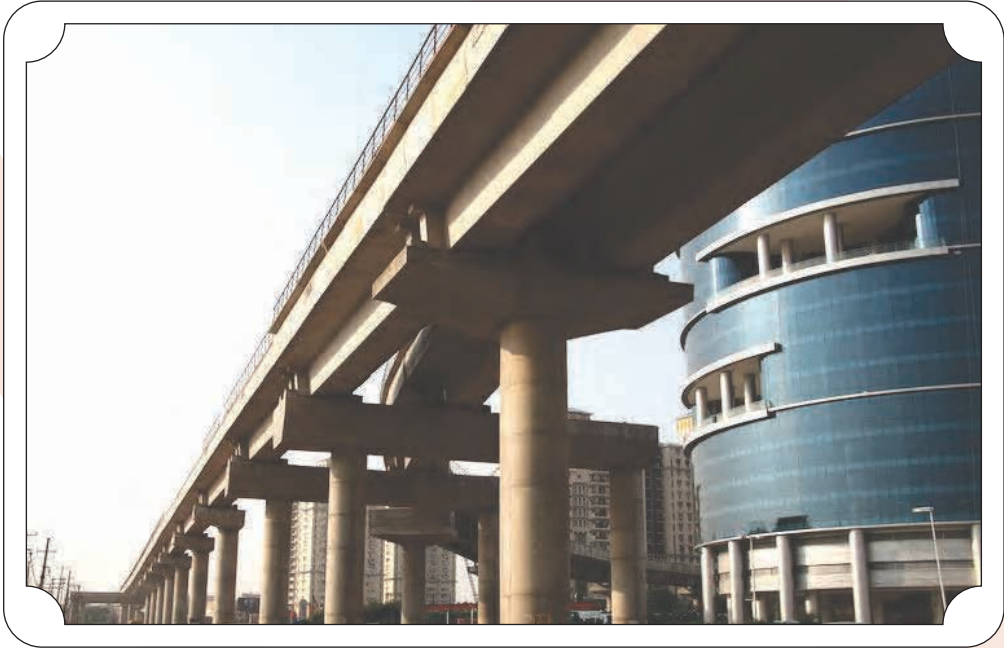


2011 - 2012 Annual Report



Rapid Metro Rail Gurgaon (RMRG) Project, Gurgaon



Rapid Metro Rail Gurgaon (RMRG) Project, Gurgaon

Pune Solapur Road Project



Assam 17 (AS-17) Road Project, Assam

220/11KV Substation for Transmission Corporation of Andhra Pradesh Limited (AP Transco) at Thimmapuram in Kadapa district of Andhra Pradesh



220/11KV Substation for Transmission Corporation of Andhra Pradesh Limited (AP Transco) at Thimmapuram in Kadapa district of Andhra Pradesh

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Board of Directors

(As on December 22, 2012)

Ramchand K
Hari Sankaran
Saleh Mohammed Bin Laden
El Mouhtaz El Sawaf
Akberali Mohemedali Moawalla
Ahmad Mohamad Dabbous
Ved Kumar Jain
Anil Kumar Agarwal

Company Secretary

G. Venkateswar Reddy

Auditors

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

Bankers

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

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
No. 17-24, Vittalrao Nagar, Madhapur
Hyderabad - 500 081
Telephone No. 040 - 44655000
Fax No. 040-23420814,
Email : einward.ris@karvy.com

Registered Office

6-3-1186/1&2, IL&FS Engineering House
Begumpet, Hyderabad - 500 016
Tel. +91 40 40409333/23408100
Fax No. +91 40 23401107 / 40409444
Web site: www.ilfsengg.com,
Email: info@ilfsengg.com

NOTICE

NOTICE is hereby given that the Twenty-Fourth **Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited and reduced** will be held on Friday, February 22, 2013 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at September 30, 2012, Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- (2) To declare dividend on Preference Shares for the years ended March 31, 2011 and September 30, 2012
- (3) To appoint a Director in place of Mr. Ramchand Karunakaran, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (4) To appoint a Director in place of Mr. Saleh Mohammed Bin Laden, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (5) To appoint a Director in place of Mr. El Mouhtaz El sawaf, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (6) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Ved Kumar Jain who was appointed as an Additional Director by the Board of Directors on November 13, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
- (8) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Anil Kumar Agarwal who was appointed as an Additional Director by the Board of Directors on November 13, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT Mr. Hari Sankaran who was appointed as an Additional Director by the Board of Directors on December 11, 2012, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. G Venkateswar Reddy as the Manager of the Company for a period of 2 (two) years, with effect from November 14, 2011 on the terms and conditions including remuneration set out in the explanatory statement, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss, inadequacy of profits in any financial year during the currency of tenure of Mr. G Venkateswar Reddy, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him as minimum remuneration and perquisites, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT the consent of the Equity Shareholders be and is hereby accorded to extend the redemption period of 4,50,000 6% Cumulative Redeemable Preference Shares

(CRPS) of Rs.100/- each, which were due for redemption on September 30, 2012, by three years with an early redemption right to the Company before the extended period of three years by giving 30 days notice period and the action of the Company of said extension of redemption period of said 4,50,000 CRPS be and is hereby ratified"

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

Place : Dubai

G. Venkateswar Reddy

Date : December 22, 2012

Company Secretary

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED.
- (2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
- (3) Details required under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting are incorporated at the end of this 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 11 a. m. and 5.00 p.m. on all working days prior to the date of the Annual General Meeting.
- (7) The Register of Members and Share Transfer Books of the Company will remain closed from February 18, 2013 to February 22, 2013 (both days inclusive) for the Annual General Meeting.
- (8) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the company i.e. Karvy Computershare Private Limited, Plot No. 17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 in respect of their physical share folios, if any.
- (9) Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
- (10) Members who hold shares in dematerialised form are

requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

- (11) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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

Item Nos. 7 and 8:

Mr Ved Kumar Jain and Mr Anil Kumar Agarwal, Directors had served on the Board of the Company as Nominee Directors of Government of India during the period April 2009 to August 2011 and steered the Company during most difficult times in the history of the Company. They ceased to be the Directors of the Company pursuant to withdrawal of their nomination by the Government of India w.e.f. September 1, 2011 on expiry of their term. The Board felt that the extensive knowledge of Mr Ved Kumar Jain and Mr Anil Kumar Agarwal on the affairs of the Company and their rich experience would help the Company in carrying out its affairs more prudently and it would be helpful if they direct the Company in their capacity as Independent Directors on the Board of the Company.

Your directors recommend the said resolutions for your approval. None of the Directors of your Company except Mr. Ved Kumar Jain and Mr. Anil Kumar Agarwal is, in anyway, concerned or interested in these resolutions.

Item No. 9

Mr. Hari Sankaran, Vice Chairman & Managing Director of Infrastructure Leasing and Financial Services Limited, was appointed as Additional Director on the Board of the Company on December 11, 2012. Mr. Hari Sankaran has vast experience in handling various infrastructure projects.

Your directors recommend the said resolutions for your approval. None of the Directors of your Company other than Mr. Hari Sankaran is, in anyway, concerned or interested in these resolutions.

Item No. 10

Mr Vimal Kishore Kaushik stepped down as Managing Director and Chief Executive Officer of the Company on November 13, 2011 and consequently there was no Managerial person in the Company to comply with the provisions of the Companies Act 1956. Under Section 269 of the Companies Act, 1956 read with Rule 10A of General Rules and Forms, every Company having paid up share capital of Rs 5 Crores and more was required to appoint a Managing or Whole-time Director or a Manager. Accordingly, the Board appointed Mr. Gogireddy Venkateswar Reddy, Company Secretary of the Company as Manager of the Company under Section 269 of the Companies Act, 1956 on the terms set out below, subject to the approval of the Members in general meeting and the Central Government, if required.

Terms of appointment:

With reference to the resolution passed by the Board of Directors in their meeting held on November 13, 2011 with regard to appointment of Mr. Gogireddy Venkateswar Reddy as Manager

of the Company under Section 269 of the Companies Act, 1956, the following are the terms and conditions of appointment:

1. Mr. Gogireddy Venkateswar Reddy shall be the Manager of the Company within the meaning of Section 269 of the Companies Act, 1956 in addition to his position as Company Secretary.
2. Mr. Gogireddy Venkateswar Reddy shall be under direct supervision and control of Board of Directors of the Company in discharging his functions as Manager of the Company.
3. In the capacity as Manager, Mr. Gogireddy Venkateswar Reddy will perform all the functions as required under the provisions of the Companies Act, 1956 and assure the Board of Directors the compliances by the Company of various statutory and other obligations that are to be performed by the Company.
4. The term of appointment as a Manager is for a period of two years with effect from November 14, 2011 as decided by the Board of Directors in their meeting held on November 13, 2011.
5. The term of appointment as Manager shall come to an end on expiry of the term stipulated or on his ceasing to be an employee of the Company, whichever is earlier.
6. It is clarified that Mr. Gogireddy Venkateswar Reddy have dual responsibility as Manager and a company secretary.

The remuneration terms as on the date of appointment of Mr.G.Venkateswar Reddy as Manager are as follows:

- a. Basic Salary - Rs. 75,121/- per month in the scale of Rs 45,000 pm to 1,10,000 pm
- b. Other Allowances - Rs.97,407/- per month in the scale of Rs 67,000 pm to 1,40,000 pm.
- c. Position Pay - Rs 10,500/- per month in the scale of Rs 7,000/- pm to 16,000 pm.
- d. Other benefits such as Provident Fund, Gratuity, Encashment of Leave, LTA, Performance Pay, Group Medi-claim Insurance Policy Coverage, Personal Accident Insurance Coverage, Telephone reimbursement, etc., are as per the rules of the Company.

Accordingly, the Board recommends the resolution for your approval.

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

Item No. 11

Under the Corporate Debt Restructuring Scheme sanctioned by 10 CDR Banks to the Company, the Company had allotted 15,00,000 6%-Cumulative Redeemable Preference Shares of Rs.100/- each (CRPS) as bonus shares on originally allotted 6%-Optionally Convertible Cumulative Redeemable Preference Shares.

Out of the above 15,00,000 6%-CRPS, 4,50,000 CRPS were due for redemption on September 30, 2012. To undertake the above redemption of Rs.4.50 Crores on September 30, 2012, the Company needed to have profit in its Profit & Loss Account as

Section 80 of the Companies Act 1956 prescribes that no preference shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

The Company had total accumulated losses of Rs.432 Crore as on March 31, 2011 and the Company had undertaken Capital Restructuring Scheme which was sanctioned by the Hon'ble High Court of Andhra Pradesh on October 17, 2012. In the absence of the sanction of the Scheme by the High Court as on September 30, 2012, the Company was not in a position to redeem the said CRPS from the Banks. The Company, therefore, resolved to extend the period of redemption of these shares by a period of three years with an early redemption right to the Company before the extended period of three years by giving 30 days notice period i.e. the new redemption date for these 4,50,000 CRPS shall be September 30, 2015 unless they are redeemed earlier by giving 30 days notice to the concerned shareholders. The Company noted that these shares were purchased by Maytas Investment Trust (Trust) on September 28, 2012 and the Trust had agreed to extend redemption period by three years with early redemption right to the Company. The Company is also in the process of obtaining the consent of other preference shareholders u/s.106 of the Companies Act 1956

The Equity Shareholders consent is also sought u/s.106 of the Companies Act 1956 under variation of class rights

Accordingly, the Board recommends the resolution for your approval.

None of the Directors of your Company is, in anyway, concerned or interested in this resolution.

Information of Directors seeking appointment/ re-appointment under Section 256 and Section 257 of the Companies Act, 1956 and under Clause 49 (IV) (G) of the Listing Agreement

Items 3,4 & 5 – Directors seeking re-appointment:

• Mr. Ramchand Karunakaran:

Mr. Ramchand Karunakaran has been appointed as Non-Executive Chairman of the Board of IL&FS Engineering and Construction Co Ltd., 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 28 years of experience in urban and transport infrastructure development sector. Mr Ramchand has been involved in a number of private infrastructure initiatives including the commissioning of various toll road projects in the country. He has been with the IL&FS Group for the past 17 years and is on the Board of Directors of various companies within the IL&FS Group. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. Ramchand Karunakaran:

(I). Managing Director of:

1. IL&FS Transportation Networks Limited

- Road Infrastructure Development Company of Rajasthan Limited

(II). Director of Public Limited Companies:

- Bengal Aerotropolis Projects Limited
- Gujarat Road and Infrastructure Company Limited
- Gujarat International Finance Tec-City Co.Ltd
- IL&FS Renewable Energy Limited
- IL&FS Maritime Infrastructure Company Ltd
- IL&FS Energy Development Company Ltd
- IL&FS Engineering and Construction Company Limited
- IL&FS Environmental Infrastructure & Services Limited
- IL&FS Water Limited
- IL&FS Township & Urban Assets Limited
- Noida Toll Bridge Company Limited
- Reliance Haryana SEZ Limited

(III). Director of Private Limited Companies :

- Gujarat Integrated Maritime Complex Private Limited
- Sealand Ports Private Limited

(IV). Director of Foreign Companies :

- IL&FS Maritime Offshore Pte. Ltd, Singapore
- Land Registration Systems Ine (LARES), Philippines
- Elsamex S.A, Spain
- ITNL International Pte Limited, Singapore
- ITNL Offshore Pte Limited, Singapore
- Maytas Infra Saudi Arabia Company, Dubai
- IL&FS Prime Terminals FZC, Dubai
- Chongqing YuHe Expressway Company Limited, China

(V). Trusteeship held in Trust :

- IL&FS Transportation Networks Limited-Superannuation Trust
- IL&FS Transportation Networks Limited-Group Gratuity Scheme
- IL&FS Employees Welfare Trust

• **Mr. Saleh Mohammed Bin Laden:**

Mr. Saleh Mohammed Bin Laden, born in Jeddah, Saudi Arabia in 1956. He studied abroad in Lebanon, United States and got his Bachelor's degree in Business Administration from Bournemouth International College UK. He is the Senior Vice President of the group Holding Company - Saudi Binladin Group and has direct responsibilities for the management of Portfolio of property related investment of the group. Additionally he is operationally responsible for several key Saudi Government initiatives such as the development of the Jizan Economic City, Emaar Economic City, and the development of the new Mega Airport project

of Jeddah (King Abdul Aziz International Airport-KAIA) He is the chairman of Huta Hegerfeld Saudi Arabia, which is one of the largest dredging company in the Middle East. He is also the Chairman of Construction Products holding company (CPC), a holding company with the concept of a "One Stop Shop" facility for all construction needs. Due to its success, similar concepts were developed in Egypt, Syria and UAE, with Algeria, Qatar and India in near future. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Saleh Mohammed Bin Laden:

- Mohammed Binladen Co. of Real Estate.
- Al Salem Group of Companies.
- Makkah Co. for Construction & Development
- Huta Hegerfeld Saudi Ltd, Co.
- Arrow Co. for Food & Distribution.
- International Food & Consumer Goods Co.
- Jizan Economic City Co.
- Knowledge Economic City Al-Madinah

Executive President of:

- Project Management & Development Co.

Chairman of the Board:

- Al-Khabeer Capital Co.
- Construction Products Holding Co

• **Mr. El Mouhtaz El Sawaf:**

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

In 2006 he co-founded BINTEL, which is part of Saudi BinLaden Group, specializing in acquiring and operating GSM licenses in Africa. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. El Mouhtaz El Sawaf:

- Roots Group Company - Saudi Arabia
- CPC Holding Company- Saudi Arabia
- MIMAR INVEST Company- Saudi Arabia
- Byblos Bank Syria-Syria
- United Food Services Company- Lebanon

Items 7, 8 & 9 – Directors seeking appointment

• **Mr. Ved Jain:**

CA. Ved Jain, FCA, New Delhi, aged 58 years is triple

Bachelor's Degree Holder. He has done his bachelors of Science from Punjab University in 1973. A Fellow Member of ICAI with more than three decades of standing. He was elected as President of The Institute of Chartered Accountants of India for the year 2008-2009 on 5th February 2008. Ved Jain was elected to the Central Council of ICAI for the first time in 2004 and thereafter in 2007.

He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. Ved Jain:

1. Maytas Properties Limited
2. ICAI Accounting Research Foundation
3. PTC India Limited
4. National Aluminum Company Limited
5. PTC India Financial Services Limited

• **Mr. Anil K Agarwal:**

Mr. Anil K Agarwal was the president of ASSOCHAM. He heads the Cosmos Group which has business interests in fields such as Engineering & Electricals, Food & Agro technologies, Biotechnology, Power distribution equipments etc. He is a council member of Indian Institute of Chartered Accountants of India.

He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. Anil K Agarwal:

1. Vams Marketing Private Limited
2. Space Industries Limited
3. Space Capital Services Limited
4. Cosmos International Limited

• **Mr. Hari Sankaran:**

Mr Hari Sankaran, is the Vice Chairman of Infrastructure Leasing & Financial Services Limited (IL&FS), Mumbai, India. Prior to his current position, Mr Sankaran held a number of positions within the Organization including that of the Chief Economist, Head Northern Region and Executive Director.

Mr Hari Sankaran has been closely associated with all initiatives that have established IL&FS as India's leading Infrastructure and Financing Institution: the Institution has

spearheaded the concept of Public Private Partnerships (PPP) across a range of sectors in India including roads, power, telecom, water, ports, education, skill training, e-Governance, etc

Mr Hari Sankaran served as the Chairman of the Infrastructure Committee of the Federation of Indian Chamber of Commerce and Industry of India (FICCI) as well as on also several Governmental Committees tasked with the responsibility of recommending appropriate policy and regulatory interventions to support PPP.

Mr. Hari Sankaran is a post graduate from the London School of Economics & Political Science, and has worked with leading Multinational and Development Finance Institutions.

Directorships of Mr. Hari Sankaran:

1. Infrastructure Leasing & Financial Services Limited
2. IL&FS Energy Development Company Limited
3. IL&FS Technology Services Limited
4. IL&FS Environmental Infrastructure and Services Limited
5. IL&FS Financial Services Limited
6. IL&FS Infrastructure Development Corporation Limited
7. IL&FS Maritime Infrastructure Company Limited
8. IL&FS Renewable Energy Limited
9. IL&FS Transportation Networks Limited
10. Gujarat International Finance Tec-City Company Limited
11. Mangalore SEZ Limited
12. Road Infrastructure Development Company of Rajasthan Limited
13. Tamil Nadu Water Investment Company Limited

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

Place : Dubai
Date : December 22, 2012

G. Venkateswar Reddy
Company Secretary

DIRECTORS' REPORT

The Shareholders

IL&FS Engineering and Construction Company Limited and reduced

Your Directors take pleasure in presenting the Twenty-Fourth Annual Report along with the Audited Accounts for the Financial Year ended September 30, 2012

EXTENSION OF FINANCIAL YEAR :

Your Company has extended its Financial Year 2011-12 by a period of six months i.e. up to September 30, 2012 to give effect to the Capital Restructuring Scheme (details provided elsewhere in this report) during the same financial year and accordingly has prepared its Financial Statements for a period of 18 months i.e. from April 1, 2011 to September 30, 2012

FINANCIAL RESULTS:

(Rs. in Crores)

Particulars	2011-12 18 Months	2010-11 12 Months
Gross Income	2145.40	1067.33
(Loss) / Profit before Interest, Depreciation, exceptional items and Tax	170.64	10.80
Interest and Finance Charges	213.31	74.36
Depreciation	94.00	56.96
(Loss) / Profit before exceptional items, tax and Prior period items	(136.67)	(120.52)
Exceptional items (net)	(10.26)	(129.08)
(Loss) / Profit before Tax and Prior period items	(126.41)	8.56
Provision for Taxes	8.90	(6.07)
Less: Prior Period Expenses (net)	-	11.72
(Loss) / Profit after Tax	(135.31)	2.91
Adjustment as per Scheme of arrangement	179.82	-
Profit after adjustment as per the Scheme of arrangement	44.51	2.91
Paid up Equity Capital	89.79	77.37
Preference Share Capital	249.86	307.50
Reserves and Surplus	72.37	197.18
Net worth	412.02	582.05
Earnings per share (In Rupees)		
- Basic	(21.80)	(2.64)
- Diluted	(21.80)	(2.64)

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

SHARE CAPITAL:

75,00,000 Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- each (OCCRPS) were converted into 1,24,17,218 Equity Shares of Rs.10/- each at a price of Rs.60.40 per share as per the terms of issue of the said OCCRPS pursuant to the Corporate Debt Restructuring Scheme (CDR Scheme) and the same were allotted to the concerned OCCRPS holders on September 30, 2012

The Company has issued 15,00,000 and 2,36,280 6% Cumulative Redeemable Preference Shares (CRPS) as bonus CRPS on OCCRPS and CRPS respectively on September 29, 2011

Out of the above 15,00,000 6%-CRPS, 4,50,000 CRPS were due for redemption on September 30, 2012. The Company had extended the period of redemption of these shares by a period of three years with an early redemption right to the Company before the extended period of three years by giving 30 days notice period i.e. the new redemption date for these 4,50,000 CRPS shall be September 30, 2015 unless they are redeemed earlier by giving 30 days notice to the concerned shareholders

DIVIDEND:

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

However, your Directors recommend to pay 6% Preference Dividend to the Preference Shareholders for the Financial Years 2010-11 and 2011-12, as extended, on pro-rata basis for the number of days the preference shares are outstanding during the respective years from the profit arising out of Capital Restructuring Scheme, as your Company has an obligation to pay the dividend on Preference Shares

OVERVIEW:

During the year under review, your Company successfully undertaken Capital Restructuring Scheme to set off accumulated losses against the Securities Premium Account etc. which enabled the Company to declare dividends to the Shareholders as and when balance is available in Profit and Loss account of the Company. The details of the Capital Restructuring Scheme are provided elsewhere in this report

Four of Saudi Bin Ladin Group's representatives joined the Board as Directors and are taking active role in the business operations of the Company

The Company has extended its operations beyond the territorial limits of India and are now operating from Saudi Arabia under a separate joint venture subsidiary and through its branches in Fujairah and Abu Dhabi

A new team of top officials was inducted in the Company which ensured increased efficiency in the operations of the Company

The Company has been getting good number of sizeable orders from various sectors and from both Government and Private Parties which provide better future for the Company

FUTURE OUTLOOK:

With a healthy order book of Rs.8,400 Crores on hand, the Company looks forward to increasing turnover and better performance in future.

RECOVERY OF INTER CORPORATE DEPOSITS (ICDs):

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

FIXED DEPOSITS:

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

SUBSIDIARIES AND JOINT VENTURES:

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

(1) Maytas Infra Assets Limited (MIAL):

MIAL was incorporated in February 2008, as a wholly owned Subsidiary, to carry on the business of infrastructure projects and for consolidation of all investments made by your Company in BOT projects. Your Company has invested an amount of Rs. 0.05 crores in Equity and paid Rs. 18.57 Crores towards Sub-debt and reimbursement of expenses in MIAL till September 30, 2012. No projects were secured during the year. Out of this amount advanced, Rs.11.28 Crores approximately has been considered as impaired as they are not represented by any realizable assets and therefore have been provided in full

(2) Maytas Metro Limited (MML):

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

(3) Maytas Vasishtha Varadhi Limited (MVVL):

MVVL, a Subsidiary of your Company, was incorporated in April 2008 for executing the construction of bridge across Godavari River at Narasapur on BOT (Annuity) Basis, awarded by Andhra Pradesh Road Development Corporation (APRDC). Your Company has invested an amount of Rs. 0.05 Crores towards the equity and Rs 2.80 Crores towards sub-debt

and reimbursement of expenses till September 2012. As the project could not be taken up by the Company post-Satyam developments, it had found out a partner M/s. Coastal Projects Ltd., to take up the project and made application to the State Government for approval of new partner. The Government of Andhra Pradesh approved the entry of M/s. Coastal Projects Ltd. However, when the Company filed application with the Government for extension of time, the Government of Andhra Pradesh unilaterally cancelled the Project and invoked the Bank Guarantee submitted by the Company. The Company contested the unilateral cancellation in the Court of Law and obtained stay order against invocation of Bank Guarantee by the Government. Currently, the matter is before the Hon'ble High Court of Andhra Pradesh for its adjudication. However, as a matter of prudence, the Company has provided for an amount of Rs.2.80 Crores during the year under review

(4) Angeerasa Greenfields Private Limited (AGPL):

Your Company has acquired AGPL in the previous Financial Year. The subsidiary in the earlier years has advanced Rs.50 Crores in the form of Inter Corporate Deposits (ICDs) to various other Companies which ultimately credited to the bank accounts of M/s Satyam Computer Services Limited (SCSL). AGPL has initiated legal action for the recovery of the said deposits through the Companies to whom it has lent the monies with various authorities and AGPL is hopeful of receiving the same in due course

(5) Ekadanta Greenfields Private Limited (EGPL):

Your Company has acquired EGPL in the previous financial year. The subsidiary in the earlier years has advanced Rs.18.58 Crores (net of repayment of Rs.17.92 Crores by SCSL) in the form of ICDs to SCSL. EGPL has initiated legal action for the recovery of the said deposits with various authorities and EGPL is hopeful of receiving the same in due course

(6) Saptaswara Agro-farms Private Limited (SAPL) :

Your Company has acquired SAPL in the previous financial year. The subsidiary in the earlier years has advanced Rs.19.75 Crores (net of repayment of 15.25 Crores by SCSL) in the form of ICDs to SCSL. SAPL has initiated legal action for the recovery of the said deposits under various authorities and SAPL is hopeful of receiving the same in due course

(7) Maytas Infra Saudi Arabia Co. (MISA) :

During the year, your Company has incorporated Maytas Infra Saudi Arabia Co. (MISA) in Joint Venture with Saudi Bin Ladin Group in Kingdom of Saudi Arabia. Your Company owns 55% shareholding out of a total capital of SAR 50,000,000 (Indian Rupees 33.19 Crores) in this joint venture with three director positions out of 5 director positions. Accordingly, this Joint Venture became subsidiary of your Company

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of your Company, together with its Subsidiaries, Associates and Joint Venture Entities for the Financial Year ended September 30, 2012, prepared in accordance with the Accounting Standard 21, 23 and 27 notified by Companies (Accounting Standards) Rules, 2006, are attached herewith

DIRECTORS:

During the year, Mr. Ravi Parthasarathy and Mr. Vimal Kishore Kaushik stepped down as Chairman and Managing Director of the Company respectively. Mr. Arun Saha has resigned as Director of the Company on December 12, 2012. Further, nominations of Mr. Ved Jain and Mr. Anil K Agarwal were withdrawn by the Government of India, with effect from September 01, 2011 pursuant to completion of their term as nominee directors in terms of Order of Company Law Board. Following the cessation of their Directorship pursuant to the aforementioned withdrawal, Mr. Ved Jain and Mr. Anil K Agarwal were inducted on the Board as Independent Directors with effect from November 13, 2011. Mr. Hari Sankaran was appointed as an Additional Director on the Board of the Company with effect from December 11, 2012

Mr. Gogireddy Venkateswar Reddy was appointed as Manager of the Company for a period of two years with effect from November 14, 2011. Mr. Ramchand Karunakaran has been appointed as Chairman of the Board. Mr. MD Khattar was appointed as Chief Executive Officer of the Company

CAPITAL RESTRUCTURING SCHEME:

The Company had undertaken a Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 (the Act) read with Sections 78, 100 to 104 of the Act for restructuring of its Capital. The same was sanctioned by the Hon'ble High Court of Andhra Pradesh (the Court) vide its Order dated October 17, 2012, as modified by Orders dated October 19, 2012 and November 7, 2012. The said orders of the Court were registered with the Registrar of Companies on November 21, 2012. Pursuant to the said Scheme, an amount of Rs.612.24 Crores being balance in Securities Premium Account as on the appointed date i.e. July 1, 2011, was adjusted with its past losses. The balance in the Statement of Profit and Loss after this adjustment was Rs.179.82 Crores as on the appointed date

The Court, while sanctioning the Scheme, laid down the following conditions:

- The Company shall within four weeks of this order, furnish an unconditional Bank Guarantee for Rs.70.02 Crores and deposit the guarantee with the Registrar (Judicial), High Court of Andhra Pradesh, to be retained to the credit of, and till the final outcome of Company Petition No.199 of 2010, or any directions passed therein. The debt due to the other two unsecured creditors, who voted against the scheme, of Rs.8.38 lakhs shall be repaid to them within four week from October 19, 2012 and proof of payment shall be filed by way of an application, supported by an affidavit, in the Company Petition
- The Company shall add to its name, as its last words "and reduced" for the period up to and until the end of the Financial Year 2012-13; and in the balance sheet, the profit and loss account, and the annexure for the said period
- The balance of Rs.179.82 Crores in the Statement of Profit and Loss arising pursuant to the Scheme of Arrangement can be utilized only for payment of dividend to the Preference Shareholders, to set-off losses, if any, from the current Financial Year onwards and for redemption of Preference Shares, but not for payment of dividend to Equity Shareholders

The Company has complied with the conditions stipulated by the Order of High Court of Andhra Pradesh referred above and has given effect to the Scheme in the Financial Statements of the Company for the Financial Year ended September 30, 2012.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (1) in the preparation of the accounts for the Financial Year ended September 30, 2012, the applicable accounting standards have been followed and that there are no material departures in the preparation of annual accounts;
- (2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at September 30, 2012 and of the profit of the Company for the year ended on that date;
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) the Directors have prepared the accounts on a going concern basis

MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

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

CORPORATE GOVERNANCE:

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

AUDITORS:

The Statutory Auditors of the Company M/s S R Batliboi & Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting. M/s S R Batliboi & Associates, Chartered Accountants, being eligible, offer themselves for re-appointment and are proposed to be appointed as Statutory Auditors of the Company to hold office from the conclusion of

this Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received letters from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act

Replies to the Audit Qualifications:

Replies to the Audit Qualifications - Standalone Financial Statements:

- (1) Clause No5(a) & 5(b) : Non-preparation of Un-audited Financial Statements of Joint Ventures:

Reply: The qualification in respect of non-preparation of Financial Statements relates to Maytas SNC JV (presently known as SNC Power Corporation Pvt Limited) which could not produce its accounts before adoption of the accounts of the Company. Hence, the impact of Profit/(Loss) in the said Joint Venture has not been considered in the Financial Statements of the Company

The qualification in respect of adoption of Unaudited Financial Statements relates to all the Joint Ventures of the Company. Accounting year of the Company has been extended by 6 months i.e upto September 30, 2012, and the Joint Ventures being AOPs do not have the practice or requirement to get their accounts audited for 18 months. Hence, they provided unaudited Management signed accounts which have been adopted by the Company

- (2) Clause No.6 : Recovery of Inter-Corporate Deposits :

Reply: Prior to April 1, 2009 the erstwhile promoters had given Inter Corporate Deposits aggregating to Rs.391.64 Crores to various companies. As at September 30, 2012, the outstanding balance of Inter Corporate Deposits to various companies aggregated to Rs.713.64 Crores (including Rs.369.85 Crores to Maytas Properties Limited [MPL]). Of the foregoing, documentary evidences had been established that, for an amount of Rs.323.78 Crores, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted Rs.1230.40 Crores as liability in its Audited Financial Statements as at March 31, 2012 under the head "Amounts Pending Investigation Suspense Account (Net)". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Financial Statements. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon. During the earlier year and the year under review, the qualification on ICDs has been restricted to the extent of Rs.343.78 Crores in the Audit Reports in view of acquisition of MPL by IL&FS Group and the Company was confident of recovering ICD amounts of Rs.369.85 Crores from MPL along with interest

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

Reply: The maximum amount of Rs.47.87 Crores pertains to an Inter Corporate Deposit given to Maytas Properties Limited in the Financial Year 2008-09 by the erstwhile Promoters. The Company ceased to be a Company to be covered in the Register maintained under Sec.301 of the Companies Act 1956

with effect from September 29, 2009. The Company is confident of recovering the Inter Corporate Deposit along with interest in view of acquisition of Maytas Properties Limited by IL&FS Group as per the CLB order. Further, during the year, the Company has accrued gross interest income of Rs.12.96 Crores on the said Inter Corporate Deposit

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

Reply: The Company in general has been regular in remitting the statutory dues in time. The Management has taken steps to avoid delays and as a matter of internal control also, statutory dues are being monitored for timely remittances

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

Reply: The Company has started bidding for new business both in India and abroad and has been bagging new projects considerably. The Company is confident of the future business performance and growth based on the following:

- Healthy Order book
- The Promoter Group has extended credit facilities to the tune of Rs.676.50 Crores to support the liquidity position of the Company
- The Company has also unutilized limit of Rs.143 Crores from IL&FS
- The Company has undertaken a Capital Restructuring Scheme which was approved by Hon'ble High Court of Andhra Pradesh whereby all accumulated losses have been wiped out
- The Lender Banks had approved additional working capital facilities of Rs.399.48 Crores

Replies to the Audit Qualifications – Consolidated Financial Statements :

- (1) Clause 4 (a): Unaudited Financial Statements of Joint Ventures & Subsidiaries:

Reply: The Auditors have qualified their Report for the period ended September 30, 2012 stating that six joint ventures and seven subsidiaries have been consolidated based on the Unaudited Financial Statements. The Company has taken its share as on September 30, 2012 pursuant to extension of its Financial Year based on the unaudited signed Management Accounts of the Joint Ventures and subsidiaries which were provided to the Auditors. Hence, consolidation was done on the basis of accounts certified by the Management of these investee companies

- (2) Clause 4(b): Non submission of Financial Statement of Jointly Controlled Entity:

Reply : This qualification relates to Maytas SNC JV (presently known as SNC Power Corporation Pvt Limited) which could not produce its accounts before adoption of the accounts of the Company. Hence, the Company has consolidated based on the Audited Financial Statements as at and for the year ended March 31, 2010

- (3) Clause 5 : Recovery of Inter Corporate Deposits :

Reply: Prior to April 1, 2009 the erstwhile promoters had given

Inter Corporate Deposits aggregating to Rs.391.64 Crores to various companies. As at September 30, 2012, the outstanding balance of Inter Corporate Deposits to various companies aggregated to Rs.713.64 Crores (including Rs.369.85 Crores to Maytas Properties Limited [MPL]). Of the foregoing, documentary evidences had been established that, for an amount of Rs.323.78 Crores, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted Rs.1230.40 Crores as liability in its Audited Financial Statements as at March 31, 2012 under the head "Amounts Pending Investigation Suspense Account (Net)". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Financial Statements. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon. During the earlier year and the year under review, the qualification on ICDs has been restricted to the extent of Rs.343.78 Crores in the Audit Reports in view of acquisition of MPL by IL&FS Group and the Company was confident of recovering ICD amounts of Rs.369.85 Crores from MPL along with interest

EMPLOYEES:

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

PARTICULARS OF EMPLOYEES:

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

ESOP 2007 and 2009:

Your Company has granted 28,49,984 options under ESOP 2009 Scheme as Grant – II to the employees of the Company / Directors of Subsidiaries as decided by the Remuneration Committee on June 28, 2012

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

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

The Company, hereby undertake to comply with the following;

- The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time

- The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned
- The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand

ENVIRONMENTAL POLICY:

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

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

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

Conservation of Energy:

The conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis

Technology Absorption:

Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated

Foreign Exchange Earnings & Outgo:

	(Rs. Crores)
Earned	Nil
Outgo	8.22

ACKNOWLEDGMENTS:

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

By order of the Board

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

Place : Dubai
Date: December 22, 2012

**Ramchand Karunakaran
Chairman**

Annexure to Directors' Report

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on September 30, 2012 under the Employee Stock Option Scheme of the Company are as under:

(1) Summary of Status of ESOPs Granted:

The position of the existing schemes is summarized as under

Sr. No	Particulars	ESOP Scheme 2007	ESOP Scheme 2009 - Grant I	ESOP Scheme 2009 - Grant II
1	Details of the Meeting	Authorised by Shareholders of the Company on March 30, 2007	Authorised by Shareholders of the Company on November 9, 2009	
2	Approved	Upto 2% of Equity Share Capital of the Company	Upto 10% of Equity Share Capital of the Company	
3	The Pricing Formula	Exercise Price equal to IPO Price	Exercise Price equal to Market Price	
4	Options Granted	644,967	1,201,407	2,849,984
5	Options Vested and in Force	31,294	385,002	0
6	Options Exercised	856	0	0
7	Options Forfeited / Surrendered	0	0	0
8	Options Lapsed	30,103	262,119	140,960
9	Total Number of Options in force as on September 30, 2012	31,294	640,095	2,709,024
10	Variation in terms of ESOP	Not Applicable	Not Applicable	Not Applicable
11	Total number of shares arising as a result of exercise of options	856	0	0
12	Money realised by exercise of options (Rs. in Lakhs)	3.32	0	0

(2) Employee-wise details of options granted during the Financial Year 2011-12 to:

- Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year: - NIL
- Senior Managerial Personnel- ESOP 2009 (Grant II) -

S.No	Name of the KMP	Designation	No. of Options granted
(i)	Ramchand Karunakaran	Chairman	40,000
(ii)	Arun K Saha	Ex-Director	70,000
(iii)	Murli Dhar Khattar	Chief Executive Officer	70,000
(iv)	S N Mukherjee	Chief Financial Officer	20,416
(v)	Pradeep Kulshrestha	Chief Technical Officer	20,416
(vi)	Anil Kumar Khanna	President	31,152
(vii)	Gautam Sadasiva	President	25,520
(viii)	Atul Kumar	Vice President	19,616
(ix)	C S Raju	Executive Vice President	28,480
(x)	Abdul Majeed Kadambot	Executive Vice President	19,088
(xi)	Subhash Chander Sachdeva	Advisor	23,728
(xii)	Sidharth Mohan Goel	Executive Vice President	23,728
(xiii)	Kallepalli Subba Raju	Sr. Vice President	26,160
(xiv)	Venkateswara Rao Pemmaraju	Sr. Vice President	22,464
	Total		440,768

- Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – NIL

(3) Weighted average exercise price of options granted during the year whose

(a) Exercise price equals market price	58.90
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

Weighted average fair value of options granted during the year whose

(a) Exercise price equals market price	0.00
(b) Exercise price is greater than market price	0.00
(c) Exercise price is less than market price	0.00

(4) The stock-based compensation cost calculated as per the intrinsic value method for the period ended September 30, 2012 is Rs. 0.00 Crores. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the Financial Statements for the period ended September 30, 2012 would be Rs. 1.62 Crore. The effect of adopting the fair value method on the net income and earnings per share is presented below

(Rs in Crores)

	2011 – 12 Amount Rs. Crore	2010 – 11 Amount Rs. Crore
(Loss) / Profit as reported	(168.72)	(18.60)
Add: Employee stock compensation under intrinsic value method	-	(0.33)
Less: Employee stock compensation under fair value method	(1.62)	0.95
Proforma profit	(170.34)	(17.98)
Earnings Per Share (Rs.)		
Basic		
- As reported	(21.80)	(2.64)
- Pro forma	(22.01)	(2.56)
Diluted		
- As reported	(21.80)	(2.64)
- Pro forma	(22.01)	(2.56)

(5) Method and assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Variables	28 – June – 2012
1. Risk Free Interest Rate	8.38%
2. Expected Life	2.50 Years- 5.50 Years
3. Expected Volatility	54.38%
4. Dividend Yield	0%
5. Price of the underlying share in market at the time of the option grant.(Rs.)	58.90

Management Discussion and Analysis

(A) Economic Overview:

– Indian Economy:

With rising uncertainty in the Euro zone, muted investment demand, and a policy logjam, GDP growth in 2012-13 is expected to remain around the 2011-12 level of 6.5 per cent. Services growth has been revised downward to reflect the sluggish growth in IT/ITES as a result of slowing export demand from the Euro zone, and slower-than-earlier-anticipated growth of the hotels, trade and transport sector due to moderation in private consumption growth. Although industry may benefit from expansion of the mining sector on a low base, manufacturing and construction growth will remain weak due to limited scope for reduction in interest rates, and weak investment demand. Sub-normal monsoons and a further worsening of the Euro zone situation can create downside risks to such tepid growth forecast of 6.5 per cent for 2012-13

- Overview of Infrastructure/Construction Industry:

With the growing focus on infrastructure development, Indian construction industry has witnessed rapid growth to become the second pillar in the national economy after agriculture. As per estimates, the construction industry in India has grown at a compounded annual growth rate of about 11.1 per cent over the last eight years

However, in the last couple of years, the construction industry showed a dismal performance on account of the economic slowdown. Delay in the project awarding process in both infrastructure and industrial sector has hampered the order inflows to the construction companies. On account of the execution and liquidity concerns, the revenue growth of the construction industry is expected to remain lower in the near term. Industry research indicates that the long term growth prospect for the industry remains intact. In Q2 FY13, construction GDP grew by 6.7% on a YoY basis, as against the growth of 4.3% registered in Q2 FY12. However, on a QoQ basis, the construction GDP registered a decline of 3% mainly due to slow down in the construction activities led by the monsoon season. At the end of Q2 FY13, the multiple of order backlog to the net sales (four trailing quarters) of the major construction companies stood in the range of 2.4 to 3.8 times

– Global Economic Situation:

It is evident that the global economy is yet to get out of the fallout from the financial crisis of 2008. Global growth, in fact, dropped to almost 3 percent in 2012, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend is predicted to continue. Mature economies are still healing the scars of the 2008 crisis. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012, and is not expected to do so in 2013. Uncertainty across the regions – from the post-election ‘fiscal cliff’ question in the U.S. to the Chinese leadership transition and reforms in the Euro Area – will continue to have global impacts in sluggish trade and tepid foreign direct investment

(B) Opportunities :

(1) Irrigation & Water:

During 12th plan, an outlay of Rs.3,41,900 Cr is recommended for the Major & Minor Irrigation (MMI) sector

of which Rs.2,08,600 Cr would be in the state sector and Rs. 1,33,300 Cr would be in the central sector. Further, The Ministry of Water Resources proposed an annual outlay of Rs. 91,435 Cr for Accelerated Irrigation Benefit Program (AIBP) with a view to complete ongoing Irrigation / multipurpose projects. A sum of Rs. 500 Cr was proposed for command area development and water management programmes. An irrigation management fund of Rs. 10,000 Cr has also been proposed. A study by the CII estimates that between 2011 and 2020 India will need Rs.1,35,000 Cr for water and Rs. 1,80,000 Cr for sewerage and sanitation

(2) Roads:

Apart from PPP Projects on BOT basis, NHAI chose EPC model for the Two Lane projects because most of the two lane roads lack heavy traffic. Accordingly, NHAI planned to award 8,800 km of Two Lane Road projects in 2013-14. These two lane projects may entail work orders worth up to Rs. 15,000 Cr. For this, NHAI already initiated action for pre qualifying the suitable Bidders for various packages. For the year 2012-13 NHAI is targeting to award around 7,300 kms out of which approximately 1,000 kms has already been awarded and is geared to award another 800 kms per month in the Fourth quarter

Honorable Prime Minister of India, Mr. Manmohan Singh, has urged the Transport Ministry that it should work towards a target of awarding 10,000 kms of roads ever year by building a shelf of 10,000 kms of projects and ensure that it prepares a detailed project report of another 15,000 kms for the year

NHAI also introduced e -tendering in August 2011, and launched project monitoring through GIS-based satellite imagery from September 2011 which will help in faster awarding of project and will also ensure that timelines of the project are adhered to

The twelfth plan projected Central assistance to states for Roads & Bridges projects Rs.12,410 Cr. Ministry of Road Transport and Highways (MoRTH) is planning to invite Bids for 4,000 kms on EPC basis in FY 2013-14. The approximate cost of these projects is Rs.10,000 Cr.

(3) Power :

Power sector is poised to see a huge capacity addition which will provide ample opportunities for players from construction to Balance of Plant (BOP) business . Economic growth and enhanced industrial activity have increased the demand for power in the country prompting investments in capacity addition . This will need a capital outlay of over Rs 13.7 Trillion during the 12 th Plan period which will result in construction opportunities of Rs 5.2 trillion. The government has shown initiative in tackling structural issues which plague the sector and has taken steps to address major issues such as fuel linkages and pricing . Further emphasis rural electrification has provided additional opportunity for EPC business in transmission and distribution

The company has been successful in securing the following Orders:

- Order for five sub stations from Haryana Vidut Prasaran Nigam Limited (HVPNL) for a world bank funded project

- Contract for rural electrification of Rs.330 crores was secured from West Bengal State Electricity Distribution Company Limited (WBSEDCL), Kolkata
- First 400KV transmission line contract of Rs 115 crores was secured from IL&FS Tamilnadu Power Company Limited, Chennai for Cuddalore Power Project

(4) Railways :

Government has accorded highest priority to improve urban infrastructure by giving a boost to Metro Railways in almost all metropolitan cities in the country. Delhi, Lucknow, Ahmedabad, Pune Metro Rail Projects offer new opportunities in Metro Construction & Viaducts

Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL) in the first phase will be constructing two corridors – the Western DFC (1483 Km) and Eastern DFC (1839 Km). The two corridors are likely to cost about Rs. 45,000 crore as per revised estimate of 2009, resulting in a project completion cost of about Rs. 80,000 crore in 2016-2017. The DFCCIL's ambitious project will offer huge opportunity for Earthwork, Bridges, Track Works etc. It also provides opportunities in building of nine large industrial zones, developments of ports, airports etc

A large number of rail projects are being implemented by Rail Vikas Nigam Ltd. either through formation of project specific SPVs, Build Own Transfer (BOT) route or by raising funds by them directly. These projects offer good opportunity for construction of new railway lines, gauge conversion and doubling works

(5) Building & Structures :

The challenges for Indian real estate, now and in the near future, are the expensiveness of liquidity for real estate, the lack of availability of serviced urban land, continuing procedural delays in approvals, the slow pace of infrastructural growth

In terms of commercial real estate outlook, there has been a demand contraction of about 15% with reference to absorption in 2011. In retail real estate, many new malls that are now completed or are under construction are superior, which is a definite sign of the market maturing. The Indian residential property market is behaving like a swinging pendulum. Sale velocity has been rising and falling over the last two or three quarters, and now capital values are going up because of increased input costs. All such factors have resulted in slowdown of new launches. However, the Company has been successful in securing new orders worth Rs 750 Cr after April 2012 in both commercial and residential segment

(6) Oil & Gas:

The overall outlook of Oil & Gas sector in the Indian Market is very encouraging from the infrastructure point of view. Due to the tight domestic gas situation owing to the fall in gas output in Krishna Godavari basin LNG is an attractive option for industrial consumers and gas based power companies. LNG storage capacity is expected to rise to 22 Million Metric Tonnes per annum by 2014-15. The pipeline network is expected to double to 24,000 Kms. The most significant additions are 12000 Kilometers of gas pipeline by GSPL and GAIL

Private players like RGTIL has investment plans of 2800

Kms pipeline by 2014 at an investment of Rs. 150 billion. ONGC plans to develop hydrocarbon facilities in G1 and GS-15, Vashishta, S1 and GS-29 blocks for an estimated investment of \$9.75 billion. ONGC is also planning to revamp its old facilities at Mehsana, Ahmedabad and Ankleshwar and thereby giving an opportunity to Oil & Gas infrastructure players to enter into this lucrative space

BPCL has planned to invest Rs. 500 billion in expanding its refining capacity. HPCL has an outlay of Rs. 115 billion for upgrading its facilities. In the Global Context, there is likely to be an upsurge in the pipeline business due to the increase in energy demand and relative political stability in MENA region

Your Company has bagged the following orders in Oil & Gas Sector:

1. Halol Godhra Dahod Pipeline Project from GSPL. 12" OD x 103Km Pipeline and associated facilities on EPCC basis worth Rs. 51.31 Crore
2. Oil Storage Tank Terminal Project at Fujairah for construction of Oil Storage Tanks Terminal and associated facilities on EPCC basis worth AED 304 Million

(C) Performance during the year:

During the year under review, your Company was also a victim of the global economic slowdown which was more specific to infrastructure sector. In spite of increase in Revenue, the Company suffered loss during the year mainly due to scope reduction by the Clients and extension of time in legacy projects being executed in Roads and Irrigation sectors. Company has claims against the Client in respect of Extension of Time and Scope Variations which are under various stages of discussions with the Client. As a matter of prudence, the Company has not accounted for such Claims in its Books of Accounts

In spite of the gloomy situation all around, your Company had been able to achieve an impressive order book especially in the later part of the financial year in Roads and Buildings segments. Management of the Company has been relentless in its efforts to revive the Company. As a step towards achieving this, it has strengthened its execution capabilities by ramping up manpower resources and by reinforcing skills in the areas of business development, estimation, engineering, planning and project execution to cater to the anticipated levels of growth

Your Company has extended its operations to Saudi Arabia by forming a Subsidiary together with Saudi Bin Ladin Group which has commenced its operations during the year

IECCL is ISO 9001:2008 certified company for Quality Management Systems through International accredited certification body AQA.USA. Your Company has also committed to the highest standards of quality for delivering infrastructure projects with ensuring total customer satisfaction. Your Company has performed audits, Inspection and training program at our projects site for continual improvement of the Quality Management System. Your Company has deployed and empowered the engineers at all project sites to comply with client specification, national / International standards and applicable legal requirements. Your Company has achieved best level of quality services with the less number of non-compliance, improved supply / consistent quality and Environmental friendly & OHS risk free services

Your Company has vision to enhance the quality of life by creating world-class infrastructure. Management have planned to go for IMS certification (Integrated Management System for ISO 9001:2008, ISO 14001: 2004 and OHAS 18001:2007) in coming months, which will help to achieve our objectives with satisfaction of stakeholders and customers globally

Details of Projects Bagged During April'2011 to September'2012:

		(Rs. In Million)
SL	Description of the Project	Value
1	Commercial Tower Q-C2 at Corporate Park north in GIFT, Gujarat	2128.75
2	Construction of Towers at Aquapolis, Ghaziabad,U.P.	168.65
3	Structural Works at La-Tropicana, Khyber Pass, Delhi, Parswanath Developers	270.27
4	IT Park building at Sector 48 , Gurgaon, Parswanath Developers	1000.00
5	400KV D/C TL from LILO Point of Existing PGCIL Line to 400 KV SS at KVK Nilachal Pvt Ltd. Power Plant in Cuttack Orissa-	156.58
6	Construction of jackwell cum Pump house at KVK Nilachal Power Project	130.68
7	Water Storage Scheme at ATPP (Dam & Barrage) required for 1200 MW (2X600 MW) Coal based TPP in Anuppur District, MP	615.13
8	Construction of Contract for Halol- Dahod Pipeline Project	513.15
9	Up Gradation of HUDA - DLF Sector Roads	3943.00
10	Doubling of Bhigwan - Mohol Section	1403.58
11	RVNL - Railway Line including 7.56 Kms long Tunnel in Kadapa AP	1346.00
12	Construction of SEZ at Noida	1580.00
13	EMAAR-MGF-Residential Towers	3360.10
14	4. No. 132 KV Substations, In Diff. Locations of Haryana - Pkg(B)	363.00
15	400 KV Transmission Line, Cuddalore to Nagapattinam (47 Kms)	1150.00
16	Rural Electrification Work -Pkg-12,13 and 14	3303.70
	Grand Total	21432.59

Details of Projects Completed During April 2011 to September 2012:

(Rs. In Million)

SL	Description of the Project	Value
1	Supply ,Erection, Testing and Commissioning of 220 Kv Transmission Lines from Chittoor -Palamaneru section (60 Km) in AP.	98.00
2	Supply ,Erection, Testing and Commissioning of 220 Kv Transmission Lines 40 Km from Medchal -Minpur section (40 Km) in AP.	100.00
3	Supply ,Erection, Testing and Commissioning of 220 Kv Transmission Lines and Sub stations under GKLIS- Kadapa, in AP.	287.80
4	Construction of 60 Nos -G Type quarters for Married Research Scholars at IIT-Chennai	94.80
5	Bhupati Palem Reservoir Project.	755.60
6	Hyderabad Outer Ring Road-(Package AP-2)	4089.80
7	4 Lanning of NH- 36 (AS-17)	2630.00
	Grand Total	8056.00

(D) Discussion on Financial Performance :

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

The Order Book of the Company as on 30th September-2012 is as below:

Sector	On Hand (Rs. in Millions)
Roads	17039
Railways	3038
Buildings	10317
Irrigation	48146
Power	5373
Oil & Gas	416
Total	84329

Overall Financial Performance :

- (1) Turnover: The Company has achieved a turnover of Rs 2042.56 Cr for the 18 months period as against Rs. 1015.18 Cr of the previous year.
- (2) Profit after tax: Profit after adjustment as per the Scheme of Arrangement is Rs.44.51 Cr against Rs. 2.91 Cr in 2010-11
- (3) Earnings per share: EPS for the period is Rs. (21.80) as compared to Rs. (2.64) in the previous year.
- (4) Share Capital: The share capital of the company stands at Rs 339.65 Cr as compared to Rs.384.87 Cr. Decrease in the share capital is mainly due to conversion of 30% of Optionally Convertible Cumulative Redeemable Preference Shares into Equity Shares.
- (5) Net worth: During the year, Company's net worth is Rs. 412.02 Cr as compared to Rs. 582.05 Cr in 2010-11.
- (6) Debt: In order to meet the growing working capital needs of the Company due to increased operations, promoters have advanced loans. Consequently, debt position of the Company increased to Rs.1364 Cr as against Rs.847 Cr
- (7) Fixed Assets: The Company's fixed asset base (Gross Block) has increased marginally from Rs. 550.65 Cr. in 2010-11 to Rs.566.77 Cr in 2011-12.

E) Outlook:

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

(F) Challenges, Risks and Concerns:

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

(1) Liquidity Position:

IL&FS as the promoter has supported your Company by providing long term loans to meet the working capital requirements. Also, during the year, consortium of Bankers have sanctioned additional working capital facilities which would substantially improve the liquidity position of the Company. While the overall Cash Flow situation has improved during the year, the Company is aggressively working with banks & financial institutions for further funding to support the growth phase expansion of working capital

- (2) Changes in Government policies including change in tax structure: While of late, Government policies are tending to be more stable than they were in the past, the Company does provide for such contingencies at the time of bidding if the attendant costs cannot be passed on to the customer through the contract itself
- (3) Price Inflation Risk: Extraordinary fluctuations in the raw material prices have been witnessed over the last one year. The Company has a centralized purchase department to meet the requirements of all its projects and is therefore able to source large volumes at best price and terms
- (4) Slowdown in Government Spending: Given the current size of the order book and the number of infrastructure projects that are in the pipeline, your Company is confident of maintaining the present levels of operations

(G) Internal Control System and their Adequacy:

The company has put in place adequate and effective system solutions to manage internal controls to ensure that all company assets and interests are safeguarded properly. All transactions are recorded, authorized and approved properly. Reliability and accuracy of accounting data are ensured with proper checks and balances for complying with various statutory requirements. The company has recently implemented Oracle eBusiness Suite as Enterprise Resource Planning (ERP) System for recording such transactions with complete audit trail, which addresses the requirements of Supply Chain Management, Finance & Accounts, Projects, Plant & Machinery and Human Resource departments in an integrated way. A renewed emphasis on Internal Audit process and in-house Governance policies has been the practice of the day. The Company has continued thrust on improved systems & policies with an endeavor to align all business processes with ERP system and implement best practices

(H) Human Resources & Industrial Relations :

The Company has implemented several plans to attract and retain skilled manpower at all levels. The Company introduced many new initiatives for better employees' engagement and also implemented training programs for its employees to develop their both hard and soft skills required for their profession. As on September 30, 2012, the Company had 828 permanent employees

Cautionary Statement:

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

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

Composition:

As on September 30, 2012, the Board consisted of Eight Directors

All the Directors on the Board are professionals, having expertise in their respective functional areas. None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which he is a director. As required under Clause 49 of the Listing Agreement, necessary disclosures regarding committee positions have been made by the Directors

Board Meetings:

During the financial year 2011 – 2012, as extended, the Board met 10 times on the following dates. April 02, 2011, May 25, 2011, August 10, 2011, November 13, 2011, November 13, 2011, February 12, 2012, March 24, 2012, May 15, 2012, May 23, 2012 and August 12, 2012

Attendance, Directorships, Memberships Chairmanships of Committees

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the period April 01, 2011 to September 30, 2012 along with the number of directorships and committee memberships held by them in other companies as on September 30, 2012 are given below

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

SL No.	Name of the Director	Category of Directorship	Attendance at Board Meetings		Number of Directorships in other public Companies	Number of Committee positions held in other public companies		Whether present at the Previous AGM
			Held	Attended		Chairman	Member	
1.	Mr. Ravi Parthasarathy *	Non Executive Director	5	5	-	-	-	Yes
2.	Mr. Vimal Kishore Kaushik*	Managing Director	5	5	-	-	-	Yes
3.	Mr. Ved Kumar Jain	Nominee and Non Executive Director	10	9	4	1	0	Yes
4.	Mr. Anil Kumar Agarwal	Nominee and Non Executive Director	10	8	3	0	0	Yes
5.	Mr. Arun K Saha#	Non Executive Director	10	10	13	3	8	Yes
6.	Mr. Karunakaran Ramchand	Non Executive Director	10	9	13	1	5	No
7.	Mr. Akberali Mohemedali Moawalla	Non Executive Director	7	5	0	0	0	NA
8.	Mr. Saleh Mohammed A Binladen	Non Executive Director	7	2	0	0	0	NA
9.	Mr. Ahmad Mohamad Dabbous	Non Executive Director	7	4	0	0	0	NA
10.	Mr. El Mouhtaz El Sawaf	Non Executive Director	7	2	0	0	0	NA

* Resigned from the Board w.e.f November 13, 2011

Resigned from the Board w.e.f December 12, 2012

Directors' Compensation and Disclosures:

(i) No sitting fee has been paid to Non-Executive Directors for attending Board Meeting or Meeting of any Committee held during the year.

However reimbursement of actual travel and out of pocket expenses incurred for attending such Meetings shall have been made. Remuneration paid to Managing Director until his resignation is disclosed in the Notes on Accounts forming part of this Annual Report.

(ii) Further the following disclosures on the remuneration of

directors shall be made in the section on the corporate governance of the Annual Report:

- (a) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc
- (b) Details of fixed component and performance linked incentives, along with the performance criteria
- (c) Service contracts, notice period, severance fees
- (d) Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable

Directors seeking appointment / re-appointment

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement are annexed to the Notice convening the Annual General Meeting and forms part of this Annual Report

3. COMMITTEES OF THE BOARD OF DIRECTORS

a) AUDIT COMMITTEE

Composition

The Audit Committee comprises of 4 Directors of whom, three are Non Executive Independent Directors. Mr. Akberali Mohamadali Moawalla was inducted as a member of the Committee on May 23, 2012. All the members are eminent persons with varied knowledge in their respective fields. The Chairman of the Committee Mr. Ved Kumar Jain, is the past President of the Institute of Chartered Accountants of India with vast knowledge and experience. Mr. Anil Kumar Agarwal is the past President of ASSOCHAM. He was also the council member of the Institute of Chartered Accountants of India. Mr. Arun K Saha is a Member of the Institute of Company Secretaries of India and the Institute of Chartered Accountants of India but ceased to be the member w.e.f December 12, 2012. Company Secretary is the Secretary of the Audit Committee

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

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

Ten Audit Committee meetings were held during the financial year 2011 – 2012, as extended, on the following dates: April 09, 2011, May 25, 2011, July 02, 2011, August 10, 2011, November 13, 2011, December 24, 2011 February 12, 2012, May 15, 2012, June 30, 2012 and August 12, 2012

Sr No	Name of the Member	No. of Meetings held	No of Meetings attended
1	Mr Ved Kumar Jain	10	10
2	Mr Anil Kumar Agarwal	10	9
3	Mr Arun K Saha	10	10
4	Mr Akberali Moawalla*	2	0

*Inducted into the Committee on May 23, 2012

b) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Composition

The Shareholders'/Investors' Grievance Committee (SIGC) was re-constituted at the Board Meeting held on November 13, 2011, due to the resignation of Mr. Vimal Kishore Kaushik. The reconstituted SIGC is chaired by Mr. Anil K Agarwal and other members are Mr. Arun K Saha and Mr. Ved Jain. Mr. Arun K Saha had resigned from SIGC on March 29, 2012. Company Secretary of the Company is the Compliance Officer

Terms of reference

Terms of reference of SIGC are as per Clause 49 of the Listing Agreement, which includes, supervision of investor relations and redressal of investors' grievance in general and relating to non-receipt of dividends, interest, non-receipt of Annual Report in particular, approval of transfer and transmission of shares from time to time, delegating powers to the Registrar of the Company for transfer, transmission of shares from time to time in accordance with the regulatory requirement and such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement

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

Six SIGC meetings were held during the financial year 2011 - 2012 on the following dates: May 25, 2011, August 10, 2011, November 13, 2011, February 12, 2012, May 15, 2012 and August 12, 2012

Sr No	Name of the Member	No. of Meetings held	No of Meetings attended
1	Mr Anil Kumar Agarwal	6	6
2	Mr Ved Kumar Jain	6	6
3	Mr Vimal Kishore Kaushik ¹	3	3
4	Mr Arun K Saha ²	3	3

¹ Resigned from the Board w.e.f November 13, 2011

² Appointed at the Board Meeting held on November 13, 2011 and resigned from the Committee on March 29, 2012

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

c) REMUNERATION COMMITTEE

Composition

The Remuneration Committee was re-constituted at the Board Meeting held on November 13, 2011, due to the resignation of Mr. Ravi Parthasarathy. The reconstituted Remuneration Committee is chaired by Mr. Anil K Agarwal and other members are Mr. Ramchand Karunakaran and Mr. Ved Jain

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

Two Remuneration Committee meetings were held

during the financial year 2011 – 2012 on May 25, 2011 and March 24, 2012

Remuneration Policy

Remuneration to Executive Directors

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

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

- financial position of the Company

- prevailing trend in the industry,
- Qualification, experience and past performance of the person

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

Remuneration to Non Executive Directors

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

4. GENERAL BODY MEETINGS

- a) Annual General Meetings (AGMs):

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

Financial Year	Date, Time and Venue	Special Resolution
2010-11	September 13, 2011, 10.30 A.M, KLN Prasad Auditorium, 3 rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004	<ul style="list-style-type: none"> i. appointment of Mr.Akberali Mohemedali Moawalla as the Director of the Company, with effect from September 13, 2011, on such terms and conditions mentioned in the Notice. ii. appointment of Mr.Saleh Mohammed A Binladen as the Director of the Company, with effect from September 13, 2011, on such terms and conditions mentioned in the Notice. iii. appointment of Mr.Ahmad Mohamad Dabbous as the Director of the Company, with effect from September 13, 2011, on such terms and conditions mentioned in the Notice. iv. appointment of Mr.El Mouhtaz El Sawaf as the Director of the Company, with effect from September 13, 2011, on such terms and conditions mentioned in the Notice. v. Delete Clause No.12 in other objects of Memorandum of Association of the Company. vi. Issue of one Bonus CRPS (Cumulative Redeemable Preference Share) for every 16.67 existing fully paid up OCCRPS (Optionally Convertible Cumulative Redeemable Preference Shares) to such Members holding fully paid up OCCRPS. vii. Issue of one Bonus CRPS (Cumulative Redeemable Preference Share) for every 24.33 existing fully paid up CRPS (Cumulative Redeemable Preference Shares) to such Members holding fully paid up CRPS
2009-10	September 23, 2010, 11.00 A.M, KLN Prasad Auditorium, 3 rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004	<ul style="list-style-type: none"> i. appointment of Mr. Vimal Kishore Kaushik as the Managing Director of the Company for a period of three years, with effect from January 08, 2010, on such terms and conditions mentioned in the Notice. ii. issue of equity shares to CDR Bankers, not exceeding 4,00,000 of Rs.10/- each, at a price to be determined as per SEBI (ICDR) Regulations 2009 iii. issue of 6% Cumulative Redeemable Preference shares to CDR Bankers, not exceeding 5,00,000 of Rs.100/- each.
2008 – 09	November 09, 2009, 10.30 A.M. Sri Satya Sai Nigamagaram, 8-3-987/2, Srinagar Colony, Hyderabad-500073	<ul style="list-style-type: none"> i. for the appointment of Mr. B Narasimha Rao as Whole time Director of the Company during the period January 30, 2009 to September 29, 2009, and for the payment of remuneration of Rs. 45,00,000 per annum ii. for the appointment of Mr. G Venkateswar Reddy as Manager of the Company for a period of One year with effect from September 29, 2009. iii. for ratifying and/or approving the payment of Rs. 94,11,013/- made to Mr PK. Madhav in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act for the Financial Year 2008-09, and waive the recovery of such excess remuneration, subject to the approval of Central Government iv. for ratifying and/or approving the payment of Rs 92,95,758/- made to Mr CS Bansal in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act for the Financial Year 2008-09, and waive the recovery of such excess remuneration, subject to the approval of Central Government

Financial Year	Date, Time and Venue	Special Resolution
		<ul style="list-style-type: none"> v. for ratifying and/or approving the payment of Rs 80,876/- for the Financial Year 2008-09 and the payment of Rs 3,92,628/- for the period April 1, 2009 to September 29, 2009 made to Mr B Narasimha Rao in excess of the remuneration payable to him in accordance with the provisions of Schedule XIII of the Act, and waive the recovery of such excess remuneration, subject to the approval of Central Government vi. to issue and allot employees who are in permanent employment of the Company, including any Director of the existing or future holding/ subsidiary Companies, whether whole time or otherwise, options exercisable into not more than 10% of the paid up share capital of the company, i.e. 58,85,000 equity shares of the Company vii. to issue and allot to employees of the holding company of the Company and to employees of the present and future subsidiary companies of the Company which include permanent employees, Directors (whether Whole-time or not, including Alternate Directors), to issue and allot Equity Shares of the Company ranking pari passu with existing equity shares of the Company, on such terms and conditions and to such employees as the Board may decide from time to time where broad terms and conditions of ESOS 2009 viii. to ratify the variation in the utilization of the Initial Public Offer (IPO) proceeds, to the extent of Rs 105.40 Crores, by revising/ re-scheduling between the investments in associate companies and other project related investments and commitments in view of the competitive and dynamic nature of the business

b) Extraordinary General Meetings (EGMs):

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

I	Date & Time	Venue	Special Resolution
	December 09, 2011, 10.00 A.M	KLN Prasad Auditorium, 3 rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004	<p>The Hon'ble High Court of Andhra Pradesh has ordered the meetings of the shareholders and creditors of the Company, vide, a common order dated November 04, 2011.</p> <p>a. special resolution was passed by the shareholders and creditors of the Company, approving the scheme of arrangement between IL&FS Engineering and Construction Company Limited ("the Company") and its Members and Creditors Pursuant to Section 391-394 read with Sections 78, 100-104 of the Companies Act, 1956, subject to sanction by Hon'ble High Court of Andhra Pradesh</p>

Person who conducted the Voting :

Mr. B.S. Sivaji, Chairman of the Meeting, appointed by Hon'ble High Court of Andhra Pradesh

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

5. DISCLOSURES:

- (a) During the year under review, certain transactions have been entered into with related parties. The details thereof have been given under the Notes on Accounts
- (b) During the Year under review, there has not been any occasion of non-compliance by the Company
- (c) The Company has established a well-documented Risk Management framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis
- (d) The company applied equity method of accounting (as per the Accounting Standard 23) to the investments which involves reflecting the Company's share of results of the Associate companies operations. The same has been disclosed in the Directors' Report
- (e) The requisite details of Subsidiary Companies are disclosed in the Directors' Report

6. MEANS OF COMMUNICATION:

- (a) Quarterly/Half Yearly/Yearly Results are published in leading English and Telugu Newspapers. The same are also placed on the Company's website www.ilfsengg.com
- (b) Official news releases are displayed on the Company's website www.ilfsengg.com Official Media Releases are sent to the Stock Exchanges
- (c) The Company's website www.ilfsengg.com contains a separate section dedicated to 'Investor Relations' where shareholders' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form
- (d) Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report
- (e) The Company has designated the cs@ilfsengg.com email-id exclusively for investor services

7. MANAGEMENT DISCUSSION AND ANALYSIS (MDA) :

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

8. WHISTLE BLOWER POLICY :

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

9. GENERAL INFORMATION TO SHAREHOLDERS :

- (a) Date, time and Venue of the 24th Annual General Meeting:
Date : February 22, 2013 at 10.30 a.m.
Venue : KLN Prasad Auditorium, 3rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad-500 004

(b) Book Closure Date :

The Register of Members and Share Transfer Books of the Company will be closed from February 18, 2013 to February 22, 2013 (both days inclusive) for the purpose of 24th Annual General Meeting and for payment of dividend to the Preference Shareholders

(c) Financial Calendar :

Financial year of the Company was from 1st April to 30th September as the Company has sought extension of Financial Year 2011-12. The tentative calendar for consideration of financial results for the Financial Year 2012-13 is given below:

Particulars	Tentative
Results for quarter ending December 31, 2012	February 14, 2013
Results for quarter ending March 31, 2013	May 15, 2013
Results for quarter ending June 30, 2013	August 14, 2013
Results for quarter ending September 30, 2013	November 14, 2013

(d) Listing on Stock Exchanges :

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

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

The Company has paid the listing fees payable to the BSE and NSE for the financial year 2012-13. The Company has paid Annual Custodial Fees for the year 2012-13 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

(e) Share Transfer Procedure :

The share transfers which are received in physical form are processed and the share certificates are returned to the respective shareholders within the statutory time limit, subject to the documents being valid and complete in all respects. The Company obtains half yearly certificates from a Company Secretary in practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47 (c) of the Listing Agreement

(f) Prevention of Insider Trading

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

(g) Corporate Identity Number (CIN) :

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

(h) Distribution of shareholding as on September 30, 2012:

Consolidated Distribution Schedule as on 30/09/2012

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5000	35676	95.65%	1797599	17975990	2.00%
5001 – 10000	739	1.98%	600030	6000300	0.67%
10001 – 20000	378	1.01%	575335	5753350	0.64%
20001 – 30000	140	0.38%	364349	3643490	0.41%
30001 – 40000	58	0.16%	212293	2122930	0.24%
40001 – 50000	60	0.16%	283399	2833990	0.32%
50001 – 100000	106	0.28%	808660	8086600	0.90%
100001 & Above	143	0.38%	85145578	851455780	94.83%
TOTAL	37300	100%	89787243	897872430	100%

(i) Dematerialisation 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). 83% of shares have been dematerialized as on September 30, 2012. The distribution of shareholdings in category wise is as under:

Summary of Shareholding as on 30/09/2012

Category	No. of Holders	Total Shares	%	Category	No. of Holders	Total Shares	%
EQUITY SHARES OF RS. 10/- EACH ISIN: INE 369I01014				6% CRPS OF RS. 100/- EACH ISIN: INE369I04018			
PHYSICAL	28	15230824	16.96%	PHYSICAL	0	0	0.00%
N S D L	26015	47508287	52.91%	N S D L	10	5696876	95.17%
C D S L	11257	27048132	30.13%	C D S L	1	288904	4.83%
Total	37,300	89787243	100.00 %	Total	11	5985780	100.00%

Category	No. of Holders	Total Shares	%	Category	No. of Holders	Total Shares	%
6% OCCRPS OF RS. 100/- EACH * ISIN: INE369I03010				6% CRPS OF RS. 100/- EACH ISIN: INE369I04026			
PHYSICAL	0	0	0.00%	PHYSICAL	0	0	0.00%
N S D L	9	16553600	94.59%	N S D L	10	1443216	96.21%
C D S L	1	946400	5.41%	C D S L	1	56784	3.79%
Total	10	17500000	100.00%	Total	11	15000000	100.00%

* 75,00,000 OCCRPS were converted into equity share on 30.09.2012. The Company is in the process of demating of these equity shares

(j) Reconciliation of Share Capital Audit:

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

(k) Investor Safeguards :

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

(i) Electronic Clearing Services (ECS) mandate

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

(ii) Encash Dividends in time

Encash your dividends promptly to avoid hassles of 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 September 30, 2012:

Category	No. of Holders	Total Shares	% To Equity
Promoters	4	26742631	29.78
Promoter Group	—	—	—
Mutual Funds	—	—	—
Foreign Institutional Investors	4	77407	0.09
Bodies Corporates	598	37606036	41.88
Non Resident Indians	259	168824	0.19
Banks	22	15498902	17.26
Resident Individuals	36336	9564401	10.66
Clearing Members	73	123790	0.14
Indian Financial Institutions	—	—	—
Trusts	4	5252	0.00
Overseas Corporate Bodies	—	—	—
Total	37300	89787243	100.00

m) Market Price Data:

Month	BSE		SENSEX		NSE		S&P CNX NIFTY	
	High Price	Low Price	High	Low	High Price	Low Price	High	Low
Apr-11	221.95	176.15	19811.14	18976.19	229.7	176	5944.45	5693.25
May-11	193.95	156	19253.87	17786.13	192.8	160.6	5775.25	3387.89
Jun-11	169	139.05	18873.39	17314.38	168.5	139.5	5657.90	5606.10
Jul-11	152.95	131	19131.7	18131.86	151.8	121	5740.40	5453.95
Aug-11	138	85	18440.07	15765.53	139	85.1	5551.90	4720.00
Sep-11	113.3	83.5	17211.8	15801.01	113.45	85.1	5169.25	4758.85
Oct-11	96.7	84.05	17908.13	15745.43	96.65	84	5399.70	4728.30
Nov-11	93.6	66.5	17702.26	15478.69	93	68	5326.45	4639.10
Dec-11	72	50.6	17003.71	15135.86	75	50.5	5099.25	4531.15
Jan-12	81.5	49.05	17258.97	15358.02	82	48.5	5217.00	4588.05
Feb-12	93.75	71	18523.78	17061.55	93.85	70.2	5629.95	5159.00
Mar-12	78.4	60.25	18040.69	16920.61	79	60.1	5499.40	5135.95
Apr-12	75.8	62.5	17664.1	17010.16	82.9	63.3	5378.75	5154.30
May-12	65.5	50.45	17432.33	15809.71	65.8	53.05	5279.60	4788.95
Jun-12	63.95	51.5	17448.48	15748.98	64.25	52.35	5286.25	4770.35
Jul-12	66.85	50.5	17631.19	16598.48	63.35	50.2	5348.55	5032.40
Aug-12	65.9	48.2	17972.54	17026.97	66	48.95	5448.60	5164.65
Sep-12	69.5	53.05	18869.94	17250.8	69.55	52.1	5735.15	5215.70

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

(o) Compliance Certificate of the Auditors:

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

(p) Registrar & Transfer Agents (RTA) :

Karvy Computershare Private Limited, Plot no. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Telephone No. 040 - 44655000 to 24, Fax No. 040 – 23420814, Email ID: einward.ris@karvy.com

(q) Investor Correspondence:

Registered Office Address:

6-3-1186/1&2, IL&FS Engineering House

Begumpet, Hyderabad - 500 016

Tel. +91 40 40409333/23408100

Fax No. +91 40 23401107 / 40409444

Web site: www.ilfsengg.com

Company Secretary & Compliance Officer:

Mr. G Venkateswar Reddy

6-3-1186/1&2, IL&FS Engineering House

Begumpet, Hyderabad - 500 016

Tel. +91 40 40409333/23408100

Fax No. +91 40 23401107 / 40409444

E-mail id: cs@ilfsengg.com

DECLARATION :

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the board members and senior managerial personnel of the Company have affirmed the compliance of Code of Conduct for the year ended September 30, 2012

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE

To,
The Members of
IL&FS Engineering and Construction Company Limited

We have examined all the relevant records of IL&FS Engineering & Construction Company Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the period 1st April 2011 to 30th September, 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This Certificate 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

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

For S S Reddy & Associates
Company Secretaries in Practice

Place: Hyderabad
Date: 25.11.2012

S. Sarweswara Reddy
Proprietor
CP No. 7478

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

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

Dear Sirs,

1. We have examined the compliance of the conditions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") for the 18 months ended September 30, 2012 as stipulated in Clause 14 of the SEBI Guidelines in respect of Employees Stock Option Scheme, 2007 framed by IL&FS Engineering and Construction Company Limited and reduced ("the Company")
2. The compliance of conditions of SEBI Guidelines is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the SEBI Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company. Also we have not updated our procedures for events beyond September 30, 2012 and accordingly do not comment upon changes if any, beyond that date.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the implementation of the above scheme by the Company is in accordance with the SEBI Guidelines and the resolution passed by the Company in the general meeting held on March 30, 2007.

For S.R.BATLIBOI & ASSOCIATES

Firm Registration No: 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

Place: Hyderabad
Date: November 25, 2012

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

Dear Sirs,

1. We have examined the compliance of the conditions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") for the 18 months ended September 30, 2012 as stipulated in Clause 14 of the SEBI Guidelines in respect of Employees Stock Option Scheme, 2009 framed by IL&FS Engineering and Construction Company Limited and reduced ("the Company")
2. The compliance of conditions of SEBI Guidelines is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the SEBI Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company. Also we have not updated our procedures for events beyond September 30, 2012 and accordingly do not comment upon changes if any, beyond that date.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the implementation of the above scheme by the Company is in accordance with the SEBI Guidelines and the resolution passed by the Company in the general meeting held on November 9, 2009.

For S.R.BATLIBOI & ASSOCIATES

Firm Registration No: 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

Place: Hyderabad
Date: November 25, 2012

Auditors' Report

To
The Members of IL&FS Engineering and Construction Company Limited and reduced

1. We have audited the attached balance sheet of IL&FS Engineering and Construction Company Limited and reduced ('the Company') as at September 30, 2012 and also the statement of profit and loss and the cash flow statement for the 18 months ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to note 52 of the accompanying financial statements regarding eventual settlement of the Pass Through Certificate holders by the Maytas Investment Trust (Trust). The portfolio held by the Trust includes an investment where the investee company has gas based power plant wherein uncertainties towards availability of gas has been considered as a temporary in nature. Based on fair valuation of underlying investments held by the Trust, the Company does not currently envisage any shortfall on this account.
5. As detailed in note 43 to the financial statements:
 - a) One of the Integrated Joint Ventures, where the Company is a co-venturer, namely Maytas-SNC JV has not prepared its financial statements for the 18 months ended September 30, 2012.
 - b) The accompanying financial statements include the Company's share of profit of Rs. 2.50 Crores (March 31, 2011: share of loss Rs. 0.11 Crore) from Integrated Joint Ventures, in which the Company is a co-venturer, based on their unaudited financial statements.

The accompanying financial statements do not include the consequential impacts that may have been required had the audited financial statements of the joint ventures been made available. Our audit report on the financial statements for the year ended March 31, 2011 was also qualified in respect of the aforesaid matters.
6. As at September 30, 2012, the Company had certain Inter Corporate Deposits (ICDs) outstanding of Rs. 343.78 Crores (March 31, 2011: Rs. 343.78 Crores), management has

represented that the Company has taken steps to recover the amounts and is of the opinion that all ICDs are fully recoverable. Accordingly no adjustments have been made to the accompanying financial statements in respect of the same. Pending final outcome of the recovery process, we are unable to comment on the extent of recoverability of the aforesaid amounts. Our audit report on the financial statements for the year ended March 31, 2011 was also qualified in respect of the aforesaid matter.

7. Further to our comments in the Annexure referred to above, we report that:
 - i. Except as discussed in paragraphs 5 and 6 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. Except as discussed in paragraphs 5 and 6 above, in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on September 30, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and except for the possible effects of the matters stated in paragraphs 5 and 6 above, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at September 30, 2012;
 - b) in the case of the statement of profit and loss, of the loss for the 18 months ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the 18 months ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner
Membership No.:093649
Place: New Delhi
Date: November 25, 2012

Annexure to the Auditors' Report

Annexure referred to in paragraph [3] of our report of even date

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had granted unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956 during earlier year. The maximum amount involved during the 18 months was Rs. 47.87 Crores, which was outstanding since previous year and the aggregate balance of the loans as at September 30, 2012 was Rs. 47.87 Crores. However as at September 30, 2012, the company is not covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) *In respect of loans granted, repayment of the principal amount is not stipulated and also payment of interest has not been regular.*
- (d) Based on our audit procedures and the information and explanations made available to us, in case where overdue amount is more than rupees one lakh, reasonable steps have been taken by the Company for recovery of the principal and interest.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues *have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount demanded (Rs. in Crores)	Paid under protest (Rs. in Crores)	Period to which the amount relates	Forum where dispute is pending
AP Value Added Tax Act, 2005	Sales Tax & Penalty	0.85	0.05	2005-06, 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax Act, 2005	Penalty	0.36	0.18	2007-08	Appellate Deputy Commissioner, Hyderabad
AP Value Added Tax Act, 2005	Sales Tax	27.06	-	2007-08	High Court of Andhra Pradesh
Central Sales Tax Act, 1956	Penalty	0.50	-	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty	0.70	0.17	2007-08	Appellate Deputy Commissioner, Chattisgarh
Finance Act, 1994	Service tax	9.70	-	2007-08 and 2008-09	Commissioner of Customs & Central Excise, Hyderabad
Finance Act, 1994	Penalty	0.28	-	2006-07 and 2007-08	The Customs, Excise and Service Tax Appellate Tribunal, Bangalore
West Bengal Vat Act, 2003	Sales Tax	0.06	-	2009-10	Joint Commissioner of Commercial Taxes, Berhampore
West Bengal Vat Act, 2003	Sales Tax	1.52	-	2008-09	Joint Commissioner of Commercial Taxes, Berhampore
AP Value Added Tax, 2005	Sales Tax	0.92	-	2008-09	Appellate Deputy Commissioner, Hyderabad
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Professional Tax	0.06	-	2008-09	Commercial Tax Officer, Hyderabad
Finance Act, 1994	Service tax	13.75	-	2007-08 2008-09 and 2009-10	Commissioner of Customs & Central Excise, Hyderabad
Income Tax Act, 1961	Income tax	4.46	4.46	2003-04	Commissioner of Income Tax (Appeals), Hyderabad
Income Tax Act, 1961	Income tax	1.97	1.97	2004-05	
Income Tax Act, 1961	Income tax	11.90	11.90	2005-06	
Income Tax Act, 1961	Income tax	2.05	2.05	2007-08	
Income Tax Act, 1961	Income tax	12.95	12.95	2008-09	
Income Tax Act, 1961	Income tax	8.78	8.78	2009-10	

- (x) *Without considering the consequential effects, if any, of the matters stated in paragraphs 5 and 6 of our auditors' report, the Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses in the current and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. There are no dues to debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No.:093649

Place: New Delhi

Date: November 25, 2012

Balance Sheet as at September 30, 2012

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

	Notes	As at September 30, 2012	As at March 31, 2011
Equity and liabilities			
Shareholders' funds			
Share capital	3	339.65	384.87
Reserves and surplus	4	72.37	197.18
		412.02	582.05
Non-current liabilities			
Long-term borrowings	5	992.75	511.23
Other long-term liabilities	6	177.91	79.70
Long-term provisions	7	8.26	41.14
		1,178.92	632.07
Current liabilities			
Short-term borrowings	8	284.33	280.12
Trade payables	9	511.10	331.78
Other current liabilities	10	447.86	199.04
Short-term provisions	7	81.11	42.25
		1,324.40	853.19
		2,915.34	2,067.31
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	217.34	288.88
Intangible assets	11	1.86	-
Capital work-in-progress		1.73	4.23
Non-current investments	12 A	289.73	156.67
Long-term loans and advances	13	1,013.72	581.33
Other non-current assets	14	292.97	308.03
		1,817.35	1,339.14
Current assets			
Current investments	12 B	0.70	1.70
Inventories	15	551.11	191.98
Trade receivables	16	224.12	352.71
Cash and bank balances	17	29.78	55.61
Short-term loans and advances	13	220.73	109.90
Other current assets	14	71.55	16.27
		1,097.99	728.17
		2,915.34	2,067.31

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited and reduced

Ramchand K

Chairman

Arun K Saha

Director

Muralidhar Khattar

Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

Place : New Delhi

Date : November 25, 2012

Statement of Profit and Loss for the 18 months ended September 30, 2012

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

	Notes	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Income			
Revenue from operations	18	2,042.56	1,015.18
Other income	19	100.34	50.08
Company's share of profit from integrated joint ventures		2.50	2.07
Total revenue (I)		2,145.40	1,067.33
Expenses			
Cost of materials consumed	20	528.03	345.93
Decrease in work-in-progress	21	-	95.71
Employee benefits expenses	22	160.96	76.36
Sub-contractors expenses		1,159.54	442.75
Other expenses	23	126.23	95.78
Total expenses (II)		1,974.76	1,056.53
Earnings before interest, tax, depreciation, amortization and exceptional items (EBITDAE) (I-II)		170.64	10.80
Finance costs	24	213.31	74.36
Depreciation and amortization expense		94.00	56.96
Loss before tax, exceptional items and prior period items		(136.67)	(120.52)
Exceptional items (net)	25	(10.26)	(129.08)
Profit/(loss) before tax and prior period items and after exceptional items		(126.41)	8.56
Tax expense/(credit):			
Taxes for earlier years		8.90	(6.07)
Profit/(loss) after tax and before prior period items		(135.31)	14.63
Prior period items (net)	26	-	11.72
Profit/(loss) for the year		(135.31)	2.91
Adjustment as per the Scheme of arrangement approved by Hon'ble High Court of Andhra Pradesh (Refer note 51):			
Debit balance (net) in the Profit and loss account for the Financial Years 2008-09 and 2009-10		(728.38)	-
Less: Adjustment of balance lying in Securities premium account as on June 30, 2011		612.24	-
Less: Adjustment of gross credit balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11		295.96	179.82
Surplus carried to the Balance Sheet		44.51	2.91
Earnings per share computed on Profit/(loss) for the year (I.e. before adjustment of the Scheme)			
[Nominal value of share Rs. 10 (March 31, 2011 : Rs. 10)]	27		
Basic and diluted		(21.80)	(2.64)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

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G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

Place : New Delhi

Date : November 25, 2012

Cash Flow Statement for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Cash flow from operating activities		
Profit/(loss) before tax and prior period items	(126.41)	8.56
Less: Prior period items - (net)	-	(11.72)
Non cash adjustments to reconcile profit before tax to net cash flows		
Company's share of profit from integrated joint ventures	(2.50)	(2.07)
Liabilities no longer required written back	(8.02)	(16.91)
Bad debts earlier written-off now written back	(19.88)	-
(Reversal) /provision for estimated future loss on projects	(28.17)	19.25
(Profit)/loss on sale of fixed assets (net)	(7.94)	1.59
Gain on one time settlement	-	(110.21)
Reversal of payable to joint ventures	-	(14.81)
Reversal for performance bank guarantee invoked (net)	-	(16.41)
Loss on derivative written back	-	(1.67)
Work-in-progress written off	-	17.11
Loss on settlement of projects	-	3.04
Provision for retirement benefits	2.36	(0.17)
Depreciation and amortization expenses	94.00	56.96
Fixed assets/capital work-in-progress written off	1.15	1.31
Stocks written-off	1.00	1.68
Provision for doubtful advances/trade receivables/interest accrued on deposits and others (net)	24.50	24.87
Bad debts/advances written-off	1.59	1.90
Provision for liquidated damages	0.50	5.15
Interest expense	202.38	67.88
Interest income	(77.61)	(43.12)
Income from mutual funds	(0.49)	(1.57)
Operating profit /(loss) before working capital changes	56.46	(9.36)
Movement in working capital:		
Increase in trade payables	258.44	100.30
Increase/(decrease) in other liabilities	193.04	(25.86)
Decrease/(increase) in trade receivables	190.57	(36.50)
Increase in inventories	(418.34)	(109.17)
Increase in loans and advances	(207.00)	(22.34)
(Increase)/decrease in other assets	(6.51)	16.58
Cash generated from/(used) in operations	66.66	(86.35)
Direct taxes paid (net of refunds)	14.16	(10.70)
Net cash flow from/(used in) operating activities (A)	80.82	(97.05)
Cash used in investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(26.58)	(15.59)
Proceeds from sale of fixed assets	0.67	2.28
Company's share of profit in the joint ventures received	3.72	-
Purchase of non-current investments	(3.42)	(0.10)
Purchase of non-current investments - subsidiaries	(33.19)	-
Purchase of current investments	(0.66)	-
Proceeds from sale/maturity of current investments	1.66	28.68
Purchase of Pass Through Certificates	(76.67)	(150.00)
Advances to subsidiaries /joint ventures/associate (net)	(305.96)	(23.99)

Cash Flow Statement for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Advances to other companies (net)	(76.76)	(32.86)
Proceeds from/(Investment in) bank deposits (having original maturity of more than three months)	4.23	(3.07)
Interest received	46.73	4.99
Income from mutual funds	0.49	1.57
Net cash used in investing activities (B)	(465.74)	(188.09)
Cash flow from financing activities		
Proceeds from issuance of share capital	-	301.93
Shares issue expenses	-	(1.21)
Proceeds from long-term borrowings	611.92	666.64
Repayment of long-term borrowings	(96.96)	(586.21)
Proceeds/(repayment) of short-term borrowings (net)	4.21	(23.53)
Interest paid	(156.88)	(60.22)
Net cash flow from financing activities (C)	362.29	297.40
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(22.63)	12.26
Cash and cash equivalents at the beginning of the year	32.49	20.23
Cash and cash equivalents at the end of the year (Refer note 17)	9.86	32.49

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

Notes:

- During the previous year, allotment of shares has been made for the share application money of Rs. 354.27 to the CDR bankers as per the terms of Master Restructuring Agreement. The said transaction is considered as non cash transaction for the purpose of cashflow statement.
- During the previous year, the Company has converted Rs. 8.47 from short term loans to long term loans as per Master Restructuring Agreement. This transaction is considered as non cash transaction for the purpose of cash flow statement.
- During the year, the Company has received land against settlement of receivables of Rs. 12.48, the same has been considered as non-cash item for the purpose of cash flow statement.
- During the year, share application money of Rs 21.00 given has been converted into preference shares and promoters contribution of Rs. 55.00 has been converted into long term borrowings. These have been considered as non-cash item for the purpose of cash flow statement.
- During the year, the Company has converted receivables of Rs. 21.05 into sub-debt, the same has been considered as non-cash item for the purpose of cash flow statement.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**

Partner

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Place : New Delhi

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Notes to financial statements for the 18 months ended September 30, 2012

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

1. Corporate Information:

IL&FS Engineering and Construction Company Limited *and reduced* ("the Company") is a company registered under the Companies Act, 1956. 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 airports. The equity shares of the Company are listed at National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

2. Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Statement of Significant Accounting Policies:

(a) Change in accounting policy:

Presentation and disclosure of financial statements

During the 18 months ended September 30, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for the preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Dividend on investment in subsidiary companies

Till the year ended March 31, 2011, the Company, in accordance with the pre-revised Schedule VI requirement, had adopted an accounting policy to recognize dividend from subsidiaries, even if the same are declared after the Balance Sheet date but pertains to year on or before the date of Balance Sheet. The revised Schedule VI, applicable for financial years commencing on or after April 01, 2011, does not contain this requirement. Hence, to comply with Accounting Standard 9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date.

As the subsidiary companies have not declared any

dividend during the 18 months ended September 30, 2012, there is no impact on current year loss due to change in the accounting policy.

(b) Use of Estimates:

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

(c) Revenue recognition:

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

Revenue from construction contracts

Revenue from construction contracts is recognized on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified by the Companies Accounting Standards Rules, 2006 (as amended). The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revision to estimates is included in the income statement of the year in which revisions are made. Contract revenue earned in excess of billing has been reflected under "Inventories" and billing in excess of contract revenue has been reflected under "other current liabilities" in the balance sheet. Revenue recognized is net of taxes.

Price Escalation and other claims/or variation in the contract works are included in contract revenue only when:

- Negotiations have reached to an advanced stage such that it is probable that customer will accept the claim; and
- The amount that is probable will be accepted by the customer and can be measured reliably.

Revenue from design and consultancy services

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

Revenue from hire charges

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

Interest

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

Notes to financial statements for the 18 months ended September 30, 2012

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

Dividend

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

(d) Tangible fixed assets and depreciation:

- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets which take substantial year of time to get ready for use are included to the extent they relate to the year till such assets are ready for intended use.
- (ii) Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on straight line basis over the lease term or useful life, whichever is lower.
- (iv) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (v) Depreciation on fixed assets other than those mentioned in S No (vi) below, is provided on straight line method, based on useful life of the assets as estimated by the management which coincides with rates prescribed under Schedule XIV to the Companies Act, 1956.
- (vi) Depreciation on the following fixed assets is provided on a straight-line basis, at the rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by management:

Category of asset	Useful life
Plant and Machinery	
- construction equipment at project sites consisting of shuttering/ scaffolding material and equipments given on hire	6 years
- construction equipment (other than earth moving equipments, shuttering /scaffolding material and equipments given on hire)	15 years
Temporary erections	over the expected life of the respective project
Leasehold improvements	over the period of lease
Site Infrastructure	6 years
Tools and implements	Fully in the year of purchase

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

(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.

(f) Investments:

Investments that are readily realisable 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 long term 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) Materials at site are valued at the lower of cost and estimated net realizable 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 affect the sale.
- (ii) Amount due from customers (Project – Work-in-progress) represents contract revenue earned in excess of billing.

(h) Retirement and other employee benefits:

- (i) Retirement benefits in the form of provident fund, a defined contribution scheme is charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective authorities
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated Gratuity liability which is expected to be paid on account of retirement within 12 months is treated as Short term employee benefit. Accordingly

Notes to financial statements for the 18 months ended September 30, 2012

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

the Company presents the liability as current liability. Accumulated Gratuity liability in respect of which the Company has no obligation before 12 months is treated as long term employee benefit. Accordingly, the Company presents the liability as noncurrent liability.

(iii) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. The Company presents the entire leave encashment as Current Liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for the 12 months after the expiry date.

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

(i) Income taxes:

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

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

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

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

(j) Foreign currency transactions:

• Initial recognition

Foreign currency transactions are recorded in the reporting

currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

• Conversion

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

• Exchange differences

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

• Forward exchange contracts not intended for trading or speculation purposes

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

• Accounting for derivative instruments

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

(k) Leases:

• Where the Company is a Lessee

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

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.

Notes to financial statements for the 18 months ended September 30, 2012

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

- **Where the Company is a Lessor**

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

- (l) **Borrowing Costs:**

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

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

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

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

- **Jointly controlled operations:**

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

- **Jointly controlled entities:**

Investments made in unincorporated integrated joint ventures registered in the form of partnership firms or Association of Persons (AoPs) are classified as Jointly Controlled Entities in terms of Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures” notified by Companies Accounting Standards Rules, 2006 (as amended) and Company's share in profit/losses of the respective entities is recognized in the financial statements. The initial investment including accumulated Company's share of profit/losses in the jointly controlled entities are recognised under investments. Any further funding made by the Company in the jointly controlled entities in the nature of current account transaction are recognised under loans and advances.

- (n) **Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have

changed the number of outstanding, without a corresponding change in resources.

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

- (o) **Impairment:**

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

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

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

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

- (q) **Cash and cash equivalent:**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of 3 months or less.

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

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

- (s) **Measurement of EBITDAE:**

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

Notes to financial statements for the 18 months ended September 30, 2012

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

3 Share capital

	As at September 30, 2012	As at March 31, 2011
Authorized shares (Nos.)		
150,000,000 (March 31, 2011 : 150,000,000) equity shares of Rs. 10 each	150.00	150.00
35,000,000 (March 31, 2011 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
	500.00	500.00
Issued, subscribed and paid up shares (Nos.)		
89,787,243 (March 31, 2011 : 77,370,025) equity shares of Rs. 10 each fully paid up	89.79	77.37
7,485,780 (March 31, 2011 : 5,749,500) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid up	74.86	57.50
17,500,000 (March 31, 2011 : 25,000,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid up	175.00	250.00
	339.65	384.87

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

Equity shares

	As at September 30, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	77,370,025	77.37	58,850,856	58.85
Issued during the year	-	-	15,459,133	15.46
Issued during the year - pursuant to corporate debt restructuring	-	-	3,060,036	3.06
Issued during the year - on conversion of 6% OCCRPS	12,417,218	12.42	-	-
Outstanding at the end of the year	89,787,243	89.79	77,370,025	77.37

6% cumulative redeemable preference shares

	As at September 30, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	5,749,500	57.50	-	-
Issued during the year - pursuant to corporate debt restructuring	-	-	5,749,500	57.50
Issued during the year - bonus issue	1,736,280	17.36	-	-
Outstanding at the end of the year	7,485,780	74.86	5,749,500	57.50

6% optionally convertible cumulative redeemable preference shares

	As at September 30, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	25,000,000	250.00	-	-
Issued during the year - pursuant to corporate debt restructuring	-	-	25,000,000	250.00
Converted during the year	(7,500,000)	(75.00)	-	-
Outstanding at the end of the year	17,500,000	175.00	25,000,000	250.00

Notes to financial statements for the 18 months ended September 30, 2012

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

(b) Terms/rights attached to equity shares

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

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

(c) Restrictions attached to equity shares

- (i) 6,169,000 (March 31, 2011: 27,212,169) equity shares are under lock in as at year end. Further, as per the order of the Company Law Board ("CLB") dated August 31, 2009 Infrastructure Leasing and Financial Services Limited (IL&FS) was required to hold a minimum 26% of the equity shares of the Company at any point of time for a period of not less than two years and also to keep management control of the Company for such period. The said restrictions imposed by the CLB has come to an end on August 31, 2011 (Refer note 30).
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a minimum period of four years from the effective date i.e. September 27, 2010.

(d) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers.

The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011.

All the aforesaid CRPS will be redeemed at par on March 31, 2015.

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 (i.e. one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of this bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust, on September 29, 2012. The Company has 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.

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

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

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

OCCRPS carry cumulative dividend of 6%. The Company declares and pays dividend in Indian rupees. Each holder of OCCRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to OCCRPS. In the event of liquidation of the Company during the existence of OCCRPS, the holders of OCCRPS will have priority along with holders of CRPS over equity shares in the payment of dividend and repayment of capital. Out of 25,000,000 OCCRPS of Rs. 100 each as at March 31, 2011, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA and the balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016. There is no further conversion option attached to these OCCRPS. The schedule of redemption is as below:

Schedule 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

Notes to financial statements for the 18 months ended September 30, 2012

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

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

Bonus shares

	As at September 30, 2012	As at March 31, 2011
6% CRPS allotted as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) by capitalizing securities premium.	236,280	-
6% CRPS allotted as fully paid bonus shares to the holders of OCCRPS in the ratio of 1:16.67 (i.e. one fully paid Bonus CRPS of Rs. 100 each for every 16.67 OCCRPS held) by capitalizing securities premium.	1,500,000	-
Equity shares allotted as fully paid up bonus shares to the holders of equity shares in the ratio of 4:1 by capitalisation of reserves of Rs. 40 (i.e. four fully paid equity shares of Rs. 10 each for every 1 equity share held) on December 31, 2006.	-	40,000,000

Note: Shares issued by the Company pursuant to Corporate debt restructuring scheme has not been considered for above disclosures.

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

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	25,059,881	27.91	15,459,133	19.98
IL&FS Financial Services Limited (IFIN)	13,497,381	15.03	8,534,374	11.03
Infrastructure Leasing and Financial Services Limited (IL&FS)	13,245,250	14.75	13,245,250	17.12
ICICI Bank Limited	5,971,979	6.65	1,161,052	1.50
SNR Investments Private Limited	5,250,000	5.85	5,250,000	6.79
Veeyas Investments Private Limited	5,250,000	5.85	5,250,000	6.79

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

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	496,462	6.63	2,181,500	37.94
IDBI Bank Limited	909,090	12.14	750,000	13.04
State Bank of India	855,524	11.43	697,500	12.13
State Bank of Hyderabad	627,551	8.38	508,500	8.84
Allahabad Bank	549,435	7.34	451,500	7.85
Indian Overseas Bank	486,359	6.50	401,000	6.97
Punjab National Bank	335,536	4.48	288,000	5.01
IL&FS Trust Company Limited (c/o Maytas Investment Trust) *	2,631,500	35.15	-	-

* includes 441,954 shares which were purchased by the shareholder prior to September 30, 2012 but were transferred subsequent to balance sheet date.

Notes to financial statements for the 18 months ended September 30, 2012

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

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

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	6,780,200	38.74	9,686,000	38.74
State Bank of India	2,156,000	12.32	3,080,000	12.32
IDBI Bank Limited	2,137,800	12.22	3,054,000	12.22
State Bank of Hyderabad	1,635,900	9.35	2,337,000	9.35
Allahabad Bank	1,323,000	7.56	1,890,000	7.56
Indian Overseas Bank	1,148,000	6.56	1,640,000	6.56
Bank of Maharashtra	946,400	5.41	1,352,000	5.41

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

(h) Shares reserved for issue under options

Refer note 44 for details of shares reserved for issue under the employee stock option (ESOP) plan of the Company.

4 Reserves and surplus

	As at September 30, 2012		As at March 31, 2011	
Securities premium account				
Balance as per last financial statements		629.60		289.92
Add : Received during the year		-		340.89
Add : Addition on conversion of OCCRPS during the year		62.59		-
Less : Utilization towards share issue expenses (net off tax Rs. Nil)		-		(1.21)
Less: Utilization towards issue of 236,280 6% CRPS as bonus to the initial holders of CRPS		(2.36)		-
Less: Utilization towards issue of 1,500,000 6% CRPS as bonus to the initial holders of OCCRPS		(15.00)		-
Less : Adjustment as per scheme of arrangement (Refer note 51)		(612.24)		-
		62.59		629.60
Employee stock options outstanding				
Employee stock options outstanding at the beginning of the year		-		0.47
Less: Deferred employee compensation cost		-		0.47
		-		-
Surplus/(deficit) in the statement of profit and loss				
Balance as per last financial statement		(432.42)		(435.33)
Adjustment as per the Scheme of arrangement approved by Hon'ble High Court of Andhra Pradesh (Refer note 51)				
Debit balance (Net) in the Profit and loss account for the Financial Years 2008-09 and 2009-10	728.38		-	
Less: Gross credit balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11	(295.96)	432.42	-	-
Surplus brought forward from the Statement of profit and loss		44.51		2.91
Less : Proposed dividend on preference shares (Refer note 51)		(29.89)		-
Less : Provision for tax on proposed dividend on preference shares		(4.84)		-
Net surplus/(deficit) in the statement of profit and loss		9.78		(432.42)
Total reserves and surplus		72.37		197.18

Notes to financial statements for the 18 months ended September 30, 2012

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

5. Long-term borrowings

	Non-current		Current maturities	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Term loans				
From banks				
Indian rupee working capital term loans (secured)	127.70	190.70	52.36	-
Indian rupee term loans (secured)	299.86	262.12	-	-
From others				
Vehicle loans (secured)	0.76	0.24	0.53	0.17
Other loans				
From related parties (secured) (Refer note 41(III)(B))	235.00	-	34.50	-
From others (secured)	225.00	-	-	-
Promoters contribution (unsecured) (Refer note 30 & 41(III)(B))	-	55.00	-	-
From related parties (unsecured) (Refer note 41(III)(B))	102.00	-	-	54.52
Finance lease obligation (unsecured)	2.43	3.17	0.50	0.28
	992.75	511.23	87.89	54.97
The above amount includes				
Secured borrowings	888.32	453.06	87.39	0.17
Unsecured borrowings	104.43	58.17	0.50	54.80
Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(87.89)	(54.97)
	992.75	511.23	-	-

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

(b) Indian rupee working capital term loans from banks carries interest @ 8% to 9% p.a. (March 31, 2011: 7% p.a.) and is repayable by March 31, 2016 as per schedule given below:

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

These loans 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 from others.

These loans have additionally been secured by personal guarantee given by the Ex Vice Chairman of the Company Mr. B Teja Raju.

(c) Indian rupee term loans from banks carries an interest rate @ 11% (March 31, 2011: 11% p.a.). The loan is repayable in 20 quarterly installments 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 from others.

(d) Vehicle loans from Non-Banking Financial Companies carries interest @ 15.80% to 21% p.a. These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.

Notes to financial statements for the 18 months ended September 30, 2012

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

- (e) Secured loans from related parties carries interest rate @ 12.70% to 15.50% p.a. Out of this Rs. 205.00 carries an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 36 months to 60 months from the date of first disbursement except for Rs. 34.50 which is repayable by October 8, 2012.
- Of the above loans, Rs. 219.50 is further secured by way of pledge of investments in pass through certificates issued by Maytas Investment Trust and balance Rs.50 is secured by way of pari passu lien on cashflows from Maytas Properties Limited (MPL) to the Company and additionally secured by unsold villas of MPL.
- (f) Promoters contribution represents amount brought in by IL&FS in the Company pursuant to order of the CLB dated August 31, 2009. IL&FS has converted the said contribution into unsecured loan w.e.f October 1, 2011 (Refer note 30). The loan carries interest rate @ 15% p.a with an option to reset the interest rate any time in case of change in the lender's bench mark rate . The loan is repayable after 36 months from October 1, 2011.
- (g) Secured loans from others carries interest rate @ 12.70% p.a and carries an option to reset the interest rate after every 12 months from the date of first disbursement. The loan is repayable on 60 months from the date of first disbursement. These loans are secured by way of pari passu lien on cashflows from Maytas Properties Limited (MPL) to the Company additionally secured by unsold villas of MPL.
- (h) Unsecured loan from related parties of Rs. 54.52 as on March 31, 2011 carries interest rate @ 15% p.a. The Company has repaid the amount within 12 months from March 31, 2011.
- (i) Unsecured loan from related parties carries interest rate @ 13% to 15% p. a. These loans are repayable within 36 months to 57 months from the date of first disbursement/agreement. Out of this, interest on Rs. 47.00 from the drawdown date till March 2015 would be accrued and converted into Funded Interest Term Loan (FITL) and shall be repaid in June 2016. FITL shall carry interest @ 0.01% p a and will be paid along with FITL. This loan carries 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.
- (j) The Company has made certain defaults in repayment of interest. The details of continuing defaults as at September 30, 2012 are as follows:

Particulars	Nature of dues	Amount	Period of delay as of September 30, 2012	Period of delay as of March 31, 2011
Long-term loans from others	Interest	4.28	upto 123 days	Nil
Long-term loans from related parties	Interest	15.15	upto 123 days	Nil

6 Other long-term liabilities

	As at September 30, 2012	As at March 31, 2011
Trade payables		
Dues to micro and small enterprises (Refer note 40)	-	-
Dues to other than micro and small enterprises	72.34	1.24
Mobilization advance	105.57	78.46
	177.91	79.70

7 Provisions

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Provision for employee benefits				
Provision for gratuity (Refer note 38(b))	2.88	1.66	0.37	0.26
Provision for compensated absences	-	-	2.57	1.54
	2.88	1.66	2.94	1.80
Other provisions				
Provision for estimated future loss on projects (Refer note 36)	5.38	39.48	29.37	23.44
Provision for liquidated damages (Refer note 37)	-	-	14.07	17.01
Proposed dividend on preference shares	-	-	29.89	-
Provision for tax on proposed dividend on preference shares	-	-	4.84	-
	5.38	39.48	78.17	40.45
	8.26	41.14	81.11	42.25

Notes to financial statements for the 18 months ended September 30, 2012

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

8 Short-term borrowings

	As at September 30, 2012	As at March 31, 2011
Cash credit from banks (secured)	204.33	249.53
Loans from related parties (unsecured) (Refer note 41(III)(B))	-	30.59
Loans from others (unsecured)	80.00	-
	284.33	280.12
The above amount includes		
Secured borrowings	204.33	249.53
Unsecured borrowings	80.00	30.59
	284.33	280.12

(a) Cash credit from banks are repayable on demand and carries interest rate @ 8% to 9% p.a (March 31, 2011: 7%). 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 from others.

These loans have additionally been secured by personal guarantee given by the Ex Vice Chairman of the Company Mr. B Teja Raju.

(b) Unsecured loans from related party is repayable within a period of 12 months from the first date of disbursement and carries interest rate @ 15% p.a.

(c) Unsecured loans from others of Rs. 80 (March 31, 2011: Rs Nil) are repayable within 12 months from the first date of disbursement and carries interest rate @ 15% p.a. which is variable and linked with lender's benchmark rate.

9 Trade payables

	As at September 30, 2012	As at March 31, 2011
Dues to micro and small enterprises (Refer note 40)	0.68	0.40
Dues to other than micro and small enterprises *	510.42	331.38
	511.10	331.78

* includes retention money of Rs. 96.85 (March 31, 2011: Rs. 68.34)

10 Other current liabilities

	As at September 30, 2012	As at March 31, 2011
Current maturities of long-term borrowings (Refer note 5)	87.89	54.97
Interest accrued and due on borrowings*	18.30	1.14
Interest accrued but not due on borrowings, mobilization advance and others	29.19	0.09
Interest accrued and due on Advance from customers	4.06	4.30
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	0.00	0.00
Mobilization advance	188.08	55.19
Advance from customers	69.74	50.15
Advance billing	23.23	10.68
Others		
Capital creditors	3.96	0.01
Statutory dues	23.41	22.51
	447.86	199.04

* Includes Rs. 2.14 (March 31, 2011: Rs. 1.14) not debited by bankers in the Cash Credit Accounts, irrespective of instructions issued by the Company.

Notes to financial statements for the 18 months ended September 30, 2012

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

11. Tangible and Intangible Assets

	Land	Buildings	Temporary erections-site offices	Leasehold improvements*	Plant, and machinery-construction equipments**	Site infra-structure	Office equip-ment	Tools and Implements	Data processing equipments	Furniture and fixtures	Vehicles	Total tangible assets	Computer software	Total intangible assets
Cost														
At April 1, 2010	6.33	0.17	23.07	4.04	469.22	5.26	4.48	5.14	6.16	3.51	9.62	537.00	1.33	1.33
Additions	0.42	-	4.19	0.14	5.74	-	0.26	0.25	0.26	0.35	0.58	12.19	-	-
Disposals	-	-	(1.00)	-	(3.58)	(4.05)	(0.18)	(1.22)	(0.18)	(0.22)	(2.22)	(12.65)	-	-
Other adjustments	-	-	-	-	12.25	1.86	-	-	-	-	-	14.11	-	-
- Assets recapitalized#	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2011	6.75	0.17	26.26	4.18	483.63	3.07	4.56	4.17	6.24	3.64	7.98	550.65	1.33	1.33
Additions	2.51	-	5.66	-	16.00	-	0.53	0.46	1.12	0.94	1.58	28.80	2.06	2.06
Disposals	(4.66)	-	-	-	(7.66)	-	-	-	-	-	(0.36)	(12.68)	-	-
At September 30, 2012	4.60	0.17	31.92	4.18	491.97	3.07	5.09	4.63	7.36	4.58	9.20	566.77	3.39	3.39
Depreciation / amortization														
At April 1, 2010	-	-	22.49	1.29	167.49	2.20	1.19	5.02	3.08	2.01	4.12	208.89	1.33	1.33
Charge for the year	-	0.00	1.30	0.41	51.91	0.85	0.22	0.27	0.90	0.25	0.85	56.96	-	-
Disposals	-	-	(1.01)	-	(2.53)	(1.88)	(0.06)	(1.23)	(0.08)	(0.13)	(1.17)	(8.09)	-	-
Other adjustments	-	-	-	-	3.42	0.59	-	-	-	-	-	4.01	-	-
- Assets recapitalized#	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2011	-	0.00	22.78	1.70	220.29	1.76	1.35	4.06	3.90	2.13	3.80	261.77	1.33	1.33
Charge for the year	-	0.00	6.08	0.68	82.39	0.70	0.40	0.57	1.48	0.46	1.04	93.80	0.20	0.20
Disposals	-	-	-	-	(5.96)	-	-	-	-	-	(0.18)	(6.14)	-	-
At September 30, 2012	-	0.00	28.86	2.38	296.72	2.46	1.75	4.63	5.38	2.59	4.66	349.43	1.53	1.53
Net block														
At March 31, 2011	6.75	0.17	3.48	2.48	263.34	1.31	3.21	0.11	2.34	1.51	4.18	288.88	-	-
At September 30, 2012	4.60	0.17	3.06	1.80	195.25	0.61	3.34	-	1.98	1.99	4.54	217.34	1.86	1.86

Adjustment for the previous year represents assets recapitalized on April 01, 2010, which were under fixed assets held for sale before April 1, 2010.

* Leasehold improvements represent fixtures taken on finance lease.

** Plant and machinery - construction equipment

1. Plant and machinery - construction equipment (cost includes shuttering and scaffolding material [Rs. 61.14 (March 31, 2011: Rs. 53.98)]).

Net block value of this shuttering and scaffolding material is Rs. 13.87 (March 31, 2011: Rs. 18.67)

2. Plant and machinery - construction equipment includes equipment given on operating lease

Description	September 30, 2012	March 31, 2011
Cost	96.26	82.49
Opening balance of accumulated depreciation	44.58	27.31
Depreciation for the Year	22.27	12.73
Net book value	29.41	42.45

Notes to financial statements for the 18 months ended September 30, 2012

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

12 Investments

	As at September 30, 2012	As at March 31, 2011
(A) Non-current investments, unquoted trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries - equity shares (fully paid up)		
50,000 (March 31, 2011: 50,000) equity shares of Rs. 10 each in Maytas Infra Assets Limited	0.05	0.05
50,000 (March 31, 2011: 50,000) equity shares of Rs. 10 each in Maytas Vasishta Varadhi Limited \$	0.05	0.05
49,995 (March 31, 2011: 49,995) equity shares of Rs. 10 each in Maytas Metro Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2011: Rs. 0.05))	-	-
1,000 (March 31, 2011: 1,000) equity shares of Rs. 100 each in Angeerasa Greenfields Private Limited	0.01	0.01
1,000 (March 31, 2011: 1,000) equity shares of Rs. 100 each in Saptaswara Agro - Farms Private Limited	0.01	0.01
1,000 (March 31, 2011: 1,000) equity shares of Rs. 100 each in Ekadanta Greenfields Private Limited	0.01	0.01
27,500 (March 31, 2011: Nil) equity shares of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company (Limited Liability Company)	33.19	-
Investment in joint ventures - equity shares (fully paid up)		
Nil (March 31, 2011: 3,700) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	-	0.00
Nil (March 31, 2011: 3,700) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	-	0.00
Investment in associates - equity shares (fully paid up)		
10,000 (March 31, 2011: 10,000) equity shares of Rs. 100 each in Maytas Properties Limited	0.10	0.10
Investment in association of persons#		
NEC – NCC – Maytas (JV)	0.24	1.05
Maytas - SNC (JV)	0.10	0.10
NCC – Maytas (JV)	1.01	1.00
Maytas – CTR (JV)	2.41	2.23
NCC – Maytas – ZVS (JV)	1.46	2.06
Investment in other entities		
In equity shares (fully paid)		
4,000,000 (March 31, 2011: 4,000,000) equity shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2011: Rs. 4.00))	-	-
2,600 (March 31, 2011: Nil) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	-
2,600 (March 31, 2011: Nil) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	-
In preference shares (fully paid)		
4,550,000 (March 31, 2011: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2011: Rs 4.55))	-	-
2,441,850 (March 31, 2011: Nil) 9% cumulative optionally convertible redeemable preference shares of Rs. 10 each in Bangalore Elevated Tollway Limited	24.42	-

Notes to financial statements for the 18 months ended September 30, 2012

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

	As at September 30, 2012	As at March 31, 2011
<p>In Pass Through Certificates (Refer note 29(h) and 52) 2,045,175.86 (March 31, 2011 : 1,374,551.96) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *</p>	226.67	150.00
	289.73	156.67
<p>Aggregate amount of provision for diminution in value of investments is Rs. 8.60 (March 31, 2011: Rs. 8.60) \$ Pledged in favour of IL&FS Financial Services Limited. # Includes Company's share of profit in such entities. * Pledged in favour of Infrastructure Leasing and Financial Services Limited during the year.</p>		
<p>(B) Current investments (valued at lower of cost and fair value, unless stated otherwise)</p>		
	As at September 30, 2012	As at March 31, 2011
<p>Unquoted investments</p>		
17,834 (March 31, 2011: 560,413) units of LIC Mutual Fund - Growth plan	0.04	1.00
Nil (March 31, 2011: 697,732) units of SBI Liquid Fund	-	0.70
614.50 (March 31, 2011: Nil) units of SBI-SHF-Ultra Short Term Fund	0.60	-
5,753.31 (March 31, 2011: Nil) units of SBI Premium Liquid Fund	0.06	-
	0.70	1.70
<p>Aggregate net asset value as at September 30, 2012: Rs. 0.70 (March 31, 2011: Rs. 1.70)</p>		

Notes to financial statements for the 18 months ended September 30, 2012

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

13 Loans and advances

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Capital advances				
Unsecured, considered good	3.81	2.81	-	-
(A)	3.81	2.81	-	-
Deposits (others)				
Unsecured, considered good	3.84	3.43	7.66	7.85
Considered doubtful	0.47	0.47	-	-
Provision for doubtful deposits (others)	(0.47)	(0.47)	-	-
(B)	3.84	3.43	7.66	7.85
Loans and advances to related parties				
Unsecured, considered good	369.85	74.34	22.84	25.65
Considered doubtful	24.34	11.08	-	-
Provision for doubtful advances	(24.34)	(11.08)	-	-
(C)	369.85	74.34	22.84	25.65
Advances recoverable in cash or kind				
Unsecured, considered good	116.43	36.39	145.00	35.82
Considered doubtful	28.44	27.07	-	-
Provision for doubtful advances	(28.44)	(27.07)	-	-
(D)	116.43	36.39	145.00	35.82
Other loans and advances, unsecured, considered good unless otherwise stated				
Share application money	-	32.87	-	-
Loan to other companies				
Secured, considered good	56.22	-	-	-
Unsecured, considered good	46.89	12.74	19.31	-
Inter-corporate deposits* (Refer note 33)	343.78	343.78	-	-
Balances with statutory/government authorities	-	-	13.44	7.11
Advance income tax (net of provision for taxation)	72.90	74.97	12.48	33.47
(E)	519.79	464.36	45.23	40.58
Total (A + B + C + D + E)	1,013.72	581.33	220.73	109.90

* includes ICDS to Angeerasa Greenfields Private Limited (a subsidiary of the Company) Rs. 50.00 (March 31, 2011 : Rs. 50.00)

Notes to financial statements for the 18 months ended September 30, 2012

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

Loans and advances to related parties include

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Share application money				
Maytas Infra Assets Limited (gross) #	-	16.29	-	-
Maytas Vasishta Varadhi Limited (gross)	-	2.41	-	-
Other advances				
Maytas Infra Saudi Arabia Company (Limited Liability Company)	-	-	0.39	-
Maytas Infra Assets Limited (gross) #	11.28	1.17	7.29	-
Maytas Vasishta Varadhi Limited*	2.80	0.28	-	-
Gulbarga Airport Developers Private Limited	-	-	-	0.86
Shimoga Airport Developers Private Limited	-	-	-	0.80
Maytas Properties Limited	-	-	0.17	-
Maytas Metro Limited	-	-	0.02	-
Saptaswara Agro - Farms Private Limited (gross) ^	0.26	-	-	-
Angeerasa Greenfields Private Limited	-	-	0.02	-
Ekadanta Greenfields Private Limited	-	-	0.02	-
Maytas CTR JV **	6.00	4.06	7.42	-
Maytas NCC JV @	4.00	13.31	7.48	-
NCC - Maytas JV U 1	-	0.03	0.03	-
Inter-corporate deposits				
Maytas Properties Limited	369.85	47.87	-	23.99
	394.19	85.42	22.84	25.65

Provision for doubtful advances Rs. 11.28 (March 31, 2011: Rs. 11.08)

* Provision for doubtful advances Rs. 2.80 (March 31, 2011: Nil)

^ Provision for doubtful advances Rs. 0.26 (March 31, 2011: Nil)

** Provision for doubtful advances Rs. 6.00 (March 31, 2011: Nil)

@ Provision for doubtful advances Rs. 4.00 (March 31, 2011: Nil)

14 Other assets

	Non- Current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Interest accrued on deposits and others				
Considered good	27.84	25.58	44.20	15.58
Considered doubtful	41.92	41.92	-	-
	69.76	67.50	44.20	15.58
Provision for doubtful other assets	(41.92)	(41.92)	-	-
(A)	27.84	25.58	44.20	15.58
Claim for performance bank guarantee				
Considered doubtful	21.12	21.12	-	-
Provision for doubtful other assets	(21.12)	(21.12)	-	-
(B)	-	-	-	-
Unsecured, considered good unless otherwise stated				
Non-current inventories (Refer note 15)	110.57	52.36	-	-

Notes to financial statements for the 18 months ended September 30, 2012

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

	Non-current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Non-current trade receivables (Refer note 16)	133.08	213.74	-	-
Non-current bank balances (Refer note 17)	11.37	12.40	-	-
Others				
Fixed assets held for sale	-	-	12.48	0.69
Receivables against sale of fixed asset	-	-	13.83	-
Other receivables				
Considered good	10.11	3.95	1.04	-
Doubtful	1.06	0.24	-	-
	266.19	282.69	27.35	0.69
Provision for doubtful other receivables	(1.06)	(0.24)	-	-
(C)	265.13	282.45	27.35	0.69
Total (A + B + C)	292.97	308.03	71.55	16.27

15 Inventories (Refer note 2.1 (g))

	Non-current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Project materials	-	-	50.71	61.86
Amount due from customers (project work-in-progress)	110.57	52.36	500.40	130.12
	110.57	52.36	551.11	191.98
Amount disclosed under non-current assets (Refer note 14)	(110.57)	(52.36)	-	-
	-	-	551.11	191.98

16 Trade receivables

	Non-current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment #				
Unsecured, considered good	18.12	80.83	74.68	159.11
Doubtful	41.22	33.71	-	-
	59.34	114.54	74.68	159.11
Provision for doubtful receivables	(41.22)	(33.71)	-	-
(A)	18.12	80.83	74.68	159.11
Other receivables *				
Unsecured, considered good	114.96	132.91	149.44	193.60
Doubtful	1.54	-	-	-
	116.50	132.91	149.44	193.60
Provision for doubtful receivables	(1.54)	-	-	-
(B)	114.96	132.91	149.44	193.60
Amount disclosed under non-current assets (Refer note 14) (C)	(133.08)	(213.74)	-	-
Total (A + B + C)	-	-	224.12	352.71

includes Non-current retention money of Rs. 0.06, net of provision of Rs. 4.98 (March 31, 2011: Rs. 6.60, net of provision of Rs. 4.84) and Current retention money of Rs. 17.49, net of provision of Rs. Nil (March 31, 2011: Rs. 16.34, net of provision of Rs. Nil).

* includes Non-current retention money of Rs. 111.02, net of provision of Rs. 1.54 (March 31, 2011: Rs. 132.84, net of provision of Rs. Nil) and Current retention money of Rs. 21.84, net of provision of Rs. Nil (March 31, 2011: Rs. Nil, net of provision of Rs. Nil).

Notes to financial statements for the 18 months ended September 30, 2012

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

17 Cash and bank balances

	Non-current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Cash and cash equivalents				
Balances with banks:				
On current accounts			9.32	32.31
On unpaid dividend account			0.00	0.00
Cash on hand			0.54	0.18
			9.86	32.49
Other bank balances				
Deposits with original maturity for more than 12 months *	4.37	2.85	2.43	5.40
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	1.44	-
Margin money deposits **	7.00	9.55	16.05	17.72
	11.37	12.40	19.92	23.12
Amount disclosed under non-current assets (Refer note 14)	(11.37)	(12.40)	-	-
	-	-	29.78	55.61

* Deposits under lien

** Lodged with authorities

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
18 Revenue from operations		
Revenue from contracts	1,954.00	990.33
Revenue from equipment hiring services	30.39	24.85
Revenue from design and consultancy services	30.00	-
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 36)	28.17	-
	2,042.56	1,015.18
19 Other income		
Interest income on		
Bank deposits	4.05	4.69
Inter corporate deposits and others	73.43	18.56
Income tax refunds	0.13	4.12
Dividend from mutual funds	0.49	1.57
Gain on exchange fluctuation (net)	0.09	-
Liabilities no longer required written back	4.84	11.56
Profit on sale of fixed assets (net)	7.94	-
Other non-operating income	9.37	9.58
	100.34	50.08
20 Cost of materials consumed		
Materials at the beginning of the year	61.86	38.33
Add: Purchases during the year	518.06	372.12
	579.92	410.45
Less: Stocks written-off	1.00	1.68
Less: Cost of materials sold	0.18	0.98
Less: Materials at the end of the year	50.71	61.86
	528.03	345.93

Notes to financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
21 Decrease in work-in-progress		
Work-in-progress at the end of the year	-	-
Less: Work-in-progress written-off	-	19.93
	-	19.93
Work-in-progress at the beginning of the year	-	115.64
	-	95.71
22 Employee benefits expenses		
Salaries, wages and bonus	147.42	70.21
Contribution to provident fund and other funds (Refer note 38(a))	4.36	2.51
Gratuity (Refer note 38(b))	1.62	0.40
Compensated absences	2.58	1.09
Staff welfare expenses	4.98	2.15
	160.96	76.36
23 Other expenses		
Rent	11.15	6.37
Rates and taxes	9.77	2.85
Office maintenance	5.80	2.56
Communication expenses	2.26	1.52
Printing and stationery	1.32	0.86
Legal and professional charges	15.08	8.25
Travelling and conveyance	12.18	6.99
Business promotion	0.54	0.53
Donation	0.02	-
Auditor's remuneration (Refer note 48)	1.66	1.01
Loss on settlement of project	-	3.04
Loss on exchange fluctuation (net)	-	3.51
Loss on sale/discard of assets (net)	-	1.59
Fixed assets/capital work in progress written off	1.15	-
Site expenses	12.41	6.95
Hire charges	9.39	7.26
Freight and transportation	9.75	7.03
Insurance	7.47	4.10
Power and fuel	2.40	0.99
Repairs		
Plant and machinery	3.43	2.46
Buildings	0.60	0.09
Others	3.50	1.77
Provision for estimated future losses (net)	-	19.25
Provision for doubtful advances	12.70	-
Bad debts/Advances written-off	1.59	-
Provision for liquidated damages (net) (Refer note 37)	0.50	5.15
Miscellaneous expenses	1.56	1.65
	126.23	95.78
24 Finance costs		
Interest expenses	201.83	67.48
Lease finance charges	0.55	0.40
Bank charges	10.93	6.48
	213.31	74.36

Notes to financial statements for the 18 months ended September 30, 2012

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

28. Going concern:

The Company has recorded a net loss of Rs. 135.31 (March 31, 2011: net profit of Rs. 2.91) for the 18 months ended September 30, 2012. As at March 31, 2011 the Company had accumulated loss of Rs 432.42 and pursuant to the scheme of arrangement approved by hon'ble High Court (Refer note 51) accumulated profit as on September 30, 2012 is Rs. 9.78. Though, the Company has incurred significant loss during the year, however, 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 obligation as they arise:

- The Company has an order book of Rs. 8,400 approximately as at September 30, 2012.
- Management has taken significant steps for revival and restoration of operations of the Company.
- The promoter group comprising of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs. 371.50 and Rs. 305.00 respectively to support the liquidity position of the Company upto September 30, 2012 and the Company also has an unutilized limit of Rs. 143.00 from IL&FS as at September 30, 2012.

- The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group and in terms of the Master Restructuring Agreement (MRA) executed on September 27, 2010, the lenders have sanctioned additional working capital facilities of Rs.363.24 (including non fund based limits of Rs. 249.25) during the year.
- The Company has also received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has assigned BBB- and A3 ratings for its long-term and short-term banking facilities respectively. As per CRA, these ratings represent moderate degree of safety regarding timely servicing/payment of the financial obligations.
- During the year, the Company has formed a subsidiary in Saudi Arabia namely Maytas Infra Saudi Arabia Company (Limited Liability Company) ("Saudi Subsidiary"), to undertake works in Saudi Arabia which has commenced its operations.

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

29. Contingent Liabilities not provided for:

Sl. No.	Particulars	As at September 30, 2012	As at March 31, 2011
(a)	Claims against the Company not acknowledged as debts	18.09	2.92
(b)	Guarantees issued by bankers and financial institutions (excluding performance obligations)	303.38	311.55
(c)	Guarantees issued by bankers and financial institutions on behalf of the Company towards performance obligations	463.02	618.12
(d)	Corporate guarantees towards performance obligations of the Company	61.13	58.03
(e)	Direct and indirect taxes under dispute	91.66	43.29
(f)	Liquidated damages	30.47	43.85
(g)	Preference dividend (including dividend tax)	-	[Refer note 27]
(h)	The Company has guaranteed to make good the short fall, if any, on redemption of Pass Through Certificates issued by Maytas Investment Trust as per the CDR terms to the lenders (Refer note 52).		
(i)	Consequent to announcement by erstwhile chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation office (SFIO) has initiated investigations on various matters pertaining to the Company which are 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. While the Company has not accepted these violations, in order to settle these issues, the Company had filed compounding applications for these alleged violations.		

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 September 30, 2012.

Notes to financial statements for the 18 months ended September 30, 2012

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

30. By order dated March 5, 2009, the CLB had appointed four nominees on the Board of the Company. Subsequently by its order dated August 31, 2009, the CLB inducted IL&FS as the new promoter of the Company and continued two of its nominees for a further period of two years. The Central Government by its letter dated September 4, 2011 has withdrawn the Government nominee directors from the Board with effect from September 1, 2011.

31. One Time Settlements (OTS) with Lenders:

The Company had made OTS proposal to certain banks, which were not part of CDR scheme. During the previous year 2010-11, the Company had entered into OTS with five banks and the resultant gain on settlement had been accounted for as an exceptional item amounting to Rs. 110.21. With these OTS, the Company had completed settlements with all banks which were outside the purview of CDR scheme.

32. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 2.24 (March 31, 2011: Rs. 1.72).

(b) Other Commitments:

As per order of CLB dated January 13, 2011, the Company along with IL&FS and IFIN was required to mobilise Rs. 150.00 in Maytas Properties Limited as on March 31, 2011, which has been mobilised during the year.

33. Inter-Corporate Deposits:

Prior to April 01, 2009 the erstwhile promoters had given certain Inter-Corporate Deposits aggregating to Rs. 343.78 to various companies. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 323.78, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Financial Statements as at March 31, 2012 as "Amounts Pending Investigation Suspense Account (Net) Rs. 12,304 million". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Financial Statements. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon.

34. Segment Reporting:

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

35. Deferred tax:

The Company has no deferred tax liability as at September 30, 2012. Deferred tax assets on timing differences have not been recognized as at September 30, 2012 in the absence of virtual certainty of future taxable profits.

36. Provision for estimated future loss on projects:

The projects in progress as at September 30, 2012 have been evaluated for future loss, if any, based on estimates relating

to cost-to-complete the same. Based on such evaluation, the Company has provided for estimated future losses to an extent of Rs.34.75 (March 31, 2011 Rs. 62.92) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified by Company's Accounting Rules, 2006 (as amended). The movement in the balance is as under:

	As at September 30, 2012	As at March 31, 2011
Opening balance	62.92	44.28
Add: Additions during the year	3.55	48.70
Less: Reversal during the year	(31.72)	(29.45)
Less: Utilized during the year	-	(0.25)
Less: Adjusted against current liabilities	-	(0.36)
Closing balance	34.75	62.92

37. Provision for liquidated damages:

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

	As at September 30, 2012	As at March 31, 2011
Opening balance	17.01	14.74
Add: Additions during the year	3.13	7.85
Less: Reversal during the year	(2.63)	(2.70)
Less: Adjusted against trade receivables	(3.44)	(2.88)
Closing balance	14.07	17.01

38. Retirement benefits:

(a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the Statement of profit and loss Rs. 4.36 (March 31, 2011: Rs. 2.51)

(b) Disclosures related to defined benefit plan:

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

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

Notes to financial statements for the 18 months ended September 30, 2012

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

Statement of profit and loss

Net employee benefit expense

Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Current service cost	1.16	0.40
Interest cost on benefit obligation	0.26	0.14
Net actuarial (gain) / loss recognized in the year	0.20	(0.14)
Net benefit expense	1.62	0.40

Balance sheet

Changes in the present value of the defined benefit obligation

Particulars	As at September 30, 2012	As at March 31, 2011
Opening defined benefit obligation	1.92	1.76
Interest cost	0.26	0.14
Current service cost	1.16	0.40
Benefits paid	(0.29)	(0.24)
Actuarial (gain) / loss on obligation	0.20	(0.14)
Closing defined benefit obligation	3.25	1.92

Amounts for current and previous four periods are as follows:

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	3.25	1.92	1.76	2.18	1.63
Gain on obligation due to change in assumption	(0.20)	-	(0.24)	0.39	0.00
Experience gain on obligation	-	0.14	0.88	-	-

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

	As at September 30, 2012		As at March 31, 2011	
Discount rate	8.60%		8.00%	
Increase in compensation cost	6.00%		6.00%	
Employee turnover	Age (Years)	Rate	Age (Years)	Rate
	18 - 57	5%	18 - 50	10%
			51 - 57	5%

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

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Contract revenue recognized for the year	1,954.00	990.33
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	3,307.57	2,608.74
Advances received for contracts in progress	293.16	80.15
Amount of retention for contracts in progress	112.08	108.53
Gross amount due from customers for contract work (excluding cancelled projects)	609.70	178.12
Gross amount due to customers for contract work	23.23	10.68

Notes to financial statements for the 18 months ended September 30, 2012

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

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

Sl. No.	Particulars	As at September 30, 2012	As at March 31, 2011
(a)	The principal amount remaining unpaid as at the end of the year		
	Long term	-	-
	Short term	0.68	0.40
(b)	The amount of interest accrued and remaining unpaid at the end of the year	0.09	0.09
(c)	Amount of interest paid by the Company in terms of Sec 16, of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year	-	-
(d)	Amount of interest due and payable for the year/year of delay in making payment without the interest specified under the Micro Small and Medium Enterprise Development Act, 2006	-	-
(e)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

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

41. Related party transactions:

I. Names of related parties and relationship with the Company :

A. Subsidiaries

1. Maytas Mineral Resources Limited*
2. Maytas Infra Assets Limited
3. Maytas Vasishta Varadhi Limited
4. Maytas Metro Limited
5. Angeerasa Greenfields Private limited
6. Saptaswara Agro - Farms Private Limited
7. Ekadanta Greenfields Private Limited
8. Maytas Infra Saudi Arabia Company (Limited Liability Company)
* Closed operations on March 30, 2011

B. Step down Subsidiaries of Maytas Infra Assets Limited

1. Dardu Power Private Limited*
2. Par Power (Arunachal Pradesh) Private Limited*
* Closed operations on March 29, 2011

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

1. Infrastructure Leasing & Financial Services Limited

D. Joint ventures (JV)

1. Maytas - SNC (JV)
2. NCC - Maytas (JV) U 1
3. Himachal (JV) *
4. NEC - NCC - Maytas (JV)
5. Maytas - NCC (JV)
6. NCC - Maytas (JV)
7. Maytas - CTR (JV)
8. NCC - Maytas - ZVS (JV)
9. Gulbarga Airport Developers Private Limited#
10. Shimoga Airport Developers Private Limited#

* The Company has amicably settled with the other member during the previous year and accordingly ceased to be a member of the JV.

Part of the investment in the entities disposed off during the year and ceased to be Joint Venture of the Company.

Notes to financial statements for the 18 months ended September 30, 2012

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

E. Associate

Maytas Properties Limited

F. Key management personnel

1. Mr. Vimal Kishore Kaushik, Managing Director *
2. Mr. Muralidhar Khattar, Chief Executive Officer **

* Ceased to be managing director in the Company w.e.f. November 13, 2011

** w.e.f. from November 14, 2011

II. Transactions with related parties during the year:

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
A. Subsidiaries		
1. Maytas Mineral Resources Limited		
Expenses incurred on behalf of the party	-	0.03
Receipt against expenses incurred on behalf of the party	-	(0.04)
Investment written-off	-	(0.05)
Share application money written-off	-	(4.91)
2. Maytas Infra Assets Limited		
Share application money	-	2.01
Advances given	1.10	-
Expenses incurred on behalf of the party	0.01	0.08
Provisions no longer required written back	-	6.30
Provision for doubtful advances	(0.20)	-
3. Maytas Vasishta Varadhi Limited		
Share application money	-	0.08
Expenses incurred on behalf of the party	0.11	-
Provision for doubtful advances	(2.80)	-
4. Maytas Metro Limited		
Expenses incurred on behalf of the party	0.03	0.07
Receipt against expenses incurred on behalf of the party	-	(0.01)
Advance written-off	-	(3.36)
Equity contribution	-	0.01
Diminution in value of the investment	-	(0.01)
5. Angeerasa Greenfields Private Limited		
Expenses incurred on behalf of the party	0.01	-
6. Saptaswara Agro - Farms Private Limited		
Expenses incurred on behalf of the party	0.26	-
Provision for doubtful advances	(0.26)	-
7. Ekadanta Greenfields Private Limited		
Expenses incurred on behalf of the party	0.02	-
8. Maytas Infra Saudi Arabia Company (Limited Liability Company)		
Expenses incurred on behalf of the party	0.39	-
Equity allotted	33.19	-
Corporate guarantee given against loan taken*	145.19	-

*No loan disbursed as at September 30,2012 to the subsidiary

Notes to financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
B. Step down subsidiaries of Maytas Infra Assets Limited		
1. Dardu Power Private Limited		
Expenditure incurred on behalf of the party	-	0.03
Receipt against expenses incurred on behalf of the party	-	0.00
2. Par Power Private Limited		
Expenditure incurred on behalf of the party	-	0.03
Receipt against expenses incurred on behalf of the party	-	0.00
C. Investing party in respect of which the reporting enterprises is an associate		
Infrastructure Leasing & Financial Services Limited		
Rent expenditure	-	(0.96)
Interest expenditure	(45.94)	(3.64)
Payments made on behalf of the Company	(8.63)	-
Reimbursement of expenses	(0.41)	(0.74)
Bank Guarantee Commission	(1.82)	-
Loan taken	(346.63)	(231.73)
Loan repaid	115.24	146.62
D. Joint Ventures (JV)		
1. NCC – Maytas (JV) U 1		
Share of profit / (loss) from joint venture	-	0.00
2. Himachal (JV)		
Reversal of payable to Joint Venture	-	(14.81)
3. NEC – NCC – Maytas (JV)		
Share of profit / (loss) from joint venture	0.01	0.09
Receipt against share of profit	(0.85)	(0.49)
Expenses incurred on behalf of the party	0.03	0.19
4. Maytas – NCC (JV)		
Share of profit / (loss) from joint venture	2.25	1.22
Miscellaneous Interest income	-	(1.81)
Receipt against share of profit	(4.07)	-
Advances given / (received) (net)	-	3.98
Revenue from contracts	48.93	48.98
Provision for doubtful advances	(4.00)	-
5. NCC – Maytas (JV)		
Share of profit / (loss) from joint venture	(0.09)	(0.11)
Expenses incurred on behalf of the party	0.10	0.02
Advance given	-	0.05
6. Maytas - CTR JV		
Share of profit / (loss) from joint venture	0.18	0.63
Expenses incurred on behalf of the party	0.53	0.04
Interest income	0.47	0.60
Sale of material	-	0.02
Revenue from contracts	-	0.08
Mobilization advance given	-	1.57
Advance given	8.37	-
Provision for doubtful advances	(6.00)	-

Notes to financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
7. NCC – Maytas – ZVS JV		
Share of profit / (loss) from joint venture	0.15	0.23
Receipt against share of profit	(0.75)	(0.31)
8. Gulbarga Airport Developers Private Limited		
Share application money	-	0.00
9. Shimoga Airport Developers Private Limited		
Share application money	-	0.01
E. Associate		
Maytas Properties Limited		
Loans given	321.98	23.99
Loans repaid	(23.99)	-
Interest income	49.42	32.98
Reimbursement of expenses received	9.43	-
Mobilization advance received	(35.54)	(2.04)
Contract Revenue	154.09	-
Interest expenses	1.46	-
Purchase of material	5.86	-
Compensation for idle machinery	-	13.43
Equity contribution	-	0.10
Sale of fixed assets	13.83	-
F. Key management personnel		
1. Vimal Kishore Kaushik		
Managerial remuneration	1.54	0.48
Rent expenses	0.32	-
2. Muralidhar Khattar		
Professional charges	0.30	-

III. Balances outstanding debit / (credit):

	As at September 30, 2012	As at March 31, 2011
A. Subsidiaries (gross)		
1. Maytas Infra Assets Limited	18.62	17.51
2. Maytas Vasishtha Varadhi Limited	2.85	2.75
3. Maytas Metro Limited	0.07	0.05
4. Angeerasa Greenfields Private Limited	50.02	50.01
5. Saptaswara Agro - Farms Private Limited	0.27	0.01
6. Ekadanta Greenfields Private Limited	0.03	0.01
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)#	33.58	-

#Excluding corporate guarantee of Rs. 145.19 (March 31, 2011: Nil) given by the Company on behalf of the subsidiary

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

Infrastructure Leasing & Financial Services Limited*		
- Long-term secured loan	(269.50)	-
- Short-term unsecured loan	-	(30.59)
- Long-term unsecured loan	(102.00)	(54.52)
- Promoters contribution (unsecured)	-	(55.00)
- Others	(18.72)	(0.03)

*Excluding performance bank guarantee of Rs. 61.98 (March 31, 2011: Rs. 5.45) given on behalf of the Company

Notes to financial statements for the 18 months ended September 30, 2012

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

	As at September 30, 2012	As at March 31, 2011
C. Joint ventures		
1. NEC – NCC – Maytas (JV)	0.24	1.05
2. Maytas – NCC (JV)	23.02	41.04
3. NCC – Maytas (JV) U 1	0.03	0.03
4. NCC – Maytas (JV)	1.01	1.00
5. Maytas SNC (JV)	0.10	0.10
6. Maytas – CTR- JV	15.83	6.28
7. NCC – Maytas – ZVS	1.46	2.06
8. Gulbarga Airport Developers Private Limited	-	0.87
9. Shimoga Airport Developers Private Limited	-	0.80
D. Associate		
Maytas Properties Limited		
- Inter corporate deposits	369.85	71.86
- Interest accrued	48.14	28.56
- Receivables against sale of fixed asset	13.83	-
- Mobilization advance payable	(18.32)	(2.04)
- Others	0.27	13.52
- Trade receivables	30.17	51.44

IV. Provisions against balances outstanding:

	As at September 30, 2012	As at March 31, 2011
A. Subsidiaries		
1. Maytas Infra Assets Limited	(11.28)	(11.08)
2. Maytas Metro Limited	(0.05)	(0.05)
3. Saptaswara Agro - Farms Private Limited	(0.26)	-
4. Maytas Vasishta Varadhi Limited	(2.80)	-
B. Joint Ventures		
1. Maytas - NCC (JV)	(4.00)	-
2. Maytas - CTR JV	(6.00)	-

42. Disclosure as per Clause 32 of Listing Agreement:

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

	Closing balance as at		Maximum outstanding amount	
	September 30, 2012	March 31, 2011	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
A. subsidiaries				
Maytas Infra Assets Limited	18.57	17.46	18.57	19.55
Maytas Vasishta Varadhi Limited	2.80	2.70	2.80	2.70
Maytas Metro Limited	0.03	-	0.03	3.36
Angeerasa Greenfields Private Limited	50.01	50.00	50.01	50.00
Saptaswara Agro – Farms Private Limited	0.26	-	0.26	-
Ekadanta Greenfields Private Limited	0.02	-	0.02	-
Maytas Infra Saudi Arabia Company (Limited Liability Company)	0.39	-	0.39	-

Notes to financial statements for the 18 months ended September 30, 2012

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

	Closing balance as at		Maximum outstanding amount	
	September 30, 2012	March 31, 2011	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
B. Joint Ventures				
Gulbarga Airport Developers Private Limited	-	0.86	0.86	0.86
Shimoga Airport Developers Private Limited	-	0.80	0.80	0.80
Maytas - CTR JV	13.42	4.06	13.42	4.06
C. Associate				
Maytas Properties Limited	369.85	71.86	369.85	71.86

43. 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 \$ September 30, 2012	50%	35.64	32.41	49.28	45.84	1.19	2.25
	March 31, 2011	50%	34.12	28.44	58.47	55.10	2.15	1.22
2	Maytas - SNC JV# September 30, 2012	40%	1.91	1.31	-	-	-	-
	March 31, 2011	40%	1.91	1.31	-	-	-	-
3	NEC - NCC - Maytas JV\$ September 30, 2012	25%	2.36	2.36	0.41	0.39	0.01	0.01
	March 31, 2011	25%	10.60	3.50	3.11	2.97	0.05	0.09
4	NCC - Maytas JV (U 1)\$ September 30, 2012	50%	0.05	0.05	-	0.00	-	(0.00)
	March 31, 2011	50%	0.46	0.46	0.01	0.00	0.00	0.01
5	NCC - Maytas JV\$ September 30, 2012	50%	1.12	0.14	0.02	0.11	-	(0.09)
	March 31, 2011	50%	1.16	1.27	-	0.11	-	(0.11)
6	Maytas - CTR JV\$ September 30, 2012	70%	20.79	20.78	7.11	6.84	0.09	0.18
	March 31, 2011	70%	18.57	17.93	18.02	17.07	0.32	0.63
7	NCC - Maytas - ZVS JV\$ September 30, 2012	39.69%	5.86	3.62	2.44	2.23	0.06	0.15
	March 31, 2011	39.69%	4.46	3.70	7.03	6.70	0.10	0.23
8	Gulbarga Airport Developers Private Limited ^ September 30, 2012	-	-	-	-	-	-	-
	March 31, 2011	37%	4.75	0.29	-	-	-	-
9	Shimoga Airport Developers Private Limited ^ September 30, 2012	-	-	-	-	-	-	-
	March 31, 2011	37%	3.75	0.21	-	-	-	-

Maytas-SNC JV has not prepared its financial statements for the 18 months ended September 30, 2012. Hence, disclosure represents financial position as at March 31, 2010 for current year and previous year.

\$ The current year amounts are based on unaudited financial statement

^ Part of investment in the entities disposed off during the year and hence they ceased to be Joint Ventures of the Company

Notes to financial statements for the 18 months ended September 30, 2012

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

- a) The above joint ventures do not have any contingent liability and capital commitment as at September 30, 2012 and March 31, 2011.
- b) All the aforesaid entities are incorporated in India.
- c) The Company has the following joint ventures, which are in the nature of jointly controlled operations:
 - Maytas KBL (JV)
 - Maytas KCCPL Flow more (JV)
 - Maytas MEIL KBL (JV)
 - Maytas MEIL ABB AAG (JV)
 - MEIL Maytas ABB AAG (JV)
 - MEIL Maytas KBL (JV)
 - MEIL Maytas WIPL (JV)
 - MEIL Maytas AAG (JV)
 - MEIL – SEW – Maytas – BHEL (JV)
 - L&T UBL Maytas (JV)
 - Maytas – Rithwik (JV)
 - Maytas Sushee (JV)
 - Maytas Gayatri (JV)
 - IL&FS Engg – Kalindee (JV)
 - DIPL – IL&FS Engg (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.

44. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at September 30, 2012, the following two schemes were in operation:

Particulars	ESOS – 2007		ESOS – 2009	
Date of grant	April 14, 2007	March 23, 2010	June 28, 2012	
Date of Remuneration Committee approval	April 14, 2007	March 23, 2010	June 28, 2012	
Date of Shareholder's approval	March 30, 2007	November 09, 2009	November 09, 2009	
Number of options granted	644,967	1,201,407	2,849,984	
Method of Settlement (Cash / Equity)	Equity	Equity	Equity	
Vesting Period	Options vest on an annual basis at 20%, 20%, 30% and 30% over a period of four years.	<p>Vesting Option - 1 Options vest on an annual basis at 30%, 35% and 35% over a period of three years.</p> <p>Vesting Option - 2 Options vest on an annual basis at 20%, 30% and 50% over a period of three years.</p>	<p>Vesting Option 1: Options vest on an annual basis at 30%, 30% and 40% over a period of three years.</p> <p>Vesting Option 2: Options vest on an annual basis at 40% and 60% over a period of two years.</p> <p>Vesting Option 3: Options vest totally after one year from the date of grant.</p>	
Exercise Period	3 years from the date of vesting	3 Years from the date of vesting	3 Years from the date of vesting	

Notes to financial statements for the 18 months ended September 30, 2012

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

(I) The details of activity under ESOS – 2007 have been summarized below:

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the Year	61,397	370	107,229	370
Granted during the year	-	-	-	-
Forfeited during the year	9,243	370	45,832	370
Exercised during the year	-	-	-	-
Expired during the year	20,860	-	-	-
Outstanding at the end of the year	31,294	370	61,397	370
Exercisable at the end of the year	31,294	370	42,978	370
Weighted average remaining contractual life (in years)	1.54	-	3.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (in years)	Weighted Average Exercise Price (Rs. per share)
2011 – 12	370	31,294	1.54	370
2010 – 11	370	61,397	3.04	370

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

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the year	902,214	176.90	1,201,407	176.90
Granted during the year	-	-	-	-
Forfeited during the year	262,119	176.90	299,193	176.90
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	640,095	176.90	902,214	176.90
Exercisable at the end of the year	385,002	176.90	242,476	176.90
Weighted average remaining contractual life (in years)	3.48	-	4.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (in years)	Weighted Average Exercise Price (Rs. per share)
2011 - 12	176.90	640,095	3.48	176.90
2010 – 11	176.90	902,214	4.98	176.90

Notes to financial statements for the 18 months ended September 30, 2012

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

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

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,849,984	58.90	-	-
Forfeited during the year	140,960	58.90	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,709,024	58.90	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.74	-	-	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	-	-

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (in years)	Weighted Average Exercise Price (Rs. per share)
2011 - 12	58.90	2,709,024	5.74	58.90
2010 – 11	-	-	-	-

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

Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Total Employee Compensation Cost pertaining to share based payment plans	-	0.47
Less: Liability for employee stock options outstanding at the year end	-	0.47

In March 2005, the Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the Financial Statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Loss considered for EPS (Refer note 27)	(168.72)	(18.60)
Add: Employee stock compensation under intrinsic value method	-	(0.33)
Less: Employee stock compensation under fair value method	(1.62)	0.95
Proforma profit	(170.34)	(17.98)
Earnings Per Share (Rs.)		
Basic		
- As reported	(21.80)	(2.64)
- Pro forma	(22.01)	(2.56)
Diluted		
- As reported	(21.80)	(2.64)
- Pro forma	(22.01)	(2.56)

Notes to financial statements for the 18 months ended September 30, 2012

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

45. CIF value of imports:

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Project Materials	6.91	-
	6.91	-

46. Expenditure in foreign currency (accrual basis):

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Legal and professional charges	0.05	0.84
Traveling and conveyance	0.28	0.39
Others	0.98	0.38
	1.31	1.61

47. Imported and indigenous materials consumed:

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	%	Value	%	Value
Imported	1.31	6.91	-	-
Indigenous	98.69	521.12	100	345.93
Total	100	528.03	100	345.93

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

S No	Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
a)	Statutory audit	0.90	0.55
b)	Limited review	0.56	0.33
c)	Certification	0.07	0.03
d)	Audit fee for consolidated financial statements	0.11	0.06
e)	Out of pocket expenses	0.02	0.04
	Total	1.66	1.01

49. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at September 30, 2012 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at September 30, 2012		As at March 31, 2011	
	Amount in Foreign Currency Crore	Amount in INR	Amount in Foreign Currency Crore	Amount in INR
Advances	-	-	SAR 0.02	0.28
Advances	-	-	USD 0.06	2.52
Advances	AED 0.01	0.11	AED 0.00	0.00

50. Leases:

In case of assets taken on lease:

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

Minimum lease payments under non-cancellable operating leases are:

Particulars	As at September 30, 2012	As at March 31, 2011
Minimum Lease Payments		
Not later than one year	1.42	2.29
Later than one year but not later than five years	4.16	6.64
Later than five years	-	1.04

Notes to financial statements for the 18 months ended September 30, 2012

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

Finance lease: The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to statement of profit and loss as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term with a waiver of escalation for the current year and previous year. Lease term is for a period of ten years renewable for a further year of ten years at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at September 30, 2012	As at March 31, 2011
Total minimum lease payments during the year	1.07	0.56
Less: amount representing finance charges	0.55	0.40
Present value of minimum lease payments (rate of interest 12%)	0.52	0.16
Minimum Lease Payments		
Not later than one year [Present value Rs. 0.50 (March 31, 2011: Rs. 0.28)]	0.81	0.66
Later than one year but not later than five years [Present value Rs. 2.43 (March 31, 2011: Rs. 2.44)]	2.94	3.40
Later than five years [Present value Nil (March 31, 2011: Rs. 0.72)]	-	0.76

In case of Assets given on lease:

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

Particulars	As at September 30, 2012	As at March 31, 2011
Future Minimum Lease Payments		
Not later than one year	-	2.95
Later than one year but not later than five years	-	0.24
Later than five years	-	-

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

51. Scheme of arrangement:

The Company had undertaken a Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 ("the Act") read with Sections 78, 100 to 104 of the Act. The same was sanctioned by the Hon'ble High Court of Andhra Pradesh ("the Court") vide its order dated October 17, 2012, which was further modified on October 19, 2012 and on November 7, 2012 respectively. The said orders of the Court were registered with the Registrar of Companies on November 21, 2012. Pursuant to the Scheme, the securities premium account of the Company of Rs. 612.24 has been adjusted against the gross debit balance of Rs. 728.38 in the Profit and loss account of the Company for the financial years 2008-09 and 2009-10. The unadjusted debit balance of Rs. 116.14 has been adjusted against the gross credit balance of the Profit and loss account of Rs. 295.96 being balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11 of the Company leaving Rs. 179.82 in the statement of profit and loss of the Company as on the appointed date. Salient features/conditions of the scheme are as under:

- The Company shall within four weeks of this order, furnish an unconditional Bank Guarantee for Rs.70.02 and deposit the guarantee with the Registrar (Judicial), Hon'ble High Court of Andhra Pradesh, to be retained to the credit of, and till the final outcome of Company Petition No.199 of 2010, or any directions passed therein. The debt due to the other two unsecured creditors, who voted against the scheme, of Rs.0.08 shall be repaid to them within four weeks from the date of the order, and proof of payment shall be filed by way of an application, supported by an affidavit, in the Company Petition.
- The Company shall add to its name, as its last words "and reduced" for the period up to and until the end of the financial year 2012-13; and in the balance sheet, the profit and loss account, and the annexure thereto for the period.

The balance in the statement of profit and loss arising pursuant to the Scheme can be used for payment of dividend to preference shareholders and/or adjustment against losses, if any, in the normal course of business operations from April 2011 onwards or for redemption of preference shares, but not for payment of dividend to equity shareholders.

The Company has complied with the conditions imposed by the order and has given effect of the same in the financial statement. The Company has presented the impact of the scheme in the Statement of profit and loss, since such presentation is relevant to the understanding of the effect of the Scheme on the financial position and/or performance.

Notes to financial statements for the 18 months ended September 30, 2012

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

52. In the earlier year, pursuant to the Debt Restructuring Program, 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). As per the arrangement, the Company is liable for short fall, if any, that may arise in eventual settlement of the Pass Through Certificates issued by Trust. Based on internal assessment and fair valuation of the underlying investments held by the Trust, the Company does not currently envisage any shortfall on this account. The aforesaid trust portfolio includes an investment wherein the investee company has gas based power plant, which is facing concerns on account of lower supplies/availability of natural gas. However, based on evaluation of few alternates including representations/discussions with various government authorities to secure the gas linkage/supplies, management is of the view that the concerns in the industry are temporary in nature and will not have any significant impact on the valuation of the investment.
53. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering & Construction Company Limited ("IECCL")] in the Maytas Properties Limited ("MPL"), IL&FS Group has extended loans amounting to Rs. 321.98 to MPL through the Company and the same is outstanding as on September 30, 2012. Such facilities rank as priority debt and will have priority in repayment over other liabilities of MPL. In addition, towards security for the same, the Company has entered into an "Articles of Agreement" with MPL wherein IL&FS Group has been given an option for adjusting the loans, along with accrued interest, against all the unsold villas and apartments of Hill County Phase I project of MPL.
- As per the terms of the said agreement, an option vests with the IL&FS Group to exercise the right to instruct MPL to execute the conveyance over the villas and apartments, either in its favour or in joint names or in the name of any such person / entity nominated by IL&FS Group, in lieu of repayment of the loans along with all outstanding interest, cost and other amounts due thereon at the time of exercising such option.
- The underlying land over which the villas and apartments are under construction has income tax attachment. In view of the ongoing proposal of debt restructuring with the lenders, MPL is yet to obtain No Objection Certificate from the existing lenders, whose security includes first charge on inventories of MPL. Pending release of attachment from the Income tax department and approval from existing lenders, management is of the view that the security offered is presently not enforceable and accordingly, the aforesaid loan has been disclosed as unsecured loans.
54. All amounts less than Rs. 0.01 Crore have been disclosed as Rs. 0.00 Crore. The Company has extended its Financial Year 2011-12 by six months and accordingly, has prepared its financial statements for 18 months from April 1, 2011 and ending on September 30, 2012. Hence, current year's figures being for 18 months are not comparable with the previous year's figures for 12 months.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

For and on behalf of the board of directors of

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

Ramchand K

Chairman

Arun K Saha

Director

Muralidhar Khattar

Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

Place : New Delhi

Date : November 25, 2012

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

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

SI No.	Particulars	Maytas Infra Assets Limited	Maytas Vasishta Varadhi Limited	Maytas Metro Limited	Angeerasa Greenfields Private Limited	Saptaswara Agro-Farms Private Limited	Ekadanta Greenfields Private Limited	Maytas Infra Saudi Arabia Company (Limited Liability Company)
1.	Financial Year of the Subsidiary ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-12-2011
2.	Shares of the Subsidiary held on the above date and extent of the holding							
	(i) No. of Equity shares	50,000	50,000	49,995	1,000	1,000	1,000	27,500
	(ii) Face value of the Equity shares and currency	Rs. 10/- each	Rs. 10/- each	Rs. 10/- each	Rs. 100/- each	Rs. 100/- each	Rs. 100/- each	Saudi Riyals . 1,000/- each
	(iii) Extent of the holding	100%	100%	99.99%	100%	100%	100%	55%
3.	Net Aggregate amount of profits/(losses) of the subsidiary for the above financial year so as they concern members of IL&FS Engineering and Construction Company Limited. *							
	i. Dealt with in accounts of IL&FS Engineering and Construction Company Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii. Not Dealt with in accounts of IL&FS Engineering and Construction Company Limited	0.09	Nil	Nil	(0.01)	(0.26)	(0.02)	(11.76)
4.	Net Aggregate amount of profits/(losses) of the subsidiaries for previous financial year so far as it concern members of IL&FS Engineering and Construction Company Limited.							
	i. Dealt with in accounts of IL&FS Engineering and Construction Company Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii. Not Dealt with in accounts of IL&FS Engineering and Construction Company Limited	6.11	Nil	Nil	Nil	Nil	Nil	Nil

There are no changes in the items stated in Section 212 (5) of the Companies Act, 1956, except in Maytas Infra Saudi Arabia Company wherein the Fixed Assets have gone up from INR equivalent 2.32 to INR equivalent 19.34, between the end of the financial year or of the last of the financial years of the Subsidiaries and the end of the financial year of the Holding Company

* Profit/(Losses) considered in the statement are for a period of 18 Months ending on September 30, 2012 which are in line with the extended financial year of the Holding Company

Auditors' Report

The Board of Directors

IL&FS Engineering and Construction Company Limited and reduced

1. We have audited the attached consolidated balance sheet of IL&FS Engineering and Construction Company Limited and reduced ('the Company'), comprising its subsidiaries, joint ventures and associate ('IECCL Group'), as at September 30, 2012, the related consolidated statement of profit and loss and the consolidated cash flow statement for the 18 months ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to note 52 of the accompanying consolidated financial statements regarding eventual settlement of the Pass Through Certificate holders by the Maytas Investment Trust (Trust). The portfolio held by the Trust includes an investment where the investee company has gas based power plant wherein uncertainties towards availability of gas has been considered as a temporary in nature. Based on fair valuation of underlying investments held by the Trust, the Company does not currently envisage any shortfall on this account.
4. As detailed in note 29 to the consolidated financial statements:
 - a) *The accompanying consolidated financial statements include unaudited financial statements of six joint ventures and seven subsidiaries, with aggregate assets of Rs. 337.70 Crores as at September 30, 2012, aggregate revenues of Rs. 193.78 Crores and cash flows amounting to Rs. 67.76 Crores for the year then ended.*
 - b) *During the year, Management has consolidated a jointly controlled entity based on the audited financial statements as at and for the year ended March 31, 2010. We have not been provided with any details of transactions between April 1, 2010 and September 30, 2012.*

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

5. *As at September 30, 2012, the Company had certain Inter Corporate Deposits (ICDs) outstanding of Rs. 335.36 Crores (March 31, 2011 – Rs. 335.36 Crores) and share application money outstanding of Rs. 27.00 Crores (March 31, 2011 – Rs. 27.00 Crores). Management has represented that the Company has taken steps to recover the amounts and is of the opinion that all ICDs are fully recoverable. Accordingly no adjustments have been made to the accompanying consolidated financial statements in respect of the same. Pending final outcome of the recovery process, we are unable to comment on the extent of recoverability of the aforesaid amounts. Our audit report on the consolidated financial statements for the year ended March 31, 2011 was also qualified in respect of the aforesaid matter.*
6. Based on our audit and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that *except for the possible effects of the matters stated in paragraphs 4 and 5 above*, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the state of affairs of the IECCL Group as at September 30, 2012;
 - b) in the case of the statement of profit and loss, of the loss for the 18 months ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows for the 18 months ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner
Membership No.:093649
Place: New Delhi
Date: November 25, 2012

Consolidated Balance Sheet as at September 30, 2012

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

	Notes	As at September 30, 2012	As at March 31, 2011
Equity and liabilities			
Shareholders' funds			
Share capital	3	339.65	384.87
Reserves and surplus	4	64.40	196.36
		404.05	581.23
Minority interest		21.02	-
Non-current liabilities			
Long-term borrowings	5	992.75	511.23
Other long-term liabilities	6	199.81	97.66
Long-term provisions	7	15.04	41.14
		1,207.60	650.03
Current liabilities			
Short-term borrowings	8	313.15	298.94
Trade payables	9	582.36	347.18
Other current liabilities	10	525.10	229.74
Short-term provisions	7	87.60	45.90
		1,508.21	921.76
		3,140.88	2,153.02
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	236.90	289.16
Intangible assets	11	1.86	-
Capital work-in-progress [including incidental expenditure during construction period (Refer note 45)]		1.97	14.35
Non-current investments	12 A	251.19	150.10
Deferred tax assets (net)		0.01	-
Long-term loans and advances	13	1,043.21	625.21
Other non-current assets	14	310.93	311.25
		1,846.07	1,390.07
Current assets			
Current investments	12 B	0.70	1.70
Inventories	15	615.48	193.08
Trade receivables	16	262.25	370.06
Cash and bank balances	17	99.37	57.94
Short-term loans and advances	13	245.46	123.90
Other current assets	14	71.55	16.27
		1,294.81	762.95
		3,140.88	2,153.02

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W

Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

For and on behalf of the board of directors of

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

Ramchand K

Chairman

Arun K Saha

Director

Muralidhar Khattar

Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

 **IL&FS Engineering Services**

Place : New Delhi

Date : November 25, 2012

Consolidated Statement of Profit and Loss for the 18 months ended September 30, 2012

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

	Notes	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Income			
Revenue from operations	18	2,204.44	1,080.23
Other income	19	100.88	50.11
Total revenue (I)		2,305.32	1,130.34
Expenses			
Cost of materials consumed	20	595.32	345.94
Decrease in work-in-progress	21	0.28	98.68
Employee benefits expenses	22	224.36	76.79
Sub-contractors expenses		1,192.49	498.94
Other expenses	23	137.71	96.29
Total expenses (II)		2,150.16	1,116.64
Earnings before interest, tax, depreciation, amortization, minority interest and exceptional items (EBITDAE) (I-II)		155.16	13.70
Finance costs	24	214.20	74.80
Depreciation and amortization expense		97.61	57.05
Loss before tax, minority interest, exceptional items and prior period items		(156.65)	(118.15)
Exceptional items (net)	25	(10.26)	(128.84)
Profit/(loss) before tax, prior period items, minority interest and after exceptional items		(146.39)	10.69
Tax expense/(credit):			
Current tax		1.24	1.52
Deferred tax		(0.01)	(0.02)
Taxes for earlier years		9.02	(4.97)
Total tax expense		10.25	(3.47)
Profit/(loss) after tax and before prior period items and minority interest		(156.64)	14.16
Prior period items (net)	26	-	11.72
Profit/(loss) for the year		(156.64)	2.44
Share of loss transferred to minority interest		9.63	-
Profit/(loss) for the year		(147.01)	2.44
Adjustment as per the Scheme of arrangement approved by Hon'ble High Court of Andhra Pradesh (Refer note 51):			
Debit balance (net) in the Profit and loss account for the Financial Years 2008-09 and 2009-10		(728.38)	-
Less: Adjustment of balance lying in Securities Premium Account as on June 30, 2011		612.24	-
Less: Adjustment of gross credit balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11		295.96	-
		179.82	-
Surplus carried to the Balance Sheet		32.81	2.44
Earnings per share computed on Profit/(loss) for the year (i.e. before adjustment of the Scheme)			
[Nominal value of share Rs. 10 (March 31, 2011 Rs. 10)]	27		
Basic and diluted		(23.31)	(2.71)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W

Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited and reduced

Ramchand K

Chairman

Arun K Saha

Director

Muralidhar Khattar

Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

 **IL&FS Engineering Services**

Place : New Delhi

Date : November 25, 2012

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Consolidated Cash Flow Statement for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Cash flow from operating activities		
Profit/(loss) before tax before prior period items	(146.39)	10.69
Less: Prior period items - (net)	-	(11.72)
Non cash adjustments to reconcile (loss)/profit before tax to net cash flows		
Liabilities no longer required written back	(8.02)	(16.91)
(Reversal) /provision for estimated future loss on projects	(21.40)	19.25
Bad debts earlier written-off now written back	(19.88)	-
(Profit)/loss on sale of fixed assets (net)	(7.94)	1.64
Depreciation and amortization expenses	97.61	57.05
Fixed assets/capital work-in-progress written off	3.95	1.31
Provision for doubtful advances/trade receivables/ interest accrued on deposits and others (net)	21.32	25.18
Bad debts/advances written-off	1.59	1.60
Stocks written-off	1.00	1.68
Loss on settlement of projects	-	3.04
Advances written off	-	0.23
Work-in-progress written off	-	17.11
Loss on derivatives written back	-	(1.67)
Gain on one time settlement with banks	-	(110.21)
Reversal of net liabilities in joint venture	-	(14.81)
Reversal for performance bank guarantee invoked (net)	-	(16.41)
Provision for retirement benefits	2.36	(0.17)
Provision for liquidated damages	0.50	5.15
Interest expense	202.53	68.30
Income from mutual funds	(0.49)	(1.57)
Interest income	(78.04)	(43.13)
Operating profit/(loss) before working capital changes	48.70	(4.37)
Movement in working capital:		
Increase in trade payables	321.14	176.91
Increase/(decrease) in other liabilities	236.76	(129.14)
Decrease/(increase) in trade receivables	145.46	(12.13)
Decrease in inventories	(481.61)	(106.17)
Decrease in loans and advances	(209.77)	(22.31)
(Increase)/decrease in other assets	(7.34)	16.58
Cash generated from/(used) in operations	53.34	(80.63)
Direct taxes paid (net of refunds)	14.29	(15.69)
Net cash flow from/(used in) operating activities (A)	67.63	(96.32)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital		
Work-in-progress and capital advances	(43.39)	(20.70)
Proceeds from sale of fixed assets	0.67	2.28
Purchase of investments in associates	-	(0.10)
Purchase of current investments	(0.66)	-
Proceeds from sale/maturity of current investments	1.66	28.68
Advance towards share application money	-	(32.86)
Purchase of Pass Through Certificates	(76.67)	(150.00)
Intercorporate deposits given	-	(23.99)

Consolidated Cash Flow Statement for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
Purchase of non-current investments	(3.42)	-
Advances to associate (net)	(298.17)	-
Refund of advances from joint ventures	14.06	-
Investment in bank deposits (having original maturity of more than three months)	(3.60)	(3.35)
Advances to other companies (net)	(76.77)	-
Cash and bank balances transferred to joint ventures	-	(0.14)
Interest received	47.16	5.01
Income from mutual funds received	0.49	1.57
Net cash used in investing activities (B)	(438.64)	(193.60)
Cash flow from financing activities		
Proceeds from issuance of share capital	-	301.93
Share issue expenses	-	(1.21)
Contribution to minority shareholder	30.65	-
Proceeds from long-term borrowings	611.92	652.56
Repayment of long-term borrowings	(96.96)	(586.20)
Proceeds/(repayment) of short-term borrowings (net)	14.21	(9.47)
Interest paid	(156.56)	(60.54)
Net cash flow from financing activities (C)	403.26	297.07
Foreign currency translation adjustments (D)	4.55	-
Net increase in cash and cash equivalents (A + B + C + D)	36.80	7.15
Cash and cash equivalents at the beginning of the year	34.82	27.67
Cash and cash equivalents at the end of the year (refer note 17)	71.62	34.82

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

Notes:

- During the previous year, allotment of shares has been made for the share application money of Rs. 354.27 to the CDR bankers as per the terms of Master Restructuring Agreement. The said transaction is considered as non cash item for the purpose of cash flow statement.
- During the previous year, the Company has converted Rs. 8.47 from short term loans to long term loans as per Master Restructuring Agreement. This transaction is considered as non cash item for the purpose of cash flow statement.
- During the year, the Company has received a land against settlement of dues from receivables of Rs. 12.48, the same has been considered as non-cash item for the purpose of cash flow statement.
- During the year, share application money of Rs. 21.00 has been converted into preference shares and promoters contribution of Rs. 55.00 has been converted into long term borrowings. These have been considered as non-cash item for the purpose of cash flow statement.
- During the year, the Company has converted receivables of Rs. 21.05 into sub-debts, the same has been considered as non-cash item for the purpose of cash flow statement.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner
Membership No: 093649

For and on behalf of the board of directors of

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

Ramchand K

Chairman

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Director

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Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

Place : New Delhi

Date : November 25, 2012

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

1. Corporate Information:

IL&FS Engineering and Construction Company Limited *and reduced* ("IECCL" or "the Company") is a Company domiciled in India and incorporated under the Companies Act, 1956. The Company along with its subsidiaries, joint ventures and its associates (collectively termed as "the Group" or "the consolidated entities") is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports. The equity shares of the Company are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

2. Basis for preparation of financial statements:

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Statement of significant accounting policies:

a) Change in accounting policy:

Presentation and disclosure of financial statements

During the 18 months ended September 30, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Principles of consolidation

The consolidated financial statements of the Group have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except as referred in note 28 below.

Investments in consolidated entities, except where such investments are acquired with a view to their subsequent disposal in the immediate future, are accounted in accordance with accounting principles as defined under Accounting Standard ('AS') 21 "Consolidated Financial Statements", on a line by line basis, AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements", under Equity method and AS 27 "Financial Reporting of Interests in Joint Ventures", using proportionate consolidation method notified by Companies Accounting Standards Rules, 2006 (as amended).

The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated in full on consolidation of subsidiaries and proportionately (to the extent it pertains to the Group) on consolidation of joint ventures.

Minorities' interest in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

The Consolidated Financial Statements for the 18 months period ended September 30, 2012 have been prepared on the basis of the financial statements of the following subsidiaries, associates and joint venture entities:

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

Name of the Consolidated Entities	Country of Incorporation	% of Interest as at	
		September 30, 2012	March 31, 2011
Subsidiaries			
Maytas Infra Assets Limited (MIAL)	India	100.00%	100.00%
Maytas Metro Limited	India	99.99%	99.99%
Maytas Vashista Varadhi Limited	India	100.00%	100.00%
Angeerasa Green Fields Private limited	India	100.00%	100.00%
Saptaswara Agro Farms Private Limited	India	100.00%	100.00%
Ekadanta Green Fields Private Limited	India	100.00%	100.00%
Maytas Infra Saudi Arabia Company (Limited Liability Company) (MISA)	Saudi Arabia	55.00%	-
Maytas Mineral Resources Limited (MMRL)*	India	-	100.00%
Step Down Subsidiaries of MMRL			
Maytas Ferro Industries Private Limited #	India	-	100.00%
Step Down Subsidiaries of MIAL			
Dardu Power Private Limited* (Refer Note I)	India	-	50.00%
Par Power (Arunachal Pradesh) Private Limited * (Refer Note I)	India	-	50.00%
Joint Ventures (AOPs/Partnership firms/Incorporated Entities)			
Maytas-SNC (JV) (Refer Note II)	India	40.00%	40.00%
NCC-Maytas (JV) - U1	India	50.00%	50.00%
NEC-NCC-Maytas(JV)	India	25.00%	25.00%
Maytas-NCC (JV)	India	50.00%	50.00%
NCC-Maytas (JV)	India	50.00%	50.00%
Maytas-CTR (JV)	India	70.00%	70.00%
NCC-Maytas-ZVS (JV)	India	39.69%	39.69%
Gulbarga Airport Developers Private Limited (Refer Note III)	India	-	37.00%
Shimoga Airport Developers Private Limited (Refer Note III)	India	-	37.00%
Himachal JV (Refer Note IV)	India	-	-
Associate			
Maytas Properties Limited (Refer Note V)	India	40.00%	40.00%

* Considered in the previous year for consolidation up to the date of closure of operations.

Immaterial subsidiary not consolidated in the previous year up to the date of closure of operations.

Note I:

The said entities are considered to be subsidiaries by virtue of the Company's control of the composition of the board of directors of such entities in the previous year.

Note II:

The Company has consolidated Maytas-SNC (JV) based on the audited financial statements for the FY 2009-10 as the financial statements of the said entity for FY 2010-11 and FY 2011-12 were not available with the Company.

Note III:

Part of the investment in the entities have been disposed off during the year and ceased to be joint venture of the Company. Hence not considered for consolidation during the current year.

Note IV:

During the previous year 2010-11, the Company had amicably settled the liability with other JV partner. Accordingly the Company's share in net assets, revenues and cash flows in Himachal (JV) has not been included in the consolidated financial statements for the FY 2010-11.

Note V:

During the previous year 2010-11, the Company had invested Rs. 0.10 in equity shares of Maytas Properties Limited (MPL) constituting 40% of the post issue paid up share capital of MPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS Group (consisting of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and the Company) to be the new promoters of MPL. MPL is under the direct supervision of the Company Law Board, represented by a nominee director, hence is operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor therefore instead of applying equity method in accounting for investments in an

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

associate the same has been accounted in accordance with Accounting Standard 13 "Accounting for Investments".

c) Use of Estimates:

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

d) Revenue recognition:

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

Revenue from construction contracts

Revenue from construction contracts is recognized on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified by the Companies Accounting Standards Rules, 2006 (as amended). The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revision to estimates is included in the income statement of the year in which revisions are made. Contract revenue earned in excess of billing has been reflected under "Inventories" and billing in excess of contract revenue has been reflected under "other current liabilities" in the balance sheet. Revenue recognized is net of taxes.

Price Escalation and other claims/or variation in the contract work included in contract revenue only when:

- Negotiations have reached to an advanced stage such that it is probable that customer will accept the claim; and
- The amount that is probable will be accepted by the customer and can be measured reliably.

Revenue from design and consultancy services

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

Revenue from hire charges

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

Interest

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

Dividend

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

e) Tangible fixed assets and depreciation:

- Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets which take substantial year of time to get ready for use are included to the extent they relate to the year till such assets are ready for intended use.
- Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.
- Assets acquired under finance lease are depreciated on straight line basis over the lease term or useful life, whichever is lower.
- Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- Depreciation on fixed assets other than those mentioned in S No (vi) below, is provided on straight line method, based on useful life of the assets as estimated by the management which coincides with rates prescribed under Schedule XIV to the Companies Act, 1956.
- Depreciation on the following fixed assets is provided on a straight-line basis, at the rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by management:

Category of asset	Useful life
Plant and Machinery	
- construction equipment at project sites consisting of shuttering/ scaffolding material and equipments given on hire	6 years
- construction equipment (other than earth moving equipments, shuttering /scaffolding material and equipments given on hire)	15 years
Temporary erections	over the expected life of the respective project
Leasehold improvements	over the period of lease
Site Infrastructure	6 years
Tools and implements	Fully in the year of purchase

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

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

(viii) Depreciation on the following tangible assets of an overseas subsidiary is charged on straight line basis, at the rates based on useful life of the assets as estimated by the Management, which are higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Category of asset	Useful life
Buildings	4 years
Plant, and machinery -construction equipment	4 years
Vehicles	4 years
Furniture and fixtures	4 years
Office equipment	4 years
Data Processing equipment	2 years

(ix) The net block and depreciation charge of overseas subsidiary is 8.17% of total net block of tangible assets at the Group as at September 30, 2012 and 3.64% of the total depreciation expense for the Group for the year ended September 30, 2012.

f) 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 year of license or six years, whichever is lower.

g) Investments:

Investments that are readily realisable 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 long term 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.

h) Inventories:

(i) Materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on

a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to affect the sale.

(ii) Amount due from customers (Project – Work-in-progress) represents contract revenue earned in excess of billing.

i) Retirement and other employee benefits:

(i) Retirement benefits in the form of provident fund, a defined contribution scheme is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective authorities.

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

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

(iii) Short term compensated absences are provided for based on estimates. Long Term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. The Group presents the entire leave encashment as Current Liability in the balance sheet, since the Group does not have an unconditional right to defer its settlement for the 12 months after the expiry date.

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

j) Segment reporting

Identification of segments

The Group's 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 prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

k) Income taxes:

Tax expense consists of current and deferred tax. Current

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

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

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

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

l) Foreign currency transactions:

• **Initial recognition**

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

• **Conversion**

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

• **Exchange differences**

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

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

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

• **Accounting for Derivative Instruments**

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

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

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

• **Translation of integral foreign operation**

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

m) Leases:

• **Where the Group is a Lessee**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to 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 over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retain substantially all

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

- n) **Borrowing costs**

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

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

- o) **Accounting for Jointly controlled operations:**

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

- p) **Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and 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 reserves.

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.

- q) **Impairment:**

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

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

- r) **Provisions, contingent Liabilities and contingent assets:**

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. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in consolidated financial statements.

- s) **Cash and cash equivalent:**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of 3 months or less.

- t) **Employee stock compensation cost:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

- u) **Measurement of EBITDAE:**

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

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

3 Share capital

	As at	
	September 30, 2012	March 31, 2011
Authorized shares (Nos.)		
150,000,000 (March 31, 2011 : 150,000,000) equity shares of Rs. 10 each	150.00	150.00
35,000,000 (March 31, 2011 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
	500.00	500.00
Issued, subscribed and paid up shares (Nos.)		
89,787,243 (March 31, 2011 : 77,370,025) equity shares of Rs. 10 each fully paid up	89.79	77.37
7,485,780 (March 31, 2011 : 5,749,500) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid up	74.86	57.50
17,500,000 (March 31, 2011 : 25,000,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid up	175.00	250.00
	339.65	384.87

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

Equity shares

	As at		As at	
	September 30, 2012		March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	77,370,025	77.37	58,850,856	58.85
Issued during the year	-	-	15,459,133	15.46
Issued during the year - pursuant to corporate debt restructuring	-	-	3,060,036	3.06
Issued during the year - on conversion of 6% OCCRPS	12,417,218	12.42	-	-
Outstanding at the end of the year	89,787,243	89.79	77,370,025	77.37

6% cumulative redeemable preference shares

	As at		As at	
	September 30, 2012		March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	5,749,500	57.50	-	-
Issued during the year - pursuant to corporate debt restructuring	-	-	5,749,500	57.50
Issued during the year - bonus issue	1,736,280	17.36	-	-
Outstanding at the end of the year	7,485,780	74.86	5,749,500	57.50

6% optionally convertible cumulative redeemable preference shares

	As at		As at	
	September 30, 2012		March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	25,000,000	250.00	-	-
Issued during the year - pursuant to corporate debt restructuring	-	-	25,000,000	250.00
Converted during the year	(7,500,000)	(75.00)	-	-
Outstanding at the end of the year	17,500,000	175.00	25,000,000	250.00

(b) Terms/rights attached to equity shares

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

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

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

(c) Restrictions attached to equity shares

- (i) 6,169,000 (March 31, 2011: 27,212,169) equity shares are under lock in as at year end. Further, as per the order of the Company Law Board ("CLB") dated August 31, 2009 Infrastructure Leasing and Financial Services Limited (IL&FS) was required to hold a minimum 26% of the equity shares of the Company at any point of time for a period of not less than two years and also to keep management control of the Company for such period. The said restrictions imposed by the CLB has come to an end on August 31, 2011 (Refer note 32).
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a minimum period of four years from the effective date i.e. September 27, 2010.

(d) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers.

The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011.

All the aforesaid CRPS will be redeemed at par on March 31, 2015.

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of this bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust, on September 29, 2012. The Company has 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.

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

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

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

OCCRPS carry cumulative dividend of 6%. The Company declares and pays dividend in Indian rupees. Each holder of OCCRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to OCCRPS. In the event of liquidation of the Company during the existence of OCCRPS, the holders of OCCRPS will have priority along with holders of CRPS over equity shares in the payment of dividend and repayment of capital. Out of 25,000,000 OCCRPS of Rs. 100 each as at March 31, 2011, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA and the balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016. There is no further conversion option attached to these OCCRPS. 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

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

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

Bonus shares

	As at September 30, 2012 (In Number)	As at March 31, 2011 (In Number)
6% CRPS allotted as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) by capitalizing securities premium.	236,280	-
6% CRPS allotted as fully paid bonus shares to the holders of OCCRPS in the ratio of 1:16.67 i.e. (one fully paid Bonus CRPS of Rs. 100 each for every 16.67 OCCRPS held) by capitalizing securities premium.	1,500,000	-
Equity shares allotted as fully paid up bonus shares to the holders of equity shares in the ratio of 4:1 by capitalisation of reserves of Rs. 40 (i.e. four fully paid equity shares of Rs. 10 each for every 1 equity share held) on December 31, 2006.	-	40,000,000

Note: Shares issued by the Company pursuant to Corporate debt restructuring scheme has not been considered for above disclosures.

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

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	25,059,881	27.91	15,459,133	19.98
IL&FS Financial Services Limited (IFIN)	13,497,381	15.03	8,534,374	11.03
Infrastructure Leasing and Financial Services Limited (IL&FS)	13,245,250	14.75	13,245,250	17.12
ICICI Bank Limited	5,971,979	6.65	1,161,052	1.50
SNR Investments Private Limited	5,250,000	5.85	5,250,000	6.79
Veeyas Investments Private Limited	5,250,000	5.85	5,250,000	6.79

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

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	496,462	6.63	2,181,500	37.94
IDBI Bank Limited	909,090	12.14	750,000	13.04
State Bank of India	855,524	11.43	697,500	12.13
State Bank of Hyderabad	627,551	8.38	508,500	8.84
Allahabad Bank	549,435	7.34	451,500	7.85
Indian Overseas Bank	486,359	6.50	401,000	6.97
Punjab National Bank	335,536	4.48	288,000	5.01
IL&FS Trust Company Limited (c/o Maytas Investment Trust)*	2,631,500	35.15	-	-

* includes 441,954 shares which were purchased by the shareholder prior to September 30, 2012 but were transferred subsequent to balance sheet date.

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

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

Name of shareholder	As at September 30, 2012		As at March 31, 2011	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	6,780,200	38.74	9,686,000	38.74
State Bank of India	2,156,000	12.32	3,080,000	12.32
IDBI Bank Limited	2,137,800	12.22	3,054,000	12.22
State Bank of Hyderabad	1,635,900	9.35	2,337,000	9.35
Allahabad Bank	1,323,000	7.56	1,890,000	7.56
Indian Overseas Bank	1,148,000	6.56	1,640,000	6.56
Bank of Maharashtra	946,400	5.41	1,352,000	5.41

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

(h) Shares reserved for issue under options

Refer note 46 for details of shares reserved for issue under the employee stock option (ESOP) plan of the Company.

4 Reserves and surplus

	As at September 30, 2012		As at March 31, 2011	
Securities premium account				
Balance as per last financial statements		629.60		289.92
Add : Received during the year		-		340.89
Add : Addition on conversion of OCCRPS during the year		62.59		-
Less : Utilization towards share issue expenses (net off tax Rs. Nil)		-		(1.21)
Less: Utilization towards issue of 236,280 6% CRPS as bonus to the initial holders of CRPS		(2.36)		-
Less: Utilization towards issue of 1,500,000 6% CRPS as bonus to the initial holders of OCCRPS		(15.00)		-
Less : Adjustment as per scheme of arrangement (Refer note 51)		(612.24)		-
		62.59		629.60
Foreign currency translation reserve				
Balance as per last financial statements		-		-
Add: Currency fluctuation during the year		4.55		-
		4.55		-
Employee stock options outstanding				
Employee stock options outstanding at the beginning of the year		-		0.47
Less: Deferred employee compensation cost		-		0.47
		-		-
Deficit in the statement of Profit and loss				
Balance as per last financial statement		(433.24)		(435.68)
Adjustment as per the Scheme of arrangement approved by Hon'ble High Court of Andhra Pradesh (Refer note 51):				
Debit balance (net) in the Profit and loss account for the Financial Years 2008-09 and 2009-10	728.38		-	
Less: Gross credit balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11 of the Company	(295.96)	432.42	-	-
Surplus brought forward from the Statement of profit and loss		32.81		2.44
Less : Proposed dividend on preference shares (Refer note 51)		(29.89)		-
Less : Provision for tax on proposed dividend on preference shares		(4.84)		-
Net deficit in the statement of profit and loss		(2.74)		(433.24)
Total reserves and surplus		64.40		196.36

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

5 Long-term borrowings

	Non-current		Current maturities	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Term loans				
From banks				
Indian rupee working capital term loans (secured)	127.70	190.70	52.36	-
Indian rupee loans (secured)	299.86	262.12	-	-
From others				
Vehicle loans (secured)	0.76	0.24	0.53	0.17
Other loans				
From related parties (secured) (Refer note 44(III)(A))	235.00	-	34.50	-
From others (secured)	225.00	-	-	-
Promoters contribution (unsecured) (Refer note 32 & 44(III)(A))	-	55.00	-	-
From related parties (unsecured) (Refer note 44(III)(A))	102.00	-	-	54.52
Finance lease obligation (unsecured)	2.43	3.17	0.50	0.28
	992.75	511.23	87.89	54.97
The above amount includes				
Secured borrowings	888.32	453.06	87.39	0.17
Unsecured borrowings	104.43	58.17	0.50	54.80
Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(87.89)	(54.97)
	992.75	511.23	-	-

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

(b) Indian rupee working capital term loans from banks carries interest @ 8% to 9% p.a. (March 31, 2011: 7% p.a.) and is repayable by March 31, 2016 as per schedule given below:

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

These loans 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 from others.

These loans have additionally been secured by personal guarantee given by the Ex Vice Chairman of the Company Mr. B Teja Raju.

(c) Indian rupee term loans from banks carries an interest rate of 11% (March 31, 2011: 11% p.a.). The loan is repayable in 20 quarterly installments 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 from others.

(d) Vehicle loans from Non-Banking Financial Companies carries interest @ 15.80% to 21% p.a. These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

- (e) Secured loans from related parties carries interest rate @ 12.70% to 15.50% p.a. Out of this Rs. 205.00 carries an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 36 months to 60 months from the date of first disbursement except for Rs. 34.50 which is repayable by October 8, 2012.

Of the above loans, Rs. 219.50 is secured by way of pledge of investments in pass through certificates issued by Maytas Investment Trust and balance Rs. 50 is secured by way of pari passu lien on cashflows from Maytas Properties Limited (MPL) to the Company and additionally secured by unsold villas of MPL.

- (f) Promoters contribution represents amount brought in by IL&FS in the Company pursuant to order of the CLB dated August 31, 2009. IL&FS has converted the said contribution into unsecured loan w.e.f October 1, 2011 (Refer note 32). The loan carries interest rate @ 15% p.a. with an option to reset the interest rate any time in case of change in the lender's bench mark rate. The loan is repayable after 36 months from October 1, 2011.
- (g) Secured loans from others carries interest rate @ 12.70% p.a. and carries an option to reset the interest rate after every 12 months from the date of first disbursement. The loan is repayable on 60 months from the date of first disbursement. These loans are secured by way of pari passu lien on cashflows from Maytas Properties Limited (MPL) to the Company additionally secured by unsold villas of MPL.
- (h) Unsecured loan from related parties of Rs. 54.52 as on March 31, 2011 carries interest rate @ 15% p.a. The Company has repaid the amount within 12 months from March 31, 2011.
- (i) Unsecured loan from related parties carries interest rate @ 13% to 15% p. a. These loans are repayable within 36 months to 57 months from the date of first disbursement/agreement. Out of this, interest on Rs. 47.00 from the drawdown date till March 2015 would be accrued and converted into Funded Interest Term Loan (FITL) and shall be repaid in June 2016. FITL shall carry interest @ 0.01% p a. and will be paid along with FITL. This loan carries 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.
- (j) The Company has made certain defaults in repayment of interest. The details of continuing defaults as at September 30, 2012 are as follows:

Particulars	Nature of dues	Amount	Period of delay as of September 30, 2012	Period of delay as of March 31, 2011
Long-term loans from others	Interest	4.28	upto 123 days	Nil
Long-term loans from related parties	Interest	15.15	upto 123 days	Nil

6 Other long-term liabilities

	As at September 30, 2012	As at March 31, 2011
Trade payables	85.88	7.97
Mobilization advance	112.60	89.69
Other liabilities	1.33	-
	199.81	97.66

7 Provisions

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Provision for employee benefits				
Provision for gratuity (Refer note 42(b))	2.88	1.66	0.37	0.26
Provision for compensated absences	-	-	2.57	1.54
	2.88	1.66	2.94	1.80
Other provisions				
Provision for estimated future loss on projects (Refer note 40)	12.16	39.48	29.36	23.44
Provision for liquidated damages (Refer note 41)	-	-	14.07	17.01
Proposed dividend on preference shares	-	-	29.89	-
Provision for tax on proposed dividend on preference shares	-	-	4.84	-
Provision for tax (Net of advance tax)	-	-	6.50	3.65
	12.16	39.48	84.66	44.10
	15.04	41.14	87.60	45.90

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

8 Short-term borrowings

	As at September 30, 2012	As at March 31, 2011
Cash credit facilities from banks (secured)	204.33	249.53
Loans from related parties (unsecured) [Refer note 44(III)A]	-	30.59
Loans from others (unsecured)	108.82	18.82
	313.15	298.94
The above amount includes		
Secured borrowings	204.33	249.53
Unsecured borrowings	108.82	49.41
	313.15	298.94

(a) Cash credit from banks are repayable on demand and carries interest rate of 8% to 9% p.a. (March 31, 2011: 7%). 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 from others.

These loans have additionally been secured by personal guarantee given by the Ex Vice Chairman of the Company Mr. B Teja Raju.

(b) Unsecured loans from related party is repayable within a period of 12 months from the first date of disbursement and carries interest rate of 15% p.a.

(c) Unsecured loans from others to the extent of Rs. 80.00 (March 31, 2011: Rs. Nil) repayable within 12 months from the first date of disbursement and carries interest rate of 15% p.a. which is variable and linked with lender's benchmark rate.

(d) Unsecured loans from others to the extent of Rs.28.82 (March 31, 2011: Rs.18.82) are interest free loans and repayable on demand.

9 Trade payables

	As at September 30, 2012	As at March 31, 2011
Trade payables*	582.36	347.18
	582.36	347.18

* includes retention money of Rs. 96.95 (March 31, 2011: Rs. 68.44)

10 Other current liabilities

	As at September 30, 2012	As at March 31, 2011
Current maturities of long-term borrowings (Refer note 5)	87.89	54.97
Interest accrued and due on borrowings*	18.30	1.14
Interest accrued but not due on borrowings / mobilization advance	29.19	0.14
Interest accrued and due on Advance from customers	4.06	4.30
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	0.00	0.00
Mobilization advance	192.56	55.19
Advance from customers	140.11	50.15
Dues to Joint ventures	2.11	29.83
Advance billing	23.23	10.68
Others		
Capital creditors	3.96	0.01
Statutory dues	23.69	23.33
	525.10	229.74

* Includes Rs.2.14 (March 31, 2011: Rs. 1.14) not debited by bankers in the Cash Credit Accounts, irrespective of instructions issued by the Company.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

11 Fixed assets

	Land	Buildings	Temporary erections-site offices	Leasehold improvements*	Plant, and machinery-construction equipments**	Site Infra-structure	Office equip-ment	Tools and Implements	Data processing equipments	Furniture and fixtures	Vehicles	Total tangible assets	Computer software	Total Intangible assets
Cost														
At April 1, 2010	6.33	0.17	24.38	4.04	511.99	5.26	4.70	5.29	6.31	3.89	9.73	582.09	1.33	1.33
Additions	0.42	-	4.19	0.15	5.74	-	0.26	0.25	0.27	0.35	0.59	12.22	-	-
Disposals	-	-	(1.00)	-	(3.62)	(4.05)	(0.18)	(1.22)	(0.18)	(0.22)	(2.23)	(12.70)	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Assets recapitalized#	-	-	(0.56)	-	(30.39)	1.86	-	-	(0.04)	(0.29)	(0.05)	(29.47)	-	-
At March 31, 2011	6.75	0.17	27.01	4.19	483.72	3.07	4.78	4.32	6.36	3.73	8.04	552.14	1.33	1.33
Additions	2.51	0.62	5.65	-	34.52	0.00	1.64	0.47	1.98	2.15	1.82	51.36	2.05	2.05
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange difference	-	0.02	-	0.02	0.33	-	0.02	-	0.01	0.02	0.00	0.42	-	-
Disposals	(4.66)	-	-	-	(7.67)	-	-	-	(0.00)	-	(0.36)	(12.69)	-	-
At September 30, 2012	4.60	0.81	32.66	4.21	510.90	3.07	6.44	4.79	8.35	5.90	9.50	591.23	3.38	3.38
Depreciation/amortization														
At April 1, 2010	-	-	23.46	1.29	193.86	2.20	1.33	5.12	3.16	2.18	4.17	236.77	1.33	1.33
Charge for the year	-	-	1.31	0.41	51.92	0.85	0.24	0.29	0.92	0.25	0.86	57.05	-	-
Disposals	-	-	(1.01)	-	(2.53)	(1.88)	(0.07)	(1.23)	(0.06)	(0.13)	(1.17)	(8.08)	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Assets recapitalized#	-	-	(0.22)	-	(22.92)	0.57	-	-	(0.04)	(0.12)	(0.03)	(22.76)	-	-
At March 31, 2011	-	-	23.54	1.70	220.33	1.74	1.50	4.18	3.98	2.18	3.83	262.98	1.33	1.33
Charge for the year	-	0.12	6.08	0.68	84.36	0.70	0.83	0.58	2.09	0.90	1.08	97.42	0.19	0.19
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange difference	-	0.02	-	-	0.04	-	0.01	-	0.01	0.01	0.00	0.09	-	-
Disposals	-	-	-	-	(5.96)	-	(0.01)	-	(0.01)	(0.00)	(0.18)	(6.16)	-	-
At September 30, 2012	-	0.14	29.62	2.38	298.77	2.44	2.33	4.76	6.07	3.09	4.73	354.33	1.52	1.52
Net block														
At March 31, 2011	6.75	0.17	3.47	2.49	263.39	1.33	3.28	0.14	2.38	1.55	4.21	289.16	-	-
At September 30, 2012	4.60	0.67	3.04	1.83	212.13	0.63	4.11	0.03	2.28	2.81	4.77	236.90	1.86	1.86

Adjustment for the previous year represents assets recapitalized on April 01, 2010, which were under fixed assets held for sale before April 1, 2010.

* Leasehold improvements represent fixtures taken on finance lease.

** Plant and machinery - construction equipment

1. Plant and machinery - construction equipment (cost includes shuttering and scaffolding material Rs 74.72 (March 31, 2011: Rs. 53.98)).

2. Plant and machinery - construction equipment includes equipment given on operating lease.

Description	September 30, 2012	March 31, 2011
Cost	96.26	82.49
Opening balance of accumulated depreciation	44.58	27.31
Depreciation for the Year	22.27	12.73
Net book value	29.41	42.45

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

12 Investments

	As at September 30, 2012	As at March 31, 2011
(A) Non-current investments, unquoted trade investments		
(valued at cost unless stated otherwise)		
Investment in Associate - equity shares (fully paid up)		
10,000 (March 31, 2011: 10,000) equity shares of Rs. 100 each fully paid-up in Maytas Properties Limited	0.10	0.10
Investment in other entities		
In equity shares (fully paid)		
4,000,000 (March 31, 2011: 4,000,000) equity shares of Rs. 10 each fully paid-up in KVK Power and Infrastructure Private Limited [at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2011: Rs. 4.00)]	-	-
2,600 (March 31, 2011: Nil) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	-
2,600 (March 31, 2011: Nil) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	-
In preference shares (fully paid)		
4,550,000 (March 31, 2011: 4,550,000) preference shares of Rs. 10 each fully paid-up in KVK Power and Infrastructure Private Limited [at cost less provision for other than temporary diminution in value Rs 4.55 (March 31, 2011: Rs 4.55)]	-	-
2,441,850 (March 31, 2011: Nil) 9% cumulative optionally convertible redeemable preference shares of Rs.10 each fully paid-up in Bangalore Elevated Tollway Limited	24.42	-
In Pass Through Certificates (Refer note 32 and 52)		
2,045,175.86 (March 31, 2011 : 1,374,551.96) Pass Through Certificates of Rs. 1,000 each in Maytas Investment Trust *	226.67	150.00
	251.19	150.10
Aggregate amount of provision for diminution in value of investments is Rs. 8.55 (March 31, 2011: Rs. 8.55).		
* Pledged in favour of Infrastructure Leasing and Financial Services Limited during the year.		
(B) Current investments		
(valued at lower of cost and fair value, unless stated otherwise)		
Unquoted investments		
17,834 (March 31, 2011: 560,413) units of LIC Mutual Fund - Growth plan	0.04	1.00
Nil (March 31, 2011: 697,732) units of SBI Liquid Fund	-	0.70
614.50 (March 31, 2011: Nil) units of SBI-SHF-Ultra Short Term Fund	0.60	-
5,753.31 (March 31, 2011: Nil) units of SBI Premium Liquid Fund	0.06	-
	0.70	1.70
Aggregate net asset value as at September 30, 2012: Rs. 0.70 (March 31, 2011: Rs. 1.70)		

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

13 Loans and advances

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Capital advances				
Unsecured, considered good	4.80	2.81	-	-
(A)	4.80	2.81	-	-
Deposits (others)				
Unsecured, considered good	3.84	9.07	15.75	7.85
Considered doubtful	0.47	0.47	-	-
	4.31	9.54	15.75	7.85
Provision for doubtful deposits (others)	(0.47)	(0.47)	-	-
(B)	3.84	9.07	15.75	7.85
Loans and advances to related parties				
Unsecured, considered good	369.85	76.30	5.57	25.01
Considered doubtful	10.00	-	-	-
	379.85	76.30	5.57	25.01
Provision for doubtful advances	(10.00)	-	-	-
(C)	369.85	76.30	5.57	25.01
Advances recoverable in cash or kind				
Unsecured, considered good	118.14	47.25	178.91	50.46
Considered doubtful	28.51	27.07	-	-
	146.65	74.32	178.91	50.46
Provision for doubtful advances	(28.51)	(27.07)	-	-
(D)	118.14	47.25	178.91	50.46
Other loans and advances, unsecured, considered good unless otherwise stated				
Share application money	27.00	59.87	-	-
Loan to other companies				
Secured, considered good	56.22	-	-	-
Unsecured, considered good	46.89	12.74	19.31	-
Inter-corporate deposits (Refer note 35)	335.36	335.36	-	-
Balances with statutory/government authorities	-	-	13.44	7.11
Advance income tax (net of provision for taxation)	81.11	81.81	12.48	33.47
(E)	546.58	489.78	45.23	40.58
Total (A + B + C + D + E)	1,043.21	625.21	245.46	123.90

Loans and advances to related parties include

	Long-term		Short-term	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Other advances				
Gulbarga Airport Developers Private Limited	-	-	-	0.52
Shimoga Airport Developers Private Limited	-	-	-	0.50
Maytas Properties Limited	-	-	0.17	-
Dues from joint ventures	10.00	28.43	5.40	-
Inter-corporate deposits				
Maytas Properties Limited	369.85	47.87	-	23.99
	379.85	76.30	5.57	25.01

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

14 Other assets

	Non- Current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Interest accrued on deposits and others				
Considered good	27.84	25.58	44.20	15.58
Considered doubtful	41.92	41.92	-	-
	69.76	67.50	44.20	15.58
Provision for doubtful other assets	(41.92)	(41.92)	-	-
(A)	27.84	25.58	44.20	15.58
Claim for performance bank guarantee				
Considered doubtful	21.12	21.12	-	-
Provision for doubtful other assets	(21.12)	(21.12)	-	-
(B)	-	-	-	-
Unsecured, considered good unless otherwise stated				
Non-current inventories (Refer note 15)	110.57	52.36	-	-
Non-current trade receivables (Refer note 16)	151.04	216.96	-	-
Non-current bank balances (Refer note 17)	11.37	12.40	-	-
Others				
Fixed assets held for sale	-	-	12.48	0.69
Receivables against sale of fixed asset	-	-	13.83	-
Other receivables				
Considered good	10.11	3.95	1.04	-
Doubtful	1.06	0.24	-	-
	284.15	285.91	27.35	0.69
Provision for doubtful other receivables	(1.06)	(0.24)	-	-
(C)	283.09	285.67	27.35	0.69
Total (A + B + C)	310.93	311.25	71.55	16.27

15 Inventories [Refer note 2.1 (h)]

	Non- Current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Project materials	-	-	65.09	61.91
Amount due from customers (project work-in-progress)	110.57	52.36	550.39	131.17
	110.57	52.36	615.48	193.08
Amount disclosed under non-current assets (Refer note 14)	(110.57)	(52.36)	-	-
	-	-	615.48	193.08

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

16 Trade receivables

	Non- Current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment #				
Unsecured, considered good	17.53	91.10	86.67	179.64
Doubtful	41.22	33.71	-	-
	58.75	124.81	86.67	179.64
Provision for doubtful receivables	(41.22)	(33.71)	-	-
(A)	17.53	91.10	86.67	179.64
Other receivables *				
Unsecured, considered good	133.51	125.86	175.58	190.42
Doubtful	1.55	-	-	-
	135.06	125.86	175.58	190.42
Provision for doubtful receivables	(1.55)	-	-	-
(B)	133.51	125.86	175.58	190.42
Amount disclosed under non-current assets (Refer note 14)	(151.04)	(216.96)	-	-
(C)	(151.04)	(216.96)	-	-
Total (A + B + C)	-	-	262.25	370.06

includes Non-current retention money of Rs. 13.47, net of provision of Rs. 4.98 (March 31, 2011: Rs. 23.66, net of provision of Rs. 4.84) and Current retention money of Rs. 22.06, net of provision of Rs. Nil (March 31, 2011: Rs. 16.34, net of provision of Rs. Nil)

* includes Non-current retention money of Rs. 112.45, net of provision of Rs. 1.54 (March 31, 2011: Rs. 125.75, net of provision of Rs. Nil) and Current retention money of Rs. 22.16, net of provision of Rs. Nil (March 31, 2011: Rs. Nil, net of provision of Rs. Nil).

17 Cash and bank balances

	Non- Current		Current	
	As at September 30, 2012	As at March 31, 2011	As at September 30, 2012	As at March 31, 2011
Cash and cash equivalents				
Balances with banks:				
On current accounts			69.96	34.63
On unpaid dividend account			0.00	0.00
Cash on hand			1.66	0.19
			71.62	34.82
Other bank balances				
Deposits with original maturity for more than 12 months *	4.37	2.85	2.43	5.40
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	1.44	-
Margin money deposits **	7.00	9.55	23.88	17.72
	11.37	12.40	27.75	23.12
Amount disclosed under non-current assets (Refer note 14)	(11.37)	(12.40)	-	-
	-	-	99.37	57.94

* Deposits under lien

** Lodged with authorities

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
18 Revenue from operations		
Revenue from contracts	2,122.65	1,055.39
Revenue from equipment hiring services	30.39	24.84
Revenue from design and consultancy services	30.00	-
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 40)	21.40	-
	2,204.44	1,080.23
19 Other income		
Interest income on		
Bank deposits	4.48	4.69
Inter corporate deposits and others	73.43	18.57
Income tax refunds	0.13	4.12
Loss on derivatives written back	-	1.67
Dividend from mutual funds	0.49	1.57
Gain on exchange fluctuation (net)	0.09	-
Liabilities no longer required written back	4.84	11.57
Profit on sale of Fixed Assets (net)	7.94	-
Other non-operating income	9.48	7.92
	100.88	50.11
20 Cost of materials consumed		
Materials at the beginning of the year	61.91	38.39
Add: Purchases during the year	599.68	372.12
	661.59	410.51
Less: Stocks written-off	1.00	1.68
Less: Cost of materials sold	0.18	0.98
	660.41	407.85
Less: Materials at the end of the year	65.09	61.91
	595.32	345.94
21 Decrease in work-in-progress		
Opening Work-in-progress	1.05	129.80
Less: Work-in-progress written off	-	19.93
Less: Work-in-progress transferred to joint ventures	-	10.14
	1.05	99.73
Closing Work-in-progress	0.77	1.05
	0.28	98.68
22 Employee benefits expenses		
Salaries, wages and bonus	209.97	70.62
Contribution to provident fund and other funds [Refer note 42(a)]	4.36	2.53
Gratuity [Refer note 42(b)]	1.62	0.40
Compensated absences	2.58	1.09
Staff welfare expenses	5.83	2.15
	224.36	76.79

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
23 Other expenses		
Rent	11.79	6.42
Rates and taxes	10.14	2.86
Office maintenance	5.85	2.57
Communication expenses	2.51	1.53
Printing and stationery	1.90	0.86
Legal and professional charges	15.35	8.48
Travelling and conveyance	12.32	7.08
Business promotion	0.54	0.53
Donation	0.02	-
Auditor's remuneration (Refer note 47)	1.66	1.01
Loss on settlement of a project	-	3.04
Loss on exchange fluctuation (net)	-	3.51
Loss on sale/discard of assets (net)	-	1.64
Site expenses	12.67	6.95
Hire charges	14.49	7.26
Freight and transportation	9.75	7.03
Insurance	7.47	4.10
Power and fuel	2.66	0.99
Repairs		
Plant and machinery	4.90	2.46
Buildings	0.60	0.09
Others	3.50	1.78
Provision for estimated future losses (net)	-	19.25
Provision for doubtful advances	12.32	-
Bad debts/Advances written-off	1.59	-
Fixed assets/capital work in progress written off	1.15	-
Provision for liquidated damages (Refer note 41)	0.50	5.15
Miscellaneous expenses	4.03	1.70
	137.71	96.29
24 Finance costs		
Interest expense	201.98	67.90
Lease finance charges	0.55	0.40
Bank charges	11.67	6.50
	214.20	74.80

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012		For the year ended March 31, 2011	
25 Exceptional items (net)				
Gain on one time settlement with banks (Refer note 33)		-		(110.21)
Interest - others		-		(15.75)
Reversal of payable to joint venture		-		(14.81)
Compensation for idle machinery		-		(13.43)
Reversal/(provision) for performance bank guarantee invoked		-	33.57	
Less : written-off during the year		-	(17.16)	(16.41)
Liabilities no longer required written back		(3.18)		(5.34)
Bad debts earlier written-off now written back		(19.88)		-
Advances written-off		-		0.23
Bad debts written-off		-		1.60
Stock written-off		1.00		1.68
Work-in-progress written-off		-	(19.93)	
Add : Adjustment on settlement of a contract		-	2.82	17.11
Fixed assets/capital work in progress written off		2.80		1.31
Provision for doubtful trade receivables/advances/interest accrued on deposits/other receivables (net)	9.00	-	(23.96)	-
Add: written-off during the year	-	9.00	(1.22)	25.18
		(10.26)		(128.84)
26 Prior period items (net)				
Sub-contractor expenses		-		0.79
Legal and professional charges		-		5.17
Finance charges		-		5.18
Others (net)		-		0.58
		-		11.72
27 Earnings per share (EPS):				
The following reflects the profit/(loss) and share data used in the basic and diluted EPS computation:				
Profit/(loss) for the year		(147.01)		2.44
Less: Dividend payable to preference shareholders *		(33.41)		(21.51)
Loss for calculation of EPS		(180.42)		(19.07)
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share**		77,392,643		70,250,728

*As per the CDR package sanctioned by the lenders, from April 01, 2010, till the allotment of preference shares, no interest would be payable in cash by the Company. The return on the preference shares would be cumulated along with the principal and additional preference shares would be issued on the outstanding amount as on the date of issuance. As per conservative estimates, while calculating the basic and diluted EPS of March 31, 2011, the entire return payable to preference shareholders from April 01, 2010 till the date of allotment (i.e. Rs. 250 on March 31, 2011 and Rs. 57.50 on December 6, 2010) has also been considered.

**Potential equity on conversion of employee stock options are not considered for calculation of diluted earnings per share as it will have an anti - dilutive effect for EPS for the 18 months ended September 30, 2012 and potential equity on conversion of preference share and employee stock options were not considered for calculation of diluted earnings per share, as these will have an anti - dilutive effect for EPS for the year ended March 31, 2011.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

28. Uniform accounting policies:

As per the requirements of AS-21, AS-23 and AS-27, in the preparation of consolidated financial statements, the accounting policies of the consolidated entities are required to be aligned with those of the Company to the extent practicable. The following accounting policies followed by various consolidated entities are not aligned with those of the Company:

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

In the absence of information regarding the gross block and accumulated depreciation of the following joint venture, only the net block as at September 30, 2012 has been considered for consolidation:

September 30, 2012	March 31, 2011
Maytas –SNC (JV)	Maytas –SNC (JV)

The proportion of the aggregate net block of the above joint venture as compared to the Company's consolidated net block is 0.01% as at September 30, 2012 and 0.01% as at March 31, 2011.

- (b) As per the Group accounting policy, revenue from construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified by the Companies Accounting Standards Rules, 2006 (as amended). The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However NCC-Maytas (JV) a joint venture entity [March 31, 2011: NCC-Maytas (JV) and Maytas – CTR (JV)], has determined stage of completion on the basis of "Surveys performed" wherein the Group has determined the stage of completion of the project by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs. The proportion of the aggregate work-in-progress of the above joint venture entities as compared to the Company's consolidated work-in-progress is 0.00% as at September 30, 2012 (March 31, 2011: 0.57%).

The Group has estimated the impact of such differential accounting policies on the consolidated results for the year and financial position of the Group as at September 30, 2012 and based on such estimates, has determined that the difference is not material. Management is of the opinion that, such alignment of accounting policies is not practicable and that the cumulative impact of such alignment, if made, would not be significant to the consolidated financial statements.

29. (a) Following entities were consolidated based on unaudited financials and the assets, revenues and cash flows of these entities considered in consolidated financial statement are given below:

S. No	Name of the entity	Assets	Revenues	Cash flows
i.	Maytas Infra Saudi Arabia Company (Limited Liability Company)	195.50	134.78	65.56
ii.	Maytas Infra Assets Limited (MIAL)	7.39	-	(0.11)
iii.	Maytas Metro Limited	0.00	-	-
iv.	Maytas Vashista Varadhi Limited	0.25	-	-
v.	Angeerasa Green Fields Private limited	30.01	-	-
vi.	Saptaswara Agro Farms Private Limited	20.01	-	-
vii.	Ekadanta Green Fields Private Limited	18.58	-	-
viii.	NCC-Maytas (JV) - U1 #	0.05	-	0.00
ix.	NEC-NCC-Maytas (JV) #	2.36	0.40	0.00
x.	Maytas-NCC (JV) #	35.64	48.88	1.89
xi.	NCC-Maytas (JV) #	1.19	-	0.00
xii.	Maytas-CTR (JV) #	20.79	7.38	0.47
xiii.	NCC-Maytas-ZVS (JV) #	5.93	2.34	(0.05)
		337.70	193.78	67.76

amounts represent Company's share.

- (b) During the year, management has consolidated the following entity based on the audited financial statements as at and for the year ended March 31, 2010. Details of transactions between April 1, 2010 and September 30, 2012 were not available.

S. No	Name of the entity	Assets	Revenues	Cash flows
i.	Maytas-SNC (JV) #	1.91	-	-

amount represent Company's share.

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

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

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

30. Going concern:

The Group has recorded a net loss of Rs. 147.01 (March 31, 2011: net profit of Rs. 2.44) for the 18 months ended September 30, 2012. As at March 31, 2011 the Group had accumulated loss of Rs. 433.24 and pursuant to the scheme of arrangement (Refer note 51) accumulated loss as on September 30, 2012 is Rs.2.74. Though the Company has incurred significant loss during the year, however 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 obligation as they arise:

- The Company has an order book of Rs. 8,400 approximately as at September 30, 2012.
- Management has taken significant steps for revival and restoration of operations of the Company.
- The promoter group comprises of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs. 371.50 and Rs. 305.00 respectively to support the liquidity position of the Company upto September 30, 2012 and the Company also has an unutilized limit of Rs. 143.00 from IL&FS as at September 30, 2012.
- The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group and in terms of the Master Restructuring Agreement (MRA) executed on September 27, 2010, the lenders have sanctioned additional working capital facilities of Rs.363.24 (including non fund based limits of Rs. 249.25) during the year.
- The Company has also received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has assigned BBB- and A3 ratings for its long-term and short-term banking facilities respectively. These ratings represent moderate degree of safety regarding timely servicing/payment of the financial obligations.
- During the year, the Company has formed a subsidiary in Saudi Arabia namely Maytas Infra Saudi Arabia Company (Limited Liability Company) ("Saudi Subsidiary"), to undertake works in Saudi Arabia which has commenced its operations.

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

31. Contingent liabilities not provided for :

S. No	Particulars	As at September 30, 2012	As at March 31, 2011
(a)	Claims against the Group not acknowledged as debts	18.09	2.92
(b)	Outstanding bank guarantees (excluding performance obligations)	303.38	311.55
(c)	Guarantees issued by bankers, financial institutions on behalf of the Group towards performance obligations	466.88	621.98
(d)	Corporate Guarantees towards performance obligations of the Group	61.13	58.03
(e)	Direct and indirect taxes under dispute	91.66	43.29
(f)	Liquidated Damages	30.47	43.85
(g)	Preference Dividend (including dividend tax)	-	Refer note 27
(h)	The Company has guaranteed to make good the short fall, if any, on redemption of Pass Through Certificates issued by Maytas Investment Trust as per the CDR terms to the lenders (Refer note 52).		
(i)	Consequent to announcement by erstwhile chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation office (SFIO) has initiated investigations on various matters pertaining to the Company which are 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. While the Company has not accepted these violations, in order to settle these issues, the Company had filed compounding applications for these alleged violations.		

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 September 30, 2012.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

32. By order dated March 5, 2009, the CLB had appointed four nominees on the Board of the Company. Subsequently by its order dated August 31, 2009, the CLB inducted IL&FS as the new promoter of the Company and continued two of its nominees for a further period of two years. The Central Government by its letter dated September 4, 2011 has withdrawn the Government nominee directors from the Board with effect from September 1, 2011.

33. One Time Settlements (OTS) with lenders:

The Company had made OTS proposal to certain banks, which were not part of CDR scheme. During the previous year 2010-11, the Company had entered into OTS with five banks and the resultant gain on settlement had been accounted for as an exceptional item amounting to Rs. 110.21. With these OTS, the Company had completed settlements with all banks which were outside the purview of CDR scheme.

34. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 2.24 (March 31, 2011: Rs. 1.72).

(b) Other Commitments:

As per order of CLB dated January 13, 2011, the Company along with IL&FS and IFIN was committed to infuse Rs. 150.00 in Maytas Properties Limited as on March 31, 2011, which has been mobilized during the year.

35. Inter-Corporate Deposits:

Prior to April 01, 2009 the erstwhile promoters had given certain Inter-Corporate Deposits aggregating to Rs. 335.36 to various companies. In addition company has outstanding share application money aggregating to Rs. 27.00. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 342.11, Satyam Computer Services Limited (SCSL) is the ultimate beneficiary and for which a claim together with interest receivable had been lodged by the Company. SCSL had accounted certain liability in its Audited Financial Statements as at March 31, 2012 as "Amounts Pending Investigation Suspense Account (Net) Rs. 12,304 million". Management is of the opinion that the claim made by the Company on SCSL is included in the amount disclosed by them in their Audited Financial Statements. The Company is confident of recovering the Inter Corporate Deposits together with interest due thereon.

36. Segment information

Business segment:

The Group's operations fall into a single business segment "Construction and Infrastructure Development" Therefore, segment reporting in terms of Accounting Standard 17 on Segmental Reporting is not applicable.

Geographical segments:

Although the Company's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country, and rest of the world.

Segment	Segment revenue		Carrying amount of segment assets		Carrying amount of additions to segment assets	
	2012	2011	2012	2011	2012	2011
India	2,076.43	1,080.23	2,978.96	2,153.02	30.90	12.22
Rest of the world	128.01	-	161.92	-	22.51	-
Total	2,204.44	1,080.23	3,140.88	2,153.02	53.41	12.22

37. Acquisition of subsidiaries in previous year:

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

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

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

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

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

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

(a) Summary of post acquisition results of the acquired entities included in the Consolidated Statement of profit and Loss:

	As at March 31, 2011		
	AGPL	SAPL	EGPL
Revenues	-	-	-
Expenses	0.02	0.02	0.02
Net loss considered in the consolidated statement of profit and loss	(0.02)	(0.02)	(0.02)

(b) The assets and liabilities of the acquired entities included in the Consolidated Balance Sheet are:

	As at March 31, 2011		
	AGPL	SAPL	EGPL
Liabilities			
Short term borrowings	0.00	15.00	3.58
Assets			
Share application money	27.00	-	-
Loans and advances	3.00	20.00	18.58

38. During the previous year, Maytas Ferro Industries Private Limited, Dardu Power Private Limited, Par Power (Arunachal Pradesh) Private Limited and Maytas Mineral Resources Limited have closed operations effective February 28, 2011, March 29, 2011, March 29, 2011 and March 30, 2011 respectively. The consolidated financial position as on the March 31, 2011 and the consolidated results for the year ended March 31, 2011 included the following:

Statement of profit and loss	For the period April 1, 2010 to closure date
Expenses	0.06
Net loss considered in the Consolidated statement of profit and loss	(0.06)
Balance sheet	As at closure date
Liabilities	
Profit and loss balance	(5.01)

39. Deferred tax:

The Group has no deferred tax liability as at September 30, 2012. Deferred tax assets on account of timing differences have not been recognized as at September 30, 2012 in the absence of virtual certainty of future taxable profits, except for Maytas-NCC (JV), a joint venture for Rs. 0.01 since there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

40. Provision for estimated future loss on projects:

The projects in progress as at September 30, 2012 have been evaluated for future loss, if any, based on estimates relating to cost-to-complete the same. Based on such evaluation, the Company has provided for estimated future losses to an extent of Rs.41.52 (March 31: 2011 Rs. 62.92) in terms of the requirements of Accounting Standard 7 (revised 2002) notified by Company's Accounting Rules, 2006 (as amended) for Construction Contracts. The movement in the balance is as under:

	As at September 30, 2012	As at March 31, 2011
Opening balance	62.92	44.28
Add: Additions during the year	10.32	48.70
Less: Reversal during the year	(31.72)	(29.45)
Less: Utilized during the year	-	(0.25)
Less: Adjusted against current liabilities	-	(0.36)
Closing balance	41.52	62.92

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

41. Provision for liquidated damages:

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

	As at September 30, 2012	As at March 31, 2011
Opening balance	17.01	14.74
Add: Additions during the year	3.13	7.85
Less: Reversal during the year	(2.63)	(2.70)
Less: Adjusted against trade receivables	(3.44)	(2.88)
Closing balance	14.07	17.01

42. Retirement benefits:

(a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the statement of profit and loss Rs. 4.36 (March 31, 2011: Rs. 2.53)

(b) Disclosures related to defined benefit plan:

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is unfunded.

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

Statement of profit and loss

Net employee benefit expense

Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Current service cost	1.16	0.40
Interest cost on benefit obligation	0.26	0.14
Net actuarial (gain) / loss recognized in the year	0.20	(0.14)
Net benefit expense	1.62	0.40

Balance sheet

Changes in the present value of the defined benefit obligation

Particulars	As at September 30, 2012	As at March 31, 2011
Opening defined benefit obligation	1.92	1.76
Interest cost	0.26	0.14
Current service cost	1.16	0.40
Benefits paid	(0.29)	(0.24)
Actuarial (gain) / loss on obligation	0.20	(0.14)
Closing defined benefit obligation	3.25	1.92

Amounts for current and previous four periods are as follows:

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	3.25	1.92	1.76	2.18	1.63
Gain/(loss) on obligation due to change in assumption	(0.20)	-	(0.24)	0.39	0.00
Experience gain on obligation	-	0.14	0.88	-	-

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

	As at September 30, 2012		As at March 31, 2011	
Discount rate	8.60%		8.00%	
Increase in compensation cost	6.00%		6.00%	
Employee turnover	Age (Years) 18-57	Rate 5%	Age (Years) 18 - 50	Rate 10%
			51 - 57	5%

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

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.

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

	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Contract revenue recognized for the year	2,122.65	1,055.39
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	4,372.46	3,511.76
Advances received for contracts in progress	304.67	91.38
Amount of retention for contracts in progress	131.81	118.50
Gross amount due from customers for contract work (excluding cancelled projects)	659.69	179.17
Gross amount due to customers for contract work	23.23	10.68

44. Related party transactions:

I. Names of related parties and description of relationship with the Group:

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

Infrastructure Leasing & Financial Services Limited

- Jointly Controlled Entities (JCE)

- Maytas-SNC (JV)
- NCC-Maytas (JV) U1
- Himachal (JV)*
- NEC-NCC-Maytas(JV)
- Maytas-NCC (JV)
- NCC-Maytas (JV)
- Maytas-CTR (JV)
- NCC-Maytas-ZVS (JV)
- Gulbarga Airport Developers Private Limited **
- Shimoga Airport Developers Private Limited **

* During the previous year, the Company has amicably settled the liability with other JV partner. (Refer Note IV in Note 2.1(b))

** Part of the investment in the entities disposed off during the year and ceased to be joint venture of the company (Refer Note III in Note 2.1(b)).

- Associate

Maytas Properties Limited

- Key management personnel

- Mr. Vimal Kishore Kaushik (ceased to be managing director in the company w.e.f. November 13, 2011)
- Mr. Muralidhar Khattar, Chief Executive Officer (w.e.f. from November 14, 2011)

II. Transactions with related parties during the year:

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
A. Investing party in respect of which the reporting enterprise is an associate		
Infrastructure Leasing & Financial Services Limited		
Rent expenditure	-	(0.96)
Interest expenditure	(45.94)	(3.64)
Payments made on behalf of the Company	(8.63)	-
Reimbursement of expenses	(0.41)	(0.74)
Bank Guarantee Commission	(1.82)	-
Loan taken	(346.63)	(231.73)
Loan repaid	115.24	146.62

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

	For the 18 months ended September 30, 2012	For the year ended March 31, 2011
B. Joint ventures (JV) **		
1. NCC – Maytas (JV) U1		
Expenses incurred on behalf of the party	-	0.00
2. Himachal (JV)		
Share of loss written back	-	(14.81)
3. NEC – NCC – Maytas (JV)		
Receipt against share of profit	(0.37)	(0.37)
Expenses incurred on behalf of the party	0.02	0.14
4. Maytas – NCC (JV)		
Advances given / (received) (net)	-	1.99
Receipt against share of profit	(2.04)	-
Contract revenue	24.47	24.49
Interest income	-	(0.91)
Provision for doubtful advances	(2.00)	-
5. NCC – Maytas (JV)		
Expenses incurred on behalf of the party	0.05	0.01
Advance given (net)	-	0.03
6. Maytas CTR JV		
Expenses incurred on behalf of the party	0.16	0.01
Advances given (net)	2.51	-
Interest Income	0.14	(0.18)
Sale of material	-	0.01
Contract Revenue	-	0.02
Mobilization advance given	-	0.47
Provision for doubtful advances	(1.80)	-
7. NCC – Maytas – ZVS JV		
Receipt against share of profit	(0.41)	(0.19)
**Represents other venturers' share in the transactions with the joint ventures		
C. Associate		
1. Maytas Properties Limited		
Loans given	321.98	23.99
Loans repaid	(23.99)	-
Interest income	49.42	32.98
Reimbursement of expenses received	9.43	-
Mobilization advance received	(35.54)	(2.04)
Contract Revenue	154.09	-
Interest expenses	1.46	-
Purchase of material	5.86	-
Compensation for idle machinery	-	13.43
Equity contribution	-	0.10
Sale of fixed assets	13.83	-
D. Key Management Personnel		
1. Vimal Kishore Kaushik		
Managerial remuneration	1.54	0.48
Rent expenses	0.32	-
2. Muralidhar Khattar		
Professional charges	0.30	-

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

III. Balances outstanding debit / (credit):

	As at September 30, 2012	As at March 31, 2011
A. Investing party in respect of which the reporting enterprise is an associate		
Infrastructure Leasing & Financial Services Limited*		
- Long-term secured loan	(269.50)	-
- Short-term unsecured loan	-	(30.59)
- Long-term unsecured loan	(102.00)	(54.52)
- Promoters contribution (unsecured)	-	(55.00)
- Others	(18.72)	(0.03)
*Excluding performance bank guarantee of Rs. 61.98 (March 31, 2011: Rs. 5.45) given on behalf of the Company.		
B. Joint ventures		
1. NEC – NCC – Maytas (JV)	(0.73)	0.79
2. Maytas – NCC (JV)	8.18	20.52
3. NCC – Maytas (JV) U1	0.00	0.02
4. NCC – Maytas (JV)	0.03	0.50
5. Maytas SNC (JV)	(0.60)	0.06
6. Maytas – CTR- JV	7.19	1.88
7. NCC – Maytas – ZVS	(0.78)	1.24
8. Gulbarga Airport Developers Private Limited	-	0.52
9. Shimoga Airport Developers Private Limited	-	0.50
C. Associate		
Maytas Properties Limited		
- Inter corporate deposits	369.85	71.86
- Interest accrued	48.14	28.56
- Receivables against sale of fixed asset	13.83	-
- Mobilization advance payable	(18.32)	(2.04)
- Others	0.27	13.52
- Trade receivables	30.17	51.44

45. Incidental Expenditure during Construction Period (Pending capitalization) included in capital work in progress:

Particulars	As at September 30, 2012	As at March 31, 2011
Opening balance of incidental expenditure:	8.03	2.97
Less: On disposal*	7.14	0.85
	0.89	2.12
Salaries, wages and bonus	-	0.03
Legal and professional charges	0.04	3.74
Site expenses	-	1.92
Miscellaneous expenses	0.02	0.05
Interest expense	-	0.14
Bank charges	0.04	0.03
Total	0.99	8.03
Less: Amount written off	0.99	-
Total	-	8.03

*Consists of incidental expenditure relating to joint ventures and subsidiaries which were sold during the year.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

46. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at September 30, 2012, the following two schemes were in operation:

Particulars	ESOS – 2007	ESOS – 2009	
		Grant I	Grant II
Date of grant	April 14, 2007	March 23, 2010	June 28, 2012
Date of Remuneration Committee approval	April 14, 2007	March 23, 2010	June 28, 2012
Date of Shareholder's approval	March 30, 2007	November 09, 2009	November 09, 2009
Number of options granted	644,967	1,201,407	2,849,984
Method of Settlement (Cash / Equity)	Equity	Equity	Equity
Vesting Period	Options vest on an annual basis at 20%, 20%, 30% and 30% over a period of four years.	Vesting Option 1: Options vest on an annual basis at 30%, 35% and 35% over a period of three years. Vesting Option 2: Options vest on an annual basis at 20%, 30% and 50% over a period of three years.	Vesting Option 1: Options vest on an annual basis at 30%, 30% and 40% over a period of three years. Vesting Option 2: Options vest on an annual basis at 40% and 60% over a period of two years. Vesting Option 3: Options vest totally after one year from the date of grant.
Exercise Period	3 years from the date of vesting	3 Years from the date of vesting	3 Years from the date of vesting

(I) The details of activity under ESOS – 2007 have been summarized below:

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the Year	61,397	370	107,229	370
Granted during the year	-	-	-	-
Forfeited during the year	9,243	370	45,832	370
Exercised during the year	-	-	-	-
Expired during the year	20,860	-	-	-
Outstanding at the end of the year	31,294	370	61,397	370
Exercisable at the end of the year	31,294	370	42,978	370
Weighted average remaining contractual life (in years)	1.54	-	3.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

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

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (in years)	Weighted Average Exercise Price (Rs. per share)
2011 – 12	370	31,294	1.54	370
2010 – 11	370	61,397	3.04	370

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

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the year	902,214	176.90	1,201,407	176.90
Granted during the year	-	-	-	-
Forfeited during the year	262,119	176.90	299,193	176.90
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	640,095	176.90	902,214	176.90
Exercisable at the end of the year	385,002	176.90	242,476	176.90
Weighted average remaining contractual life (in years)	3.48	-	4.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (in years)	Weighted Average Exercise Price (Rs. per share)
2011 - 12	176.90	640,095	3.48	176.90
2010 – 11	176.90	902,214	4.98	176.90

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

Particulars	For the 18 months ended September 30, 2012		For the Year ended March 31, 2011	
	Number of Options	Weighted Average Exercise Price (Rs. per share)	Number of Options	Weighted Average Exercise Price (Rs. per share)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,849,984	58.90	-	-
Forfeited during the year	140,960	58.90	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,709,024	58.90	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.74	-	-	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	-	-

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

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

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

Year	Range of Exercise Prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of Options (In years)	Weighted Average Exercise Price (Rs. per share)
2011 - 12	58.90	2,709,024	5.74	58.90
2010 - 11	-	-	-	-

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

Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Total Employee Compensation Cost pertaining to share based payment plans	-	0.47
Less: Liability for employee stock options outstanding at the year end	-	0.47

In March 2005, the Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the Financial Statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

Particulars	For the 18 months ended September 30, 2012	For the Year ended March 31, 2011
Loss considered for EPS (Refer note 27)	(180.42)	(19.07)
Add: Employee stock compensation under intrinsic value method	-	(0.33)
Less: Employee stock compensation under fair value method	(1.62)	0.95
Proforma loss	(182.04)	(18.45)
Earnings Per Share (Rs.)		
Basic		
- As reported	(23.31)	(2.71)
- Pro forma	(23.52)	(2.62)
Diluted		
- As reported	(23.31)	(2.71)
- Pro forma	(23.52)	(2.62)

47. Auditors' remuneration (including service tax):

S No	Particulars	For the 18 months ended September 30, 2012	For Year ended March 31, 2011
a)	Statutory audit	0.90	0.55
b)	Limited review	0.56	0.33
c)	Certification	0.07	0.03
d)	Audit fee for consolidated financial statements	0.11	0.06
e)	Out of pocket expenses	0.02	0.04
	Total	1.66	1.01

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

48. The aggregate amount of the gross assets, liabilities, income and expenses related to the Group's share in the joint ventures included in these consolidated financial statements as of and for the year ended September 30, 2012 are given below:

Particulars	As at September 30, 2012	As at March 31, 2011
Consolidated Balance Sheet		
Current assets	41.29	52.38
Non-current assets	26.44	17.09
Total assets	67.73	69.47
Current liabilities	42.69	51.51
Non-current liabilities	25.04	17.96
Total liabilities	67.73	69.47

Consolidated statement of profit and loss:

Particulars	For the 18 Months ended September 30, 2012	For the year ended March 31, 2011
Income		
Revenue from operations	59.00	89.59
Other income	0.53	0.02
	59.53	89.61
Expenditure		
Decrease/(Increase) in Work-in-progress	0.28	2.97
Cost of material consumed	39.10	0.01
Employee benefits expense	2.78	0.42
Sub-contract expenses	12.90	80.71
Other expenses	0.44	0.36
Financial costs	0.15	0.41
Depreciation and amortization expense	0.04	0.05
	55.69	84.93
Profit before tax	3.84	4.68
Provision for taxation		
- Current tax	1.23	1.51
- Deferred tax credit	(0.01)	-
- Tax for earlier years	0.12	1.10
Total tax expense	1.34	2.61
Profit after tax	2.50	2.07

49. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at September 30, 2012 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at September 30, 2012		As at March 31, 2011	
	Amount in Foreign Currency Crore	Amount in INR	Amount in Foreign Currency Crore	Amount in INR
Advances	-	-	SAR 0.02	0.28
Advances	-	-	USD 0.06	2.52
Advances	AED 0.01	0.11	AED 0.00	0.00

50. Leases:

In case of assets taken on lease:

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

Minimum lease payments under non-cancellable operating leases are:

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

Particulars	As at September 30, 2012	As at March 31, 2011
Minimum Lease Payments		
Not later than one year	1.42	2.29
Later than one year but not later than five years	4.16	6.64
Later than five years	-	1.04

Finance lease: The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to statement of profit and loss as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term with a waiver of escalation for the current year and previous year. Lease term is for a period of ten years renewable for a further period of ten years at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at September 30, 2012	As at March 31, 2011
Total minimum lease payments during the year	1.07	0.56
Less: amount representing finance charges	0.55	0.40
Present value of minimum lease payments (rate of interest 12%)	0.52	0.16
Minimum Lease Payments		
Not later than one year [Present value Rs. 0.50 (March 31, 2011: Rs. 0.28)]	0.81	0.66
Later than one year but not later than five years [Present value Rs. 2.43 (March 31, 2011: Rs. 2.44)]	2.94	3.40
Later than five years [Present value Nil (March 31, 2011: Rs. 0.72)]	-	0.76

In case of Assets given on lease:

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

Particulars	As at September 30, 2012	As at March 31, 2011
Future Minimum Lease Payments		
Not later than one year	-	2.95
Later than one year but not later than five years	-	0.24
Later than five years	-	-

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

51. Scheme of arrangement:

The Company had undertaken a Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 ("the Act") read with Sections 78, 100 to 104 of the Act. The same was sanctioned by the Hon'ble High Court of Andhra Pradesh ("the Court") vide its order dated October 17, 2012, which was further modified on October 19, 2012 and on November 7, 2012 respectively. The said orders of the Court were registered with the Registrar of Companies on November 21, 2012. Pursuant to the Scheme, the securities premium account of the Company of Rs. 612.24 has been adjusted against the gross debit balance of Rs. 728.38 in the Profit and loss account of the Company for the financial years 2008-09 and 2009-10. The unadjusted debit balance of Rs. 116.14 has been adjusted against the gross credit balance of the Profit and loss account of Rs. 295.96 being balance in the Profit and loss account as on March 31, 2008 and Profit for the year 2010-11 of the Company, leaving Rs. 179.82 in the statement of profit and loss of the Company as on the appointed date. Salient features/conditions of the scheme are as under:

- The Company shall within four weeks of this order, furnish an unconditional Bank Guarantee for Rs.70.02 and deposit the guarantee with the Registrar (Judicial), Hon'ble High Court of Andhra Pradesh, to be retained to the credit of, and till the final outcome of Company Petition No.199 of 2010, or any directions passed therein. The debt due to the other two unsecured creditors, who voted against the scheme, of Rs.0.08 shall be repaid to them within four weeks from the date of the order, and proof of payment shall be filed by way of an application, supported by an affidavit, in the Company Petition.

Notes to consolidated financial statements for the 18 months ended September 30, 2012

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

- The Company shall add to its name, as its last words "and reduced" for the period up to and until the end of the financial year 2012-13; and in the balance sheet, the profit and loss account, and the annexure thereto for the period.

The balance in the statement of profit and loss arising pursuant to the Scheme can be used for payment of dividend to preference shareholders and/or adjustment against losses, if any, in the normal course of business operations from April 2011 onwards or for redemption of preference shares, but not for payment of dividend to equity shareholders.

The Company has complied with the conditions imposed by the order and has given effect of the same in the financial statement. The Company has presented the impact of the scheme in the Statement of profit and loss, since such presentation is relevant to the understanding of the effect of the Scheme on the financial position and/or performance.

52. In the earlier year, pursuant to the Debt Restructuring Program, 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). As per the arrangement, the Company is liable for short fall, if any, that may arise in eventual settlement of the Pass Through Certificates issued by Trust. Based on internal assessment and fair valuation of the underlying investments held by the Trust, the Company does not currently envisage any shortfall on this account. The aforesaid trust portfolio includes an investment wherein the investee company has gas based power plant, which is facing concerns on account of lower supplies/availability of natural gas. However, based on evaluation of few alternates including representations/discussions with various government authorities to secure the gas linkage/supplies, management is of the view that the concerns in the industry are temporary in nature and will not have any significant impact on the valuation of the investment.

53. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering and Construction Company Limited ("IECCL")] in the Maytas Properties Limited ("MPL"), IL&FS Group has extended loans amounting to Rs. 321.98 to MPL through the Company and the same is outstanding as on September 30, 2012. Such facilities rank as priority debt and will have priority in repayment over other liabilities of MPL. In addition, towards security for the same, the Company has entered into an "Articles of Agreement" with MPL wherein IL&FS Group has been given an option for adjusting the loans, along with accrued interest, against all the unsold villas and apartments of Hill County Phase I project of MPL.

As per the terms of the said agreement, an option vests with the IL&FS Group to exercise the right to instruct MPL to execute the conveyance over the villas and apartments, either in its favour or in joint names or in the name of any such person / entity nominated by IL&FS Group, in lieu of repayment of the loans along with all outstanding interest, cost and other amounts due thereon at the time of exercising such option.

The underlying land over which the villas and apartments are under construction has income tax attachment. In view of the ongoing proposal of debt restructuring with the lenders, MPL is yet to obtain No Objection Certificate from the existing lenders, whose security includes first charge on inventories of MPL. Pending release of attachment from the Income tax department and approval from existing lenders, management is of the view that the security offered is presently not enforceable and accordingly, the aforesaid loan has been disclosed as unsecured loan.

54. All amounts less than Rs. 0.01 Crore have been disclosed as Rs. 0.00 Crore. The Company has extended its Financial Year 2011-12 by six months and accordingly, has prepared its financial statements for 18 months from April 1, 2011 and ending on September 30, 2012. Hence, current period's figures being for 18 months are not comparable with the previous year's figures for 12 months.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm registration number : 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership No: 093649

For and on behalf of the board of directors of

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

Ramchand K

Chairman

Arun K Saha

Director

Muralidhar Khattar

Chief Executive Officer

Dr. S N Mukherjee

Chief Financial Officer

G Venkateswar Reddy

Company Secretary

Place : New Delhi

Date : November 25, 2012

Place : New Delhi

Date : November 25, 2012

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

Registered Office : 6-3-1186/1&2, IL&FS Engineering House Begumpet, Hyderabad - 500 016

ATTENDANCE SLIP

I/Wehereby record my/our presence at the 24th Annual General Meeting being held on Friday the 22nd day of February, 2013 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, the Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad - 500 004.

Name of the Shareholder / Proxy* No. of Shares held.....

Folio No.:

Client Id:

DP Id:

Signature of Shareholder	
--------------------------	--

*Strikeout whichever is not applicable

Note:

- Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
- Shareholder/Proxy should bring his/her copy of the Annual Report.

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

Registered Office : 6-3-1186/1&2, IL&FS Engineering House Begumpet, Hyderabad - 500 016

PROXY

I/We.....of.....in the District ofbeing a Member(s) of the above named Company, hereby appointof.....in the District ofor failing him/her.....of.....in the District ofas my/our Proxy to vote and for me/us on my/our behalf at the 24th Annual General Meeting being held on Friday the 22nd day of February, 2013 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, the Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad - 500 004. and at any adjournment thereof.

Signed thisthe day of2013

Folio No.:

Client Id:

DP Id:

No. of SharesSignature

Note : The Proxy in order to be effective must reach duly filled in at least 48 (fortyeight) hours before the commencement of the aforesaid meeting

Affix
Re 1/-
Revenue
Stamp

Saudi Arabia National Guard Housing Project at Dammam, KSA



Hill County Residential Project, Hyderabad

Towers at Hill County Residential Project, Hyderabad



River crossing - Halol-Dahod Pipeline (HDPL) Project, Godhra
for Gujarat State Petronet Limited (GSPL) in Gujarat

KP Dam, Tirupathi



Bhupathipalem Dam Project

BOOK - POST



If undelivered, please return to:

 Engineering Services

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

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