JHBDPL Project - Jharkhand/ WB	254.63
Grand Total	1,632.70

(E) Discussion on Financial Performance:

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

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

Sector	On Hand 31.3.2018	On Hand 31.3.2017
Roads	2666	2,695
Railways	1,180	1,721
Buildings	939	1,087
Irrigation	2,762	3,044
Power	1,745	1,364
Oil & Gas	636	526
Ports	212	212
Total	10,140	10,649

Overall Financial Performance:

- Turnover: The Company has achieved a turnover of ₹ 1868.76 crore for the financial 2017-18 as against ₹ 1,817.38 crore of the Previous Year
- Profit after tax: Net Profit is ₹ 6.92 crore in 2017-18 against Profit of ₹ 5.03 crore in 2016-17
- Earnings per share: EPS for the period is ₹ 0.53 as compared to ₹ 0.41 in the Previous Year

- Share Capital: The share capital of the Company stood at ₹ 170.87 crore as at March 31, 2018. There has been no change in the Share Capital of the Company during FY 2018
- Net worth: The net worth of the Company is ₹ 135.13 crore as at March 31, 2018 as compared to ₹ 127.17 crore as at March 31, 2017
- 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 ₹ 2512.77 crore as against ₹ 2032.16 crore in 2016-17
- Fixed Assets: The Company's fixed asset base (Gross Block) increased to ₹ 567.69 crore in 2017-18 from ₹ 478.68 crore in 2016-17

(F) Outlook:

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

(G) Challenges, Risks and Concerns:

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

Liquidity Position:

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

Changes in Government policies including change in tax structure:

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

Price Inflation Risk;

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

(H) Internal Control System and their Adequacy:

The Company's internal financial control framework, established in accordance with the COSO framework, is

commensurate with the size and operations of the business and is in line with requirements of the Act. The effectiveness of the internal controls is continuously monitored by the Internal Audit. Internal Audit's main objective is to provide to the Audit Committee, an independent, objective and reasonable assurance of the Company's risk management, control and governance processes

Internal Audit continuously assesses opportunities for improvement in all business processes, systems and controls and provides recommendations which add value to the Company. It also follows up on the implementation of corrective actions and improvements after the review by the Audit Committee. The internal audit scope covers inter alia, all projects and corporate functions, as per the annual plan reviewed and approved by the Audit Committee at the beginning of every year

The Company has strengthened its internal control system over a period of time and institutionalized it in the form of standard operating procedures with an objective of orderly and efficient conduct of its business, safeguarding the Company's assets, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable financial statements and compliance with applicable statutory requirements. The Company is having Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions in an integrated way with complete audit trail

The Internal Audit department consists of technical auditors (Engineers), Chartered Accountants and Cost

Accountants. The Company has also deployed an external firm of Chartered Accountants

(I) Human Resources & Industrial Relations:

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

Your Company continued to maintain harmonious relations with its employees across all its Project sites and offices in India and as on March 31, 2018, the Company had 959 permanent employees

Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

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

2. BOARD OF DIRECTORS :

Composition :

The Board has an optimum combination of Executive and Non-Executive Directors including Woman Director. As on March 31, 2018, the Board consisted of Eight Directors including one Alternate Director

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

Board Meetings :

During FY 2018, the Board of Directors met 4 times on the following dates: May 29, 2017, August 28, 2017, November 28, 2017 and February 12, 2018

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 2018 along with the number of directorships and committee memberships held by them in other Companies as on March 31, 2018 are given below:

Name of the Director	Category of Directorship	Board Meetings held during the period of Directorships		Number of Directorships in other Public Companies ¹	Number of Committee positions held in other public companies ²		Whether present at the previous AGM
		Held	Attended		Chairman	Member	
Mr Karunakaran Ramchand	Non-Executive Chairman	4	4	8	0	1	Yes
Mr Mukund Sapre	Managing Director	4	4	9	0	1	Yes
Mr Saleh Mohammed A Binladen ³	Non-Executive Director	4	1	0	0	0	No
Mr Akberali Mohamedali Moawalla ³ (alternate to Mr. BinLaden)	Alternate Director to Mr. BinLaden	4	1	0	0	0	No
Mr Debabrata Sarkar	Non-Executive Independent Director	4	4	7	3	6	Yes
Mr Ganapathi Ramachandran	Non-Executive Independent Director	4	4	5	0	7	Yes
Ms Sutapa Banerjee	Non-Executive Independent Director	4	4	7	1	5	Yes
Mr Rajiv Sarin ⁴	Non-Executive Independent Director	0	NA	NA	NA	NA	NA
Mr Bhaskar Chatterjee	Non-Executive Independent Director	4	3	0	0	0	No

¹ Directorships in Companies means Companies registered under the Companies Act, 2013 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 Mr Saleh Mohammed Bin Laden resigned from the Directorship of the Company w.e.f May 29, 2018. In view of resignation of Mr Saleh Mohammed Bin Laden, Mr Akberali Mohamedali Moawalla (alternate Director to Mr Binladen) ceased to be a Director of the Company

⁴ Mr Rajiv Sarin, Non-Executive Independent Director on the Board of Directors of the Company, expired on May 11, 2017

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

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

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

Directors' Compensation and Disclosures :

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 2018 (Amount in ₹)
1.	Mr. Karunakaran Ramchand	1,80,000
2.	Mr. Debabrata Sarkar	4,50,000
3.	Mr. Ganapathi Ramachandran	4,20,000
4.	Ms. Sutapa Banerjee	3,90,000
5.	Mr. Bhaskar Chatterjee	1,50,000

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

3. COMMITTEES OF THE BOARD OF DIRECTORS:

a) AUDIT COMMITTEE :

The Audit Committee has been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 18 read with Part C of Schedule II of Listing Regulations

During the year under review, 7 meetings were held on the following dates: (i) April 18, 2017, (ii) May 8, 2017, (iii) May 29, 2017, (iv) August 28, 2017, (v) November 28, 2017, (vi) January 16, 2018 and (vii) February 12, 2018. The composition of the Audit Committee, category of Members and attendance at the meetings held during the year are given below:

Sl. No.	Name of the Member	Designation	Category of Director	No. of Meetings held during the period of Membership	
				Held	Attended
1.	Mr. Debabrata Sarkar	Chairman	Non-Executive Independent	7	7
2.	Mr. Ganapathi Ramachandran	Member	Non-Executive Independent	7	7
3.	Ms. Sutapa Banerjee	Member	Non-Executive Independent	7	7
4.	Mr. Mukund Sapre	Member	Managing Director	7	7

Terms of Reference:

The Board of Directors in its Meeting held on July 31, 2018, amended the terms of reference of the Audit Committee to align the terms of reference with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations 2018). The brief terms of reference of Audit Committee are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors;

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the quarterly/ annual financial results/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;
- Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision
- 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 mandatorily review management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, appointment, removal and terms of remuneration of the Chief Internal Auditors, etc

b) NOMINATION AND REMUNERATION COMMITTEE:**Composition and Attendance:**

The Board has constituted the Nomination and Remuneration Committee (NRC) in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 19 of the Listing Regulations

In view of the sad demise of Mr. Rajiv Sarin on May 11, 2017, the Board of Directors reconstituted the Nomination and Remuneration Committee in its Board Meeting held on May 29, 2017, by appointing Mr Bhaskar Chatterjee as a Member of NRC in place of Mr Sarin

Two meetings of the Committee were held during FY 2018 on May 29, 2017 and November 28, 2017. The composition of the Committee, category of Members and attendance at the meetings held during the year are given below :

Sl. No.	Name of the Members	Designation	Category of Director	No. of Meetings held during the period of Membership	
				Held	Attended
1.	Mr Ganapathi Ramachandran	Chairman	Non-Executive Independent	2	2
2.	Mr Karunakaran Ramchand	Member	Non-Executive	2	2
3.	Mr Rajiv Sarin*	Member	Non-Executive Independent	0	0
4.	Mr Debabrata Sarkar	Member	Non-Executive Independent	2	2
5.	Mr Bhaskar Chatterjee	Member	Non-Executive Independent	1	1

*Mr Rajiv Sarin, Non-Executive Independent Director of the Company, expired on May 11, 2017

Performance Evaluation Criteria for Independent Directors :

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

Terms of Reference:

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

Further, in terms of the provisions of the Amended Listing Regulations, 2018, the Board of Directors of the Company in its Meeting held on July 31,

2018, amended the terms of reference of the Committee. The terms of reference 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;
- Recommend to the Board, all remuneration, in whatever form payable to senior management
- 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.

c) REMUNERATION OF DIRECTORS :**(i) Managerial Remuneration Policy :**

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

(ii) Disclosure on Remuneration of Managing Director:

- (a) Details of remuneration of Managing Director Mr. Mukund Sapre, Managing Director, does not draw any salary from the Company as per his terms of appointment. However, he is entitled to receive sitting fees being paid for attending the meetings of Board of Directors and Committees thereof

Sl. No.	Name of the Director	Sitting Fees paid during FY 2018 (Amount in ₹)
1.	Mr. Mukund Sapre	3,60,000

Except for the sitting fee paid to the Managing Director and reimbursement of expenses incurred towards attending the meetings, no other payment was made to the Managing Director of the Company, during the Financial year 2017-18

- (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 Managing Director of the Company

d) STAKEHOLDERS' RELATIONSHIP COMMITTEE :

Composition:

The Stakeholders' Relationship Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Rules framed thereunder and Regulation 20 of the Listing Regulations. The Committee has been constituted to resolve the grievances of the security holders including those related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends

In view of sudden demise of Mr Rajiv Sarin on May 11, 2017, the Board of Directors had reconstituted SRC at its Meeting held on May 29, 2017 and inducted Mr Karunakaran Ramchand as the Chairman of SRC in place of Mr Sarin. Further, in order to align with the provisions of Amended Listing Regulations 2018, the Board of Directors in its Meeting held on July 31, 2018 reconstituted SRC and inducted Mr Debabrata Sarkar as a Member of the Committee

The Composition of the Committee and the category of its Members and are given below:

Sl. No.	Name of the Members	Designation	Category
1.	Mr Rajiv Sarin*	Chairman	Non-Executive Independent
2.	Mr Karunakaran Ramchand	Chairman	Non-Executive
3.	Mr Mukund Sapre	Member	Managing Director
4.	Mr Debabrata Sarkar**	Member	Non-Executive Independent

* Mr Rajiv Sarin, Non-Executive Independent Director of the Company, expired on May 11, 2017

**Mr Debabrata Sarkar inducted as a Member of the Committee wef July 31, 2018

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, 2018, no complaints were outstanding

Terms of Reference :

The terms of reference of SRC was framed in terms of the provisions of the Companies Act, 2013 and Listing Regulations. Further, the Board of Directors of the Company in its Meeting held on July 31, 2018 re-framed the terms of reference of the SRC to align with the provisions of the Amended Listing Regulations, 2018, which is given below:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent
- Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuing timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company

e) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :

The Corporate Social Responsibility (CSR) Committee was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder, to oversee and advise on the activities to be carried out under the CSR Policy adopted by the Company

In view of sudden demise of Mr Rajiv Sarin on May 11, 2017, the Board of Directors had reconstituted the CSR Committee in its Meeting held on May 29, 2017 and inducted Mr Debabrata Sarkar as a Member of CSR Committee in place of Mr Sarin

One Meeting of the Committee were held during the year under review on May 29, 2017. The composition of the Committee, category of Members and attendance at the meetings held during the year are given below:

Sl. No.	Name of the Member	Designation	Category of Director	No. of Meetings during the period of Membership	
				Held	Attended
1.	Ms Sutapa Banerjee	Chairperson	Non-Executive Independent	1	1
2.	Mr Mukund Sapre	Member	Managing Director	1	1
3.	Mr Rajiv Sarin*	Member	Non-Executive Independent	0	0
4.	Mr Debabrata Sarkar	Member	Non-Executive Independent	0	0

*Mr Rajiv Sarin, Non-Executive Independent Director of the Company, expired on May 11, 2017

f) INDEPENDENT DIRECTORS' MEETING

During the year, the Independent Directors met on February 12, 2018, 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:

- a. Financial Year : 2016-17
Date, Time and Venue : August 28, 2017 at 2.30 p.m.
KLN Prasad Auditorium, 3rd Floor, FTAPCCI House, 11-6-841, Red Hills, Hyderabad-500 004
Following Special Resolution was passed:
Issuance of Non-Convertible Debentures for an amount up to ₹ 3,000 million
- b. Financial Year : 2015-16
Date, Time and Venue : September 23, 2016 at 11.00 a.m.
KLN Prasad Auditorium, 3rd Floor, FTAPCCI House, 11-6-841, Red Hills, Hyderabad-500 004
Following Special Resolution was passed:
i. Issuance of securities of the Company for an amount upto ₹ 5,000 million
- c. Financial Year : 2014-15
Date, Time and Venue : September 19, 2015 at 11.00 a.m.
KLN Prasad Auditorium, 3rd Floor, FTAPCCI House, 11-6-841, Red Hills, Hyderabad-500 004
Following Special Resolutions were passed:
i. Adoption of new set of Articles of Association of the Company
ii. Approval for investments under section 185 of the Companies Act, 2013
iii. Approval of Material Related Party Transactions with Infrastructure Leasing and Financial Services Limited (IL&FS) pursuant to clause 49 of Listing Agreement
iv. Approval of Material Related Party Transactions with Hill County Properties Limited pursuant to clause 49 of Listing Agreement
v. 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

b) Postal Ballot:

The following Ordinary Resolution was passed by way of Postal Ballot and E-voting during the year ended March 31, 2018

- a. Material Related Party Transaction with Infrastructure Leasing and Financial Services Limited, Promoter of the Company

i. 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.	Material Related Party Transaction with Infrastructure Leasing and Financial Services Limited, Promoter of the Company	10,843,747	10,843,286	461

ii. Procedure for postal ballot:

- a. The Board of Directors of the Company in its Meeting held on August 28, 2017 approved the notice of Postal Ballot and e-voting and appointed Mr. Y. Ravi Prasada Reddy, Practicing Company Secretary as the Scrutinizer, for conducting the Postal Ballot under Section 110 of the Companies Act, 2013 in a fair and transparent manner
- b. The Company completed the dispatch of Postal Ballot forms on September 5, 2017 and through its RTA in electronic form to its Members whose e-mail IDs were 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 September 1, 2017
- c. The Company had published notice in Business Standard and Nava Telangana Telegu newspapers on September 6, 2017 regarding dispatch of postal ballot notice to the Members of the Company
- d. Particulars of all the postal ballot forms received from the Members were entered in the register separately maintained for the purpose
- e. All Postal Ballot forms received upto the close of working hours on October 5, 2017, being the last date and time fixed by the Company for the receipt of the forms were considered for scrutiny
- f. The ballot boxes were opened on October 5, 2017 after 5.00 pm in the presence of two witnesses
- g. The Postal Ballot forms were scrutinized and the shareholding was matched/confirmed with the Register of Members of the Company/ list of beneficiaries
- h. The scrutinizer handed over the postal ballot forms and other related papers/registers and records for safe custody to Mr. Sushil Dudeja, Company Secretary who was authorized by the Chairman to supervise the postal ballot process

- i. The Company accordingly declared the result of the voting of postal ballot and e-voting on October 6, 2017
- j. Mr. Sushil Dudeja, Company Secretary of the Company was appointed by the Board as the designated personnel responsible for the entire Postal Ballot process

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

5. MEANS OF COMMUNICATION:

- (a) Quarterly/Half Yearly/Yearly Financial Results are published in Business Standard (in English) and Nava Telangana newspapers (in Telugu)
- (b) Official news releases are displayed on the Company's website www.ilfsengg.com 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 various information is available for Members. 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, Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.
- (e) Presentations made to investors/analysts are uploaded on the Company's website from time to time
- (f) The Company has designated the cs@ilfsengg.com email-id exclusively for investor services

6. MANAGEMENT DISCUSSION AND ANALYSIS (MDA) :

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

7. GENERAL INFORMATION TO SHAREHOLDERS :

- (a) Date, time and Venue of the 29th Annual General Meeting for the Financial year 2017-18 :
Date : Monday September 17, 2018 at 11.30 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 10, 2018 to Monday, September 17, 2018 (both days inclusive) for the purpose of 29th Annual General Meeting
- (c) Financial Calendar:
Financial year of the Company shall be from April 1, 2018 to March 31, 2019. The tentative calendar for consideration of financial results for the Financial Year 2018-19 is given below:

Particulars	Tentative
Results for quarter ending June 30, 2018	on or before August 13, 2018
Results for quarter ending September 30, 2018	on or before November 14, 2018
Results for quarter ending December 31, 2018	on or before February 14, 2019
Results for quarter/year ending March 31, 2019	on or before May 30, 2019

(d) Listing on Stock Exchanges :

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

Name and Address of Stock Exchanges	Scrip Code
The National Stock Exchange of India Limited (NSE) 5 th Floor, "Exchange Plaza" Bandra Kurla Complex Bandra (E) Mumbai – 400 051	IL&FS ENGG
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 Financial Year 2018-19. The Company has also paid Annual Custodial Fees for the year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

(e) Share Transfer Procedure :

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

(f) Prevention of Insider Trading :

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors 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, 2018 :

Category	No. of Shareholders	% of total shareholders	Total Shares	Amount (in Rs.)	% of Amount
1 – 5000	31,566	88.96	2,693,169	26,931,690	2.05
5001 – 10000	1,835	5.17	1,550,489	15,504,890	1.19
10001 – 20000	963	2.71	1,511,523	15,115,230	1.15
20001 – 30000	355	1.00	920,315	9,203,150	0.70
30001 – 40000	169	0.48	615,936	6,159,360	0.47
40001 – 50000	162	0.46	778,026	7,780,260	0.59
50001 – 100000	240	0.68	1,812,666	18,126,660	1.38
100001 & Above	195	0.55	121,238,954	1,212,389,540	92.47
TOTAL	35,485	100.00	131,121,078	1,311,210,780	100.00

(h) Dematerialization of shares and liquidity:

The Company's shares are available for dematerialization in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 97.85% of equity shares have been dematerialized as on March 31, 2018. All the Preference Shares of the Company are dematerialized. The summary of shareholdings in category wise is as under:

Summary of Shareholding as on March 31, 2018

Category	No. of Holders	Total Shares	% of Equity
EQUITY SHARES OF RS. 10/- EACH			
ISIN: INE369I01014			
PHYSICAL	16	2,813,231	2.15%
NSDL	22,727	122,128,660	93.14%
CDSL	12,742	6,179,187	4.71%
TOTAL	35,485	131,121,078	100.00%

Category	No. of Holders	Total Shares	%
6% OCCRPS* OF RS. 100/- EACH			
ISIN: INE369I03028			
PHYSICAL	0	0	0.00%
NSDL	1	3,750,000	100.00%
CDSL	0	0	0.00%
TOTAL	1	3,750,000	100.00%

Category	No. of Holders	Total Shares	%
6% CRPS ^ OF RS. 100/- EACH			
ISIN: INE369I04034			
PHYSICAL	0	0	0.00%
NSDL	1	225,000	100.00%
CDSL	0	0	0.00%
TOTAL	1	225,000	100.00%

OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

^ CRPS: Cumulative Redeemable Preference Shares

(j) Reconciliation of Share Capital Audit:

As stipulated by SEBI, a 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 number 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 revalidation

(iii) Register Nominations

To enable successors to get the shares transmitted in their favour without hassle, the members may register their nominations directly with their respective DPs

(iv) Confidentiality of Security Details

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

(v) Dealing of Securities with Registered Intermediaries

Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/confirmation memo from the broker/sub-broker, within 24 hours of execution of trade and it should be ensured that the contract note/confirmation memo contains order no., trade time, quantity, price and brokerage

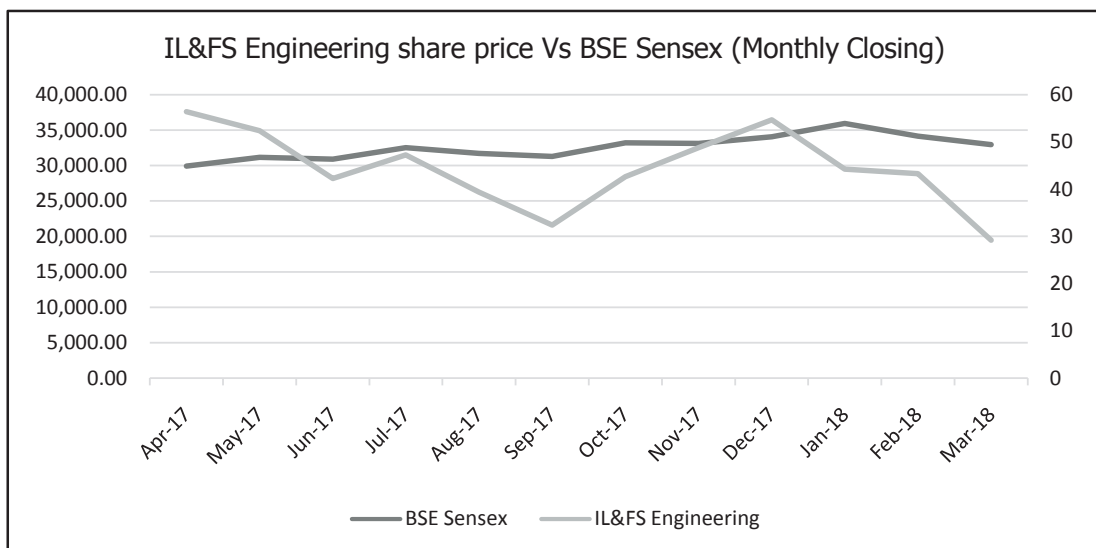
(l) Shareholding Pattern as on March 31, 2018:

#	Category of the Shareholder	No. of Holders	No. of Shares Held	% Holding
1.	Promoter - Infrastructure Leasing and Financial Services Limited	1	27,486,243	20.96
2.	Promoter Group - IL&FS Financial Services Limited	1	27,914,641	21.29
3.	Banks	10	9,840,448	7.50
4.	Bodies Corporates	450	12,712,376	9.70
5.	Clearing Members	47	122,698	0.09
6.	Foreign Corporate Bodies - SBG Projects Investments Ltd.	1	36,538,477	27.87
7.	H U F	1,440	1,959,187	1.49
8.	Indian Financial Institutions	1	20,812	0.02
9.	NBFC	3	2,800	0.00
10.	Non Resident Indians Non Repatriable	103	78,888	0.06
11.	Non Resident Indians	239	367,530	0.28
12.	Resident Individuals	33,187	14,073,978	10.73
13.	Trusts	2	3,000	0.00
TOTAL (A)		35,485	131,121,078	100.00

(m) Market Price Data:

(Amount in ₹)

Month	BSE Limited			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
Apr-17	60.20	54.00	417,772	60.45	54.20	2,368,070
May-17	60.50	46.40	620,887	57.80	46.20	2,765,641
Jun-17	54.25	42.10	399,677	54.25	41.90	2,430,356
Jul-17	49.75	42.50	559,112	50.00	42.20	2,856,051
Aug-17	48.50	38.75	263,392	48.50	38.30	1,691,633
Sep-17	41.00	31.00	393,787	40.45	31.20	2,361,058
Oct-17	45.00	31.80	740,842	44.25	31.90	3,698,233
Nov-17	57.20	40.25	2,267,773	57.40	40.40	10,854,875
Dec-17	58.00	48.50	1,476,921	58.65	48.25	2,978,627
Jan-18	59.25	43.60	366,420	59.35	43.50	1,331,683
Feb-18	52.55	41.10	341,422	52.85	41.00	1,169,190
Mar-18	43.85	28.70	705,686	44.00	29.00	1,771,426



(n) The Company has not issued any GDRs or ADRs or Warrants or Convertible Instruments in the Current Financial year

(o) Compliance Certificate from Practicing Company Secretary:

A Certificate from 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, Gachibowli, 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
Website: www.ilfsengg.com

Company Secretary & Compliance Officer:

Mr. Sushil Dudgeja
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

8. DISCLOSURES:

- (a) During the year under review, certain transactions have been entered into with related parties. The details thereof have been given under the Notes on Accounts. None of these transactions are having potential conflict with the interests of the Company at large. The policy on dealing with related party transactions is available on the Company's website at <http://www.ilfsengg.com/html/policies.php>
- (b) During the last three years, there has not been any occasion of non-compliance related to capital market by the Company
- (c) The Company has established well documented Risk Management Framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis
- (d) The company applies equity method of accounting (as per the IND AS 28) to the investments which involves reflecting the Company's share of results of the Associate companies operations
- (e) The requisite details of Subsidiary Companies are disclosed in the Directors' Report
- (f) **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company has an established mechanism for employees and Directors to report to the management concerns about unethical behavior, actual or

suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. The existence of the mechanism is appropriately communicated within the organization

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

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

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

The Board:

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

Shareholder Rights:

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

Separate post of Chairperson and Chief Executive Officer:

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

Reporting of Internal Auditor

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

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

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

(i) Code of Conduct:

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

In respect of the financial year 2017-18, all Senior Management and Board of Directors of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management and declaration to this effect signed by Managing Director is enclosed at the end of this report

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

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

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.

9. UNCLAIMED SUSPENSE ACCOUNT :

Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of unclaimed shares held by shareholders which were outstanding in the Company's Unclaimed Suspense Account as on March 31, 2018, are as follows:

Particulars	Number of Shareholders	Number of outstanding Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2017	24	432
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	0	0
Number of shareholders to whom shares were transferred from suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	24	432

We have examined the compliance conditions of Corporate Governance by **M/s IL&FS Engineering and Construction Company Limited** ("the Company"), Hyderabad for the financial year ended 31st March, 2018, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"].

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

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

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

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

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of the Board of Directors and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the Year Ended March 31, 2018

Date : July 31, 2018
Place : Mumbai

Sd/-
Mukund Sapre
(Managing Director)

For RPR & ASSOCIATES
Company Secretaries

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

Place : Hyderabad
Dated : July 06, 2018

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of IL&FS Engineering and Construction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as standalone Ind AS financial statements).

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 Ind AS financial statements.

Basis for Qualified opinion

As more fully explained in Note 51 of the accompanying standalone Ind AS financial statements, as at March 31, 2018, the Company has investment (including advance of Rs. 2.58 Crores) amounting to Rs. 35.77 Crores made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as at March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the standalone Ind AS 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 Ind AS 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, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to:

- Note 47 of the accompanying standalone Ind AS financial statement regarding Rs. 259.67 Crores investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to ₹ 146.19 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.
- Note 50 of the accompanying standalone Ind AS financial statement regarding amount due from customers (project

work-in-progress). The Company had recognised claims in case of various projects of which balance as at March 31, 2018 aggregates to Rs. 404.77 Crores (including claims of Rs. 112.53 Crores accounted during the year ended March 31, 2018) and interest of Rs. 393.76 Crores (including interest of Rs. 205.29 Crores recognised during the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/appeal with Honourable High Court of New Delhi/advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order/arbitration award/completion of arbitration proceedings/provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.

- c. Note 53 of the accompanying standalone Ind AS financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 343.78 Crores which is under litigation. Based on internal evaluation and legal opinion, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.
- d. Note 52 of the accompanying standalone Ind AS financial statements. During the year, a project was terminated due to dispute with customer against which the Company has initiated legal proceedings. The Company has net carrying value of project assets pertaining to this project amounting to Rs. 99.34 Crores (including Bank Guarantees encashed by the customer amounting to Rs. 39.97 Crores) which are under arbitration. Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision considered necessary for the same.

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

Other matters

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 29, 2017 and May 30, 2016 respectively expressed a modified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" 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 it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder;
- 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 the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 of the internal financial controls over financial reporting with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report; and
- i) With respect to the other matters to be included in the Auditors' 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 standalone Ind AS financial statements - Refer Note 31(a) to the standalone Ind AS 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 Note 20 to the standalone Ind AS financial statements. The Company has no derivative contracts;
 - iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Standalone financial statements for the year ended March 31, 2017 have been disclosed - Refer Note 10 to the standalone Ind AS financial statements.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
116231W/W-100024

Amit Kumar Agarwal
Partner
Membership Number: 214198

Date: May 30, 2018
Place: Mumbai

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number:
000459S

V K Muralidhar
Partner
Membership Number: 201570

Date: May 30, 2018
Place: Mumbai

Annexure A to the Independent Auditors' Report on the Standalone Ind AS Financial Statements

With reference to Annexure A referred to in the Independent Auditors' Report of even date to the members of IL&FS Engineering and Construction Company Limited ('the Company') on the Standalone Ind AS financial statements for the year ended March 31, 2018, we report that:

- 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 noted on such verification were not material and have been properly dealt with in 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 inventories at reasonable intervals during the year. Discrepancies noted on physical verification of inventories were not material and 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 Section 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales tax, Service tax, Duty of custom, Duty of excise, Value added tax, Goods and Service tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there are slight delays in depositing Provident fund, Employees' state insurance and Income-tax and there are serious delays in depositing Goods and Service tax.
- (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, Goods and Service 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 (₹ in Crore)	Paid under protest (₹ in Crore)	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 for 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
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

Name of the Statute	Nature of dues	Amount demanded (₹ in Crore)	Paid under protest (₹ in Crore)	Period to which the amount relates (Assessment years)	Forum where dispute is pending
AP Value Added Tax, 2005	Sales Tax	1.85	-	2005-06, 2006-07, 2007-08, 2008-09 and 2009-10	Commercial Tax Officer, Hyderabad
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
Orissa Entry Tax Act, 1999	Entry Tax	0.21	0.07	April 1, 2010 to March 31, 2014	Joint Commissioner of Sales Tax, Cuttack
West Bengal Vat Act, 2003	Sales Tax	0.11	-	2011-12	Senior Joint Commissioner, West Bengal
West Bengal Vat Act, 2003	Sales Tax	1.36	0.20	2012-13	Senior Joint Commissioner, West Bengal
Finance Act, 1994	Service Tax	3.47	0.26	October 2010 to March 2015	Principal commissioner of service tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.11	-	2012-13	Commercial Tax Officer, Hyderabad
Central Excise Act, 1944	Excise Duty	12.04	0.50	February 2012 to February 2016	Commissioner of Central Excise, Gurgaon
Maharashtra Vat Act, 2002	Sales tax	0.35	0.01	2011-12	Sales Tax Appeals Kolhapur Maharashtra
Odisha Vat Act, 2004	Sales tax	0.14	-	April 2014 to September 2015	Joint Commissioner of commercial tax, Cuttack
The Odisha Entry tax Act, 1999	Entry tax	0.03	-	April 2014 to September 2015	Joint Commissioner of commercial tax, Cuttack
Maharashtra Vat Act, 2002	Sales Tax and interest	0.71	0.01	2013-14	Deputy Commissioner of sales tax (Appeals), Kolhapur
Income Tax Act, 1961	Income Tax	39.82	39.21	2007-08 to 2011-12	Commissioner of Income Tax (Appeals), Hyderabad

- viii. According to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any dues to Government, nor has it issued any debentures as at the balance sheet date.
- ix. According to information and explanations given by the management and on an overall examination of the balance sheet, we report that, monies raised by the Company by way of term loans were applied for the purposes for which those were raised.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the Company has not paid / provided managerial remuneration to which requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 and hence not commented upon.
- 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 Standalone Ind AS financial statements, as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the Company and hence not commented upon.
- 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 them 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 B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
116231W/ W-100024

Amit Kumar Agarwal
Partner
Membership Number: 214198

Date: May 30, 2018
Place: Mumbai

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number:
000459S

V K Muralidhar
Partner
Membership Number: 201570

Date: May 30, 2018
Place: Mumbai

Annexure B referred to in paragraph 2 (h) of our Report of even date to the members of IL&FS Engineering and Construction Company Limited on the standalone Ind AS financial statements for the year ended March 31, 2018.

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, 2018 in conjunction with our audit of the Standalone Ind AS 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 ('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 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 Act.

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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. 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 Standalone Ind AS 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 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 Standalone Ind AS 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 has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018:

- 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, 2018, 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, 2018.

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 Ind AS financial statements of the Company, which comprise the Balance Sheet as at March 31, 2018, and the related Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows 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, 2018 standalone Ind AS financial statements of the Company and this report affects our report dated May 30, 2018, on which we have expressed a qualified opinion on those standalone Ind AS financial statements.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number:

116231W/ W-100024

Amit Kumar Agarwal

Partner

Membership Number: 214198

Date: May 30, 2018

Place: Mumbai

For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number:

000459S

V K Muralidhar

Partner

Membership Number: 201570

Date: May 30, 2018

Place: Mumbai

Standalone Balance Sheet as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	142.29	136.66	145.61
Capital work-in-progress	4	2.43	6.23	8.29
Intangible assets	5	37.99	40.49	42.78
Financial assets				
Investments	6	352.28	311.20	309.66
Trade receivables	7	263.67	205.14	268.12
Loans	8	700.12	657.73	590.34
Other financial assets	9	505.01	254.41	128.07
Deferred tax assets, net	13	253.43	249.72	250.15
Income tax assets, net	13	38.15	40.44	42.82
Other non-current assets	12	1,044.44	968.04	379.62
		3,339.81	2,870.06	2,165.46
Current assets				
Inventories	11	1,018.13	722.71	830.21
Financial assets				
Trade receivables	7	494.72	403.75	449.77
Cash and cash equivalents	10	13.93	3.58	4.20
Bank balances other than cash and cash equivalents	10	13.96	18.19	16.78
Loans	8	130.06	37.80	102.15
Other financial assets	9	58.65	101.55	56.03
Current tax assets, net	13	66.50	60.78	62.73
Other current assets	12	177.07	90.69	87.16
		1,973.02	1,439.05	1,609.03
Total assets		5,312.83	4,309.11	3,774.49
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	131.12	131.12	121.16
Other equity	15	4.01	(3.95)	(52.26)
Total equity		135.13	127.17	68.90
Liabilities				
Non-current liabilities				
Financial liabilities				
Long-term borrowings	16	1,204.90	1,214.20	1,428.38
Trade payables	18	465.39	496.47	139.23
Other financial liabilities	19	427.51	412.02	265.29
Provisions	20	16.38	15.49	14.03
Other non-current liabilities	21	3.62	3.62	3.62
		2,117.80	2,141.80	1,850.55
Current liabilities				
Financial liabilities				
Short-term borrowings	17	756.49	526.19	470.38
Trade payables	18	851.93	557.35	738.80
Other financial liabilities	19	1,205.90	806.81	545.51
Provisions	20	50.82	55.89	49.49
Other current liabilities	21	194.76	93.90	50.86
		3,059.90	2,040.14	1,855.04
Total equity and liabilities		5,312.83	4,309.11	3,774.49

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Associates LLP

ICAI Firm Registration No.: 116231W/W-100024
Chartered Accountants

Amit Kumar Agarwal

Partner
Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm Registration No.: 000459S
Chartered Accountants

V K Muralidhar

Partner
Membership No.: 201570

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

Ramchand K

Chairman
DIN: 00051769

Mukund Sapre

Managing Director
DIN: 00051841

Dr. S N Mukherjee
Chief Financial Officer

Sushil Dudeja
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

Statement of profit and loss for the year ended March 31, 2018

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

	Notes	For the year ended	
		March 31, 2018	March 31, 2017
Income			
Revenue from operations	22	1,868.76	1,817.38
Other income	23	250.86	202.06
Company's share of profit from integrated joint ventures		32.00	5.77
Total revenue (I)		2,151.62	2,025.21
Expenses			
Cost of materials consumed	24	540.72	532.07
Employee benefits expenses	25	142.27	103.56
Subcontract expense		795.15	788.05
Finance costs	26	396.03	330.97
Depreciation and amortization expense	27	44.54	47.97
Other expenses	28	229.70	217.13
Total expenses (II)		2,148.41	2,019.75
Profit before tax (I-II)		3.21	5.46
Tax expense	13		
Current tax		-	-
Deferred tax		(3.71)	0.43
Total tax expense		(3.71)	0.43
Profit for the year		6.92	5.03
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurements of the net defined benefit liability/asset		1.04	0.24
Other comprehensive income, net of tax		1.04	0.24
Total comprehensive income for the year		7.96	5.27
Earnings per equity share [Nominal value of share Rs. 10 (March 31, 2017 : Rs. 10)]	29		
Basic and diluted		0.53	0.41
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For B S R & Associates LLP

ICAI Firm Registration No.: 116231W/W-100024
Chartered Accountants

Amit Kumar Agarwal

Partner
Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm Registration No.: 000459S
Chartered Accountants

V K Muralidhar

Partner
Membership No.: 201570

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

Ramchand K

Chairman
DIN: 00051769

Mukund Sapre

Managing Director
DIN: 00051841

Dr. S N Mukherjee
Chief Financial Officer

Sushil Dudeja
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

Cash flow statement for the year ended March 31, 2018

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

	For the year ended	
	March 31, 2018	March 31, 2017
A. Cash flow from operating activities		
Profit before tax	3.21	5.46
Adjustment: Non cash adjustments to reconcile profit before tax to net cash flows		
Company's share of profit from integrated joint ventures	(32.00)	(5.77)
Liabilities no longer required written back	(4.16)	(16.46)
(Reversal) / provision for estimated future loss on projects	(1.27)	7.37
(Profit)/ loss on sale/discard/write off of fixed assets (net)	0.38	(61.69)
Provision for liquidated damages	0.56	-
Provision for retirement benefits	(0.72)	0.10
Depreciation and amortization expense	44.54	47.97
Stocks written-off	0.01	0.50
Provision for doubtful advances/trade receivables/other assets/investments	1.62	20.44
Bad debts/advances written-off	-	1.57
Interest income from financial assets carried at amortised cost	(2.25)	(1.97)
Interest expense from financial liabilities carried at amortised cost	3.37	3.09
Interest expense	354.33	303.81
Interest income	(233.78)	(115.82)
Operating profit before working capital changes	133.84	188.60
Movement in working capital adjustments		
Increase in inventories	(358.45)	(476.62)
(Increase) / decrease in trade receivables	(147.01)	101.31
Increase in loans	(132.39)	(7.66)
Decrease / (increase) in other financial assets	11.87	(75.92)
Increase in other non financial assets	(97.11)	(8.13)
Decrease in provision	(0.57)	(0.01)
Increase in trade payables	267.66	181.72
Increase in other financial liabilities	108.78	110.83
Increase in other liabilities	100.86	43.04
Cash (used in) / flow from operating activities	(112.52)	57.16
Income tax (refund) / paid (net)	(3.43)	4.33
Net cash (used in) / flow from operating activities (A)	(115.95)	61.49
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(69.51)	(60.17)
Proceeds from sale of fixed assets	0.74	86.93
Company's share of profit in the joint ventures received	0.59	5.28
Advances given to subsidiaries /joint ventures/associate	(4.34)	(0.31)
Refund of advances from subsidiaries /joint ventures/associate	0.50	1.50
(Deposit) / proceeds from bank deposits (having original maturity of more than three months)	(0.30)	1.44
Interest received	8.75	7.04
Net cash (used in) / flow from investing activities (B)	(63.57)	41.71

Cash flow Statement for the year ended March 31, 2018

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

	For the year ended		
	March 31, 2018	March 31, 2017	
Cash flow from financing activities			
Proceeds from issuance of equity share capital	-	53.00	
Redemption of preference share capital	-	(53.00)	
Proceeds from long-term borrowings	512.54	147.85	
Repayment of long-term borrowings	(262.23)	(160.73)	
Proceeds from short-term borrowings (net)	230.30	55.81	
Interest paid	(290.74)	(146.75)	
Net cash flow from / (used in) financing activities (C)	189.87	(103.82)	
Net increase (decrease) in cash and cash equivalents (A + B + C)	10.35	(0.62)	
Cash and cash equivalents at the beginning of the year	3.58	4.20	
Cash and cash equivalents at the end of the year (Refer below for break-up)	13.93	3.58	
Components of Cash and cash equivalents			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	0.19	0.09	0.08
With banks - on current accounts	13.74	3.40	4.12
Deposits with original maturity for less than 3 months	-	0.09	-
Total cash and cash equivalents (as per Ind AS 7)	13.93	3.58	4.20

Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited ₹ 9.99 (March 31, 2017: ₹ 9.99) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement.
- During the previous year, loan given to Bangalore Elevated Tollway Private Limited amounting to ₹ 25.37 had been converted to 0.001% non-convertible debentures as at March 31, 2017, which were credited into the Company demat account during the current year, hence classified under Investments during the year. This has been considered as non-cash item for the purpose of cash flow statement.

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Associates LLP

ICAI Firm Registration No.: 116231W/W-100024
Chartered Accountants

Amit Kumar Agarwal

Partner
Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm Registration No.: 000459S
Chartered Accountants

V K Muralidhar

Partner
Membership No.: 201570

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

Ramchand K

Chairman
DIN: 00051769

Mukund Sapre

Managing Director
DIN: 00051841

Dr. S N Mukherjee
Chief Financial Officer

Sushil Dudeja
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

Statement of changes in equity for the year ended March 31, 2018

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

	Notes	Number of shares	Amount
A. Equity share capital			
Balance as at April 1, 2016		121,158,671	121.16
Changes in equity share capital during 2016-17	14	9,962,407	9.96
Balance as at March 31, 2017		131,121,078	131.12
Changes in equity share capital during 2017-18	14	-	-
Balance as at March 31, 2018		131,121,078	131.12

B. Other equity

	Reserves and Surplus		Items of Other Comprehensive Income (OCI)	Total
	Securities premium account	Retained earnings	Other items of OCI	
Balance as at April 1, 2016	239.24	(291.50)	-	(52.26)
Profit for the year	-	5.03	-	5.03
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	0.24	0.24
Addition on issue of equity shares	43.04	-	-	43.04
Balance as at March 31, 2017	282.28	(286.47)	0.24	(3.95)
Profit for the year	-	6.92	-	6.92
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	1.04	1.04
Balance as at March 31, 2018	282.28	(279.55)	1.28	4.01

The accompanying notes are an integral part of the financial statements
As per our report of even date

For B S R & Associates LLP
ICAI Firm Registration No.: 116231W/W-100024
Chartered Accountants

For M Bhaskara Rao & Co.
ICAI Firm Registration No.: 000459S
Chartered Accountants

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

Amit Kumar Agarwal
Partner
Membership No: 214198

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Ramchand K
Chairman
DIN: 00051769

Mukund Sapre
Managing Director
DIN: 00051841

Dr. S N Mukherjee
Chief Financial Officer

Sushil Dudeja
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in ₹ 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:

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in note 49.

The standalone financial statements were authorised for issue by the Company's Board of Directors at its meeting held on May 30, 2018.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest crores, unless otherwise indicated.

C. Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Share-based payments	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting

policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

- Note 35 - measurement of defined benefit obligations: key actuarial assumptions;

- Notes 13, 20 and 31 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 4 - useful life and depreciation of property, plant and equipment

- Note 5 - useful life and amortisation of intangible assets.

- Note 6 to 9 - impairment of financial assets.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

• Note 11 and 22 – The Company uses the percentage-of-completion method (POCM) in accounting for its long term construction contracts. Use of POCM requires the Company to estimate the contract revenue and total cost to complete a contract. Changes in the factors underlying the estimation of the contract revenue and total contract cost could affect the amount of revenue recognized.

• Note 13 – Deferred tax assets are recognized for unused unabsorbed depreciation to the extent it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

• Note 7, 8, 9 and 11 – Determining the amount of expected credit loss on financial assets (including trade receivables, loans and unbilled revenue).

E. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

- In the absence of a principal market, in most advantageous market for the asset or liability

The Principal or the most advantageous market must be accessible by the Company.

Notes to Financial Statements for the year ended March 31, 2018

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financials statement are categories within in the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable

- Level 3: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 40 - share-based payments

- Note 48 - financial instruments.

3. Significant accounting policies

(a) 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 (POCM) as mentioned in Ind AS 11 "Construction Contracts" notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. 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.

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

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

Revenue from design and consultancy services

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

Revenue from hire charges

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

Interest

Interest income is accrued on a time basis, by reference to the principal amount using the effective interest rate applicable.

Dividend

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

(b) Property, plant and equipment:

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

Notes to Financial Statements for the year ended March 31, 2018

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

- (iv) Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.
- (v) The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.
- (vi) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (vii) 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.
- (viii) Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (ix) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (x) Capital work in progress includes the cost of property, plant and equipments that are not ready for their intended use at the balance sheet date.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Depreciation on property, plant and equipment

- (i) Depreciation on property, plant and equipment other than those mentioned in S.no.(ii) below, is calculated on straight-line basis using the rates arrived at, based on useful lives estimated by the management which coincides with rates prescribed under Schedule II of the Companies Act, 2013.
- (ii) Depreciation on the following property, plant and equipment is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management, which are different from the general rates prescribed under Schedule II of the Companies, Act 2013,

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

- (iii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.
- (iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(d) 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 cost 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.

Investments in subsidiaries, associates and joint ventures:

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

(e) Inventories:

- (i) Project materials at site are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

Notes to Financial Statements for the year ended March 31, 2018

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

- (ii) Amount due from customers (project work-in-progress) represents contract revenue earned in excess of billing.

(f) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service at the undiscounted amount of the benefits expected to be paid.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

Compensated absences is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the balance sheet date, carried out by a qualified independent actuary. Actuarial gains and losses arising during the year are immediately recognised in the statement of profit and loss. Remeasurement of defined benefit plans in respect of post employment are charged to other comprehensive income.

Share-based payments

Employee options

The fair value of options granted under the Company's Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg. the entities share price);
- excluding the impact of any service and non-market performance vesting conditions (eg: profitability, sales growth targets and remaining an employee of the entity over a specified time period; and
- including the impact of any non-vesting conditions (eg. the requirement for employees to save or holdings shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service condition. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss with the corresponding adjustment in the equity.

(g) Income taxes:

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current 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.

(ii) Deferred tax:

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Notes to Financial Statements for the year ended March 31, 2018

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

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(h) Foreign currency transactions and translations:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(i) 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 property, plant and equipment. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised

as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

(j) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of an qualifying 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 charged in the year they occur.

(k) Accounting for Joint Ventures:

Accounting for joint ventures undertaken by the Company has been done in accordance with the requirements of Ind AS – 28 "Investments in Associates and Joint Ventures" notified under section 133 of the Companies Act, 2013, and as follows:

Joint 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 separate 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.

Joint Ventures:

Investments made in unincorporated integrated joint ventures registered in the form of partnership firms or Association of Persons (AoPs) are classified as Jointly Ventures in terms of Ind AS – 111 "Joint Arrangements" notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 and Company's share in profit/losses of the respective entities is recognized in the separate financial statements. The initial investment including accumulated Company's share of profit/losses in the joint entities are recognised under investments. Any further funding made by the Company in the joint entities in the nature of current account transaction is recognised under 'loans and advances'.

(l) 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 except where the results are anti-dilutive.

(m) Impairment:

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether

Notes to Financial Statements for the year ended March 31, 2018

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

financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Company is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the

Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Financial instruments:

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit & Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets

Notes to Financial Statements for the year ended March 31, 2018

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both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in debt instruments is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Company does not have investment in any debt securities classified as FVTOCI.

On initial recognition of an investment in Equity Instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Company

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at FVTOCI

These assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in the OCI

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset

Notes to Financial Statements for the year ended March 31, 2018

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are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains or losses (including impairment gains or losses) or interest.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see note 33.

(p) Provisions and contingent liabilities:

i. General

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(q) Cash and cash equivalents:

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

(r) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(s) Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting year; or
- It is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to Financial Statements for the year ended March 31, 2018

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

Operating cycle:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Accordingly, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(t) Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

A. Ind AS 115 - Revenue from contracts with customers

Ind AS 115 was issued on March 29, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018. The Company plans to adopt the new standard on the required effective date using the modified retrospective method.

The Company is in the business of erection/construction of roads, irrigation projects, buildings, oil and gas infrastructure, power plants and power transmission & distribution lines including rural electrification which involves various contracts. The Company is in the process of assessing the impact of Ind AS 115 on its financial statement.

B. Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments

are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

C. Transfers of Investment Property — Amendments to Ind AS 40

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. Since the Company does not have any investment property in its books of account, the Company has concluded that there will be no impact of this amendment on its financial statements.

D. Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from April 1, 2018. These amendments are not applicable to the Company.

E. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of transactions, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Based on preliminary evaluation considering known and estimable information, the management believes that the standard will not have a significant impact on the Company's financial statement in the period of its initial application.

Notes to Financial Statements for the year ended March 31, 2018

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

4. Property, plant and equipment Reconciliation of carrying amount

	Land	Buildings	Temporary erections - site offices	Plant, and machinery - construction equipment*	Site infrastructure	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total - tangible assets	Capital work-in-progress
Cost or deemed cost (gross carrying amount)												
Balance at April 1, 2016	4.78	0.16	7.61	123.28	0.61	1.78	-	1.28	1.96	4.15	145.61	8.29
Additions	-	-	30.48	26.94	-	1.02	1.43	0.48	0.25	1.10	61.70	55.36
Disposals	-	(0.16)	-	(24.25)	-	-	-	-	-	(0.83)	(25.24)	-
Capitalised	-	-	-	-	-	-	-	-	-	-	-	(57.42)
Balance at March 31, 2017	4.78	-	38.09	125.97	0.61	2.80	1.43	1.76	2.21	4.42	182.07	6.23
Additions	-	-	4.97	38.33	1.73	0.70	1.33	0.61	0.26	0.83	48.76	39.50
Disposals	-	-	-	(7.61)	-	-	-	-	-	(0.79)	(8.40)	-
Capitalised	-	-	-	-	-	-	-	-	-	-	-	(43.30)
Balance at March 31, 2018	4.78	-	43.06	156.69	2.34	3.50	2.76	2.37	2.47	4.46	222.43	2.43
Accumulated depreciation												
Charge for the year	-	-	10.72	30.30	0.14	0.73	1.43	0.73	0.54	0.82	45.41	-
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2017	-	-	10.72	30.30	0.14	0.73	1.43	0.73	0.54	0.82	45.41	-
Charge for the year	-	-	15.00	22.14	0.98	0.78	1.33	0.57	0.51	0.70	42.01	-
Disposal during the year	-	-	-	(7.03)	-	-	-	-	-	(0.25)	(7.28)	-
Balance at March 31, 2018	-	-	25.72	45.41	1.12	1.51	2.76	1.30	1.05	1.27	80.14	-
Carrying amounts (net)												
At April 1, 2016	4.78	0.16	7.61	123.28	0.61	1.78	-	1.28	1.96	4.15	145.61	8.29
At March 31, 2017	4.78	-	27.37	95.67	0.47	2.07	-	1.03	1.67	3.60	136.66	6.23
At March 31, 2018	4.78	-	17.34	111.28	1.22	1.99	-	1.07	1.42	3.19	142.29	2.43

*Plant and machinery - construction equipment :

- Plant and machinery - construction equipment includes shuttering and scaffolding material [₹ 51.05 (March 31, 2017 : ₹ 48.28, April 1, 2016 : ₹ 33.51)].
Net book value of this shuttering and scaffolding material is ₹ 31.65 (March 31, 2017 : ₹ 37.95, April 1, 2016 : ₹ 33.51).

- Plant and machinery - construction equipment includes equipment given on operating lease
- Plant and machinery - construction equipment includes equipment purchased on Finance lease

Description	March 31, 2018	March 31, 2017
Cost or deemed cost	0.15	0.54
Opening balance of accumulated depreciation	0.04	-
Depreciation for the year	0.04	0.15
Net book value	0.07	0.39

Description	March 31, 2018	March 31, 2017
Cost or deemed cost	4.38	4.38
Opening balance of accumulated depreciation	0.92	-
Depreciation for the year	1.19	0.92
Net carrying amount	2.27	3.46

Also refer to note 16, 17 and 45

Notes to Financial Statements for the year ended March 31, 2018

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5. Intangible assets

	Mining rights	Computer software	Total intangible assets
Cost or deemed cost (gross carrying amount)			
Balance at April 1, 2016	41.89	0.89	42.78
Additions	-	0.27	0.27
At March 31, 2017	41.89	1.16	43.05
Additions	-	0.03	0.03
At March 31, 2018	41.89	1.19	43.08
Accumulated amortization			
Charge for the year	1.98	0.58	2.56
At March 31, 2017	1.98	0.58	2.56
Charge for the year	2.02	0.51	2.53
At March 31, 2018	4.00	1.09	5.09
Carrying amounts (net)			
At April 1, 2016	41.89	0.89	42.78
At March 31, 2017	39.91	0.58	40.49
At March 31, 2018	37.89	0.10	37.99

6. Investments

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. At cost less provision other than temporary impairment (Unquoted investments)			
(i) Investment in subsidiaries - equity shares (fully paid-up)			
50,000 (March 31, 2017 and April 1, 2016: 50,000) of ₹ 10 each in Maytas Infra Assets Limited	0.05	0.05	0.05
50,000 (March 31, 2017 and April 1, 2016: 50,000) of ₹ 10 each in Maytas Vasishta Varadhi Limited	0.05	0.05	0.05
49,995 (March 31, 2017 and April 1, 2016: 49,995) of ₹ 10 each in Maytas Metro Limited (at cost less provision for other than temporary diminution in value ₹ 0.05 (March 31, 2017 and April 1, 2016: ₹ 0.05))	-	-	-
1,000 (March 31, 2017 and April 1, 2016: 1,000) of ₹ 100 each in Angeerasa Greenfields Private Limited	0.01	0.01	0.01
1,000 (March 31, 2017 and April 1, 2016: 1,000) of ₹ 100 each in Saptaswara Agro - Farms Private Limited	0.01	0.01	0.01
1,000 (March 31, 2017 and April 1, 2016: 1,000) of ₹ 100 each in Ekdanta Greenfields Private Limited	0.01	0.01	0.01
27,500 (March 31, 2017 and April 1, 2016: 27,500) of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company Limited Liability Company@	33.19	33.19	33.19
(ii) Investment in associate - equity shares (fully paid-up)			
7,750 (March 31, 2017 and April 1, 2016: 7,750) of ₹ 100 each in Hill County Properties Limited	0.08	0.08	0.08
(iii) Investment in association of persons (includes the Company's share of profit in such entities)			
Maytas NCC JV	37.40	6.08	4.88
NCC – Maytas (JV) Pocharam [net of provision of ₹ 0.92 (March 31, 2017: ₹ 0.92, April 1, 2016: ₹ 0.18)]	-	-	0.74
Maytas – CTR (JV)	3.27	3.27	3.27
NCC – Maytas – ZVS (JV)	0.21	0.18	0.16
B. At amortised cost (Unquoted investments)			
Investment in other entities			
(a) In preference shares (fully paid-up)			

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	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4,550,000 (March 31, 2017 and April 1, 2016: 4,550,000) Zero coupon convertible preference shares of ₹ 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value ₹ 4.55 (March 31, 2017 and April 1, 2016: Rs 4.55))	-	-	-
2,441,850 (March 31, 2017 and April 1, 2016: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of ₹ 100 each in Bangalore Elevated Tollway Private Limited*	9.80	8.60	7.54
(b) In debentures (fully paid-up)			
25,370,630 (March 31, 2017 and April 1, 2016: Nil) 0.001% Non-convertible debentures of ₹ 10 each in Bangalore Elevated Tollway Private Limited**	8.53	-	-
C. At fair value through profit and loss (Unquoted investments)			
Investment in other entities			
(a) In equity shares (fully paid-up)			
4,000,000 (March 31, 2017 and April 1, 2016: 4,000,000) of ₹ 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value ₹ 4.00 (March 31, 2017 and April 1, 2016: ₹ 4.00))	-	-	-
2,600 (March 31, 2017 and April 1, 2016: 2,600) of ₹ 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00	0.00
2,600 (March 31, 2017 and April 1, 2016: 2,600) of ₹ 10 each in Shimoga Airport Developers Private Limited	0.00	0.00	0.00
(b) In Pass Through Certificates (refer note 47)			
2,596,675.29 (March 31, 2017 and April 1, 2016 : 2,596,675.29) of ₹ 1,000 each in Maytas Investment Trust*	259.67	259.67	259.67
	352.28	311.20	309.66

Aggregate amount of provision for diminution in value of investments is ₹ 9.52 (March 31, 2017: ₹ 9.52, April 1, 2016: ₹ 8.78)

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

**In the previous year, ₹ 25.37 of sub-debt given to Bangalore Elevated Tollway Private Limited (BETPL) was converted into 0.001% non-convertible debentures as at March 31, 2017, which were credited into the Company's demat account during the current year.

@ Hypothecated to Infrastructure Leasing and Financial Services Limited

7. Trade receivables

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good*	758.39	608.89	717.89
Doubtful	176.38	178.87	172.13
	934.77	787.76	890.02
Less: Allowance			
For Expected credit loss and for doubtful debts	(176.38)	(178.87)	(172.13)
Net trade receivables	758.39	608.89	717.89
Non current trade receivables [includes retention money (net of provision for doubtful debts) of ₹ 224.56 (March 31, 2017: ₹ 205.14, April 1, 2016: ₹ 211.15)]	263.67	205.14	268.12
Current trade receivables [includes retention money (net of provision for doubtful debts) of ₹ 168.41 (March 31, 2017: ₹ 154.36, April 1, 2016: ₹ 181.68)]	494.72	403.75	449.77

The Company's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 48.

* Includes receivables from related parties (Refer note 37).

Notes to Financial Statements for the year ended March 31, 2018

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

8. Loans

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Deposits (others)						
Unsecured, considered good#	9.78	83.78	9.10	2.80	8.11	3.59
Considered doubtful	0.23	-	0.07	-	0.07	-
Provision for doubtful deposits (others)	10.01	83.78	9.17	2.80	8.18	3.59
	(0.23)	-	(0.07)	-	(0.07)	-
	9.78	83.78	9.10	2.80	8.11	3.59
Loans to related parties (Refer note 37)						
Unsecured, considered good	137.62	3.12	127.77	1.14	127.54	0.57
Considered doubtful	63.12	-	61.12	-	53.12	-
Provision for doubtful advances	200.74	3.12	188.89	1.14	180.66	0.57
	(63.12)	-	(61.12)	-	(53.12)	-
	137.62	3.12	127.77	1.14	127.54	0.57
Mobilisation advance to subcontractor						
Unsecured, considered good	104.28	43.16	66.55	33.86	1.72	97.57
Loan to other companies						
Secured, considered good	52.18	-	52.08	-	52.08	-
Unsecured, considered good	52.48	-	58.45	-	57.11	0.42
Inter-corporate deposits* (Refer note 53)	343.78	-	343.78	-	343.78	-
	448.44	-	454.31	-	452.97	0.42
Total	700.12	130.06	657.73	37.80	590.34	102.15

* includes Inter-corporate deposits to Angeerasa Greenfields Private Limited (a subsidiary of the Company) ₹ 50 (March 31, 2017 : ₹ 50, April 1, 2016 : ₹ 50) (Refer note 37).

@ During the previous year, loan given to BETPL amounting to ₹ 25.37 had been converted to 0.001% non-convertible debentures as at March 31, 2017, which were credited into the Company demat account during the current year, hence classified under Investments during the year.

#Security deposit (current) for the year includes ₹ 81.64 (March 31, 2017: ₹ Nil and April 1, 2016: ₹ Nil) of short-term deposits placed with related parties (Refer note 37).

9. Financial assets - other financial assets

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Interest accrued on deposits and others						
Considered good	460.56	13.79	243.37	15.94	115.96	44.56
Considered doubtful	45.24	-	45.24	-	45.24	-
Provision for doubtful interest accrued	505.80	13.79	288.61	15.94	161.20	44.56
	(45.24)	-	(45.24)	-	(45.24)	-
	460.56	13.79	243.37	15.94	115.96	44.56
Claim for performance bank guarantee						
Considered good (Refer note 52)	29.18	-	-	-	-	-
Considered doubtful	21.12	-	21.12	-	21.12	-
Provision for doubtful bank guarantee	50.30	-	21.12	-	21.12	-
	(21.12)	-	(21.12)	-	(21.12)	-
	29.18	-	-	-	-	-
Other receivables						
Considered good	5.42	44.86	5.72	85.61	3.94	11.47
Considered doubtful	1.98	-	1.98	-	1.98	-
Provision for doubtful other receivables	7.40	44.86	7.70	85.61	5.92	11.47
	(1.98)	-	(1.98)	-	(1.98)	-
	5.42	44.86	5.72	85.61	3.94	11.47
Non-current bank balances (Refer note 10)	9.85	-	5.32	-	8.17	-
Total	505.01	58.65	254.41	101.55	128.07	56.03

Notes to Financial Statements for the year ended March 31, 2018

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

10. Cash and bank balances

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Cash and cash equivalents						
Cash on hand	-	0.19	-	0.09	-	0.08
Balances with banks:						
On current accounts	-	13.74	-	3.40	-	4.12
Deposits with original maturity for less than 3 months	-	-	-	0.09	-	-
	-	13.93	-	3.58	-	4.20
Other bank balances						
Deposits account due to mature within 12 months of reporting date *	-	0.12	-	0.37	-	0.03
Deposits account due to mature of more than 12 months of reporting date *	0.47	-	0.22	-	0.66	-
Margin money deposits **	9.38	13.84	5.10	17.82	7.51	16.75
	9.85	13.96	5.32	18.19	8.17	16.78
Amount disclosed under non-current financial assets (Refer note 9)	(9.85)	-	(5.32)	-	(8.17)	-
Total	-	27.89	-	21.77	-	20.98

* Deposits under lien

** Lodged with authorities

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016 is as under:

Particulars	SBN's	ODN's	Total
Closing cash in hand as on November 8, 2016	0.24	0.20	0.44
Add: Permitted receipts	-	0.84	0.84
Add: Non permitted receipts	-	-	-
Less: Permitted payments	0.00	0.91	0.91
Less: Non permitted payments	0.18	-	0.18
Less: Amounts deposited in banks	0.06	-	0.06
Closing cash in hand as on December 30, 2016	-	0.13	0.13

11. Inventories (Refer note 3(e) for mode of valuation of inventories)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Project materials	-	134.18	-	106.04	-	106.85
Amount due from customers (project work-in-progress) (Refer note 50 and 52)	1,008.93	883.95	945.91	616.67	362.29	723.36
	1,008.93	1,018.13	945.91	722.71	362.29	830.21
Amount disclosed under non-current assets (Refer note 12)	(1,008.93)	-	(945.91)	-	(362.29)	-
Total	-	1,018.13	-	722.71	-	830.21

12. Other assets

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances						
Unsecured, considered good	3.00	-	0.35	-	0.15	-
Advances other than capital advances						
Unsecured, considered good	11.88	103.21	8.33	62.47	2.04	69.53
Considered doubtful	26.94	-	24.99	-	20.03	-
	38.82	103.21	33.32	62.47	22.07	69.53
Provision for doubtful advances	(26.94)	-	(24.99)	-	(20.03)	-
	11.88	103.21	8.33	62.47	2.04	69.53
Balances with statutory/government authorities	20.63	73.86	13.45	28.22	15.14	17.63
Non-current inventories (Refer note 11)	1,008.93	-	945.91	-	362.29	-
Total	1,044.44	177.07	968.04	90.69	379.62	87.16

Notes to Financial Statements for the year ended March 31, 2018

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

13. Income tax

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax assets / (liabilities), net as at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unabsorbed depreciation	132.18	125.89	-	-	132.18	125.89
Provision for doubtful debts, financial and other assets	103.52	103.02	-	-	103.52	103.02
Property, plant and equipment	-	-	10.03	8.24	(10.03)	(8.24)
Provisions for future losses and liquidated damages	19.16	19.91	-	-	19.16	19.91
Other items	8.60	9.14	-	-	8.60	9.14
Total	263.46	257.96	10.03	8.24	253.43	249.72

(b) Movement in temporary differences

	As at April 1, 2016	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2017
Unabsorbed depreciation	112.29	13.60	-	-	-	125.89
Provision for doubtful debts, financial and other assets	96.93	6.09	-	-	-	103.02
Property, plant and equipment	14.71	(22.95)	-	-	-	(8.24)
Provisions for future losses and liquidated damages	17.43	2.48	-	-	-	19.91
Other items	8.79	0.35	-	-	-	9.14
Total	250.15	(0.43)	-	-	-	249.72

	As at April 1, 2017	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2018
Unabsorbed depreciation	125.89	6.29	-	-	-	132.18
Provision for doubtful debts, financial and other assets	103.02	0.50	-	-	-	103.52
Property, plant and equipment	(8.24)	(1.79)	-	-	-	(10.03)
Provisions for future losses and liquidated damages	19.91	(0.75)	-	-	-	19.16
Other items	9.14	(0.54)	-	-	-	8.60
Total	249.72	3.71	-	-	-	253.43

(c) The following table provides the details of income tax assets and income tax liabilities as of March 31, 2018, March 31, 2017 and April 1, 2016:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income tax assets (net) - current	66.50	60.78	62.73
Income tax assets (net) - non-current	38.15	40.44	42.82
Current tax liabilities (net)	-	-	-
Net income tax asset / (liability) at the end of the year	104.65	101.22	105.55

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2018 and March 31, 2017 is as follows:

	For the year ended	
	March 31, 2018	March 31, 2017
Net income tax asset / (liability) at the beginning of the year	101.22	105.55
Income tax paid (net of refund)	3.43	(4.33)
Current income tax expense	-	-
Income tax on other comprehensive income and others	-	-
Net income tax asset / (liability) at the end of the year	104.65	101.22

Notes to Financial Statements for the year ended March 31, 2018

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

	For the year ended	
	March 31, 2018	March 31, 2017
(d) Amounts recognised in Statement of profit and loss		
Current tax	-	-
Deferred tax		
Attributable to origination and temporary differences	(3.71)	0.43
Tax expense for the year	(3.71)	0.43
(e) Reconciliation of effective tax rate		
Profit before tax	3.21	5.46
Tax using the Company's domestic rate (March 31, 2018 : 30.90% and March 31, 2017 : 30.90%)	0.99	1.69
Tax effect of:		
Non-deductible expenses	(2.04)	(14.38)
Tax exempt income	9.89	1.78
Other items	(6.86)	14.29
	0.99	1.69

14. Share capital

Authorized shares	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
350,000,000 (March 31, 2017 : 350,000,000, April 1, 2016 : 350,000,000) equity shares of ₹ 10 each	350.00	350.00	350.00
35,000,000 (March 31, 2017 : 35,000,000, April 1, 2016 : 35,000,000) preference shares of ₹ 100 each	350.00	350.00	350.00
Issued, subscribed and paid up			
131,121,078 (March 31, 2017 : 131,121,078, April 1, 2016 : 121,158,671) equity shares of ₹ 10 each fully paid-up	131.12	131.12	121.16
Total	131.12	131.12	121.16

All issued shares are fully paid up

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

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	131,121,078	131.12	121,158,671	121.16
Issued during the year	-	-	9,962,407	9.96
At the end of the year	131,121,078	131.12	131,121,078	131.12

225,000 (March 31, 2017 : 225,000, April 1, 2016 : 525,000) 6% cumulative redeemable preference shares (CRPS) of ₹ 100 each fully paid-up total face value of ₹ 2.25 (March 31, 2017 : ₹ 2.25 and April 1, 2016 : ₹ 5.25) are classified as financial liability (Refer note 16)

3,750,000 (March 31, 2017 : 3,750,000, April 1, 2016 : 8,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of ₹ 100 each fully paid-up total face value of ₹ 37.50 (March 31, 2017 : ₹ 37.50 and April 1, 2016 : ₹ 87.50) are classified as financial liability (Refer note 16)

(b) The Company has also issued Employee Stock Option Scheme (ESOS) plan for its employees. Terms attached to ESOS plan are described in note 40.

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

(d) Restrictions attached to equity shares

(i) As at March 31, 2018, 28,658,253 (March 31, 2017 : 55,400,884) equity shares held by the Promoters of the Company are under lock-in in terms of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The details of equity shares of the Company which are locked-in is given below:

(a) Lock-in created on April 8, 2015 for 9,795,846 equity shares upto April 29, 2018;

(b) Lock-in created on October 05, 2015 for 8,900,000 equity shares upto October 10, 2018; and

(c) Lock-in created on April 13, 2017 for 9,962,407 equity shares upto April 12, 2020

Further, lock-in created for 26,742,631 equity shares on February 22, 2017 was released on October 31, 2017.

Notes to Financial Statements for the year ended March 31, 2018

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

(ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's shareholding 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 September 30, 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.

(e) Terms of preference shares

For rights, preferences and restrictions attached to 6% Cumulative Redeemable Preference Shares (CRPS) and 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 100 each, classified as financial liability, (refer note 16).

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The Company declares and pays dividends in Indian Rupees. The holder of preference shares are entitled to one vote per share only on resolutions placed before the Company which directly affect their rights attached to the preference shares. In the event of liquidation of the Company during the existence of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(f) There were no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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

Equity shares of ₹ 10 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	27.87%	36,538,477	27.87%	36,538,477	30.16%
IL&FS Financial Services Limited	27,914,641	21.29%	27,914,641	21.29%	22,933,437	18.93%
Infrastructure Leasing and Financial Services Limited	27,486,243	20.96%	27,486,243	20.96%	22,505,040	18.57%

6% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited*	-	0.00%	-	0.00%	116,232	22.14%
IDBI Bank Limited*	-	0.00%	-	0.00%	36,648	6.98%
State Bank of India*	-	0.00%	-	0.00%	36,960	7.04%
State Bank of Hyderabad*	-	0.00%	-	0.00%	28,044	5.34%
Vistra ITCL (India) Ltd. (formerly IL&FS Trust Company Ltd)	225,000	100.00%	225,000	100.00%	225,000	42.86%

*CRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the year ended March 31, 2017.

6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 10 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited*	-	0.00%	-	0.00%	1,937,200	22.14%
IDBI Bank Limited*	-	0.00%	-	0.00%	616,000	7.04%
State Bank of India*	-	0.00%	-	0.00%	610,800	6.98%
State Bank of Hyderabad*	-	0.00%	-	0.00%	467,400	5.34%
Allahabad Bank *	-	0.00%	-	0.00%	378,000	4.32%
Vistra ITCL (India) Ltd. (formerly IL&FS Trust Company Ltd)	3,750,000	100.00%	3,750,000	100.00%	3,750,000	42.86%

*OCCRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the year ended March 31, 2017.

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

15. Other equity

	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Balance at the commencement of the year	282.28	239.24
Add: Premium on issue of equity shares	-	43.04
Closing balance (A)	282.28	282.28

Notes to Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017
Deficit in the statement of profit and loss		
Balance at the commencement of the year	(286.47)	(291.50)
Profit from the Statement of profit and loss	6.92	5.03
Net deficit in the statement of profit and loss (B)	(279.55)	(286.47)
Other comprehensive income		
Balance at the commencement of the year	0.24	-
Remeasurement of the net defined benefit liability / assets, net of tax effect	1.04	0.24
Closing balance (C)	1.28	0.24
Total closing balance (A+B+C)	4.01	(3.95)

Nature and purpose of other reserves

Securities premium account

Securities premium is used to record the premium received on issue of shares. Premium received is utilised in accordance with the provisions of the Companies Act, 2013.

16. Long-term borrowings

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Term loans (secured) (At amortised cost)						
From banks						
Indian rupee term loans	12.62	110.99	124.01	104.95	229.00	78.88
From others (At amortised cost)						
From related party (secured) (Refer note 37)	630.00	438.60	1,047.47	184.70	1,155.11	9.71
From related party (unsecured) (Refer note 37)	500.90	-	-	-	-	-
From other parties (unsecured)	20.00	-	-	-	-	-
Vehicle loans	0.95	0.48	0.94	0.97	1.31	0.88
Finance lease obligation	0.68	1.31	2.03	1.15	3.21	1.00
Unsecured (At amortised cost)						
6% Cumulative Redeemable Preference Shares	2.25	-	2.25	-	2.25	3.00
6% Optionally Convertible Cumulative Redeemable Preference Shares	37.50	-	37.50	-	37.50	50.00
Total	1,204.90	551.38	1,214.20	291.77	1,428.38	143.47

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

(b) Indian rupee Term loans from banks to the extent of ₹ 59.62 (March 31, 2017: ₹ 119.88, April 1, 2016 : ₹ 179.44) carries an interest @ 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 equipments, 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 ₹ 63.99 (March 31, 2017: ₹ 109.08, April 1, 2016 : ₹ 128.44) carry an interest rate of : 10.10% to 10.65% p.a. (March 31, 2017 : 10.10% p.a. to 10.60% p.a., April 1, 2016 : 10.10% p.a. to 11.15% p.a.). These loans are repayable in 4 years as per the schedule given below:

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

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

(c) Vehicle loans from Non-Banking Financial Companies carry interest @ 13.50% to 16.48% p.a. (March 31, 2017 : 14.51% to 16.70%, April 1, 2016 : 13% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.

Notes to Financial Statements for the year ended March 31, 2018

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

- (d) Secured loans from Infrastructure Leasing and Financial Services Limited, related party amounting to ₹ 909.60 (March 31, 2017: ₹ 1,012.86 and April 1, 2016: ₹ 983.61) carry interest @ 12% to 13% p.a. These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company.

Out of the above, loan to the extent of ₹ 421.60 (March 31, 2017 ₹ 421.60, April 1, 2016 : ₹ 421.60) is repayable in three annual installments of 30%, 30% and 40% after 60 months from the date of first disbursement and is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Out of the above, loan of ₹ 162.00 (March 31, 2017 : ₹ 162.00, April 1, 2016 : ₹ 162.00) 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 ₹ 296.00 (March 31, 2017 : ₹ 375.00, April 1, 2016 : ₹ 375.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by second charge on Inter Corporate Deposits of ₹ 343.78 provided by the Company. Of these, loan of ₹ 196.00 (March 31, 2017 : ₹ 280.00, April 1, 2016 : ₹ 280.00) is additionally secured by way of second charge on net receivables from a road project to the extent of ₹ 40.00.

Loan to the extent of ₹ 70.00 (March 31, 2017 : ₹ 98.30, April 1, 2016 : ₹ 98.30) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and 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 Private Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

Loan to the extent of ₹ 122.00 (March 31, 2017 : ₹ 117.96, April 1, 2016 : ₹ 88.71) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of ₹ 55.00 (March 31, 2017 : ₹ 55.00, April 1, 2016 : ₹ 43.00) is additionally secured by way of second charge on fixed assets of the Company.

- (e) Secured loans from IL&FS Financial Services Limited, related party amounting to ₹ 128.40 (March 31, 2017 : ₹ 188.71, April 1, 2016 : ₹ 181.21) the terms of which are as follows:

(i) Loan to the extent of ₹ 80.40 (March 31, 2017 : ₹ 140.71, April 1, 2016 : ₹ Nil) carries interest @ 13% p.a. compounded on an annual basis and also carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. Loan is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement.

(ii) Loan to the extent of ₹ 48.00 (March 31, 2017 : ₹ 48.00, April 1, 2016 : ₹ Nil) carries interest @ 13% p.a. linked to variation in IFIN benchmark rate of 16% p.a. and is repayable at the end of 36 months from the date of first disbursement.

Loan of ₹ 80.40 (March 31, 2017 : ₹ 140.71, April 1, 2016 : ₹ 181.21) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Further, ₹ 48.00 carries same security for which charge is yet to be created.

- (f) Secured Loan from Bhopal e-Governance Limited, related party of ₹ 30.60 (March 31, 2017 : ₹ 30.60, April 1, 2016 : ₹ Nil) carries interest @ IFIN benchmark rate (16% p.a. currently) + 0.25% p.a. This loan is repayable at the end of 36 months from the date of first disbursement and is secured by Second Pari Passu charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility.

- (g) Unsecured loan from Infrastructure Leasing and Financial Services Limited, related party of ₹ 438.90 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest @ 12% p.a. which is payable quarterly in arrears. Loan is to be repaid at end of 24 months from the date of first disbursement.

- (h) Unsecured loan from Rohtas Bio Energy Limited, related party of ₹ 62.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest at prevailing IFIN Benchmarking rate which is currently 16% p.a. which is payable quarterly in arrears. Loan is to be repaid at the end of 24 months from the date of first disbursement.

- (i) Unsecured loan from others of ₹ 20.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest ranging from @ 16% p.a. which is payable quarterly in arrears and the interest rate, as stated above, will be linked to IFIN Benchmark rate (IBMR) which is currently at 16% p.a., i.e., at prevailing IBMR, and would vary to the extent of variation in IBMR. Loan is to be repaid at the end of 24 months from the date of first disbursement.

- (j) 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.

(k) Terms of 6% Cumulative Redeemable Preference Shares (CRPS)

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of ₹ 100 each fully paid as per the terms of MRA entered with Bankers. CRPS carry cumulative dividend of 6% p.a. The Company had further allotted 236,280 CRPS of ₹ 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 ₹ 100 each for

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

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

(I) Terms of 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of ₹ 100 each fully paid as per the terms of MRA entered with bankers. OCCRPS carry cumulative dividend of 6%. Out of total 25,000,000 OCCRPS of ₹ 100 each, 30% i.e. 7,500,000 OCCRPS of ₹ 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 ₹ 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 Vistra ITCL (India) Ltd (formerly IL&FS Trust Company Ltd), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders.

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

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

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

The Company's exposure to liquidity risks related to borrowings is disclosed in Note 48.

17. Short-term borrowings

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash credit facilities from banks (secured)	457.49	476.19	449.37
Working capital loan from others (unsecured)	200.00	-	-
Loans related party (unsecured) (Refer note 37)	99.00	50.00	21.01
Total	756.49	526.19	470.38

(a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14% p.a. (March 31, 2017: 9% p.a. to 13.80% p.a., April 1, 2016: 9% p.a. 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 equipments, 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 ₹ 240.62 (March 31, 2017 : ₹ 244.42, April 1, 2016 : ₹ 233.22) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to ₹ 216.87 (March 31, 2017 : ₹ 231.77, April 1, 2016 : ₹ 216.15) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited.

(b) Unsecured loan from related party ₹ Nil (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ 21.01) carried interest Nil (March 31, 2017: Nil, April 1, 2016: 14% p.a. to 15% p.a.) with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities was payable at monthly rests. The loan was repaid during the year ended March 31, 2017.

(c) Unsecured loan from related party ₹ 99.00 (March 31, 2017 : ₹ 50.00 Nil, April 1, 2016 : ₹ Nil) carried interest ranging from @ 15.50% p.a. to 16.5% p.a. (March 31, 2017: 15.52% p.a. to 16% p.a., April 1, 2016: Nil) which is payable quarterly in arrears. Loan is to be repaid at the end of 12months from the date of first disbursement

Notes to Financial Statements for the year ended March 31, 2018

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(d) Unsecured loan from others of ₹ 200.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest @ 10.85% p.a. which is payable monthly in arrears. Loan is to be repaid at the end of 6 months from the date of first disbursement and extendable by 2 terms of 6 months each.

The Company's exposure to liquidity risks related to borrowings is disclosed in Note 48.

18. Trade payables

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables			
Dues to micro and small enterprises (Refer note 36)	17.31	15.54	42.76
Dues to other than micro and small enterprises *	1,300.01	1,038.28	835.27
Total	1,317.32	1,053.82	878.03
Non-current [includes retention money payable of ₹ 133.10 (March 31, 2017: ₹ 154.10, April 1, 2016: ₹ 139.23)]	465.39	496.47	139.23
Current [includes retention money payable of ₹ 101.48 (March 31, 2017: ₹ 65.39, April 1, 2016: ₹ 78.55)]	851.93	557.35	738.80

The Company's exposure to liquidity risks related to trade payables is disclosed in note 48

19. Other financial liabilities

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Current maturities of long-term borrowings (Refer note 16)	-	551.38	-	291.77	-	143.47
Interest accrued and due on borrowings and mobilization advance *	-	55.16	-	21.40	-	10.82
Interest accrued but not due on borrowings	262.94	176.48	324.71	84.88	219.65	43.46
Liability component of financial instruments	-	15.79	-	12.92	-	23.45
Mobilization advance	164.57	401.43	81.67	375.55	34.76	311.63
Capital creditors	-	5.66	5.64	20.23	10.88	12.61
Dues to joint venture	-	-	-	0.06	-	0.07
Total	427.51	1,205.90	412.02	806.81	265.29	545.51

*Includes interest of ₹ Nil (March 31, 2017: ₹ 1.19, April 1, 2016: ₹ 1.34) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in note 48.

20. Provisions

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Provisions for employee benefits						
Gratuity (Refer note 35)	2.81	0.24	3.35	0.38	3.14	0.36
Compensated absences	-	2.15	-	3.23	-	3.60
Total provisions for employee benefits (A)	2.81	2.39	3.35	3.61	3.14	3.96
Other provisions						
Provision for estimated future loss on projects	13.57	34.67	12.14	39.08	10.89	32.33
Provision for liquidated damages	-	13.76	-	13.20	-	13.20
Total other provisions (B)	13.57	48.43	12.14	52.28	10.89	45.53
Total provisions (A+B)	16.38	50.82	15.49	55.89	14.03	49.49

Movements in other provisions	Estimated future loss on projects	Liquidated damages	Total
Balance as at April 1, 2016	43.22	13.20	56.42
Provisions made during the year	13.30	-	13.30
Provisions utilised during the year	(5.93)	-	(5.93)
Unwinding of discount	0.63	-	0.63
Balance as at March 31, 2017	51.22	13.20	64.42
Balance as at April 1, 2017	51.22	13.20	64.42
Provisions made during the year	3.82	0.56	4.38
Provisions utilised during the year	(5.09)	-	(5.09)
Unwinding of discount	(1.71)	-	(1.71)
Balance as at 31 March 2018	48.24	13.76	62.00

Notes to Financial Statements for the year ended March 31, 2018

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

A. Provision for Estimated future loss on projects

The projects in progress as at March 31, 2018 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 ₹ 48.24 (March 31, 2017: ₹ 51.22, April 1, 2016 : ₹ 43.22) in terms of the requirements of Ind AS 11 "Construction Contracts" as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013.

B. 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.

21. Other liabilities

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Advance from customers	-	64.81	-	46.20	-	15.44
Advance billing from customers	-	48.76	-	20.05	-	19.52
Statutory remittances	3.62	80.33	3.62	27.19	3.62	15.76
Interest payable to micro and small enterprises (Refer note 36)	-	0.86	-	0.46	-	0.14
	3.62	194.76	3.62	93.90	3.62	50.86

	For the year ended March 31, 2018	For the year ended March 31, 2017
22. Revenue from operations		
Revenue from contracts	1,865.86	1,812.57
Revenue from equipment hiring services	1.63	1.33
Revenue from other services	-	3.48
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 20)	1.27	-
	1,868.76	1,817.38
23. Other income		
Interest income on		
Bank deposits	2.05	1.96
Inter corporate deposits and others	228.52	110.67
Income tax refunds	3.21	3.19
Interest income from financial assets carried at amortised cost	2.25	1.97
Liabilities no longer required written back	4.16	16.46
Profit on sale of fixed assets (net)	-	61.69
Other non-operating income	10.67	6.12
	250.86	202.06
24. Cost of materials consumed		
Opening stock	106.04	106.85
Add: Purchases during the year	568.86	531.76
	674.90	638.61
Less: Stocks written-off	0.01	0.50
	674.89	638.11
Less: Closing stock	134.17	106.04
	540.72	532.07
25. Employee benefits expenses		
Salaries, wages and bonus	125.37	90.60
Contribution to provident fund and other funds (Refer note 35)	10.81	6.74
Gratuity (Refer note 35)	1.72	1.18
Compensated absences	0.55	1.22
Staff welfare expenses	3.82	3.82
	142.27	103.56
26. Finance costs		
Interest expense		
Long-term loans	234.01	223.81
Cash credit and other working capital loans	120.32	80.00
Interest cost from financial liabilities carried at amortised cost	3.37	3.09
Bank charges	38.33	24.07
	396.03	330.97

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
27. Depreciation and amortization expense		
Depreciation expense	42.01	45.41
Amortization expense	2.53	2.56
	44.54	47.97
28. Other expenses		
Rent (Refer note 45)	14.07	14.22
Rates and taxes	8.41	9.41
Office maintenance	6.45	6.45
Communication expenses	1.81	1.90
Printing and stationery	1.20	1.30
Legal and professional charges	17.60	16.25
Sitting fees	0.19	0.12
Travelling and conveyance	13.22	11.89
Business promotion	0.43	0.31
Donation	0.01	0.03
Auditor's remuneration (Refer note 43)	2.01	2.24
Loss on exchange fluctuation (net)	0.02	0.25
Loss on sale/discard/write off of fixed assets (net)	0.38	-
Site expenses	27.66	28.04
Hire charges	80.63	50.22
Freight and transportation	29.48	12.74
Insurance	8.57	7.06
Power and fuel	5.90	5.97
Repairs		
Plant and machinery	5.74	14.26
Buildings	0.01	0.05
Others	2.17	3.57
Provision for doubtful advances/trade receivables/ other assets/investments [net of reversal of provision of ₹ 2.49 (March 31, 2017: ₹ 0.07)]	1.62	20.44
Stock written off	0.01	0.50
Bad debts/advances written-off	-	1.57
Provision for future loss (net) (Refer note 20)	-	7.37
Provision for liquidated damages (Refer note 20)	0.56	-
Miscellaneous expenses	1.55	0.97
	229.70	217.13

29. Earnings per share

The following reflects the profit/loss and share data used in the basic and diluted EPS computation :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net profit after tax attributable to equity shareholders	6.92	5.03
Shares		
Total number of shares outstanding at the commencement of the year	131,121,078	121,158,671
Add: Shares issued during the year	-	9,962,407
Total number of shares outstanding at the end of the year	131,121,078	131,121,078
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	131,121,078	121,377,025
Nominal value of equity shares	10	10
Basic and diluted earnings per share	0.53	0.41

30. Going Concern

The Company has accumulated loss of ₹ 279.55 as at March 31, 2018 (as at March 31, 2017: ₹ 286.47, April 1, 2016: ₹ 291.50), 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 exceed its current assets as at the balance sheet date by ₹ 1,086.88 (March 31, 2017: ₹ 601.09, April 1, ₹ 246.01). 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 significant order book as at March 31, 2018.

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- (b) 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 ₹ 1,348.50 (March 31, 2017: ₹ 1,012.86) and ₹ 128.40 (March 31, 2017: ₹ 188.71) respectively to support the liquidity position of the Company upto March 31, 2018. Further, the promoter has advanced loans to the extent of ₹ 211.60 (March 31, 2017: ₹ 80.60) through its group companies. The Company has an unutilized limit of ₹ 47.20 (March 31, 2017: ₹ 10.74) from IL&FS as at March 31, 2018. Also, there is an unutilised limit of BGs and LCs of ₹ 182.74 (March 31, 2017: ₹ 114.10) from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Company to meet its obligation as they arise.
- (c) During the year, the Company has received short-term facility from Credit Suisse AG Mumbai up to an amount of ₹ 200 with a repayment schedule of 6 months (extendable by 2 terms of 6 months each). Further, based on future growth plan, the lead banker has assessed incremental fund based limit of ₹ 200 and non-fund based limit of ₹ 750 against which the Company has received sanctioned fund based limit of ₹ 39 and non-fund based limit of ₹ 262. The Company has unutilized fund based limit of ₹ 78.46 (March 31, 2017: ₹ 20.76) and non-fund based limit to the extent of ₹ 201.88 (March 31, 2017: ₹ 71.54) respectively from banks.
- (d) The Company has 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.
- (e) The shareholders have approved issuance of Non-convertible debentures for an amount of ₹ 300 on private placement basis.
- (f) Based on its relationships with the lenders, management is also confident of maintaining short-term borrowings at current level and obtaining rollover of loans from group companies which are due for repayment within next 12 months.
- Keeping in view, the abovementioned mitigating factors, these financial statements have been prepared on a going concern basis.

31. Contingent liability

(a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at	As at	As at
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Claims against the Company not acknowledged as debts (Interest, if any, not ascertainable after date of order)	21.93	20.10	21.35
(ii)	Direct taxes under dispute*	39.82	37.37	27.42
(iii)	Indirect taxes under dispute**#	76.35	71.79	85.08

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

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

#Excludes ₹ 6.52 (March 31, 2017: ₹ 8.68, April 1, 2016: ₹ 8.31) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

- (iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations and 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 ended March 31, 2016 and the Company had paid ₹ 0.08 as fee for compounding towards the same. SFIO has filed appeal against the compounding order in the High Court of Hyderabad and the Company has also filed their reply against the said order.
- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the year ended March 31, 2016, SEBI had passed an order ordering the Company to disgorge an amount of ₹ 59.17 along with simple interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its counter and the Company had filed its rejoinder. Matter is posted for arguments.

Notes to Financial Statements for the year ended March 31, 2018

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

(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 had been executed to the extent of ₹ 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 encashed bank guarantees for an amount of ₹ 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 was dismissed.

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, 2018.

(b) Other contingent liabilities

S. No.	Particulars	As at	As at	As at
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	293.38	358.37	417.39
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Company towards performance obligations	820.60	759.16	723.07
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	568.01	552.62	378.39
(iv)	Liquidated damages	22.25	38.83	32.83

32. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for ₹ 16.60 (March 31, 2017: ₹ 10.08, April 1, 2016: ₹ 7.08).

(b) Other Commitments:

- The Company has made a commitment to make additional investment of ₹ 49.64 (March 31, 2017: ₹ 51.88) in Maytas Infra Saudi Arabia Company Limited Liability Company.
- Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of ₹ 279.83 (March 31, 2017: ₹ 261.27, April 1, 2016: ₹ 242.85).

33. Segment reporting :

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and in accordance with Ind AS 108 - Operating Segments, 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.

34. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Contract revenue recognised for the year	1,865.86	1,812.57
Contract cost incurred and recognized profits (less recognised losses) for contracts in progress up to the reporting date	10,620.28	10,655.30
Advances received for contracts in progress	381.61	316.51
Amount of retention for contracts in progress	312.40	349.95
Gross amount due from customers for contract work (excluding cancelled projects)	1,443.59	1,103.95
Gross amount due to customers for contract work	48.76	20.05

35. Retirement benefits

(a) Disclosures related to defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employees' State Insurance contribution (ESI), which are defined contribution plans. The contribution are charged to the Statement of profit and loss as they accrue. During the year, the Company has recognised ₹ 10.81 (March 31, 2017: ₹ 6.74) towards Provident fund and ESI contributions.

(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.

Notes to Financial Statements for the year ended March 31, 2018

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

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

I. Reconciliation of net defined benefit asset/ (liability)

	For the year March 31, 2018	For the year March 31, 2017
(i) Reconciliation of present value of defined benefit obligation		
Opening defined benefit obligation	4.23	4.36
Current service cost	1.48	0.84
Interest cost on benefit obligation	0.32	0.34
Benefits paid	(0.73)	(1.05)
Actuarial (gain)/loss on obligation	(1.02)	(0.26)
Closing defined benefit obligation	4.28	4.23
(ii) Reconciliation of present value of plan asset:		
Opening fair value of plan assets	0.51	0.86
Expected return on plan assets	0.05	0.06
Expenses	(0.07)	(0.06)
Contributions by employer	1.47	0.70
Benefits paid	(0.73)	(1.05)
Closing fair value of plan assets	1.23	0.51
(iii) Reconciliation of net defined benefit asset/(liability):		
Present value of defined benefit obligation	(4.28)	(4.23)
Fair value of plan assets	1.23	0.51
Plan liability	(3.05)	(3.72)
II. Expenses recognised in the statement of profit and loss under employee benefit expense		
Current service cost	1.48	0.84
Interest cost on benefit obligation	0.32	0.34
Expenses	(0.07)	0.06
Expected return on plan assets	-	(0.06)
Net benefit expense	1.72	1.18
III. Remeasurements recognised in statement of other comprehensive income		
Net actuarial (gain)/ loss recognized in the year	(1.02)	(0.26)
Return on plan assets excluding interest income	(0.02)	0.02
Loss recognised in statement of other comprehensive income	(1.04)	(0.24)
IV. Amount recognised in the balance sheet:		
	As at March 31, 2018	As at March 31, 2017
Defined benefit obligation	4.28	4.23
Fair value of plan assets	(1.23)	(0.50)
Closing asset	3.05	3.73

V. Experience adjustment

	For the year ended				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
On plan liabilities loss	4.28	4.23	4.36	3.81	3.26
On plan assets (gain) / loss	1.23	0.51	0.14	(0.37)	(1.10)
Surplus / (deficit)	(3.05)	(3.72)	(4.22)	(4.18)	(4.36)
Experience gain on obligation	-	-	-	-	-

VI. The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Insurance fund			
(%) of total plan assets	100%	100%	100%

Notes to Financial Statements for the year ended March 31, 2018

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

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.73%	7.47%	7.90%
Increase in compensation cost	5.00%	5.00%	5.00%
Attrition rate	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%
Retirement age (in years)	60	60	60
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Notes :

- The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets and Company's policy for plan asset management.
- 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.

VIII. A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	(increase)/ decrease in defined benefit obligation			
	Sensitivity level	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	1% increase	3.73	3.95	2.58
	1% decrease	4.29	4.55	3.04
Salary escalation rate	1% increase	4.66	4.93	3.04
	1% decrease	3.44	3.64	2.58
Attrition rate	1% increase	4.19	4.44	2.84
	1% decrease	3.78	3.99	2.73

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, 2018	As at March 31, 2017	As at April 1, 2016
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year			
	Principal amount due to micro and small enterprises	17.31	15.54	42.76
	Interest due on above	0.86	0.46	0.14
(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	0.86	0.46	0.14
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-	-

Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors.

37. Related party disclosures:

I. Names of related parties and relationship with the Company (as per the Ind AS 24 – "Related Party Disclosures"):

A. Subsidiaries

- Maytas Infra Assets Limited
- Maytas Vasishta Varadhi Limited
- Maytas Metro Limited

Notes to Financial Statements for the year ended March 31, 2018

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

4. Angeerasa Greenfields Private limited
5. Saptaswara Agro - Farms Private Limited
6. Ekadanta Greenfields Private Limited
7. Maytas Infra Saudi Arabia Company (Limited Liability Company), Saudi Arabia

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

1. Infrastructure Leasing & Financial Services Limited
2. SBG Projects Investments Limited
3. IL&FS Financial Services Limited

C. Joint ventures (JV)

1. NCC – Maytas (JV)
2. NEC – NCC – Maytas (JV)
3. Maytas – NCC (JV)
4. NCC – Maytas (JV) (Singapore Class Township)
5. Maytas – CTR (JV)
6. NCC – Maytas – ZVS (JV)

D. Associate

1. Hill County Properties Limited

E. One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).

1. IL&FS Transportation Networks Limited
2. Rohtas Bio Energy Limited
3. Bhopal E-Governance Limited
4. Tierra Enviro Limited
5. IL&FS Cluster Development Initiative Limited
6. Sabarmati Capital One Limited
7. IL&FS Township & Urban Assets Limited
8. Skill Training Assessment Management Partners Limited
9. Elsamex Maintenance Services Limited
10. IL&FS Securities Services Limited

F. Key management personnel

1. Mr. Mukund Sapre, Managing Director (w.e.f October 07, 2016)
2. Mr. Murlidhar Khattar, Managing Director (upto October 06, 2016)
3. Dr. S N Mukherjee, Chief Financial Officer
4. Mr. Sushil Dudeja, Company Secretary (w.e.f April 04, 2016)

II. Transactions with related parties during the year#:

		For the year ended	
		March 31, 2018	March 31, 2017
A	Subsidiaries		
1	Maytas Infra Assets Limited		
	Expenses incurred on behalf of the party	0.00	0.00
	Loan and advances repaid	(0.50)	(1.50)
2	Maytas Vasishta Varadhi Limited		
	Expenses incurred on behalf of the party	0.00	0.00
3	Maytas Metro Limited		
	Expenses incurred on behalf of the party	0.00	0.00
4	Angeerasa Greenfields Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00
5	Saptaswara Agro - Farms Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00
6	Ekadanta Greenfields Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00

Notes to Financial Statements for the year ended March 31, 2018

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

		For the year ended	
		March 31, 2018	March 31, 2017
7	Maytas Infra Saudi Arabia Company (Limited Liability Company), Saudi Arabia		
	Loan and advances given	2.58	-
B	Investing party in respect of which the reporting enterprises is an associate		
1	Infrastructure Leasing & Financial Services Limited		
	Interest expenditure (including bank guarantee charges)	(189.87)	(154.42)
	Payments made on behalf of the Company	-	(12.95)
	Loan taken	(450.54)	(69.25)
	Loan repaid	114.90	40.00
	Rent paid	0.96	-
	Short-term deposits	61.64	-
	Expenditure incurred on behalf of Company	(2.12)	-
	Allotment of equity shares (including securities premium)	-	(26.50)
2	IL&FS Financial Services Limited		
	Interest expenditure	(28.15)	(31.62)
	Payments made on behalf of the Company	(0.00)	-
	Reimbursement of expenses incurred	0.04	-
	Loan taken	-	(48.00)
	Loan repaid	60.30	40.51
	Short-term deposits	20.00	-
	Allotment of equity shares (including securities premium)	-	(26.50)
C	Joint Ventures (JV)		
1	Maytas – NCC (JV)		
	Share of profit / (loss) from joint venture	31.71	5.18
	Receipt against share of profit	(0.36)	(3.99)
	Revenue from contracts (excluding Project work in progress)	1.88	0.81
2	NCC – Maytas (JV) (Singapore Class Township)		
	Share of profit / (loss) from joint venture	(0.00)	(0.02)
	Provision for investment	-	(0.74)
3	Maytas - CTR JV		
	Advance given	0.25	0.14
	Provision for doubtful advances	(2.00)	(8.00)
	Refund of advance given	-	(0.73)
4	NCC – Maytas – ZVS JV		
	Share of profit / (loss) from joint venture	0.29	0.60
	Receipt against share of profit	-	(0.58)
D	Associate		
1	Hill County Properties Limited		
	Interest income	13.59	12.82
	Interest converted into loan	9.99	9.99
	Mobilisation advance given	1.25	-
	Revenue from contracts (excluding project work in progress)	-	3.18
	Reimbursement of expenses incurred	-	2.81
	The Company has provided internal audit services to Hill County Properties Limited free of charge.		
E	One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)		
1	IL&FS Transportation Networks Limited		
	Contract revenue (excluding project work-in-progress)	98.41	112.56
	Sale of property, plant and equipment	-	66.33
	Lease rental charges	22.52	0.22
	Loan taken	(161.14)	-

Notes to Financial Statements for the year ended March 31, 2018

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

		For the year ended	
		March 31, 2018	March 31, 2017
	Loan repaid	128.14	-
	Mobilization advance recovered	15.77	-
	Professional and consultancy charges	0.71	-
	Interest expenditure	(14.81)	-
	Reimbursement of expenses incurred	-	0.33
2	Rohtas Bio Energy Limited		
	Interest expenditure	(5.06)	-
	Loan taken	(62.00)	-
3	Bhopal E-Governance Limited		
	Interest expenditure	(4.97)	-
	Loan taken	-	(30.60)
4	Tierra Enviro Limited		
	Interest expenditure	(5.99)	(2.21)
	Loan taken	(4.40)	(35.00)
5	IL&FS Cluster Development Initiative Limited		
	Interest expenditure	(2.40)	-
	Loan taken	-	(15.00)
6	Sabarmati Capital One Limited		
	Interest expenditure	(1.05)	-
	Loan taken	(11.60)	-
7	IL&FS Township & Urban Assets Limited		
	Operating expenses	(0.15)	-
8	Skill Training Assessment Management Partners Limited		
	Professional Services	(0.01)	-
9	Elsamex Maintenance Services Limited		
	Mobilization advance given	34.35	-
	Subcontract expenses	(32.82)	-
	Expenditure incurred on behalf of party	2.77	-
	Hire income	0.29	-
10	IL&FS Securities Services Limited		
	Interest expenditure	-	(1.10)
	Loan repaid	-	21.01
F	Key management personnel		
1.	Mr. Murli Dhar Khattar		
	Professional charges/ Managerial Remuneration	-	0.77
2.	Dr. S N Mukherjee		
	Professional charges	0.84	0.81
3.	Mr. Sushil Dudeja		
	Remuneration	0.27	0.25

III. Balances outstanding debit / (credit)#:

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A	Subsidiaries (gross)			
1	Maytas Infra Assets Limited	14.83	15.33	16.82
2	Maytas Vasishtha Varadhi Limited	2.89	2.89	2.89
3	Maytas Metro Limited	0.10	0.10	0.09
4	Angeerasa Greenfields Private Limited	56.45	56.45	56.44
5	Saptaswara Agro - Farms Private Limited	0.29	0.29	0.28
6	Ekadanta Greenfields Private Limited	0.05	0.05	0.04
7	Maytas Infra Saudi Arabia Company (Limited Liability Company) (MISA)	35.77	33.35	33.35

#Excluding corporate guarantee of ₹ 178.91 (March 31, 2017: ₹ 178.12, April 1, 2016: ₹ 181.69) given by the Company on behalf of the MISA for loan of ₹ 112.03 (March 31, 2017: ₹ 111.54, April 1, 2016: ₹ 105.19) taken by the subsidiary. Further, the Company has made a commitment to make additional investment of ₹49.64 in Maytas Infra Saudi Arabia Company Limited Liability Company.

Notes to Financial Statements for the year ended March 31, 2018

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
B	Investing party in respect of which the reporting enterprise is an associate			
1	Infrastructure Leasing & Financial Services Limited*			
	Long-term secured loan	(909.60)	(1,012.86)	(983.61)
	Long-term unsecured loan	(438.90)	-	-
	Short-term deposits	61.64	-	-
	Interest accrued and not due	(368.24)	(293.32)	(174.15)
	Trade payables	(0.63)	(6.41)	(0.97)
	*Excluding bank guarantee/letter of credits of ₹ 600.96 (March 31, 2017: ₹ 511.19, April 1, 2016: ₹ 267.71) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of ₹ 424.69 (March 31, 2017: ₹ 430.46, April 1, 2016: ₹ 190.96). The Company had also given corporate guarantee of ₹ 125 (March 31, 2017: ₹ 125, April 1, 2016: ₹ 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 ₹ 216.83 (March 31, 2017: ₹ 231.77, April 1, 2016: ₹ 216.15).			
2	IL&FS Financial Services Limited			
	Long-term secured loan	(128.40)	(188.71)	(181.21)
	Interest accrued	(64.81)	(82.80)	(62.36)
	Short-term deposits	20.00	-	-
C	Joint ventures			
1	NEC – NCC – Maytas (JV)	-	(0.06)	(0.07)
2	Maytas – NCC (JV)	42.65	11.33	14.02
3	NCC – Maytas (JV)	0.03	0.03	0.03
4	NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92	0.92
5	Maytas – CTR- JV	46.63	46.38	46.97
6	NCC – Maytas – ZVS JV	0.47	0.18	0.16
D	Associate			
	Hill County Properties Limited			
	Inter corporate deposits (Unsecured)	135.83	125.84	115.85
	Interest accrued	11.17	7.57	4.66
	Other receivables	-	0.59	0.59
	Trade receivables (including retention money)	0.31	46.16	88.72
	Investment	0.08	0.08	0.08
E	One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)			
1	IL&FS Transportation Networks Limited			
	Short-term unsecured loan	(33.00)	-	-
	Trade receivables (including retention money)	0.36	28.25	78.08
	Advance from customer	(45.22)	(43.72)	(35.15)
	Other receivables	24.89	66.33	-
	Lease rental payable	(6.53)	(0.22)	-
	Other payables	(0.95)	(0.33)	-
2	Rohtas Bio Energy Limited			
	Long-term unsecured loan	(62.00)	-	-
	Interest accrued and not due	(2.20)	-	-
3	Bhopal E-Governance Limited			
	Long-term secured loan	(30.60)	(30.60)	-
	Interest accrued and not due	(1.10)	-	-
4	Tierra Enviro Limited			
	Short-term unsecured loan	(39.40)	(35.00)	-
	Interest accrued and not due	(1.35)	(1.20)	-
5	IL&FS Cluster Development Initiative Limited			
	Short-term unsecured loan	(15.00)	(15.00)	-
	Interest accrued and not due	(0.57)	-	-
6	Sabarmati Capital One Limited			
	Short-term unsecured loan	(11.60)	-	-
	Interest accrued and not due	(0.40)	-	-
7	IL&FS Township & Urban Assets Limited			
	Operating expenses	(0.15)	-	-
8	Skill Training Assessment Management Partners Limited			
	Professional Services	(0.01)	-	-
9	Elsamex Maintenance Services Limited			
	Trade payable	(6.77)	-	-
	Mobilisation advance receivable	34.35	-	-

Notes to Financial Statements for the year ended March 31, 2018

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
10	IL&FS Securities Services Limited			
	Short-term unsecured loan	-	-	21.01
F	Key Management Personnel			
1	Dr. S N Mukherjee			
	Professional charges	(0.13)	(0.13)	(0.07)
2	Mr. Sushil Dudeja			
	Remuneration	(0.04)	(0.04)	-
IV	Provisions against balances outstanding:			
A	Subsidiaries			
1	Maytas Infra Assets Limited	(11.57)	(11.57)	(11.57)
2	Maytas Metro Limited	(0.09)	(0.09)	(0.09)
3	Saptaswara Agro - Farms Private Limited	(0.27)	(0.27)	(0.27)
4	Maytas Vasishtha Varadhi Limited	(2.84)	(2.84)	(2.83)
5	Ekadanta Greenfields Private Limited	(0.03)	(0.03)	(0.03)
6	Angeerasa Greenfields Private Limited	(6.43)	(6.43)	(6.43)
7	Maytas Infra Saudi Arabia Company (Limited Liability Company)	(0.16)	(0.16)	(0.16)
B	Joint Ventures			
1	Maytas - NCC (JV)	(1.82)	(1.82)	(1.82)
2	Maytas - CTR JV	(45.11)	(43.11)	(35.11)
3	NCC – Maytas (JV) (Singapore Class Township)	(0.92)	(0.92)	(0.18)
4	NCC – Maytas (JV)	(0.03)	(0.03)	(0.03)

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, 2018	As at March 31, 2017	As at April 1, 2016
A	Subsidiaries*			
1	Maytas Infra Assets Limited	15.33	16.77	18.79
2	Maytas Metro Limited	0.10	0.04	0.04
3	Saptaswara Agro - Farms Private Limited	0.29	0.28	0.27
4	Maytas Vasishtha Varadhi Limited	2.89	2.84	2.84
5	Ekadanta Greenfields Private Limited	0.05	0.04	0.03
6	Angeerasa Greenfields Private Limited	56.45	50.03	50.02
7	Maytas Infra Saudi Arabia Company (Limited Liability Company)	35.77	0.16	0.16
B	Joint Ventures			
1	Maytas NCC JV - Irrigation	2.32	2.32	1.47
2	NCC Maytas JV - U1	0.03	0.03	0.03
3	Maytas - CTR JV	46.63	43.71	43.71
C	Associate#			
1	Hill County Properties Limited	135.88	125.89	353.55

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

The repayment schedule is not beyond 7 years.

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, 2018	50%	71.73	39.12	56.18	42.59	(18.12)	31.71
	March 31, 2017	50%	43.57	39.72	66.51	61.76	(0.43)	5.18
2	NEC – NCC – Maytas JV							
	March 31, 2018	25%	0.49	0.17	-	-	-	-
	March 31, 2017	25%	0.49	0.17	0.01	-	-	0.01
3	NCC – Maytas JV							
	March 31, 2018	50%	0.03	0.03	-	-	-	-
	March 31, 2017	50%	0.03	0.03	-	-	-	-

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

Sl. No.	Name of joint venture	Share	Assets	Liabilities	Income	Expenditure	Tax	Profit/ (loss) after tax
4	NCC – Maytas JV (Singapore Class Township)							
	March 31, 2018	50%	1.01	0.15	-	0.00	-	(0.00)
	March 31, 2017	50%	1.01	0.15	-	0.02	-	(0.02)
5	Maytas – CTR JV							
	March 31, 2018	70%	35.72	7.35	-	-	-	-
	March 31, 2017	70%	37.40	7.35	-	-	-	-
6	NCC – Maytas – ZVS JV							
	March 31, 2018	39.69%	7.80	7.56	8.13	7.71	0.13	0.29
	March 31, 2017	39.69%	7.36	7.16	19.15	18.22	0.32	0.60

a) The above joint ventures do not have any contingent liability and capital commitment as at March 31, 2018, March 31, 2017 and April 1, 2016 except in Maytas - CTR JV amounting to ₹ 10.93 (March 31, 2017: ₹ 11.19, April 1, 2016: ₹ 11.19) and Maytas – NCC JV amounting to ₹ 16.27 (March 31, 2017: 16.27, April 1, 2016: 16.27).

b) All the aforesaid entities are incorporated in India.

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

- Maytas KBL (JV)
- Maytas KCCPL Flow more (JV)
- Maytas MEIL KBL (JV)
- Maytas MEIL ABB AAG (JV)
- MEIL Maytas ABB AAG (JV)
- MEIL Maytas KBL (JV)
- MEIL Maytas WIPL (JV)
- MEIL Maytas AAG (JV)
- MEIL – SEW – Maytas – BHEL (JV)
- L&T 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.

40. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment scheme to its employees. During the year, the following scheme was in operation:

Particulars	ESOS – 2009 (Grant II)
Date of grant	28-Jun-12
Date of Remuneration Committee approval	28-Jun-12
Date of Shareholder's approval	9-Nov-09
Number of options granted	2,849,984
Method of Settlement (Cash / Equity)	Equity
Vesting Period	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

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

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

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Outstanding at the beginning of the year	218,716	422,590
Granted during the year	-	-
Forfeited during the year	-	97,137
Exercised during the year	-	-
Expired/ withdrawn during the year*	218,716	106,737
Outstanding at the end of the year	-	218,716
Exercisable at the end of the year	-	218,716

*Since the ESOS- 2009 (Grant II) scheme was rendered unattractive due to fall in the price of shares in the stock market, with the consent of employees who were holding the options vested under the said scheme, ESOS- 2009 (Grant II) Scheme had been withdrawn by the Company during FY 2017-18.

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

Year	Exercise prices (₹ per share)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹ per share)
2017 – 18	-	-	-	-
2016 – 17	58.90	218,716	1.24	58.90
2015 – 16	58.90	422,590	1.24	58.90

The fair value of options is measured using the Black-Scholes valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. Measurement inputs include the following:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Expected volatility	-	54.38%
Risk-free interest rate	-	8.38%
Weighted average share price (₹)	-	58.90
Weighted average exercise price (₹)	-	58.90
Expected life of options granted in years	-	2.5 – 5.5 years

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

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Total employee compensation cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

Since the fair value of ESOS is less than the exercise price, there is no impact on the statement of profit and loss.

41. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Subcontract expense	6.43	-
Material consumed	0.99	-
Travelling and conveyance	0.05	0.04
Others	-	0.38
	7.47	0.42

42. Imported and indigenous materials consumed:

Particulars	For the year ended			
	March 31, 2018		March 31, 2017	
	%	Value	%	Value
Imported	0.01%	0.07	-	-
Indigenous	99.99%	540.65	100%	532.07
Total	100%	540.72	100%	532.07

Notes to Financial Statements for the year ended March 31, 2018

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

43. Auditor's remuneration (including Taxes):

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Statutory audit	1.05	0.81
Limited review	0.40	0.35
Certification and other services	0.24	0.85
Audit fees for consolidated financial statements	0.23	0.17
Out of pocket expenses	0.09	0.06
	2.01	2.24

44. 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 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Amount in Foreign currency	Amount in ₹	Amount in Foreign currency	Amount in ₹	Amount in Foreign currency	Amount in ₹
Trade receivables (including retention money)	-	-	-	-	AED 2.36	42.50
Advances given	AED 0.01	0.09	AED 0.01	0.09	AED 0.01	0.09
Advances given	-	-	SAR 0.01	0.16	SAR 0.01	0.17
Advances given	USD 0.03	1.82	-	-	-	-
Other receivables	USD 0.17	10.85	USD 0.17	10.85	AED 0.11	2.01
Bank balances	AED 0.00	0.09	AED 0.00	0.07	AED 0.01	0.22
Trade payables	SGD 0.07	3.32	-	-	-	-
Security deposit payable	-	-	-	-	AED 1.58	28.49
Advance billing	-	-	-	-	AED 0.05	0.96
Trade payables	AED 0.01	0.16	AED 0.01	0.16	AED 0.05	0.97
Security deposit payable	SGD 0.01	0.28	-	-	-	-
Investment	SAR 2.75	33.19	SAR 2.75	33.19	SAR 2.75	33.19

45. Lease

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.

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Minimum Lease Payments		
Not later than one year	23.82	22.53
Later than one year but not later than five years	11.23	33.78
Later than five years	-	-
	35.05	56.31

Finance lease: The present value of minimum lease rentals is capitalized as property, plant and equipment with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the statement of profit and loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Minimum Lease Payment	Present Value of minimum lease payment	Minimum Lease Payment	Present Value of minimum lease payment	Minimum Lease Payment	Present Value of minimum lease payment
Within one year	1.52	1.40	1.52	1.15	1.52	1.00
After one year but not more than five years	0.78	0.66	2.30	2.06	3.82	3.21
More than five years	-	-	-	-	-	-
Total minimum lease payments	2.30	2.06	3.82	3.21	5.34	4.21
Less: amounts representing finance charges	(0.24)	-	(0.61)	-	(1.13)	-
Present value of minimum lease payments	2.06	2.06	3.21	3.21	4.21	4.21

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total minimum lease payments during the year	1.52	1.00	0.74
Less: amount representing finance charges	(0.37)	(0.69)	(0.31)
Present value of minimum lease payments rate of interest 9% to 14%	1.15	0.31	0.43

In case of assets given on lease:

Certain assets of the company are leased out but have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made.

46. Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves and debt includes maturities of finance lease obligations. The Company monitors capital on the basis of the following gearing ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest bearing loans and borrowings	2,473.02	1,992.41	1,949.48
Less: cash and cash equivalents	(13.93)	(3.58)	(4.20)
Adjusted net debt	2,459.09	1,988.83	1,945.28
Total equity	135.13	127.17	68.90
Adjusted net debt to total equity ratio	18.20	15.64	28.23

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, 2018, the Investment of the Company includes ₹ 259.67 (March 31, 2017: ₹ 259.67, April 1, 2016: ₹ 259.67) contributed towards these PTCs and has receivables loans and advances and investments aggregating to ₹ 146.19 (March 31, 2017: ₹ 141.80, April 1, 2016: 136.72) 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. Financial instruments- fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2018, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Sig-nificant observable inputs	Level 3-Sig-nificant observable inputs	Total
Investments (Note 1)	6	259.67	-	92.61	352.28	-	259.67	-	259.67
Loans	8	-	-	830.18	830.18	-	-	-	-
Trade receivables	7	-	-	758.39	758.39	-	-	-	-
Cash and cash equivalents	10	-	-	13.93	13.93	-	-	-	-
Other bank balances	10	-	-	23.81	23.81	-	-	-	-
Other financial assets	9	-	-	553.81	553.81	-	-	-	-
Total financial assets		259.67	-	2,272.73	2,532.40	-	259.67	-	259.67
Borrowings	16, 17 & 19	-	-	2,512.77	2,512.77	-	-	-	-
Trade payable	18	-	-	1,317.32	1,317.32	-	-	-	-
Other financial liabilities	19	-	-	1,082.03	1,082.03	-	-	-	-
Total financial liabilities		-	-	4,912.12	4,912.12	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2018

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2017, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Sig-nificant observable inputs	Level 3-Sig-nificant observable inputs	Total
Investments (Note 1)	6	259.67	-	51.53	311.20	-	259.67	-	259.67
Loans	8	-	-	695.53	695.53	-	-	-	-
Trade receivables	7	-	-	608.89	608.89	-	-	-	-
Cash and cash equivalents	10	-	-	3.58	3.58	-	-	-	-
Other bank balances	10	-	-	23.51	23.51	-	-	-	-
Other financial assets	9	-	-	350.64	350.64	-	-	-	-
Total financial assets		259.67	-	1,733.68	1,993.35	-	259.67	-	259.67
Borrowings	16, 17 & 19	-	-	2,032.16	2,032.16	-	-	-	-
Trade payable	18	-	-	1,053.82	1,053.82	-	-	-	-
Other financial liabilities	19	-	-	927.06	927.06	-	-	-	-
Total financial liabilities		-	-	4,013.04	4,013.04	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at April 1, 2016, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note 1)	6	259.67	-	49.99	309.66	-	259.67	-	259.67
Loans	8	-	-	692.49	692.49	-	-	-	-
Trade receivables	7	-	-	717.89	717.89	-	-	-	-
Cash and cash equivalents	10	-	-	4.20	4.20	-	-	-	-
Other bank balances	10	-	-	24.95	24.95	-	-	-	-
Other financial assets	9	-	-	175.93	175.93	-	-	-	-
Total financial assets		259.67	-	1,665.45	1,925.12	-	259.67	-	259.67
Borrowings	16, 17 & 19	-	-	2,042.23	2,042.23	-	-	-	-
Trade payable	18	-	-	878.03	878.03	-	-	-	-
Other financial liabilities	19	-	-	667.33	667.33	-	-	-	-
Total financial liabilities		-	-	3,587.59	3,587.59	-	-	-	-

Note 1 Investments in associate, joint venture and subsidiaries have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than subsidiaries, associates and joint ventures have been designated as FVTPL.

B. Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

(ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Managing Board. The Company's activities expose it to a variety of financial

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risks: credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, unbilled revenue and loans given. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Credit risk on trade receivables, unbilled revenue and loans is limited as the customers of the company mainly consists of the Government promoted entities having a strong credit worthiness. For doubtful receivables, the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the Company's historical experience with the customers and financial conditions of the customers. The Company has made a provision of ₹ 176.38, ₹ 178.87 and ₹ 172.13 towards amounts doubtful to receive as at March 31, 2018, March 31, 2017 April 1, 2016 respectively.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2018:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	1,317.32	851.93	465.39	-	1,317.32
Borrowings and interest thereon	2,953.68	1,708.95	1,797.04	-	3,505.99
Other financial liabilities	641.12	476.55	164.57	-	641.12
Total	4,912.12	3,037.43	2,427.00	-	5,464.43

The table below provides details of financial assets as at March 31, 2018:

Particulars	Carrying amount
Trade receivables	758.39
Loans	830.18
Other financial assets	563.66
Total	2,152.23

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2017:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	1,053.82	557.35	496.47	-	1,053.82
Borrowings and interest thereon	2,441.75	1,128.73	1,500.27	422.47	3,051.47
Other financial liabilities	517.47	430.16	87.31	-	517.47
Total	4,013.04	2,116.24	2,084.05	422.47	4,622.76

The table below provides details of financial assets as at March 31, 2017:

Particulars	Carrying amount
Trade receivables	608.89
Loans	695.53
Other financial assets	355.96
Total	1,660.38

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at April 1, 2016:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	878.03	738.80	139.23	-	878.03
Borrowings and interest thereon	2,305.34	712.06	1,081.26	1,095.53	2,888.85
Other financial liabilities	404.22	358.58	45.64	-	404.22
Total	3,587.59	1,809.44	1,266.13	1,095.53	4,171.10

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The table below provides details of financial assets as at April 1, 2016:

Particulars	Carrying amount
Trade receivables	717.89
Loans	692.49
Other financial assets	184.10
Total	1,594.48

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash and bank balances. Cash and bank balances expose the Company to cash flow interest rate risk. However, the Company does not carry any fixed interest bearing financial liabilities that are designated at fair value through profit or loss. The average interest rate on short-term bank deposits during the year was 6.40% (March 31, 2017: 6.50%).

The Company's exposure to interest rates on financial instruments is detailed below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets			
Cash and bank balances	13.93	3.58	4.20
Total interest rate dependent financial assets	13.93	3.58	4.20
Financial liabilities			
Borrowings	2,512.77	2,032.16	2,042.23
Other financial liabilities	566.00	457.22	346.39
Total interest rate dependent financial liabilities	3,078.77	2,489.38	2,388.62

The amounts included above for interest rate dependent financial assets are fixed interest bearing financial assets.

If the interest rate on INR denominated borrowings had been increased or decreased by 100 basis points, with all other variables held constant, post tax income for the year ended March 31, 2018 would have been increased/ decreased by ₹ 5.12 (March 31, 2017: ₹ 4.52).

• Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's presentation currency is the Indian Rupees. The Company's exposure to foreign currency arises in part when the Company holds financial assets and liabilities denominated in a currency different from the functional currency of the entity.

49. Explanation of transition to Ind AS

As stated in Note 2A, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 (as amended), notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows.

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

a. Property, plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

- measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

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(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:

- fair value
- or cost or depreciated cost under Ind AS adjusted to reflect.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

b. Investment in subsidiaries, joint venture and associates

As permitted by Ind AS 101, the Company has elected to carry investments in subsidiaries, joint venture and associates at cost as determined in accordance with Ind AS 27.

B. Mandatory exceptions

a. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value for certain financial liabilities carried at amortised cost.
- Recognition of deferred tax asset on unabsorbed depreciation.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable

Reconciliation of equity:

	Note	As at date of transition April 1, 2016			As at March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		145.61	-	145.61	136.66	-	136.66
Capital work-in-progress		8.29	-	8.29	6.23	-	6.23
Intangible assets		42.78	-	42.78	40.49	-	40.49
Financial assets							
Investments	(a)	326.54	(16.88)	309.66	327.02	(15.82)	311.20
Trade receivables	(b)	379.94	(111.82)	268.12	320.12	(114.98)	205.14
Loans	(c)	609.22	(18.88)	590.34	678.00	(20.27)	657.73
Other financial assets	(b) and (c)	131.39	(3.32)	128.07	257.73	(3.32)	254.41
Deferred tax assets, net	(d)	-	250.15	250.15	-	249.72	249.72
Other non-current assets	(b)	398.85	(19.23)	379.62	987.27	(19.23)	968.04
Income tax assets, net		42.82	-	42.82	40.44	-	40.44
Total		2,085.44	80.02	2,165.46	2,793.96	76.10	2,870.06

Notes to Financial Statements for the year ended March 31, 2018

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

	Note	As at date of transition April 1, 2016			As at March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Current assets							
Inventories	(b)	830.21	-	830.21	725.55	(2.84)	722.71
Financial assets							
Trade receivables		449.77	-	449.77	403.75	-	403.75
Cash and cash equivalents		4.20	-	4.20	3.58	-	3.58
Bank balances other than cash and cash equivalents		16.78	-	16.78	18.19	-	18.19
Loans	(c)	127.98	(25.83)	102.15	61.33	(23.53)	37.80
Other financial assets		56.03	-	56.03	101.55	-	101.55
Current tax assets, net		62.73	-	62.73	60.78	-	60.78
Other current assets		87.16	-	87.16	90.69	-	90.69
Total		1,634.86	(25.83)	1,609.03	1,465.42	(26.37)	1,439.05
Total assets		3,720.30	54.19	3,774.49	4,259.38	49.73	4,309.11
EQUITY AND LIABILITIES							
Equity							
Equity share capital	(e)	213.91	(92.75)	121.16	170.87	(39.75)	131.12
Other equity	(i)	(90.31)	38.05	(52.26)	(44.97)	41.02	(3.95)
Total equity		123.60	(54.70)	68.90	125.90	1.27	127.17
Liabilities							
Non-current liabilities							
Financial liabilities							
Long-term borrowings	(e)	1,388.63	39.75	1,428.38	1,174.45	39.75	1,214.20
Trade payables		139.23	-	139.23	496.47	-	496.47
Other financial liabilities	(f)	270.22	(4.93)	265.29	414.49	(2.47)	412.02
Provisions	(f)	16.41	(2.38)	14.03	17.24	(1.75)	15.49
Other non-current liabilities		3.62	-	3.62	3.62	-	3.62
		1,818.11	32.44	1,850.55	2,106.27	35.53	2,141.80
Current liabilities							
Financial liabilities							
Short-term borrowings		470.38	-	470.38	526.19	-	526.19
Trade payables		738.80	-	738.80	557.35	-	557.35
Other financial liabilities	(e) and (h)	469.06	76.45	545.51	793.88	12.93	806.81
Provisions		49.49	-	49.49	55.89	-	55.89
Other current liabilities		50.86	-	50.86	93.90	-	93.90
		1,778.59	76.45	1,855.04	2,027.21	12.93	2,040.14
Total equity and liabilities		3,720.30	54.19	3,774.49	4,259.38	49.73	4,309.11

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	For the year ended March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income				
Revenue from operations	(b)	1,820.22	(2.84)	1,817.38
Other income	(c) and (h)	189.56	12.50	202.06
Company's share of profit from integrated joint ventures		5.77	-	5.77
Total revenue (I)		2,015.55	9.66	2,025.21
Expenses				
Cost of materials consumed		532.07	-	532.07
Employee benefits expenses	(g)	103.32	0.24	103.56
Subcontract expense		788.05	-	788.05
Other expenses	(b)	213.96	3.17	217.13
Finance costs	(f)	327.88	3.09	330.97
Depreciation and amortization expense		47.97	-	47.97
Total expenses (II)		2,013.25	6.50	2,019.75

Notes to Financial Statements for the year ended March 31, 2018

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

	Note	For the year ended March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Profit before tax (I-II)		2.30	3.16	5.46
Tax expense	(d)	-	0.43	0.43
Profit for the year		2.30	2.73	5.03
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Remeasurements of the net defined benefit liability/asset	(g)	-	0.24	0.24
Other comprehensive income, net of tax		-	0.24	0.24
Total comprehensive income for the year		2.30	2.97	5.27

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the reconciliation

(a) Investments

Under Indian GAAP, the Company accounted for investments in subsidiaries and associates (unquoted) measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, as of April 1, 2016 (transition date), the Company opted the deemed cost of investments in subsidiaries and associates as the carrying value as per Indian GAAP.

Certain investments are carried at amortised cost under Ind AS. Difference between the amortised cost and transaction value of the investment has been reduced from retained earnings as at the transition date and subsequently in the profit or loss for the year ended March 31, 2017.

In accordance with Ind AS, financial assets representing investment in entities other than subsidiaries, associates and joint ventures as well as debt securities have been fair valued. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

(b) Trade receivables, loans and unbilled revenue

Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the Company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101.

(c) Loans

Deferred credit loans are carried at amortised cost. Difference between the amortised cost and transaction value of the loans has been reduced from retained earnings as at the transition date and subsequently in the profit or loss for the year ended March 31, 2017.

(d) Deferred tax assets (net)

The Company has recognised deferred tax assets (net) on unabsorbed depreciation, other temporary difference and on account of adjustments made on transition to Ind AS.

(e) Classification of financial instruments

Under Ind AS, the Optionally convertible cumulative redeemable preference shares and cumulative redeemable preference shares are to be classified under financial liability, however, in the previous GAAP the same were reported under equity share capital. Hence, reclassification has been given done to give effect for the same.

(f) Financial liabilities

Adjustments include the impact of discounting of deferred consideration payable or provision for future losses which are expected to be incurred over a period of more than a year and subsequently in the profit or loss for the year ended March 31, 2017.

(g) Actuarial Gains/Losses

Under Ind AS, the measurement of net defined benefit liability, comprises of actuarial gains and losses, the return on plan assets (excluding interest) are recognised in other comprehensive income where as in the previous GAAP it was reported under employee benefits expenses. Hence, reclassification has been given done to give effect for the same.

(h) Finance cost on financial liability

Under Ind AS, the dividend on cumulative preference shares, being in the nature of financial liability, is recognised as finance cost at the coupon rate on par value of preference shares whereas in the previous GAAP to the extent of unpaid dividend, the obligation was reported under contingent liability. Also, the unpaid dividend on preference shares redeemed during the year ended March 31, 2017 has been reversed in that year.

Notes to Financial Statements for the year ended March 31, 2018

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

(i) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Note	April 1, 2016	March 31, 2017
Total equity as per previous GAAP		123.60	125.90
Reclassification of financial instrument under financial liabilities	(e)	(92.75)	(39.75)
Fair valuation of investments and financial assets	(a) & (c)	(35.68)	(33.71)
Recognition of deferred tax assets	(d)	250.15	249.72
Recognition of finance cost on financial liability	(h)	(23.45)	(12.92)
Impact on account of discounting of financial liability	(f)	7.30	4.21
Provision for expected credit loss on financial assets	(b)	(160.20)	(166.20)
Other adjustments	(f)	(0.07)	(0.08)
Total equity		68.90	127.17

(i) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	March 31, 2017
Profit after tax as per previous GAAP		2.30
Interest income from financial assets carried at amortised cost	(a) & (c)	1.97
Deferred tax adjustments	(d)	(0.43)
Reversal of finance cost	(h)	10.53
Discounting of deferred provision for estimated future loss on projects and other financial liability	(f)	(3.09)
Provision of impairment on financial assets based on expected credit loss model	(b)	(6.00)
Other adjustments	(f)	(0.01)
Total comprehensive income		5.27

(j) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

50. As at March 31, 2018, the Company had accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at March 31, 2018 amounts to ₹ 404.77 (net of amount payable to subcontractor against aforesaid balances) (including claims of ₹ 112.53 accounted during the year ended March 31, 2018) and interest of ₹ 393.76 (including interest of ₹ 205.29 recognised during the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.

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

51. As at March 31, 2018, the Company has made investment (including advance of ₹ 2.58 (March 31, 2017: ₹ Nil, April 1, 2016: ₹ Nil)) of ₹ 35.77 (March 31, 2017: ₹ 33.19, April 1, 2016: ₹ 33.19) in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options to restore the carrying value of the investment and on conclusion of the ongoing restructuring of their management, options to revive the operations of the subsidiary including approval of claims submitted to them is likely to be resolved and therefore no provision considered necessary for diminution in the value of such investment/potential obligations.

52. During the year, a project was terminated due to dispute with the customer. On January 8, 2018, the Hon'ble High Court of Delhi dismissed Company's petition against which an appeal was filed before the Division bench of the High Court. The Company's Special Leave petition (SLP) before the Supreme Court of India against dismissal of Company's petition by Division Bench of the High Court of Delhi was also dismissed. The Company has net carrying value of assets pertaining to this site amounting to ₹ 99.34 (including Bank Guarantees encashed by the customer amounting to ₹ 39.97). Further, the Company has initiated Arbitration process for the recovery of these assets which are under progress. Based on legal opinion and internal assessment, Management is of the view that the aforesaid assets are fully recoverable, thus no provision is considered necessary for the same.

Notes to Financial Statements for the year ended March 31, 2018

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

53. Inter-Corporate Deposits:

Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to ₹ 343.78. Of the foregoing, documentary evidences had been established that, for an amount of ₹ 323.78, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of Andhra Pradesh against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for the year ended March 31, 2018 continued to disclose as "Suspense Account (Net) ₹ 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 its Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and legal opinion, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of ₹ 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of ₹ 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.

54. All amounts less than ₹ 0.01 have been disclosed as ₹ 0.00.

As per our report of even date

For B S R & Associates LLP

ICAI Firm Registration No.: 116231W/W-100024
Chartered Accountants

Amit Kumar Agarwal

Partner
Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm Registration No.: 000459S
Chartered Accountants

V K Muralidhar

Partner
Membership No.: 201570

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

Ramchand K

Chairman
DIN: 00051769

Mukund Sapre

Managing Director
DIN: 00051841

Dr. S N Mukherjee
Chief Financial Officer

Sushil Dudeja
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

Notes to Financial Statements for the year ended March 31, 2018

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

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

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

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

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

For B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number:
116231W/W-100024

Amit Kumar Agarwal
Partner
Membership No: 214198

For M Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm registration number: 000459S

V K Muralidhar
Partner
Membership No: 201570

For IL&FS Engineering and Construction Company Limited

Mukund Sapre
Managing Director
DIN: 00051841

Debabrata Sarkar
Chairman-Audit Committee
DIN: 02502618

Dr. S N Mukherjee
Chief Financial Officer

Place : Mumbai
Date : May 30, 2018

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of IL&FS Engineering and Construction Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the Companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures 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 controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the Group and its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its joint ventures or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 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 consolidated Ind AS financial statements are

free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Group and its joint ventures to cease to continue as a going concern.

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 sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

As detailed in Note 36, the accompanying consolidated Ind AS financial statements include aggregate assets of Rs. 7.69 Crores, aggregate revenues (including other income) of Rs. 26.25 Crore and net cash inflows amounting to Rs. 0.42 Crore of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying consolidated Ind AS financial statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2018 been available and accordingly we are unable to comment on the same.

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, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, the aforesaid consolidated Ind AS 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 consolidated state of affairs of the Group and its joint ventures as at March 31, 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention to:

- a. Note 45 of the accompanying consolidated Ind AS financial

statement regarding Rs. 259.67 Crores investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 146.19 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 consolidated Ind AS financial statement regarding amount due from customers (project work-in-progress). The Company had recognised claims in case of various projects of which balance as at March 31, 2018 aggregates to Rs. 404.77 Crores (including claims of Rs. 112.53 Crores accounted during the year ended March 31, 2018) and interest of Rs. 393.76 Crores (including interest of Rs. 205.29 Crores recognised during the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration / appeal with Honourable High Court of New Delhi / advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order / arbitration award/ completion of arbitration proceedings / provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.
- c. Note 51 of the accompanying consolidated Ind AS financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 362.36 Crores which is under litigation. Based on internal evaluation and legal opinion, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.
- d. Note 50 of the accompanying consolidated Ind AS financial statements. During the year, a project was terminated due to dispute with customer against which the Company has initiated legal proceedings. The Company has net carrying value of project assets pertaining to this project amounting to Rs. 99.34 Crores (including Bank Guarantees encashed by the customer amounting to Rs. 39.97 Crores) which are under arbitration. Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision considered necessary for the same.

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

Other matters

1. The comparative financial information of the Group and its joint ventures for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 29, 2017 and May 30, 2016 respectively expressed a modified opinion on those consolidated financial statements, as adjusted for

the differences in the accounting principles adopted by the Group, its joint ventures on transition to the Ind AS, which have been audited by us.

2. We did not audit the financial statements and other financial information of 6 subsidiaries whose financial statements reflect total assets of Rs. 72.20 Crores and net assets of Rs. (15.92) Crores as at March 31, 2018, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/(loss) (including other comprehensive income) of Rs. 32.00 Crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 6 joint ventures, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors. Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint ventures, as noted in the 'other matter' paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated Ind AS 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 Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of other auditors;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;
 - 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 and its joint ventures as a whole;

- f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2018 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 of the internal financial controls over financial reporting with reference to Ind AS financial statements of the Holding Company, its subsidiary companies and its joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:
- The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures - Refer Note 31 (a) to the consolidated Ind AS financial statements.
 - Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts Refer note 20 to the consolidated Ind AS financial statement. The Group and joint ventures do not have any derivative contracts;
 - There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India; and
 - The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited consolidated financial statements for the year ended March 31, 2017 have been disclosed - Refer Note 10 to the Consolidated Ind AS financial statements.

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Annexure A referred to in paragraph 1(h) of our Report of even date to the members of IL&FS Engineering and Construction Company Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018.

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 Ind AS financial statement of IL&FS Engineering and Construction Company Limited ('the Company') as of and for the year ended, 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 subsidiaries companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are incorporated in India, 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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary company, which are incorporated in India, 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. 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

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
116231W/ W-100024

Amit Kumar Agarwal
Partner
Membership Number: 214198

Date: May 30, 2018
Place: Mumbai

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number:
000459S

V K Muralidhar
Partner
Membership Number: 201570

Date: May 30, 2018
Place: Mumbai

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 qualified audit opinion on the Holding Company's and its subsidiary 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 report issued by other auditors on internal financial control system over financial reporting in case of subsidiary companies, which are companies incorporated in India, the following material weakness has been identified as at March 31, 2018:

- a. The Holding Company's internal financial controls system over preparation of consolidated Ind AS financial statements was not operating effectively as the consolidated Ind AS 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 Ind AS 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 company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies 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 incorporated in India as of March 31, 2018.

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 Ind AS financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2018, and the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity 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, 2018 expressed a qualified opinion.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
116231W/W-100024

Amit Kumar Agarwal
Partner
Membership Number: 214198

Date: May 30, 2018
Place: Mumbai

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number:
000459S

V K Muralidhar
Partner
Membership Number: 201570

Date: May 30, 2018
Place: Mumbai

Consolidated Balance Sheet as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	142.29	136.66	154.70
Capital work-in-progress	4	2.98	6.78	8.54
Intangible assets	5	37.99	40.49	42.78
Financial assets				
Investments	6	318.91	277.88	276.35
Trade receivables	7	266.72	205.14	268.12
Loans	8	717.67	674.79	603.72
Other financial assets	9	505.01	254.41	128.07
Deferred tax assets, net	13	253.43	249.72	250.15
Income tax assets, net	13	38.15	40.44	42.82
Other non-current assets	12	1,043.17	969.07	380.65
		3,326.32	2,855.38	2,155.90
Current assets				
Inventories	11	1,020.78	725.35	848.75
Financial assets				
Trade receivables	7	494.72	403.75	573.70
Cash and cash equivalents	10	14.52	3.75	4.37
Bank balances other than cash and cash equivalents	10	13.96	18.19	16.78
Loans	8	130.06	37.80	104.45
Other financial assets	9	58.65	101.56	56.03
Current tax assets, net	13	66.50	60.78	62.73
Other current assets	12	179.36	98.03	171.71
		1,978.55	1,449.21	1,838.52
Fixed assets held for sale		1.42	2.59	-
Total assets		5,306.29	4,307.18	3,994.42
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	131.12	131.12	121.16
Other equity	15	(270.25)	(285.41)	(296.35)
Total equity		(139.13)	(154.29)	(175.19)
Liabilities				
Non-current liabilities				
Financial liabilities				
Long-term borrowings	16	1,204.90	1,214.20	1,428.38
Trade payables	18	465.39	496.47	139.23
Other financial liabilities	19	427.51	412.02	265.31
Provisions	20	16.38	15.49	14.03
Other non-current liabilities	21	3.66	3.66	11.24
		2,117.84	2,141.84	1,858.19
Current liabilities				
Financial liabilities				
Short-term borrowings	17	887.11	656.32	594.19
Trade payables	18	961.09	692.32	1,007.48
Other financial liabilities	19	1,233.12	820.52	608.42
Provisions	20	50.82	55.89	49.49
Current tax liabilities, net	13	0.68	0.68	0.98
Other current liabilities	21	194.76	93.90	50.86
		3,327.58	2,319.63	2,311.42
Total equity and liabilities		5,306.29	4,307.18	3,994.42

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For B S R & Associates LLP

ICAI Firm registration number:

116231W/W-100024

Chartered Accountants

Amit Kumar Agarwal

Partner

Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm registration number:

000459S

Chartered Accountants

V K Muralidhar

Partner

Membership No: 201570

**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 : Mumbai

Date : May 30, 2018

Mukund Sapre

Managing Director

DIN: 00051841

Sushil Dudeja

Company Secretary

Place : Mumbai

Date : May 30, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

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

	Notes	For the year ended	
		March 31, 2018	March 31, 2017
Income			
Revenue from operations	22	1,868.76	1,817.71
Other income	23	277.12	202.07
Total revenue		2,145.88	2,019.78
Expenses			
Cost of materials consumed	24	540.72	548.99
Employee benefits expenses	25	146.60	105.73
Subcontract expense		795.15	791.93
Finance costs	26	409.38	348.81
Depreciation and amortization expense	27	44.54	47.95
Other expenses	28	230.04	228.00
Total expenses		2,166.43	2,071.41
Loss before tax		(20.55)	(51.63)
Tax expense	13		
Current tax		-	-
Deferred tax		(3.71)	0.43
Total tax expense		(3.71)	0.43
Loss for the year before share of profits of joint ventures (net) and non-controlling interest		(16.84)	(52.06)
Share of profit in joint ventures accounted for using the equity method		32.00	5.77
Share of profit of equity accounted investees (net of income tax)		32.00	5.77
Profit/(loss) for the year		15.16	(46.29)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurements of the net defined benefit liability/asset		1.04	0.24
<i>Items that will be reclassified subsequently to statement of profit or loss</i>			
Exchange difference in translating financial statements of foreign operations		(1.04)	13.95
Other comprehensive income, net of tax		-	14.19
Profit/(loss) attributable to:			
Owners of the Company		11.54	(23.23)
Non controlling interests		3.62	(23.06)
Profit/(loss) for the year		15.16	(46.29)
Other comprehensive income attributable to:			
Owners of the Company		0.47	7.91
Non controlling interests		(0.47)	6.28
Other comprehensive income for the year		-	14.19
Total comprehensive income attributable to:			
Owners of the Company		12.01	(15.32)
Non controlling interests		3.15	(16.78)
Total comprehensive income for the year		15.16	(32.10)
Earnings per equity share	29		
[Nominal value of share ₹ 10 (March 31, 2017 : ₹ 10)]			
Basic and diluted		1.16	(3.81)

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For B S R & Associates LLP

ICAI Firm registration number:

116231W/W-100024

Chartered Accountants

Amit Kumar Agarwal

Partner

Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm registration number:

000459S

Chartered Accountants

V K Muralidhar

Partner

Membership No: 201570

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 : Mumbai

Date : May 30, 2018

Mukund Sapre

Managing Director

DIN: 00051841

Sushil Dudeja

Company Secretary

Place : Mumbai

Date : May 30, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

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

	For the year ended	
	March 31, 2018	March 31, 2017
A. Cash flow from operating activities		
Loss before tax	(20.55)	(51.63)
Adjustment: Non cash adjustments to reconcile loss before tax to net cash flows		
Liabilities no longer required written back	(30.42)	(16.46)
(Reversal) / provision for estimated future loss on projects	(1.27)	7.37
(Profit)/ loss on sale/discard/write off of fixed assets (net)	0.38	(55.23)
(Reversal) / provision for retirement benefits	(0.72)	0.10
Depreciation and amortization expense	44.54	47.95
Stocks written-off	0.01	0.50
Provision for doubtful advances/trade receivables/ other assets investments	2.43	20.45
Bad debts/advances written-off	-	5.01
Interest income from financial assets carried at amortised cost	(2.25)	(1.97)
Interest expense from financial liabilities carried at amortised cost	3.37	3.09
Interest expense	367.68	321.65
Interest income	(233.78)	(115.82)
Operating profit before working capital changes	129.42	165.01
Movement in working capital adjustments		
Increase in inventories	(358.46)	(460.72)
(Increase) / decrease in trade receivables	(146.16)	221.18
Increase in loans	(137.10)	(7.02)
Decrease / (increase) in other financial assets	11.88	(75.93)
(Increase) / decrease in other assets	(90.75)	69.08
Increase in trade payables	268.10	48.09
Increase in other financial liabilities	108.78	51.88
Increase in other liabilities	100.86	35.46
Cash generated (used in) / from operating activities	(113.43)	47.03
Income tax (paid) / refunded (net)	(3.43)	4.33
Net cash (used in) / from operating activities (A)	(116.86)	51.36
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(67.36)	(63.08)
Proceeds from sale of fixed assets	0.74	89.20
Share of profit in the joint ventures received	0.64	5.28
Advances given to joint ventures/associate	(4.32)	(0.22)
(Deposit) / proceeds from bank deposits (having original maturity of more than three months)	(0.30)	1.44
Interest received	8.75	7.04
Net cash (used in) / flow from investing activities (B)	(61.85)	39.66
Cash flow from financing activities		
Proceeds from issuance of equity share capital	-	53.00
Redemption of preference share capital	-	(53.00)
Proceeds from long-term borrowings	512.54	147.85
Repayment of long-term borrowings	(262.23)	(160.73)
Proceeds from short-term borrowings (net)	230.79	62.13
Interest paid	(290.58)	(154.84)
Net cash flow from / (used in) financing activities (C)	190.52	(105.59)
Foreign currency translation adjustments (D)	(1.04)	13.95
Net increase / (decrease) in cash and cash equivalents (A + B + C + D)	10.77	(0.62)
Cash and cash equivalents at the beginning of the year	3.75	4.37
Cash and cash equivalents at the end of the year (Refer below for break-up)	14.52	3.75

Consolidated Cash Flow Statement for the year ended March 31, 2018

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

Components of Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	0.19	0.09	0.08
With banks - on current accounts	14.33	3.57	4.29
Deposits with original maturity for less than 3 months	-	0.09	-
Total Cash and cash equivalents (as per Ind AS 7)	14.52	3.75	4.37

Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited ₹ 9.99 (March 31, 2017: ₹ 9.99) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of consolidated cash flow statement.
- During the previous year, loan given to Bangalore Elevated Tollway Private Limited amounting to ₹ 25.37 had been converted to 0.001% non-convertible debentures as at March 31, 2017, for which debenture certificates have been credited into the Company demat account during the current year, hence classified under Investments during the year. This has been considered as non-cash item for the purpose of consolidated cash flow statement.

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For B S R & Associates LLP

ICAI Firm registration number:
116231W/W-100024

Chartered Accountants

Amit Kumar Agarwal

Partner
Membership No: 214198

For M Bhaskara Rao & Co.

ICAI Firm registration number:
000459S

Chartered Accountants

V K Muralidhar

Partner
Membership No: 201570

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

Ramchand K

Chairman
DIN: 00051769

Mukund Sapre

Managing Director
DIN: 00051841

Dr. S N Mukherjee

Chief Financial Officer

Sushil Dudeja

Company Secretary

Place : Mumbai
Date : May 30, 2018

Place : Mumbai
Date : May 30, 2018

Consolidated statement of changes in equity for the year ended March 31, 2018

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

	Notes	Number of shares	Amount	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		Non-controlling interest	Total
				Securities premium account	Retained earnings	Foreign currency translation reserve	Other items of OCI			
A. Equity share capital										
Balance as at April 1, 2016										
Changes in equity share capital during 2016-17	14	121,158,671 9,962,407								121.16 9.96
Balance as at March 31, 2017										131.12
Changes in equity share capital during 2017-18	14	131,121,078								-
Balance as at March 31, 2018										131.12
B. Other equity										
Balance as at April 1, 2016										
Addition on issue of equity shares			239.24	(449.61)	8.18				(94.16)	(296.35)
Loss for the year			43.04	-	-				-	43.04
Exchange differences on translation of foreign operations			-	(23.23)	-				(23.06)	(46.29)
Remeasurement of the net defined benefit liability / assets, net of tax effect			-	-	7.67				6.28	13.95
			-	-	-				-	0.24
Balance as at March 31, 2017			282.28	(472.84)	15.85				(110.94)	(285.41)
Profit for the year			-	11.54	-				3.62	15.16
Exchange differences on translation of foreign operations			-	-	(0.57)				(0.47)	(1.04)
Remeasurement of the net defined benefit liability / assets, net of tax effect			-	-	-				-	1.04
Balance as at March 31, 2018			282.28	(461.30)	15.28				(107.79)	(270.25)

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For B S R & Associates LLP

 ICAI Firm registration number: 116231W/W-100024
 Chartered Accountants

Amit Kumar Agarwal

 Partner
 Membership No: 214198

For M Bhaskara Rao & Co.

 ICAI Firm registration number: 000459S
 Chartered Accountants

V K Muralidhar

 Partner
 Membership No: 201570

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 : Mumbai

Date : May 30, 2018

Mukund Sapre

 Managing Director
 DIN: 00051841

Sushil Dudeja

Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2018

(All amounts in ₹ 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:

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Group is provided in Note 47.

The consolidated financial statements were authorised for issue by the Company's Board of Directors at its meeting held on May 30, 2018.

Details of the Group's Accounting policies are included in Note 3.

B. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest crores, unless otherwise indicated.

C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Share based payments	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and

assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

- Note 35 - measurement of defined benefit obligations: key actuarial assumptions;
- Notes 13, 20 and 31 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4 - useful life and depreciation of property, plant and equipment;
- Note 5 - useful life and amortisation of intangible assets; and
- Note 6 to 9 - impairment of financial assets.

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 11 and 22 – The Group uses the percentage-of-completion method (POCM) in accounting for its long term construction contracts. Use of POCM requires the Group to estimate the contract revenue and total cost to complete a contract. Changes in the factors underlying the estimation of the contract revenue and total contract cost could affect the amount of revenue recognized.
- Note 13 – Deferred tax assets are recognized for unused unabsorbed depreciation to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- Note 7, 8, 9 and 11 – Determining the amount of expected credit loss on financial assets (including trade receivables, loans and unbilled revenue).
- Note 3(a) – Identification of whether the Group has significant control over Trust where the Trust is managed Independently by a third party.
- Note 33 – Identification of reportable operating segments.

E. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in most advantageous market for the asset or liability

The Principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financials statement are categories within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 38 - share-based payments
- Note 46 - financial instruments.

3. Significant accounting policies

(a) Basis of consolidation:

i. Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct

the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii. Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

v. Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

as unrealised gains, but only to the extent that there is no evidence of impairment.

- vi. 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, 2018.
- vii. The consolidated financial statements for the year ended March 31, 2018 have been prepared on the basis of the financial statements of the following subsidiaries, associate and joint venture:

Name of the consolidated entities	Country of Incorporation	% of Interest as at		
		March 31, 2018	March 31, 2017	April 01, 2016
Subsidiaries				
Maytas Infra Assets Limited	India	100%	100%	100%
Maytas Metro Limited	India	100%	100%	100%
Maytas Vasishta Varadhi Limited	India	100%	100%	100%
Angeerasa Greenfields Private limited	India	100%	100%	100%
Saptaswara Agro-Farms Private Limited	India	100%	100%	100%
Ekadanta Greenfields Private Limited	India	100%	100%	100%
Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA)	Saudi Arabia	55%	55%	55%
Joint Ventures (AOPs)				
NCC-Maytas (JV)	India	50%	50%	50%
NEC-NCC-Maytas(JV)	India	25%	25%	25%
Maytas-NCC (JV)	India	50%	50%	50%
NCC-Maytas (JV) (Singapore Class Township)	India	50%	50%	50%
Maytas-CTR (JV)	India	70%	70%	70%
NCC-Maytas-ZVS (JV)	India	40%	40%	40%
Associate				
Hill County Properties Limited (Refer note I)	India	31%	31%	31%

Note I:

During the year 2010-11, the Company had invested ₹ 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 ₹ 0.02 in equity shares (2,250 Equity Shares of ₹ 100 each) of HCPL constituting 9% of the paid up share capital of HCPL to Infrastructure Leasing and Financial Services Limited. HCPL was under the direct supervision of the Company Law Board (CLB), represented by a nominee director and hence was operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. Hence, the investment in HCPL was accounted in accordance with Ind AS 27 "Separate Financial Statements" instead of applying equity method in accounting for investments. During the earlier year, the term of the CLB nominee director had 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 Ind AS 27 "Separate Financial Statements". Further, if the Group had accounted the investment in HCPL under equity method of accounting, the impact would not be have been material on the consolidated financial statements.

(b) Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting year; or
- It is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

Operating cycle:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Accordingly, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(c) Revenue recognition:

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

Revenue from construction contracts

Revenue from construction contracts is recognized on the Percentage of Completion Method (POCM) as mentioned in Ind AS 11 "Construction Contracts" notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. 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.

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 from hire charges

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

Interest

Interest income is accrued on a time basis, by reference to the principal amount using the effective interest rate applicable.

Dividend

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

(d) Property, plant and equipment:

- (i) Property, plant, and equipment and capital work in progress are carried at cost, net of accumulated

depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

- (ii) Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
- (iv) Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.
- (v) The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.
- (vi) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (vii) 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.
- (viii) Gains or losses arising from derecognition of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (ix) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (x) Capital work in progress includes the cost of property, plant and equipments that are not ready for their intended use at the balance sheet date.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Depreciation on property, plant and equipment

- (i) Depreciation on property, plant and equipment other than those mentioned in S.no.(ii) below, is calculated on straight-line basis using the rates

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

arrived at, based on useful lives estimated by the management which coincides with rates prescribed under Schedule II of the Companies Act, 2013.

- (ii) Depreciation on the following property, plant and equipment is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management, which are different from the general rates prescribed under Schedule II of the Companies, Act 2013:

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

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

- (iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Intangible assets:

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

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(f) Investments:

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

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

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

(g) Inventories:

- (i) Project materials at site are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

- (ii) Amount due from customers (project work-in-progress) represents contract revenue earned in excess of billing.

(h) Retirement and other employee benefits:

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service at the undiscounted amount of benefits expected to be paid.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ("the asset ceiling").

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

Compensated absences is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the balance sheet date, carried out by a qualified independent actuary. Actuarial gains and losses arising during the year are immediately recognised in the statement of profit and loss. Remeasurement of defined benefit plans in respect of post employment are charged to other comprehensive income.

Share-based payments

Employee options

The fair value of options granted under the Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- (a) including any market performance conditions (eg. the entities share price);
- (b) excluding the impact of any service and non-market performance vesting conditions (eg: profitability, sales growth targets and remaining an employee of the entity over a specified time period; and
- (c) including the impact of any non-vesting conditions (eg. the requirement for employees to save or holdings shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest best on the non-market vesting and service condition. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss with the corresponding adjustment in the equity.

(i) Segment reporting:

Identification of segments

The Group 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 Group operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepare its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

(j) Income taxes:

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current 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.

(ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

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 and translations:

– Initial recognition

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

– Conversion

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

– Exchange differences

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

– Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts 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.

– 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. Exchange differences on conversion of foreign operations are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the

relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(l) Leases:

– Where the Group are Lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised 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 Group 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 Group is a Lessor

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

(m) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying 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 charged in the year they occur.

(n) Earnings per share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results are anti dilutive.

(o) Impairment:

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

Impairment of non-financial assets

The Group non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Financial instruments:

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

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- amortised cost;
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit & Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Group does not have investment in any debt securities classified as FVTOCI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Group

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.
Financial assets at FVTOCI	These assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in the OCI
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost

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using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains or losses (including impairment gains or losses) or interest.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(q) Provisions and contingent liabilities:

i. General

A provision is recognised when the Group 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(r) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

(s) 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.

(t) Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

A. Ind AS 115 - Revenue from contracts with customers

Ind AS 115 was issued on March 29, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or

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a modified retrospective application is required for annual periods beginning on or after April 1, 2018. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

The Group is in the business of erection/construction of roads, irrigation projects, buildings, oil and gas infrastructure, power plants and power transmission & distribution lines including rural electrification which involves various contracts. The Group is in the process of assessing the impact of Ind AS 115 on its financial statement.

B. Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Group as it has no deductible temporary differences or assets that are in the scope of the amendments.

C. Transfers of Investment Property — Amendments to Ind AS 40

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. Since the Group does not have any investment property in its books of account, the Group has concluded

that there will be no impact of this amendment on its consolidated financial statements.

D. Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:
(a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from April 1, 2018. These amendments are not applicable to the Group.

E. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of transactions, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Based on preliminary evaluation considering known and estimable information, the management believes that the standard will not have a significant impact on the Group's financial statement in the period of its initial application.

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4. Property, plant and equipment Reconciliation of carrying amount

	Land	Buildings	Temporary erections - site offices	Leasehold improvements	Plant, and machinery - construction equipment*	Site infra-structure	Office equipment	Tools and implementations	Data processing equipments	Furniture and fixtures	Vehicles	Total - tangible assets	Capital work-in-progress
Cost or deemed cost (gross carrying amount)													
Balance as at April 1, 2016	4.78	0.15	7.59	0.03	130.22	0.63	1.65	-	1.37	3.49	4.79	154.70	8.54
Additions	-	-	30.48	-	26.94	-	1.02	1.43	0.48	0.25	1.10	61.70	55.66
Other adjustments	-	-	-	-	(0.41)	-	-	-	-	(0.01)	0.06	(0.36)	-
- Exchange difference	-	(0.14)	-	-	(24.25)	-	(0.28)	-	-	-	(1.31)	(25.98)	-
Disposals	-	-	-	-	(5.54)	-	(1.08)	-	(0.04)	(1.47)	(0.62)	(8.75)	-
Transferred to asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-	(57.42)
Capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	4.78	0.01	38.07	0.03	126.96	0.63	1.31	1.43	1.81	2.26	4.02	181.31	6.78
Additions	-	-	4.97	-	38.33	1.73	0.70	1.33	0.61	0.26	0.83	48.76	39.50
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange difference	-	-	-	-	(7.61)	-	-	-	-	-	(0.79)	(8.40)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalised	-	-	-	-	-	-	-	-	-	-	-	-	(43.30)
Balance as at March 31, 2018	4.78	0.01	43.04	0.03	157.68	2.36	2.01	2.76	2.42	2.52	4.06	221.67	2.98
Accumulated depreciation													
Charge for the year	-	-	10.72	-	30.31	0.14	0.74	1.43	0.71	0.54	0.82	45.41	-
Disposals during the year	-	-	-	-	-	-	(0.28)	-	-	-	(0.48)	(0.76)	-
Balance as at March 31, 2017	-	-	10.72	-	30.31	0.14	0.46	1.43	0.71	0.54	0.34	44.65	-
Charge for the year	-	-	15.00	-	22.14	0.98	0.78	1.33	0.57	0.51	0.70	42.01	-
Disposals during the year	-	-	-	-	(7.03)	-	-	-	-	-	(0.25)	(7.28)	-
Balance as at March 31, 2018	-	-	25.72	-	45.42	1.12	1.24	2.76	1.28	1.05	0.79	79.38	-
Carrying amounts (net)													
As at April 1, 2016	4.78	0.15	7.59	0.03	130.22	0.63	1.65	-	1.37	3.49	4.79	154.70	8.54
As at March 31, 2017	4.78	0.01	27.35	0.03	96.65	0.49	0.85	-	1.10	1.72	3.68	136.66	6.78
As at March 31, 2018	4.78	0.01	17.32	0.03	112.26	1.24	0.77	-	1.14	1.47	3.27	142.29	2.98

* Plant and machinery - construction equipment:

- Plant and machinery - construction equipment includes shuttering and scaffolding material [₹ 51.05 (March 31, 2017 : ₹ 48.28, April 1, 2016 : ₹ 33.51)].
Net block value of this shuttering and scaffolding material is ₹ 31.65 (March 31, 2017 : ₹ 37.95, April 1, 2016 : ₹ 33.51).

- Plant and machinery - construction equipment includes equipment given on operating lease

Description	March 31, 2018	March 31, 2017
Cost or deemed cost	0.15	0.54
Opening balance of accumulated depreciation	0.04	-
Depreciation for the year	0.04	0.15
Net book value	0.07	0.39

- Plant and machinery - construction equipment includes purchased on Finance lease

Description	March 31, 2018	March 31, 2017
Cost or deemed cost	4.38	4.38
Opening balance of accumulated depreciation	0.92	-
Depreciation for the year	1.19	0.92
Net carrying amount	2.27	3.46

Also refer to note 16, 17 and 43

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

	Mining rights	Computer software	Total intangible assets
5. Intangible assets			
Cost or deemed cost (gross carrying amount)			
Balance as at April 1, 2016	41.89	0.89	42.78
Additions	-	0.27	0.27
As at March 31, 2017	41.89	1.16	43.05
Additions	-	0.03	0.03
Disposals	-	-	-
As at March 31, 2018	41.89	1.19	43.08
Accumulated amortization			
Charge for the year	1.98	0.58	2.56
As at March 31, 2017	1.98	0.58	2.56
Charge for the year	2.02	0.51	2.53
Disposal during the year	-	-	-
As at March 31, 2018	4.00	1.09	5.09
Carrying amounts (net)			
As at April 1, 2016	41.89	0.89	42.78
As at March 31, 2017	39.91	0.58	40.49
As at March 31, 2018	37.89	0.10	37.99

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
6. Non-current investments			
A. At cost less provision for other than temporary impairment (Unquoted investments)			
(i) Investment in associate - equity shares (fully paid-up)			
7,750 (March 31, 2017 and April 1, 2016: 7,750) of ₹ 100 each in Hill County Properties Limited	0.08	0.08	0.08
(ii) Investment in association of persons#			
Maytas NCC JV	37.40	6.08	4.88
NCC – Maytas (JV) Pocharam [net of provision of ₹ 0.92 (March 31, 2017: ₹ 0.92, April 1, 2016: ₹ 0.18)]	-	-	0.74
Maytas – CTR (JV)	3.27	3.27	3.27
NCC – Maytas – ZVS (JV)	0.21	0.18	0.16
B. At amortised cost (Unquoted investments)			
Investment in other entities			
(a) In preference shares (fully paid-up)			
4,550,000 (March 31, 2017 and April 1, 2016: 4,550,000) Zero coupon convertible preference shares of ₹ 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value ₹ 4.55 (March 31, 2017 and April 1, 2016: ₹ 4.55))	-	-	-
2,441,850 (March 31, 2017 and April 1, 2016: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of ₹ 100 each in Bangalore Elevated Tollway Private Limited*	9.75	8.60	7.55
(b) In debentures (fully paid-up)			
25,370,630 (March 31, 2017 and April 1, 2016: Nil) 0.001% Non-convertible debentures of ₹ 10 each in Bangalore Elevated Tollway Private Limited**	8.53	-	-
C. At fair value through profit and loss (Unquoted investments)			
Investment in other entities			
(a) In equity shares (fully paid-up)			
4,000,000 (March 31, 2017 and April 1, 2016: 4,000,000) of ₹10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value ₹ 4.00 (March 31, 2017 and April 1, 2016: ₹ 4.00))	-	-	-
2,600 (March 31, 2017 and April 1, 2016: 2,600) of ₹ 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00	0.00
2,600 (March 31, 2017 and April 1, 2016: 2,600) of ₹ 10 each in Shimoga Airport Developers Private Limited	0.00	0.00	0.00
(b) In Pass Through Certificates (refer note 45)			
2,596,675.29 (March 31, 2017 and April 1, 2016: 2,596,675.29) of ₹ 1,000 each in Maytas Investment Trust*	259.67	259.67	259.67
	318.91	277.88	276.35

Aggregate amount of provision for diminution in value of investments is ₹ 9.47 (March 31, 2017: ₹ 9.47, April 1, 2016: ₹ 8.73)

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

** In the previous year, ₹ 25.37 of sub-debt given to Bangalore Elevated Tollway Private Limited (BETPL) were converted into 0.001% non-convertible debentures as at March 31, 2017, which were credited into the Company's demat account during the current year.

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	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
7. Trade receivables			
Unsecured, considered good*	761.44	608.89	841.82
Doubtful	178.78	178.92	176.03
	940.22	787.81	1,017.85
Less: Allowance for doubtful debts	(178.78)	(178.92)	(176.03)
Net trade receivables	761.44	608.89	841.82
Non current trade receivables [includes retention money (net of provision for doubtful debts) of ₹ 224.56 (March 31, 2017: ₹ 205.14, April 1, 2016: ₹ 211.15)]	266.72	205.14	268.12
Current trade receivables [includes retention money (net of provision for doubtful debts) of ₹ 168.41 (March 31, 2017: ₹ 154.36, April 1, 2016: ₹ 181.68)]	494.72	403.75	573.70
The Group's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 46.			
* Includes receivables from related parties (Refer note 37).			

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
8. Loans						
Deposits (others)#						
Unsecured, considered good	9.78	83.78	9.10	2.80	8.11	3.59
Considered doubtful	0.23	-	0.07	-	0.07	-
Provision for doubtful deposits (others)	10.01 (0.23)	83.78 -	9.17 (0.07)	2.80 -	8.18 (0.07)	3.59 -
	9.78	83.78	9.10	2.80	8.11	3.59
Loans to related parties (Refer note 37)						
Unsecured, considered good	136.59	3.12	126.25	1.14	122.34	2.87
Considered doubtful	45.91	-	43.92	-	35.89	-
Provision for doubtful advances	182.50 (45.91)	3.12 -	170.17 (43.92)	1.14 -	158.23 (35.89)	2.87 -
	136.59	3.12	126.25	1.14	122.34	2.87
Mobilisation advance to subcontractor						
Unsecured, considered good	104.28	43.16	66.55	33.86	1.72	97.57
Loan to other companies						
Secured, considered good	52.18	-	52.08	-	52.08	-
Unsecured, considered good@	52.48	-	58.45	-	57.11	0.42
Inter-corporate deposits* (Refer note 51)	362.36	-	362.36	-	362.36	-
	467.02	-	472.89	-	471.55	0.42
Total	717.67	130.06	674.79	37.80	603.72	104.45

@ During the previous year, loan given to BETPL amounting to ₹ 25.37 had been converted to 0.001% non-convertible debentures as at March 31, 2017, which were credited into the Company demat account during the current year, hence classified under Investments during the year.

Security deposit (current) for the year includes ₹ 81.64 (March 31, 2017: ₹ Nil and April 1, 2016: ₹ Nil) of short-term deposits placed with related parties (Refer note 37).

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
9. Financial assets - other financial assets						
Interest accrued on deposits and others						
Considered good	460.56	13.79	243.37	15.94	115.96	44.56
Considered doubtful	45.24	-	45.24	-	45.24	-
Provision for doubtful interest accrued	505.80 (45.24)	13.79 -	288.61 (45.24)	15.94 -	161.20 (45.24)	44.56 -
	460.56	13.79	243.37	15.94	115.96	44.56

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Claim for performance bank guarantee						
Considered good (Refer note 50)	29.18	-	-	-	-	-
Considered doubtful	21.12	-	21.12	-	21.12	-
	50.30	-	21.12	-	21.12	-
Provision for doubtful bank guarantee	(21.12)	-	(21.12)	-	(21.12)	-
	29.18	-	-	-	-	-
Other receivables						
Considered good	5.42	44.86	5.72	85.62	3.94	11.47
Considered doubtful	1.98	-	1.98	-	1.98	-
	7.40	44.86	7.70	85.62	5.92	11.47
Provision for doubtful other receivables	(1.98)	-	(1.98)	-	(1.98)	-
	5.42	44.86	5.72	85.62	3.94	11.47
Non-current bank balances (Refer note 10)	9.85	-	5.32	-	8.17	-
Total	505.01	58.65	254.41	101.56	128.07	56.03

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
10. Cash and bank balances						
Cash and cash equivalents						
Cash on hand	-	0.19	-	0.09	-	0.08
Balances with banks:						
On current accounts	-	14.33	-	3.57	-	4.29
Deposits with original maturity for less than 3 months	-	-	-	0.09	-	-
	-	14.52	-	3.75	-	4.37
Other bank balances						
Deposits account due to mature within 12 months of reporting date*	-	0.12	0.22	0.36	0.65	0.02
Deposits account due to mature of more than 12 months of reporting date *	0.47	-	-	0.01	-	0.01
Margin money deposits **	9.38	13.84	5.10	17.82	7.52	16.75
	9.85	13.96	5.32	18.19	8.17	16.78
Amount disclosed under non-current financial assets (Refer note 9)	(9.85)	-	(5.32)	-	(8.17)	-
Total	-	28.48	-	21.94	-	21.15

* Deposits under lien

** Lodged with authorities

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016 is as under:

Particulars	SBN's	ODN's	Total
Closing cash in hand as on November 08, 2016	0.24	0.20	0.44
Add: Permitted receipts	-	0.84	0.84
Add: Non permitted receipts	-	-	-
Less: Permitted payments	0.00	0.91	0.91
Less: Non permitted payments	0.18	-	0.18
Less: Amounts deposited in banks	0.06	-	0.06
Closing cash in hand as on December 30, 2016	-	0.13	0.13

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
11 Inventories (Refer note 3(g) for mode of valuation of inventories)						
Project materials	-	134.18	-	106.04	-	106.85
Amount due from customers (project work-in-progress) (Refer note 49 and 50)	1,008.93	886.60	945.91	619.31	362.29	741.90
	1,008.93	1,020.78	945.91	725.35	362.29	848.75
Amount disclosed under non-current assets (Refer note 12)	(1,008.93)	-	(945.91)	-	(362.29)	-
Total	-	1,020.78	-	725.35	-	848.75

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
12. Other assets						
Capital advances						
Unsecured, considered good	3.00	-	1.34	-	1.14	-
Advances other than capital advances						
Unsecured, considered good	10.61	105.50	8.37	69.81	2.08	154.08
Considered doubtful	26.94	-	26.52	-	17.73	-
	37.55	105.50	34.89	69.81	19.81	154.08
Provision for doubtful advances	(26.94)	-	(26.52)	-	(17.73)	-
	10.61	105.50	8.37	69.81	2.08	154.08
Balances with statutory/government authorities	20.63	73.86	13.45	28.22	15.14	17.63
Non-current inventories (Refer note 11)	1,008.93	-	945.91	-	362.29	-
Total	1,043.17	179.36	969.07	98.03	380.65	171.71

	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax assets / (liabilities), net as at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
13. Income tax						
(a) Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Unabosbed depreciation	132.18	125.89	-	-	132.18	125.89
Provision for doubtful debts, financial and other assets	103.52	103.02	-	-	103.52	103.02
Property, plant and equipment	-	-	10.03	8.24	(10.03)	(8.24)
Provisions for future losses and liquidated damages	19.16	19.91	-	-	19.16	19.91
Other items	8.60	9.14	-	-	8.60	9.14
Total	263.46	257.96	10.03	8.24	253.43	249.72
	As at April 1, 2016	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2017
(b) Movement in temporary differences						
Unabosbed depreciation	112.29	13.60	-	-	-	125.89
Provision for doubtful debts, financial and other assets	96.93	6.09	-	-	-	103.02
Property, plant and equipment	14.71	(22.95)	-	-	-	(8.24)
Provisions for future losses and liquidated damages	17.43	2.48	-	-	-	19.91
Other items	8.79	0.35	-	-	-	9.14
Total	250.15	(0.43)	-	-	-	249.72

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at April 1, 2017	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2018
Unabosbed depreciation	125.89	6.29	-	-	-	132.18
Provision for doubtful debts, financial and other assets	103.02	0.50	-	-	-	103.52
Property, plant and equipment	(8.24)	(1.79)	-	-	-	(10.03)
Provisions for future losses and liquidated damages	19.91	(0.75)	-	-	-	19.16
Other items	9.14	(0.54)	-	-	-	8.60
Total	249.72	3.71	-	-	-	253.43

(c) The following table provides the details of income tax assets and income tax liabilities as of March 31, 2018, March 31, 2017 and April 1, 2016:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income tax assets (net) - current	66.50	60.78	62.73
Income tax assets (net) - non-current	38.15	40.44	42.82
Current tax liabilities (net)	(0.68)	(0.68)	(0.98)
Net income tax asset / (liability) at the end of the year	103.97	100.54	104.57

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2018 and March 31, 2017 is as follows:

	For the year ended	
	March 31, 2018	March 31, 2017
Net income tax asset / (liability) at the beginning of the year	100.54	104.57
Income tax paid (net of refund)	3.43	(4.03)
Current income tax expense	-	-
Income tax on other comprehensive income and others	-	-
Net income tax asset / (liability) at the end of the year	103.97	100.54

(d) Amounts recognised in Statement of profit and loss

Current tax	-	-
Deferred tax		
Attributable to origination and temporary differences	(3.71)	0.43
Tax expense for the year	(3.71)	0.43

(e) Reconciliation of effective tax rate

Profit / (loss) before tax	(20.55)	(51.63)
Tax using the Company's domestic rate (March 31, 2018 : 30.90% and March 31, 2017 : 30.90%)	(6.35)	(15.95)
Tax effect of:		
Non-deductible expenses	(2.04)	(14.38)
Gain of foreign entities not chargeable to tax as per the local laws of foreign entity	2.49	-
Losses of foreign entities on which tax credit not eligible	-	(15.84)
Other items	(6.80)	(2.14)
	(6.35)	(32.36)

Authorized shares	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14. Share capital			
350,000,000 (March 31, 2017 : 350,000,000, April 1, 2016 : 350,000,000) equity shares of ₹ 10 each	350.00	350.00	350.00
35,000,000 (March 31, 2017 : 35,000,000, April 1, 2016 : 35,000,000) preference shares of ₹ 100 each	350.00	350.00	350.00
Issued, subscribed and paid up			
131,121,078 (March 31, 2017 : 131,121,078, April 1, 2016 : 121,158,671) equity shares of ₹ 10 each fully paid-up	131.12	131.12	121.16
Total	131.12	131.12	121.16

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

All issued shares are fully paid up

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year				
Equity shares				
At the commencement of the year	131,121.078	131.12	121,158.671	121.16
Issued during the year	-	-	9,962.407	9.96
At the end of the year	131,121.078	131.12	131,121.078	131.12

225,000 (March 31, 2017 : 225,000, April 1, 2016 : 525,000) 6% cumulative redeemable preference shares (CRPS) of ₹ 100 each fully paid-up total face value of ₹ 2.25 (March 31, 2017 : ₹ 2.25 and April 1, 2016 : ₹ 5.25) are classified as financial liability (Refer note 16)

3,750,000 (March 31, 2017 : 3,750,000, April 1, 2016 : 8,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of ₹ 100 each fully paid-up total face value of ₹ 37.50 (March 31, 2017 : ₹ 37.50 and April 1, 2016 : ₹ 87.50) are classified as financial liability (Refer note 16)

(b) The Company has also issued Employee Stock Option Scheme (ESOS) plan for its employees. Terms attached to ESOS plan are described in note 38.

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

(d) Restrictions attached to equity shares

(i) As at March 31, 2018, 28,658,253 (March 31, 2017: 55,400,884) equity shares held by the Promoters of the Company are under lock-in in terms of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The details of equity shares of the Company which are locked-in is given below:

(a) Lock-in created on April 8, 2015 for 9,795,846 equity shares upto April 29, 2018;

(b) Lock-in created on October 05, 2015 for 8,900,000 equity shares upto October 10, 2018; and

(c) Lock-in created on April 13, 2017 for 9,962,407 equity shares upto April 12, 2020

Further, lock-in created for 26,742,631 equity shares on February 22, 2017 was released on October 31, 2017.

(ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's shareholding 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 September 30, 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.

(e) Terms of preference shares

For rights, preferences and restrictions attached to 6% Cumulative Redeemable Preference Shares (CRPS) and 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 100 each, classified as financial liability (refer note 16).

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The Company declares and pays dividends in Indian Rupees. The holder of preference shares are entitled to one vote per share only on resolutions placed before the Company which directly affect their rights attached to the preference shares. In the event of liquidation of the Company during the existence of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(f) There were no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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

Equity shares of ₹ 10 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	27.87%	36,538,77	27.87%	36,538,477	30.16%
IL&FS Financial Services Limited	27,914,641	21.29%	27,914,641	21.29%	22,933,437	18.93%
Infrastructure Leasing and Financial Services Limited	27,486,243	20.96%	27,486,243	20.96%	22,05,040	18.57%

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

6% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited*	-	0.00%	-	0.00%	116,232	22.14%
IDBI Bank Limited*	-	0.00%	-	0.00%	36,648	6.98%
State Bank of India*	-	0.00%	-	0.00%	36,960	7.04%
State Bank of Hyderabad*	-	0.00%	-	0.00%	28,044	5.34%
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)	225,000	100.00%	225,000	100.00%	225,000	42.86%

* CRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the year ended March 31, 2017.

6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 10 each, fully paid

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited*	-	0.00%	-	0.00%	1,937,200	22.14%
IDBI Bank Limited*	-	0.00%	-	0.00%	616,000	7.04%
State Bank of India*	-	0.00%	-	0.00%	610,800	6.98%
State Bank of Hyderabad*	-	0.00%	-	0.00%	467,400	5.34%
Allahabad Bank *	-	0.00%	-	0.00%	378,000	4.32%
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)	3,750,000	100.00%	3,750,000	100.00%	3,750,000	42.86%

* OCCRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the year ended March 31, 2017.

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

	As at March 31, 2018	As at March 31, 2017
15. Other equity		
Securities premium account		
Balance at the commencement of the year	282.28	239.24
Add: Premium on issue of equity shares	-	43.04
Closing balance (A)	282.28	282.28
Deficit in the statement of profit and loss		
Balance at the commencement of the year	(472.84)	(449.61)
Profit / (loss) from the Statement of profit and loss	11.54	(23.23)
Net deficit in the statement of profit and loss (B)	(461.30)	(472.84)
Other comprehensive income		
Balance at the commencement of the year	0.24	-
Remeasurement of the net defined benefit liability / assets, net of tax effect	1.04	0.24
Balance at the end of the year	1.28	0.24
Foreign currency translation reserve		
Balance at the commencement of the year	15.85	8.18
Add: Foreign currency translation reserve for the current year	(0.57)	7.67
Balance at the end of the year	15.28	15.85
Closing balance (C)	16.56	16.09
Non-controlling interest		
Equity held by others		
Balance at the commencement of the year	(110.94)	(94.16)
Share of other comprehensive income attributable to non-controlling interest holders	(0.47)	6.28
Share of loss attributable to non-controlling interest holders	3.62	(23.06)
Closing balance (D)	(107.79)	(110.94)
Total closing balance (A+B+C+D)	(270.25)	(285.41)

Nature and purpose of other reserves

- Foreign currency translation reserve is used to recognise the impact of restatement of assets and liabilities of non-integral operations of the Group.
- Securities premium is used to record the premium received on issue of shares. Premium received is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
16. Long-term borrowings						
Term loans (secured)						
(At amortised cost)						
From banks						
Indian rupee term loans	12.62	110.99	124.01	104.95	229.00	78.88
From others (At amortised cost)						
From related party (secured) (Refer note 37)	630.00	438.60	1,047.47	184.70	1,155.11	9.71
From related party (unsecured) (Refer note 37)	500.90	-	-	-	-	-
From other parties (unsecured)	20.00	-	-	-	-	-
Vehicle loans	0.95	0.48	0.94	0.97	1.31	0.88
Finance lease obligation	0.68	1.31	2.03	1.15	3.21	1.00
Unsecured (At amortised cost)						
6% Cumulative Redeemable Preference Shares	2.25	-	2.25	-	2.25	3.00
6% Optionally Convertible Cumulative Redeemable Preference Shares	37.50	-	37.50	-	37.50	50.00
Total	1,204.90	551.38	1,214.20	291.77	1,428.38	143.47

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

(b) Indian rupee Term loans from banks to the extent of ₹ 59.62 (March 31, 2017: ₹ 119.88, April 1, 2016 : ₹ 179.44) carries an interest @ 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 ₹ 63.99 (March 31, 2017: ₹ 109.08, April 1, 2016 : ₹ 128.44) carry an interest rate of : 10.10% to 10.65% p.a. (March 31, 2017 : 10.10% p.a. to 10.60% p.a., April 1, 2016 : 10.10% p.a. to 11.15% p.a.) These loans are repayable in 4 years as per the schedule given below:

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

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

(c) Vehicle loans from Non-Banking Financial Companies carry interest @ 13.50% to 16.48% p.a. (March 31, 2017 : 14.51% to 16.70%, April 1, 2016 : 13% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.

(d) Secured loans from Infrastructure Leasing and Financial Services Limited, related party amounting to ₹ 909.60 (March 31, 2017: ₹ 1,012.86 and April 1, 2016: ₹ 983.61) carry interest @ 12% to 13% p.a. These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company.

Out of the above, loan to the extent of ₹ 421.60 (March 31, 2017 ₹ 421.60, April 1, 2016 : ₹ 421.60) is repayable in three annual installments of 30%, 30% and 40% after 60 months from the date of first disbursement and is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Out of the above, loan of ₹ 162.00 (March 31, 2017: ₹ 162.00, April 1, 2016: ₹ 162.00) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

Loan to the extent of ₹ 296.00 (March 31, 2017: ₹ 375.00, April 1, 2016: ₹ 375.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by second charge on Inter Corporate Deposits of ₹ 343.78 provided by the Company. Of these, loan of ₹ 196.00 (March 31, 2017: ₹ 280.00, April 1, 2016: ₹ 280.00) is additionally secured by way of second charge on net receivables from a road project to the extent of ₹ 40.00.

Loan to the extent of ₹ 70.00 (March 31, 2017: ₹ 98.30, April 1, 2016: ₹ 98.30) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and 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 Private Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company). Loan to the extent of ₹ 122.00 (March 31, 2017: ₹ 117.96, April 1, 2016: ₹ 88.71) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of ₹ 55.00 (March 31, 2017: ₹ 55.00, April 1, 2016: ₹ 43.00) is additionally secured by way of second charge on fixed assets of the Company.

(e) Secured loans from IL&FS Financial Services Limited, related party amounting to ₹ 128.40 (March 31, 2017 : ₹ 188.71, April 1, 2016 : ₹ 181.21) the terms of which are as follows:

(i) Loan to the extent of ₹ 80.40 (March 31, 2017 : ₹ 140.71, April 1, 2016 : ₹ Nil) carries interest @ 13% p.a. compounded on an annual basis and also carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. Loan is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement.

(ii) Loan to the extent of ₹ 48.00 (March 31, 2017 : ₹ 48.00, April 1, 2016 : ₹ Nil) carries interest @ 13% p.a linked to variation in IFIN benchmark rate of 16% p.a. and is repayable at the end of 36 months from the date of first disbursement.

Loan of ₹ 80.40 (March 31, 2017 : ₹ 140.71, April 1, 2016 : ₹ 181.21) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Further, ₹ 48.00 carries same security for which charge is yet to be created.

(f) Secured Loan from Bhopal e-Governance Limited, related party of ₹ 30.60 (March 31, 2017 : ₹ 30.60, April 1, 2016 : ₹ Nil) carries interest @ IFIN benchmark rate (16% p.a. currently) + 0.25% p.a. This loan is repayable at the end of 36 months from the date of first disbursement and is secured by Second Pari Passu charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility.

(g) Unsecured loan from Infrastructure Leasing and Financial Services Limited, related party of ₹ 438.90 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest @ 12% p.a. which is payable quarterly in arrears. Loan is to be repaid at end of 24 months from the date of first disbursement.

(h) Unsecured loan from Rohtas Bio Energy Limited, related party of ₹ 62.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest at prevailing IFIN Benchmarking rate which is currently 16% p.a. which is payable quarterly in arrears. Loan is to be repaid at the end of 24 months from the date of first disbursement.

(i) Unsecured loan from others of ₹ 20.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest ranging from @ 16% p.a. which is payable quarterly in arrears and the interest rate, as stated above, will be linked to IFIN Benchmark rate (IBMR) which is currently at 16% p.a., i.e., at prevailing IBMR, and would vary to the extent of variation in IBMR. Loan is to be repaid at the end of 24 months from the date of first disbursement.

(j) 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.

(k) Terms of 6% Cumulative Redeemable Preference Shares (CRPS)

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of ₹ 100 each fully paid as per the terms of MRA entered with Bankers. CRPS carry cumulative dividend of 6% p.a. The Company had further allotted 236,280 CRPS of ₹ 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 ₹ 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 ₹ 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 ₹ 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Financial Services Limited, on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of ₹ 100 each) which were due for redemption on September 30, 2013 were purchased by Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of ₹ 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,

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

as amended. The 15% bonus CRPS (225,000 CRPS of ₹100 each) which were due for redemption on September 30, 2015, have been redeemed on due date. The 20% bonus CRPS (300,000 CRPS of ₹ 100 each) which were due for redemption on September 30, 2016 were redeemed by the Company on March 28, 2017, within the extended period for redemption granted by CRPS holders.

(I) Terms of 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of ₹ 100 each fully paid as per the terms of MRA entered with bankers. OCCRPS carry cumulative dividend of 6%. Out of total 25,000,000 OCCRPS of ₹ 100 each, 30% i.e. 7,500,000 OCCRPS of ₹ 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 ₹ 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 Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders.

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

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

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

The Groups' exposure to liquidity risks related to borrowings is disclosed in Note 46.

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17. Short-term borrowings			
Cash credit facilities from banks (secured)	457.49	476.19	449.37
Cash credit and other facilities from banks (unsecured)	112.03	111.54	105.22
Working capital loan from others (unsecured)	200.00	-	-
Loans related party (unsecured) (Refer note 37)	99.00	50.00	21.01
Loans from others (unsecured)	18.59	18.59	18.59
Total	887.11	656.32	594.19

(a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14% p.a. (March 31, 2017: 9% p.a. to 13.80% p.a, April 1, 2016: 9% p.a. 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 ₹ 240.62 (March 31, 2017 : ₹ 244.42, April 1, 2016 : ₹ 233.22) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to ₹ 216.87 (March 31, 2017 : ₹ 231.77, April 1, 2016 : ₹ 216.15) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited.

(b) Cash credit and other facilities from banks are repayable on demand and carries interest @4% p.a. These loans which have been classified as unsecured are secured by way of corporate guarantee from the Company and promissory note from the minority shareholders.

(c) Unsecured loan from related party ₹ Nil (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ 21.01) carried interest Nil (March 31, 2017: Nil, April 1, 2016: 14% p.a. to 15% p.a.) with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities was payable at monthly rests. The loan was repaid during the year ended March 31, 2017.

(d) Unsecured loan from related parties ₹ 99.00 (March 31, 2017 : ₹ 50.00, April 1, 2016 : ₹ Nil) carries interest ranging from @ 15.50% p.a. to 16.50% p.a. (March 31, 2017: 15.52% p.a. to 16.00% p.a, April 1, 2016: Nil) which is payable quarterly in arrears. Loan is to be repaid at the end of 12 months from the date of first disbursement.

(e) Unsecured loan from others of ₹ 200.00 (March 31, 2017 : ₹ Nil, April 1, 2016 : ₹ Nil) carries interest @ 10.85% p.a. which is payable monthly in arrears. Loan is to be repaid at the end of 6 months from the date of first disbursement and extendable by 2 terms of 6 months each.

The Groups' exposure to liquidity risks related to borrowings is disclosed in Note 46.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
18. Trade payables			
Trade payables			
Dues to micro and small enterprises	17.31	15.54	42.76
Dues to other than micro and small enterprises	1,409.17	1,173.25	1,103.95
Total	1,426.48	1,188.79	1,146.71
Non-current [includes retention money payable of ₹ 133.10 (March 31, 2017: ₹ 154.10, April 1, 2016: ₹ 139.23)]	465.39	496.47	139.23
Current [includes retention money payable of ₹ 101.48 (March 31, 2017: ₹ 65.39, April 1, 2016: ₹ 78.55)]	961.09	692.32	1,007.48
The Group's exposure to liquidity risks related to trade payables is disclosed in note 46.			

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
19. Other financial liabilities						
Current maturities of long-term borrowings (Refer note 16)	-	551.38	-	291.77	-	143.47
Interest accrued and due on borrowings and mobilisation advance *	-	82.38	-	35.11	-	14.78
Interest accrued but not due on borrowings	262.94	176.48	324.71	84.88	219.65	43.46
Liability component of financial instruments	-	15.79	-	12.92	-	23.45
Mobilization advance	164.57	401.43	81.67	375.55	34.76	370.58
Capital creditors	-	5.66	5.64	20.23	10.90	12.61
Dues to joint venture	-	-	-	0.06	-	0.07
Total	427.51	1,233.12	412.02	820.52	265.31	608.42

* Includes interest of ₹ Nil (March 31, 2017: ₹ 1.19, April 1, 2016: ₹ 1.34) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

The Group's exposure to liquidity risks related to above financial liabilities is disclosed in note 46.

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
20. Provisions						
Provisions for employee benefits						
Gratuity (Refer note 35)	2.81	0.24	3.35	0.38	3.14	0.36
Compensated absences	-	2.15	-	3.23	-	3.60
Total provisions for employee benefits (A)	2.81	2.39	3.35	3.61	3.14	3.96
Other provisions						
Provision for estimated future loss on projects	13.57	34.67	12.14	39.08	10.89	32.33
Provision for liquidated damages	-	13.76	-	13.20	-	13.20
Total other provisions (B)	13.57	48.43	12.14	52.28	10.89	45.53
Total provisions (A+B)	16.38	50.82	15.49	55.89	14.03	49.49

Movements in other provisions	Estimated future loss on projects	Liquidated damages	Total
Balance as at April 1, 2016	43.22	13.20	56.42
Provisions made during the year	13.30	-	13.30
Provisions utilised during the year	(5.93)	-	(5.93)
Unwinding of discount	0.63	-	0.63
Balance as at March 31, 2017	51.22	13.20	64.42
Balance as at April 1, 2017	51.22	13.20	64.42
Provisions made during the year	3.82	0.56	4.38
Provisions utilised during the year	(5.09)	-	(5.09)
Unwinding of discount	(1.71)	-	(1.71)
Balance as at March 31, 2018	48.24	13.76	62.00

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

A. Provision for Estimated future loss on projects

The projects in progress as at March 31, 2018 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 ₹ 48.24 (March 31, 2017: ₹ 51.22, April 1, 2016 : ₹ 43.22) in terms of the requirements of Ind AS 11 "Construction Contracts" as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013.

B. 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.

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
21. Other liabilities						
Advance from customers	-	64.81	-	46.20	-	15.44
Advance billing from customers	-	48.76	-	20.05	-	19.52
Statutory remittances	3.66	80.33	3.66	27.19	11.24	15.76
Interest payable to micro and small enterprises (Refer note 36)	-	0.86	-	0.46	-	0.14
	3.66	194.76	3.66	93.90	11.24	50.86

	For the year ended	
	March 31, 2018	March 31, 2017
22. Revenue from operations		
Revenue from contracts	1,865.86	1,812.57
Revenue from equipment hiring services	1.63	1.33
Revenue from other services	-	3.81
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 20)	1.27	-
	1,868.76	1,817.71
23. Other income		
Interest income on Bank deposits	2.05	1.96
Inter corporate deposits and others	228.52	110.67
Income tax refunds	3.21	3.19
Interest income from financial assets carried at amortised cost	2.25	1.97
Liabilities no longer required written back	30.42	16.46
Profit on sale of fixed assets (net)	-	61.69
Other non-operating income	10.67	6.13
	277.12	202.07
24. Cost of materials consumed		
Opening stock	106.04	106.87
Add: Purchases during the year	568.86	548.66
	674.90	655.53
Less: Stocks written-off	0.01	0.50
	674.89	655.03
Less: Closing stock	134.17	106.04
	540.72	548.99
25. Employee benefits expenses		
Salaries, wages and bonus	129.70	92.77
Contribution to provident fund and other funds (Refer note 35)	10.81	6.74
Gratuity (Refer note 35)	1.72	1.18
Compensated absences	0.55	1.22
Staff welfare expenses	3.82	3.82
	146.60	105.73
26. Finance costs		
Interest expense		
Long-term loans	234.01	223.81
Cash credit and other working capital loans	133.67	97.84
Interest cost from financial liabilities carried at amortised cost	3.37	3.09
Bank charges	38.33	24.07
	409.38	348.81

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	For the year ended	
	March 31, 2018	March 31, 2017
27. Depreciation and amortization expense		
Depreciation expense	42.01	45.39
Amortization expense	2.53	2.56
	44.54	47.95
28. Other expenses		
Rent (Refer note 43)	14.27	14.43
Rates and taxes	8.41	9.41
Office maintenance	6.45	6.45
Communication expenses	1.81	1.90
Printing and stationery	1.20	1.30
Legal and professional charges	17.68	16.60
Sitting fees	-	0.12
Travelling and conveyance	13.25	11.93
Business promotion	0.43	0.31
Donation	0.01	0.03
Auditor's remuneration (Refer note 41)	2.01	2.24
Loss on exchange fluctuation (net)	0.02	0.25
Loss on sale/discard/write off of fixed assets (net)	0.38	6.46
Site expenses	27.66	28.04
Hire charges	80.63	50.22
Freight and transportation	29.48	12.74
Insurance	8.57	7.06
Power and fuel	5.90	5.97
Repairs		
Plant and machinery	5.74	14.26
Buildings	0.01	0.05
Others	2.17	3.57
Provision for doubtful advances/trade receivables/ other assets/investments [net of reversal of provision of ₹ 0.14 (March 31, 2017: ₹ Nil)]	2.43	20.45
Stock written off	0.01	0.50
Bad debts/advances written-off	-	5.01
Provision for future loss (net) (Refer note 20)	-	7.37
Provision for liquidated damages (Refer note 20)	0.56	-
Miscellaneous expenses	0.96	1.33
	230.04	228.00

29. Earnings per share

The following reflects the profit/loss and share data used in the basic and diluted EPS computation :

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Net profit/(loss) after tax attributable to equity shareholders	15.16	(46.29)
Shares		
Total number of shares outstanding at the commencement of the year	131,121,078	121,158,671
Add: Shares issued during the year	-	9,962,407
Total number of shares outstanding at the end of the year	131,121,078	131,121,078
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	131,121,078	121,377,025
Nominal value of equity shares	10	10
Basic and diluted earnings per share	1.16	(3.81)

30. Going Concern

The Group has accumulated loss of ₹ 461.30 as at March 31, 2018 (as at March 31, 2017: ₹ 472.84, April 1, 2016: ₹ 449.61), its net worth has been fully eroded, there are uncertainties on recovery of its investments/inter corporate deposits/ dues from customers, etc. and the Group's current liabilities exceeds its current assets as at the balance sheet date by ₹ 1,347.61 (March 31, 2017: ₹ 867.83, April 1, ₹ 472.90). Management has taken significant steps for revival and restoration of operations of the Group. Based on the business plan and following mitigating factors, the management is confident that the Group will be able to generate profits in future years and meet its financial obligations as they arise:

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

- (a) The Company has significant order book as at March 31, 2018.
- (b) 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 ₹ 1,348.50 (March 31, 2017: ₹ 1,012.86) and ₹ 128.40 (March 31, 2017: ₹ 188.71) respectively to support the liquidity position of the Group upto March 31, 2018. Further, the promoter has advanced loans to the extent of ₹ 211.60 (March 31, 2017: ₹ 80.60) through its group companies. The Group has an unutilized limit of ₹ 47.20 (March 31, 2017: ₹ 10.74) from IL&FS as at March 31, 2018. Also, there is an unutilised limit of BGs and LCs of ₹ 182.74 (March 31, 2017: ₹ 114.10) from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Group to meet its obligation as they arise.
- (c) During the year, the Company has received short-term facility from Credit Suisse AG Mumbai up to an amount of ₹ 200 with a repayment schedule of 6 months (extendable by 2 terms of 6 months each). Further, based on future growth plan, the lead banker has assessed incremental fund based limit of ₹ 200 and non-fund based limit of ₹ 750 against which the Company has received sanction fund based limit of ₹ 39 and non-fund based limit of ₹ 262. The Company has unutilized fund based limit of ₹ 78.46 (March 31, 2017: ₹ 20.76) and non-fund based limit to the extent of ₹ 201.88 (March 31, 2017: ₹ 71.54) respectively from banks.
- (d) The Company has 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.
- (e) The shareholders have approved issuance of Non-convertible debentures for an amount of ₹ 300 on private placement basis.
- (f) Based on its relationships with the lenders, management is also confident of maintaining short-term borrowings at current level and obtaining rollover of loans from group companies which are due for repayment within next 12 months.

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

31. Contingent liability

(a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at	As at	As at
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Claims against the Group not acknowledged as debts (interest, if any, not ascertainable after date of order)	21.93	20.10	21.35
(ii)	Direct taxes under dispute *	39.56	37.67	27.72
(iii)	Indirect taxes under dispute **#	92.62	88.06	101.35

* Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt 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 ₹ 6.52 (March 31, 2017: ₹ 8.68, April 1, 2016: ₹ 8.31) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

(iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations and 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 ended March 31, 2016 and the Company had paid ₹ 0.08 as fee for compounding towards the same. SFIO has filed appeal against the compounding order in the High Court of Hyderabad and the Company has also filed their reply against the said order.

(v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the year ended March 31, 2016, SEBI had passed an order ordering the Company to disgorge an amount of ₹ 59.17 along with simple interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its counter and the Company had filed its rejoinder. Matter is posted for arguments.

- (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 had been executed to the extent of ₹ 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 ₹ 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 was dismissed.

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, 2018.

(b) Other contingent liabilities

S. No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	299.20	364.19	423.21
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Consolidating entities towards performance obligations	825.67	764.23	728.14
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	396.85	441.08	273.20
(iv)	Liquidated damages	22.25	38.83	32.83

32. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for ₹ 16.60 (March 31, 2017: ₹ 10.08, April 1, 2016: ₹ 7.08).

(b) Other Commitments:

- 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 ₹ 279.83 (March 31, 2017: ₹ 261.27, April 1, 2016: ₹ 242.85).

33. Segment reporting :

Business segment:

The Consolidating entities operations fall into a single business segment "Construction and Infrastructure Development". Therefore, segment reporting in terms of Ind AS 108 - Operating Segments 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 For the year ended		Segment non-current assets* As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
India	1,868.76	1,817.38	1,256.89	1,181.21
Rest of world	-	0.33	7.69	12.23
Total	1,868.76	1,817.71	1,264.58	1,193.44

* Non current assets are excluding financial instruments and deferred tax assets.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

34. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Contract revenue recognised for the year	1,865.86	1,812.57
Contract cost incurred and recognized profits (less recognised losses) for contracts in progress up to the reporting date	10,620.28	10,655.30
Advances received for contracts in progress	381.61	316.51
Amount of retention for contracts in progress	312.40	349.95
Gross amount due from customers for contract work (excluding cancelled projects)	1,443.59	1,103.95
Gross amount due to customers for contract work	48.76	20.05

35. Retirement benefits

(a) Disclosures related to defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employees' State Insurance contribution (ESI), which are defined contribution plans. The contribution are charged to the Statement of profit and loss as they accrue. During the year, the Company has recognised ₹ 10.81 (March 31, 2017: ₹ 6.74) towards Provident fund and ESI contribution.

(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 present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

I. Reconciliation of net defined benefit asset/ (liability)

	For the year ended	
	March 31, 2018	March 31, 2017
(i) Reconciliation of present value of defined benefit obligation		
Opening defined benefit obligation	4.23	4.36
Current service cost	1.48	0.84
Interest cost on benefit obligation	0.32	0.34
Benefits paid	(0.73)	(1.05)
Actuarial (gain)/loss on obligation	(1.02)	(0.26)
Closing defined benefit obligation	4.28	4.23
(ii) Reconciliation of present value of plan asset:		
Opening fair value of plan assets	0.51	0.86
Expected return on plan assets	0.05	0.06
Expenses	(0.07)	(0.06)
Contributions by employer	1.47	0.70
Benefits paid	(0.73)	(1.05)
Closing fair value of plan assets	1.23	0.51
(iii) Reconciliation of net defined benefit asset/(liability):		
Present value of defined benefit obligation	(4.28)	(4.23)
Fair value of plan assets	1.23	0.51
Plan Liability	(3.05)	(3.72)
II. Expenses recognised in the statement of profit and loss under employee benefit expense		
Current service cost	1.48	0.84
Interest cost on benefit obligation	0.32	0.34
Expenses	(0.07)	0.06
Expected return on plan assets	-	(0.06)
Net benefit expense	1.72	1.18
III. Remeasurements recognised in statement of other comprehensive income		
Net actuarial (gain)/ loss recognized in the year	(1.02)	(0.26)
Return on plan assets excluding interest income	(0.02)	0.02
Loss recognised in statement of other comprehensive income	(1.04)	(0.24)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

IV. Amount recognised in the balance sheet:		
	As at	As at
	March 31, 2018	March 31, 2017
Defined benefit obligation	4.28	4.23
Fair value of plan assets	(1.23)	(0.50)
Closing liability	3.05	3.73

V. Experience adjustment					
	For the year ended				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
On plan liabilities loss	4.28	4.23	4.36	3.81	3.26
On plan assets (gain) / loss	1.23	0.50	0.14	(0.37)	(1.10)
Surplus / (deficit)	(3.05)	(3.73)	(4.22)	(4.18)	(4.36)
Experience gain on obligation	-	-	-	-	-

VI. The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:				
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
Insurance fund				
(%) of total plan assets	100%	100%	100%	

VII. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:				
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
Discount rate	7.73%	7.47%	7.90%	
Increase in compensation cost	5.00%	5.00%	5.00%	
Attrition rate	5.00%	5.00%	5.00%	
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	
Retirement age (in years)	60	60	60	
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	

Notes :

- The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets and Company's policy for plan asset management.
- 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.

VIII. A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	(increase)/ decrease in defined benefit obligation		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	1% increase	3.73	3.95	2.58
	1% decrease	4.29	4.55	3.04
Salary escalation rate	1% increase	4.66	4.93	3.04
	1% decrease	3.44	3.64	2.58
Attrition rate	1% increase	4.19	4.44	2.84
	1% decrease	3.78	3.99	2.73

36. The consolidated financial statements include aggregate assets amounting of Rs.7.69 aggregate revenue (including other income) of ₹ 26.25 and net cash inflows of ₹ 0.42 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

37. Related party disclosures:

I. Names of related parties and relationship with the Company (as per the Ind AS 24 – “Related Party Disclosures”):

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

- 1 Infrastructure Leasing & Financial Services Limited
- 2 SBG Projects Investments Limited
- 3 IL&FS Financial Services Ltd

B 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)

C Associate

- 1 Hill County Properties Limited

D One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).

- 1 IL&FS Transportation Networks Limited
- 2 Rohtas Bio Energy Limited
- 3 Bhopal E-Governance Limited
- 4 Tierra Enviro Limited
- 5 IL&FS Cluster Development Initiative Limited
- 6 Sabarmati Capital One Limited
- 7 IL&FS Township & Urban Assets Limited
- 8 Skill Training Assessment Management Partners Limited
- 9 Elsamex Maintenance Services Limited
- 10 IL&FS Securities Services Limited

E Key management personnel

- 1 Mr. Mukund Sapre, Managing Director (w.e.f October 07, 2016)
- 2 Mr. Murilidhar Khattar, Managing Director (upto October 06, 2016)
- 3 Dr. S N Mukherjee, Chief Financial Officer
- 4 Mr. Sushil Dudeja, Company Secretary (w.e.f April 04, 2016)

II. Transactions with related parties during the year#:

		For the year ended	
		March 31, 2018	March 31, 2017
A	Investing party in respect of which the reporting enterprises is an associate		
1	Infrastructure Leasing & Financial Services Limited		
	Interest expenditure (including bank guarantee charges)	(189.87)	(154.42)
	Payments made on behalf of the Company	-	(12.95)
	Loan taken	(450.54)	(69.25)
	Loan repaid	114.90	40.00
	Rent paid	0.96	-
	Short-term deposits	61.64	-
	Expenditure incurred on behalf of Company	(2.12)	-
	Allotment of equity shares (including securities premium)	-	(26.50)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

		For the year ended	
		March 31, 2018	March 31, 2017
2	IL&FS Financial Services Limited		
	Interest expenditure	(28.15)	(31.62)
	Payments made on behalf of the Company	(0.00)	-
	Reimbursement of expenses incurred	0.04	-
	Loan taken	-	(48.00)
	Loan repaid	60.30	40.51
	Short-term deposits	20.00	-
	Allotment of equity shares (including securities premium)	-	(26.50)
B	Joint Ventures (JV)		
1	Maytas – NCC (JV)		
	Share of profit / (loss) from joint venture	31.71	5.18
	Receipt against share of profit	(0.36)	(3.99)
	Revenue from contracts (excluding Project work in progress)	1.88	0.81
2	NCC – Maytas (JV) (Singapore Class Township)		
	Share of profit / (loss) from joint venture	(0.00)	(0.02)
	Provision for investment	-	(0.74)
3	Maytas - CTR JV		
	Advance given	0.25	0.14
	Provision for doubtful advances	(2.00)	(8.00)
	Refund of advance given	-	(0.73)
4	NCC – Maytas – ZVS JV		
	Share of profit / (loss) from joint venture	0.29	0.60
	Receipt against share of profit	-	(0.58)
C	Associate		
1	Hill County Properties Limited		
	Interest income	13.59	12.82
	Interest converted into Loan	9.99	9.99
	Mobilisation advance given	1.25	-
	Revenue from contracts (excluding Project work in progress)	-	3.18
	Reimbursement of expenses incurred	-	2.81
	The Company has provided internal audit services to Hill County Properties Limited free of charge.		
D	One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)		
1	IL&FS Transportation Networks Limited		
	Contract revenue (excluding project work-in-progress)	98.41	112.56
	Sale of property, plant and equipment	-	66.33
	Lease rental charges	22.52	0.22
	Loan taken	(161.14)	-
	Loan repaid	128.14	-
	Mobilization advance recovered	15.77	-
	Professional and consultancy charges	0.71	-
	Interest expenditure	(14.81)	-
	Reimbursement of expenses incurred	-	0.33
2	Rohtas Bio Energy Limited		
	Interest expenditure	(5.06)	-
	Loan taken	(62.00)	-
3	Bhopal E-Governance Limited		
	Interest expenditure	(4.97)	-
	Loan taken	-	(30.60)
4	Tierra Enviro Limited		
	Interest expenditure	(5.99)	(2.21)
	Loan taken	(4.40)	(35.00)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

		For the year ended	
		March 31, 2018	March 31, 2017
5	IL&FS Cluster Development Initiative Limited		
	Interest expenditure	(2.40)	-
	Loan taken	-	(15.00)
6	Sabarmati Capital One Limited		
	Interest expenditure	(1.05)	-
	Loan taken	(11.60)	-
7	IL&FS Township & Urban Assets Limited		
	Operating expenses	(0.15)	-
8	Skill Training Assessment Management Partners Limited		
	Professional Services	(0.01)	-
9	Elsamex Maintenance Services Limited		
	Mobilization advance given	34.35	-
	Subcontract expenses	(32.82)	-
	Expenditure incurred on behalf of party	2.77	-
	Hire income	0.29	-
10	IL&FS Securities Services Limited		
	Interest expenditure	-	(1.10)
	Loan repaid	-	21.01
E	Key management personnel		
1	Mr. Muralidhar Khattar		
	Professional charges/ Managerial Remuneration	-	0.77
2	Dr. S N Mukherjee		
	Professional charges	0.84	0.81
3	Mr. Sushil Dudeja		
	Remuneration	0.27	0.25

III Balances outstanding debit / (credit)#:

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A	Investing party in respect of which the reporting enterprise is an associate			
1	Infrastructure Leasing & Financial Services Limited*			
	Long-term secured loan	(909.60)	(1,012.86)	(983.61)
	Long-term unsecured loan	(438.90)	-	-
	Short-term deposits	61.64	-	-
	Interest accrued and not due	(368.24)	(293.32)	(174.15)
	Trade payables	(0.63)	(6.41)	(0.97)
* Excluding bank guarantee/letter of credits of ₹ 600.96 (March 31, 2017: ₹ 511.19, April 1, 2016: ₹ 267.71) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of ₹ 424.69 (March 31, 2017: ₹ 430.46, April 1, 2016: ₹ 190.96). The Company had also given corporate guarantee of ₹ 125 (March 31, 2017: ₹ 125, April 1, 2016: ₹ 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 ₹ 216.83 (March 31, 2017: ₹ 231.77, April 1, 2016: ₹ 216.15).				
2	IL&FS Financial Services Limited			
	Long-term secured loan	(128.40)	(188.71)	(181.21)
	Interest accrued	(64.81)	(82.80)	(62.36)
	Short-term deposits	20.00	-	-
B	Joint ventures			
1	NEC – NCC – Maytas (JV)			
		-	(0.06)	(0.07)
2	Maytas – NCC (JV)			
		42.65	11.33	14.02
3	NCC – Maytas (JV)			
		0.03	0.03	0.03
4	NCC – Maytas (JV) (Singapore Class Township)			
		0.92	0.92	0.92
5	Maytas – CTR- JV			
		46.63	46.38	46.97
6	NCC – Maytas – ZVS			
		0.47	0.18	0.16

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
C Associate			
Hill County Properties Limited			
Inter corporate deposits (Unsecured)	135.83	125.84	115.85
Interest accrued	11.17	7.57	4.66
Other receivables	-	0.59	0.59
Trade receivables (including retention money)	0.31	46.16	88.72
Investment	0.08	0.08	0.08
D One entity is an Associate or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)			
1 IL&FS Transportation Networks Limited			
Short-term unsecured loan	(33.00)	-	-
Trade receivables (including retention money)	0.36	28.25	78.08
Advance from customer	(45.22)	(43.72)	(35.15)
Other receivables	24.89	66.33	-
Lease rental payable	(6.53)	(0.22)	-
Other payables	(0.95)	(0.33)	-
2 Rohtas Bio Energy Limited			
Long-term unsecured loan	(62.00)	-	-
Interest accrued and not due	(2.20)	-	-
3 Bhopal E-Governance Limited			
Long-term secured loan	(30.60)	(30.60)	-
Interest accrued and not due	(1.10)	-	-
4 Tierra Enviro Limited			
Short-term unsecured loan	(39.40)	(35.00)	-
Interest accrued and not due	(1.35)	(1.20)	-
5 IL&FS Cluster Development Initiative Limited			
Short-term unsecured loan	(15.00)	(15.00)	-
Interest accrued and not due	(0.57)	-	-
6 Sabarmati Capital One Limited			
Short-term unsecured loan	(11.60)	-	-
Interest accrued and not due	(0.40)	-	-
7 IL&FS Township & Urban Assets Limited			
Operating expenses	(0.15)	-	-
8 Skill Training Assessment Management Partners Limited			
Professional Services	(0.01)	-	-
9 Elsamex Maintenance Services Limited			
Trade payable	(6.77)	-	-
Mobilisation advance receivable	34.35	-	-
10 IL&FS Securities Services Limited			
Short-term unsecured loan	-	-	21.01
E Key Management Personnel			
1 Dr. S N Mukherjee			
Professional charges	(0.13)	(0.13)	(0.07)
2 Mr. Sushil Dudeja			
Remuneration	(0.04)	(0.04)	-

IV Provisions against balances outstanding:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A Joint Ventures			
1 Maytas - NCC (JV)	(1.82)	(1.82)	(1.82)
2 Maytas - CTR JV	(45.11)	(43.11)	(35.11)
3 NCC – Maytas (JV) (Singapore Class Township)	(0.92)	(0.92)	(0.18)
4 NCC – Maytas - U1 (JV)	(0.03)	(0.03)	(0.03)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

(All amounts in ₹ 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, 2018	As at March 31, 2017	As at April 1, 2016
A Joint Ventures			
1 Maytas NCC JV - Irrigation	2.32	2.32	1.47
2 NCC Maytas JV - U1	0.03	0.03	0.03
3 Maytas - CTR JV	46.63	43.71	43.71
B Associate#			
1 Hill County Properties Limited	135.88	125.89	353.55

The repayment schedule is not beyond 7 year.

38. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment scheme to its employees. During the year, the following scheme was in operation:

Particulars	ESOS – 2009 (Grant II)
Date of grant	28-Jun-12
Date of Remuneration Committee approval	28-Jun-12
Date of Shareholder's approval	9-Nov-09
Number of options granted	2,849,984
Method of Settlement (Cash / Equity)	Equity
Vesting Period	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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Outstanding at the beginning of the year	218,716	422,590
Granted during the year	-	-
Forfeited during the year	-	97,137
Exercised during the year	-	-
Expired/ withdrawn during the year*	218,716	106,737
Outstanding at the end of the year	-	218,716
Exercisable at the end of the year	-	218,716

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

Year	Exercise prices (₹ per share)	Number of options out-standing	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹ per share)
2017 – 18*	-	-	-	-
2016 – 17	58.90	218,716	1.24	58.90
2015 – 16	58.90	422,590	1.24	58.90

* Since the ESOS- 2009 (Grant II) scheme was rendered unattractive due to fall in the price of shares in the stock market, with the consent of employees who were holding the options vested under the said scheme, ESOS- 2009 (Grant II) Scheme had been withdrawn by the Company during FY 2017-18.

The fair value of options is measured using the Black-Scholes valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. Measurement inputs include the following:

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

Particulars	As at	
	March 31, 2018	March 31, 2017
Expected volatility	-	54.38%
Risk-free interest rate	-	8.38%
Weighted average share price (Rs.)	-	58.90
Weighted average exercise price (Rs.)	-	58.90
Expected life of options granted in years	-	2.5 – 5.5 years

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

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Total employee compensation cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

Since the fair value of ESOS is less than the exercise price, there is no impact on the statement of profit and loss.

39. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Subcontract expense	6.43	-
Material consumed	0.99	-
Travelling and conveyance	0.05	0.04
Others	-	0.38
Total	7.47	0.42

40. Imported and indigenous materials consumed:

Particulars	For the year ended			
	March 31, 2018		March 31, 2017	
	%	Value	%	Value
Imported	0.01%	0.07	-	-
Indigenous	99.99%	540.65	100%	532.07
Total	100%	540.72	100%	532.07

41. Auditor's remuneration (including taxes):

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Statutory audit	1.05	0.81
Limited review	0.40	0.35
Certification and other services	0.24	0.85
Audit fees for consolidated financial statements	0.23	0.17
Out of pocket expenses	0.09	0.06
Total	2.01	2.24

42. 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 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Advances given	AED 0.01	0.09	AED 0.01	0.09
Other receivables	USD 0.17	10.85	USD 0.17	10.85
Bank balances	AED 0.00	0.09	AED 0.00	0.07
Trade payables	SGD 0.07	3.32	AED 0.01	0.16
Security deposit payable	SGD 0.01	0.28	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

43. 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 Payment (MLP) under non-cancellable operating lease are:

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Minimum Lease Payments		
Not later than one year	23.82	22.53
Later than one year but not later than five years	11.23	33.78
Later than five years	-	-
	35.05	56.31

Finance lease: The present value of minimum lease rentals is capitalized as property, plant and equipment with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the consolidated statement of profit and loss as they arise. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Minimum Lease Payment	Present Value of minimum lease payment	Minimum Lease Payment	Present Value of minimum lease payment	Minimum Lease Payment	Present Value of minimum lease payment
Within one year	1.52	1.40	1.52	1.15	1.52	1.00
After one year but not more than five years	0.78	0.66	2.30	2.06	3.82	3.21
More than five years	-	-	-	-	-	-
Total minimum lease payments	2.30	2.06	3.82	3.21	5.34	4.21
Less: amounts representing finance charges	(0.24)	-	(0.61)	-	(1.13)	-
Present value of minimum lease payments	2.06	2.06	3.21	3.21	4.21	4.21

Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total minimum lease payments during the year	1.52	1.00	0.74
Less: amount representing finance charges	(0.37)	(0.69)	(0.31)
Present value of minimum lease payments rate of interest 9% to 14%	1.15	0.31	0.43

In case of assets given on lease:

Certain assets of the company are leased out but have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made.

44. Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves and debt includes maturities of finance lease obligations. The Company monitors capital on the basis of the following gearing ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest bearing loans and borrowings	2,725.77	2,197.40	2,180.82
Less: cash and cash equivalents	(14.52)	(3.75)	(4.37)
Adjusted net debt	2,711.25	2,193.65	2,176.45
Total equity	(139.13)	(154.29)	(175.19)
Adjusted net debt to total equity ratio\$	-	-	-

\$ As the networth of the Group is negative, the net debt to total equity ratio has not been disclosed.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

45. 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, 2018, the Investment of the Company includes ₹ 259.67 (March 31, 2017: ₹ 259.67, April 1, 2016: ₹ 259.67) contributed towards these PTCs and has receivables loans and advances and investments aggregating to ₹ 146.19 (March 31, 2017: ₹ 141.80, April 1, 2016: 136.72) 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.

46. Financial instruments- fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2018, including their levels in the fair value hierarchy.

Particulars	Carrying Amount					Fair Value			
	Note	FVTPL	FVOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	259.67	-	59.24	318.91	-	259.67	-	259.67
Loans	8	-	-	847.73	847.73	-	-	-	-
Trade receivables	7	-	-	761.44	761.44	-	-	-	-
Cash and cash equivalents	10	-	-	14.52	14.52	-	-	-	-
Other bank balances	10	-	-	23.81	23.81	-	-	-	-
Other financial assets	9	-	-	553.81	553.81	-	-	-	-
Total financial assets		259.67	-	2,260.55	2,520.22	-	259.67	-	259.67
Borrowings	16, 17 and 19	-	-	2,643.39	2,643.39	-	-	-	-
Trade payable	18	-	-	1,426.48	1,426.48	-	-	-	-
Other financial liabilities	19	-	-	1,109.25	1,109.25	-	-	-	-
Total financial liabilities		-	-	5,179.12	5,179.12	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2017, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	259.67	-	18.21	277.88	-	259.67	-	259.67
Loans	8	-	-	712.59	712.59	-	-	-	-
Trade receivables	7	-	-	608.89	608.89	-	-	-	-
Cash and cash equivalents	10	-	-	3.75	3.75	-	-	-	-
Other bank balances	10	-	-	23.51	23.51	-	-	-	-
Other financial assets	9	-	-	350.65	350.65	-	-	-	-
Total financial assets		259.67	-	1,717.60	1,977.27	-	259.67	-	259.67
Borrowings	16, 17 and 19	-	-	2,162.29	2,162.29	-	-	-	-
Trade payable	18	-	-	1,188.79	1,188.79	-	-	-	-
Other financial liabilities	19	-	-	940.77	940.77	-	-	-	-
Total financial liabilities		-	-	4,291.85	4,291.85	-	-	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at April 1, 2016, including their levels in the fair value hierarchy.

Particulars	Carrying Amount					Fair Value			
	Note	FVTPL	FVOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	259.67	-	16.68	276.35	-	259.67	-	259.67
Loans	8	-	-	708.17	708.17	-	-	-	-
Trade receivables	7	-	-	841.82	841.82	-	-	-	-
Cash and cash equivalents	10	-	-	4.37	4.37	-	-	-	-
Other bank balances	10	-	-	24.95	24.95	-	-	-	-
Other financial assets	9	-	-	175.93	175.93	-	-	-	-
Total financial assets		259.67	-	1,771.92	2,031.59	-	259.67	-	259.67
Borrowings	16, 17 and 19	-	-	2,166.04	2,166.04	-	-	-	-
Trade payable	18	-	-	1,146.71	1,146.71	-	-	-	-
Other financial liabilities	19	-	-	730.26	730.26	-	-	-	-
Total financial liabilities		-	-	4,043.01	4,043.01	-	-	-	-

Note I: Investments in associate and joint venture have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than associates and joint ventures have been designated as FVTPL.

B. Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

(ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial risk management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's management risk policy is set by the Managing Board. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, unbilled revenue and loans given. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Credit risk on trade receivables, unbilled revenue is limited as the customers of the Group mainly consists of the Government promoted entities having a strong credit worthiness. For doubtful receivables the Group uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers. The Group has made a provision of 178.78, ₹ 178.92 and ₹ 176.03 towards amounts doubtful to receive as at March 31, 2018, March 31, 2017 and April 1, 2016 respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group manages liquidity risk by maintaining adequate reserves,

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2018:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	1,426.48	961.09	465.39	-	1,426.48
Borrowings and interest thereon	3,111.52	1,880.23	1,797.04	-	3,677.27
Other financial liabilities	641.12	476.55	164.57	-	641.12
Total	5,179.12	3,317.87	2,427.00	-	5,744.87

The below table provides details of financial assets as at March 31, 2018:

Particulars	Carrying amount
Trade receivables	761.44
Loans	847.73
Other financial assets	563.66
Total	2,172.83

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2017:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	1,188.79	692.32	496.47	-	1,188.79
Borrowings and interest thereon	2,585.59	1,285.96	1,500.27	422.47	3,208.70
Other financial liabilities	517.47	430.16	87.31	-	517.47
Total	4,291.85	2,408.43	2,084.05	422.47	4,914.95

The below table provides details of financial assets as at March 31, 2017:

Particulars	Carrying amount
Trade receivables	608.89
Loans	712.59
Other financial assets	355.97
Total	1,677.45

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at April 1, 2016:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	1,146.71	1,007.48	139.23	-	1,146.71
Borrowings and interest thereon	2,433.11	852.45	1,081.26	1,095.53	3,029.24
Other financial liabilities	463.19	417.53	45.66	-	463.19
Total	4,043.01	2,277.47	1,266.15	1,095.53	4,639.15

The below table provides details of financial assets as at April 1, 2016:

Particulars	Carrying amount
Trade receivables	841.82
Loans	708.17
Other financial assets	184.10
Total	1,734.09

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash and bank balances. Cash and bank balances expose the Company to cash flow interest rate risk. However, the Company does not carry any fixed interest bearing financial liabilities that are designated at fair value through profit or loss. The average interest rate on short-term bank deposits during the year was 6.40% (March 31, 2017: 6.50%).

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

The Group's exposure to interest rates on financial instruments is detailed below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets			
Cash and bank balances	14.52	3.75	4.37
Total interest rate dependent financial assets	14.52	3.75	4.37
Financial liabilities			
Borrowings	2,643.39	2,162.29	2,166.04
Other financial liabilities	566.00	457.22	405.34
Total interest rate dependent financial liabilities	3,209.39	2,619.51	2,571.38

The amounts included above for interest rate dependent financial assets are fixed interest bearing financial assets.

If the interest rate on INR denominated borrowings had been increased or decreased by 100 basis points, with all other variables held constant, post tax income for the year ended March 31, 2018 would have been increased/ decreased by ₹ 6.24 (March 31, 2017: ₹ 5.64).

• Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's presentation currency is the Indian Rupees. The Group's exposure to foreign currency arises in part when the Group holds financial assets and liabilities denominated in a currency different from the functional currency of the entity.

47. Explanation of transition to Ind AS

As stated in Note 2A, the Group has prepared its first financial statements in accordance with Ind AS. For the year ended March 31, 2017, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cashflows.

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

a. Property, plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:
 - fair value.
 - or cost or depreciated cost under Ind AS adjusted to reflect.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition. As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

b. Investment in subsidiaries, joint venture and associates

As permitted by Ind AS 101, the Group has elected to carry all investments in joint venture and associates at cost as determined in accordance with Ind AS 27.

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

B. Mandatory exceptions

a. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS consolidated financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing Ind AS consolidated balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the consolidated financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value for certain financial liabilities carried at amortised cost.
- Recognition of deferred tax asset on unabsorbed depreciation.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of consolidated financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable

Reconciliation of equity as at April 1, 2016:

	Note	As at date of transition April 1, 2016			As at date of transition March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		154.70	-	154.70	136.66	-	136.66
Capital work-in-progress		8.54	-	8.54	6.78	-	6.78
Intangible assets		42.78	-	42.78	40.49	-	40.49
Financial assets							
Investments	(a) and (b)	284.17	(7.82)	276.35	284.17	(6.29)	277.88
Trade receivables	(b) and (c)	398.62	(130.50)	268.12	336.01	(130.87)	205.14
Loans	(b), (c) and (d)	622.93	(19.21)	603.72	695.46	(20.67)	674.79
Other financial assets		131.39	(3.32)	128.07	257.73	(3.32)	254.41
Deferred tax assets, net	(e)	-	250.15	250.15	-	249.72	249.72
Other non-current assets		399.88	(19.23)	380.65	988.30	(19.23)	969.07
Income tax assets, net		42.82	-	42.82	40.44	-	40.44
Total		2,085.83	70.07	2,155.90	2,786.04	69.34	2,855.38
Current assets							
Inventories	(c)	872.96	(24.21)	848.75	751.46	(26.11)	725.35
Financial assets							
Trade receivables	(b) and (c)	594.38	(20.68)	573.70	421.34	(17.59)	403.75
Cash and cash equivalents	(b)	4.70	(0.33)	4.37	5.89	(2.14)	3.75
Bank balances other than cash and cash equivalents	(b)	16.96	(0.18)	16.78	18.10	0.09	18.19
Loans	(b)	129.86	(25.41)	104.45	64.54	(26.74)	37.80
Other financial assets		56.03	-	56.03	101.56	-	101.56
Current tax assets, net		62.73	-	62.73	60.78	-	60.78
Other current assets	(b)	171.73	(0.02)	171.71	98.03	-	98.03
Total		1,909.35	(70.83)	1,838.52	1,521.70	(72.49)	1,449.21
Fixed assets held for sale		-	-	-	2.59	-	2.59
Total assets		3,995.18	(0.76)	3,994.42	4,310.33	(3.15)	4,307.18

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

	Note	As at date of transition April 1, 2016			As at date of transition March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital	(f)	213.91	(92.75)	121.16	170.87	(39.75)	131.12
Other equity	(k)	(333.68)	37.33	(296.35)	(325.71)	40.30	(285.41)
Total equity		(119.77)	(55.42)	(175.19)	(154.84)	0.55	(154.29)
Liabilities							
Non-current liabilities							
Financial liabilities							
Long-term borrowings	(f)	1,388.63	39.75	1,428.38	1,174.45	39.75	1,214.20
Trade payables	(b)	158.36	(19.13)	139.23	517.33	(20.86)	496.47
Other financial liabilities	(b) and (g)	279.05	(13.74)	265.31	423.13	(11.11)	412.02
Provisions	(b) and (g)	16.41	(2.38)	14.03	17.24	(1.75)	15.49
Other non-current liabilities		11.24	-	11.24	3.66	-	3.66
		1,853.69	4.50	1,858.19	2,135.81	6.03	2,141.84
Current liabilities							
Financial liabilities							
Short-term borrowings		594.19	-	594.19	656.32	-	656.32
Trade payables	(b)	1,028.83	(21.35)	1,007.48	710.68	(18.36)	692.32
Other financial liabilities	(f)	555.42	53.00	608.42	820.52	-	820.52
Provisions		49.49	-	49.49	55.89	-	55.89
Current tax liabilities, net	(b)	1.29	(0.31)	0.98	0.99	(0.31)	0.68
Other current liabilities	(b)	32.04	18.82	50.86	84.96	8.94	93.90
		2,261.26	50.16	2,311.42	2,329.36	(9.73)	2,319.63
Total equity and liabilities		3,995.18	(0.76)	3,994.42	4,310.33	(3.15)	4,307.18

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	For the year ended March 31, 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income				
Revenue from operations	(b) and (c)	1,906.40	(88.69)	1,817.71
Other income	(d) and (i)	190.20	11.87	202.07
Total revenue (I)		2,096.60	(76.82)	2,019.78
Expenses				
Cost of materials consumed	(b)	548.27	0.72	548.99
Increase/(Decrease) in work-in-progress	(b)	0.92	(0.92)	-
Employee benefits expenses	(h)	105.49	0.24	105.73
Subcontract expense	(b)	872.63	(80.70)	791.93
Other expenses	(b) and (c)	224.71	3.29	228.00
Finance costs	(g)	345.72	3.09	348.81
Depreciation and amortization expense	(b)	47.97	(0.02)	47.95
Total expenses (II)		2,145.71	(74.30)	2,071.41
Loss before tax (I-II)		(49.11)	(2.52)	(51.63)
Tax expense	(b) and (e)	(0.09)	0.52	0.43
Loss for the year before share of profits of associates (net) and non-controlling interest		(49.02)	(3.04)	(52.06)
Share of profit in joint ventures accounted for using the equity method	(b)	-	5.77	5.77
Share of profit of equity accounted investees (net of income tax)		-	5.77	5.77
Profit/ (Loss) for the year		(49.02)	2.73	(46.29)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Remeasurements of the net defined benefit liability/asset	(h)	-	0.24	0.24
<i>Items that will be reclassified subsequently to statement of profit or loss</i>				
Exchange difference in translating financial statements of foreign operations	(j)	-	13.95	13.95
Total comprehensive income for the year		(49.02)	16.92	(32.10)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

Notes to the reconciliation

(a) Investments

Under Indian GAAP, the Group accounted for investments in joint venture and associates (unquoted) at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, as of April 1, 2016 (transition date), the Group opted the deemed cost of investments in joint venture and associates as the carrying value as per Indian GAAP except certain investments where fair value has been considered as deemed cost. Certain investments are carried at amortised cost under Ind AS. Difference between the amortised cost and transaction value of the investment has been reduced from retained earnings as at the transition date and subsequently in the profit or loss for the year ended March 31, 2017. In accordance with Ind AS, financial assets representing investment in entities other than subsidiaries, associates and joint ventures as well as debt securities have been fair valued. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

(b) Consolidation of joint venture

Under Indian GAAP, the investment in joint ventures were consolidated by line by line adding the Group's share of revenues, expenses, assets and liabilities are included in the consolidated financial statements. Under the Ind AS, investment in joint ventures are consolidated using equity method. Hence, the revenues, expenses, assets and liabilities are reduced and the Group has its share of profit in the joint venture using equity method.

(c) Trade receivables, loans and unbilled revenue

Under Indian GAAP, the Group measured financial assets at cost. As at the transition date, the Group recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101.

(d) Loans

Deferred credit loans are carried at amortised cost. Difference between the amortised cost and transaction value of the loans has been reduced from retained earnings as at the transition date and subsequently in the profit or loss for the year ended March 31, 2017.

(e) Deferred tax assets (net)

The Group has recognised deferred tax assets (net) on unabsorbed depreciation, other temporary difference and on account of adjustments made on transition to Ind AS.

(f) Classification of financial instruments

Under Ind AS, the Optionally convertible cumulative redeemable preference shares and cumulative redeemable preference shares are to be classified under financial liability, however, in the previous GAAP the same were reported under equity share capital. Hence, reclassification has been given done to give effect for the same.

(g) Financial liabilities

Adjustments include the impact of discounting of deferred consideration payable or provision for future losses which are expected to be incurred over a period of more than a year and subsequently in the profit or loss for the year ended March 31, 2017.

(h) Actuarial gains / losses

Under Ind AS, the measurement of net defined benefit liability, comprises of actuarial gains and losses, the return on plan assets (excluding interest) are recognised in other comprehensive income where as in the previous GAAP it was reported under employee benefits expenses. Hence, reclassification has been given done to give effect for the same.

(i) Finance cost on financial liability

Under Ind AS, the dividend on cumulative preference shares, being in the nature of financial liability, is recognised as finance cost at the coupon rate on par value of preference shares whereas in the previous GAAP to the extent of unpaid dividend, the obligation was reported under contingent liability. Also, the unpaid dividend on preference shares redeemed during the year ended March 31, 2017 has been reversed in that year.

(j) Exchange difference in translating financial statements of foreign operations

Under Ind AS, the exchange difference in translating financial statements of foreign operations are classified under other comprehensive income where as in the previous GAAP it was reported under foreign currency translation reserve under the head reserves and surplus. Hence, reclassification has been given done to give effect for the same.

(k) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Note	April 1, 2016	March 31, 2017
Total equity as per previous GAAP		(119.77)	(154.84)
Reclassification of financial instrument under financial liabilities	(f)	(92.75)	(39.75)
Fair valuation of investments and financial assets	(a) and (d)	(35.68)	(33.71)
Recognition of deferred tax assets	(e)	250.14	249.72
Recognition of finance cost on financial liability	(i)	(23.45)	(12.92)
Impact on account of discounting of financial liability	(g)	7.23	4.14
Provision for expected credit loss on financial assets	(c)	(160.20)	(166.22)
Other adjustments		(0.71)	(0.71)
Total equity		(175.19)	(154.29)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

(l) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	March 31, 2017
Profit after tax as per previous GAAP		(49.02)
Interest income from financial assets carried at amortised cost	(a) and (d)	1.97
Deferred tax adjustments	(e)	(0.42)
Reversal of finance cost	(i)	10.53
Discounting of deferred provision for estimated future loss on projects and other financial liability	(g)	(3.09)
Provision of impairment on financial assets based on expected credit loss model	(c)	(6.02)
Exchange difference in translating financial statements of foreign operations	(j)	13.95
Total comprehensive income		(32.10)

(m) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

48. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

Name of the entity	March 31, 2018				March 31, 2017			
	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	-97.12%	135.13	66.28%	7.96	-82.42%	127.17	-34.40%	5.27
Subsidiaries								
Indian								
Maytas Infra Assets Limited	8.29%	(11.53)	0.00%	(0.00)	7.47%	(11.52)	0.07%	(0.01)
Maytas Vasishta Varadhi Limited	-0.04%	0.05	0.00%	-	0.03%	0.05	0.00%	-
Maytas Metro Limited	2.97%	(4.13)	0.00%	-	2.68%	(4.13)	0.00%	-
Angeerasa Green Fields Private Limited	0.02%	(0.03)	0.00%	(0.00)	0.02%	(0.03)	0.00%	(0.00)
Ekadanta Green Fields Private Limited	0.04%	(0.05)	0.00%	(0.00)	0.03%	(0.04)	0.00%	(0.00)
Saptaswara Agro Farms Private Limited	0.20%	(0.28)	0.00%	(0.00)	0.18%	(0.28)	0.00%	(0.00)
Foreign								
Maytas Infra Saudi Arabia Company, Limited Liability Company	173.27%	(241.07)	67.07%	8.05	160.80%	(248.09)	334.51%	(51.25)
Consolidation adjustments	-65.10%	90.58	-326.00%	(39.15)	-60.62%	93.52	-272.20%	41.70
Minority interests in all subsidiaries	77.47%	(107.79)	26.23%	3.15	71.90%	(110.94)	109.53%	(16.78)
Joint Ventures (Indian)								
Maytas NCC JV			264.03%	31.71			-33.81%	5.18
NEC-NCC-Maytas (JV)			0.00%	-			0.00%	0.00
NCC-Maytas (JV)			0.00%	(0.00)			0.13%	(0.02)
NCC-Maytas (JV) (Singapore Class Township)			0.00%	-			0.12%	(0.02)
Maytas – CTR (JV)			0.00%	-			0.00%	-
NCC – Maytas – ZVS (JV)			2.40%	0.29			-3.94%	0.60
Total	100.00%	(139.13)	100.00%	12.01	100.00%	(154.29)	100.00%	(15.32)

49. As at March 31, 2018, the Company had accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at March 31, 2018 amounts to ₹ 404.77 (net of amount payable to subcontractor against aforesaid balances) (including claims of ₹ 112.53 accounted during the year ended March 31, 2018) and interest of ₹ 393.76

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

(including interest of ₹ 205.29 recognised during the year ended March 31, 2018) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers.

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

50. During the year, a project was terminated due to dispute with the customer. On January 8, 2018, the Hon'ble High Court of Delhi dismissed Company's petition against which an appeal was filed before the Division bench of the High Court. The Company's Special Leave petition (SLP) before the Supreme Court of India against dismissal of Company's petition by Division Bench of the High Court of Delhi was also dismissed. The Company has net carrying value of assets pertaining to this site amounting to ₹ 99.34 (including Bank Guarantees encashed by the customer amounting to ₹ 39.97). Further, the Company has initiated Arbitration process for the recovery of these assets which are under progress. Based on legal opinion and internal assessment, Management is of the view that the aforesaid assets are fully recoverable, thus no provision is considered necessary for the same.

51. Inter-Corporate Deposits:

Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to ₹ 362.36. Of the foregoing, documentary evidences had been established that, for an amount of ₹ 342.11, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of Andhra Pradesh against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for the year ended March 31, 2018 continued to disclose as "Suspense Account (Net) ₹ 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 its Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and legal opinion, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of ₹ 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of ₹ 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.

52. All amounts less than ₹ 0.01 have been disclosed as ₹ 0.00.

As per our report of even date

For B S R & Associates LLP
ICAI Firm registration number:
116231W/W-100024
Chartered Accountants

Amit Kumar Agarwal
Partner
Membership No: 214198

For M Bhaskara Rao & Co.
ICAI Firm registration number:
000459S
Chartered Accountants

V K Muralidhar
Partner
Membership No: 201570

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

Ramchand K
Chairman
DIN: 00051769
Dr. S N Mukherjee
Chief Financial Officer

Mukund Sapre
Managing Director
DIN: 00051841
Sushil Dudeja
Company Secretary

Place : Mumbai
Date : May 30, 2018

Place : Mumbai
Date : May 30, 2018

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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

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

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2018 [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	#	Particulars	Audited Figures (as reported before adjusting for qualifications) (Amount in ₹ Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Amount in ₹ Lakhs)
	1.	Turnover / Total income	186,876	186,876
	2.	Total Expenditure *	216,643	216,643
	3.	Net Profit/(Loss) (before OCI)	1,516	1,516
	4.	Earnings Per Share	1.16	1.16
	5.	Total Assets	530,629	530,629
	6.	Total Liabilities	544,542	544,542
	7.	Net Worth	(13,913)	(13,913)
	8.	Any other financial item(s) (as felt appropriate by the management)	Refer EOM's given in the Audit Report	

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

II. Audit Qualification (each audit qualification separately):
<p>a. Details of Audit Qualification: As detailed in Note 5, the accompanying consolidated Ind AS financial statements include aggregate assets of Rs. 769 Lakhs, aggregate revenues (including other income) of Rs. 2,625 Lakhs and net cash inflows amounting to Rs. 42 Lakhs of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying consolidated Ind AS Financial statements do not include adjustments, if any that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2018 been available and accordingly we are unable to comment on the same</p>
<p>b. Type of Audit Qualification : Qualified Opinion</p>
<p>c. Frequency of qualification: First time reported in the year ended March 31, 2016.</p>
<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</p>
<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>(i) Management's estimation on the impact of audit qualification: Any adverse effect on financials of the Company is unlikely.</p>
<p>(ii) If management is unable to estimate the impact, reasons for the same: Management is of the view that adjustments, if any, that may have been required had the audited financial statements of the subsidiary been available would not be material.</p>
<p>(iii) Auditors' Comments on e (i) or e (ii) above: As stated in Point II(a) above.</p>

For B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number:
116231W/W-100024

Amit Kumar Agarwal
Partner
Membership No: 214198

For M Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm registration number: 000459S

V K Muralidhar
Partner
Membership No: 201570

For IL&FS Engineering and Construction Company Limited

Mukund Sapre
Managing Director
DIN: 00051841

Debabrata Sarkar
Chairman-Audit Committee
DIN: 02502618

Dr. S N Mukherjee
Chief Financial Officer

Place : Mumbai
Date : May 30, 2018

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@iflsengg.com

Website – www.iflsengg.com

ATTENDANCE SLIP

I/We hereby record my/our presence at the 29th Annual General Meeting being held on Monday, September 17, 2018 at 11.30 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	
---------------------	--

*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:	.....,or failing him

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 29th Annual General Meeting of the Company, to be held on Monday, September 17, 2018 at 11.30 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 Description	For	Against
	Ordinary Business:		
1	To consider and adopt financial statements of the Company		
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 ratification of appointment of Joint Statutory Auditors of the Company		
	Special Business:		
4	To ratify remuneration payable to Cost Auditors for FY 2019		
5	To consider and approve the IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018 and Grant of Options to the Employees of the Company		
6	To consider and approve Grant of Options to the Employees of Present and Future Subsidiary Company under the IL&FS Engineering and Construction Company Limited Employees Stock Option Scheme – 2018		

Signed this..... day of..... 20....
Signature of Member

Affix a
Re.1/-
Revenue
Stamp

.....
Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder

Note: 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.



Ahmedabad Metro Rail Project, Phase-1, Ahmedabad, Gujarat



Nagpur Metro Rail Project, Nagpur, Maharashtra



Palm Garden Residential Project, Gurgaon, Haryana



Chitravathi Balancing Reservoir Right (Lingala) Canal, Kadapa District, Andhra Pradesh



765kV D/C Bhuj-Banaskanta Turnkey Transmission Line Project, Gujarat



Rural Electrification Works, Sahibgunj, Jharkhand

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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