



ANNUAL REPORT

2014-2015



 **IL&FS** | Engineering Services

IL&FS Engineering and Construction Company Limited



Dense Bituminous Macadam (DBM) layer completed at Cyber City area at DLF Road Project, Gurgaon

Sub structure work in progress at Km 26.184 Major Bridge at Kiratpur – Ner Chowk Road Project, Himachal Pradesh





400 KV Double Circuit, Quad Moose Conductor and Suspension Tower at Cuddalore Transmission Line Project in Cuddalore District of Tamil Nadu

Anuppur Barrage Project at Son River, Anuppur District, Madhya Pradesh





Marbella Villas Residential Project, Gurgaon

Palm Garden Residential Project, Gurgaon



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## Bankers

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

## Registrar & Share Transfer Agent

### Karvy Computershare Private Limited

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

## Board of Directors

(As on May 29, 2015)

Ramchand Karunakaran  
(Chairman)

Murli Dhar Khattar  
(Managing Director)

Saleh Mohammed A BinLaden

El Mouhtaz El Sawaf

Akberali Mohemedali Moawalla  
(Alternate Director to Mr. BinLaden)

Ahmad Mohamad Dabbous  
(Alternate Director to Mr. Sawaf)

Ved Kumar Jain

Anil Kumar Agarwal

Dhananjay Narendra Mungale

Alpa Ramesh Sheth

Kanika Tandon Bhal

### Company Secretary

G. Venkateswar Reddy

## Auditors

### S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants  
ICAI Firm Registration No: 101049W  
Oval Office 18, I labs Centre  
Hitech City, Madhupur  
Hyderabad - 500 081.

## Registered Office

**CIN: L45201AP1988PLC008624\***

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

\*(yet to be changed by RoC to reflect Telangana State)

# NOTICE

**NOTICE** is hereby given that the Twenty-Sixth **Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited** will be held on Saturday, the 19<sup>th</sup> day of September, 2015 at 11.00 A.M. at KLN Prasad Auditorium, 3<sup>rd</sup> Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

## ORDINARY BUSINESS:

- (1) To consider and adopt:
  - (a) the audited financial statements of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statements of the Company and report of Auditors' thereon.
- (2) To appoint a Director in place of Mr. Saleh Mohammad Awad BinLaden (DIN – 03604752), who retires by rotation and, being eligible, offers himself, for re- appointment.
- (3) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, the appointment of S. R. Batliboi & Associates LLP, Chartered Accountants, Institute of Chartered Accountants of India Registration Number 101049W, approved by the members in the 25<sup>th</sup> Annual General Meeting to hold office until the conclusion of 28<sup>th</sup> Annual General Meeting be and is hereby ratified in this Annual General Meeting till the conclusion of next Annual General Meeting, with a remuneration as may be determined by the Board of Directors of the Company”.

## SPECIAL BUSINESS:

### APPOINTMENT OF INDEPENDENT DIRECTORS

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

**“RESOLVED THAT** in terms of Section 149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder, consent of the members of the Company be and is hereby accorded for appointment of Mr. Ved Kumar Jain (DIN – 00485623) as Independent Director of the Company for a period of 5 years with effect from August 08, 2014.”

**“RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Telangana and Andhra Pradesh.”
- (5) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in terms of Section 149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder, consent of the members of the Company be and is hereby accorded for appointment of Mr. Anil Kumar Agarwal (DIN – 00000100) as Independent Director of the Company for a period of 5 years with effect from August 08, 2014.”

**“RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Telangana and Andhra Pradesh.”

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

**“RESOLVED THAT** in terms of Section 149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder, consent of the members of the Company be and is hereby accorded for appointment of Mr. Dhananjay Narendra Mungale (DIN – 00007563) as Independent Director of the Company for a period of 5 years with effect from August 08, 2014.”

**“RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Telangana and Andhra Pradesh.”

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

**“RESOLVED THAT** in terms of Section 149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder, consent of the members of the Company be and is hereby accorded for appointment of Ms. Alpa Ramesh Sheth (DIN – 00461438) as Independent Director of the Company for a period of 5 years with effect from August 08, 2014.”

**“RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Telangana and Andhra Pradesh.”

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

**“RESOLVED THAT** in terms of Section 149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder, consent of the members of the Company be and is hereby accorded for appointment of Dr. Kanika Tandon Bhal (DIN – 06944916) as Independent Director of the Company for a period of 5 years with effect from August 08, 2014.”

**“RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath

Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Telangana and Andhra Pradesh.”

#### **REMUNERATION TO COST AUDITOR**

- (9) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
- “**RESOLVED THAT** pursuant to the provisions of Section 148 and rules made thereunder and any other applicable provisions of Companies Act, 2013, the re-appointment of M/s. S. Mahadevan & Co, Cost Accountants as cost auditors for the Financial Year 2015-16 by the Board of Directors of the Company at a remuneration not exceeding Rs. 5 Lakhs per annum excluding out of pocket & other expenses and service tax, as may be incurred in the course of Audit be and is hereby ratified and approved.”

#### **ADOPTION OF NEW SET OF ARTICLES**

- (10) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
- “**RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and are hereby replaced with the new set of Articles of Association, a draft of which has been initialed by the Chairman (and a copy of which has been annexed to the Explanatory Statement).”
- “**RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby jointly and/or severally authorized by the Company to undertake such acts, deeds and matters, including but not limited to making requisite filings with the Registrar of Companies that may be required to give effect to the amendments to the Articles of Association of the Company in accordance with this resolution.”

#### **APPROVAL FOR INVESTMENTS**

- (11) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
- “**RESOLVED THAT** pursuant to Section 186 of the Companies Act, 2013 and rules made thereunder and applicable provisions of Foreign Exchange Management Act, 2000, and in terms of Clause 49 of the Listing Agreement, consent of the Company be and is hereby accorded for making investment of not exceeding SAR 13.75 Million towards Share Capital in Maytas Infra Saudi Arabia Company, subsidiary of the Company incorporated in Saudi Arabia, subject to compliance of the legal provisions as may be applicable.”
- “**RESOLVED FURTHER THAT** Mr. Murli Dhar Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby jointly and/or severally authorized by the Company to undertake such acts, deeds and matters, including but not limited to making requisite filings with the Registrar of

Companies, Reserve Bank of India and any statutory authority, in India or in the country of investment, that may be required in accordance with this resolution.”

#### **RELATED PARTY TRANSACTIONS**

- (12) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
- “**RESOLVED THAT** pursuant to provisions of Clause 49 of the Listing Agreement between the Stock Exchanges and the Company (including any amendments, modifications or enactment/re-enactment thereof), consent of the members of the Company be and is hereby accorded to the transactions entered with Infrastructure Leasing and Financial Services Limited (IL&FS) for availing loans aggregating to Rs. 330 Cr from IL&FS, issuing of corporate guarantee of Rs. 125 Cr to IL&FS against the Bank Guarantee / Letter of Credits obtained/ to be obtained from the bank limits of IL&FS, and Brand Licensing fee of Rs.10 lacs p.a., which were entered into prior to October 01, 2014 and are continuing beyond March 31, 2015 on the terms as mentioned in the explanatory statement to this resolution.”
- “**RESOLVED FURTHER THAT** all the acts done by the Company in relation to the above transactions be and are hereby ratified and Mr. M.D. Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary be and are hereby severally authorized to do all the acts, deeds and things in relation to the said transactions.”
- (13) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
- “**RESOLVED THAT** pursuant to provisions of Clause 49 of the Listing Agreement between the Stock Exchanges and the Company (including any amendments, modifications or enactment/re-enactment thereof), consent of the members of the Company be and is hereby accorded to the transaction entered with Hill County Properties Limited for execution of the Hill County Project which was entered into prior to October 01, 2014 and is continuing beyond March 31, 2015 on the terms as mentioned in the explanatory statement to this resolution.”
- “**RESOLVED FURTHER THAT** all the acts done by the Company in relation to the above transaction be and is hereby ratified and Mr. M.D. Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary be and are hereby severally authorized to do all the acts, deeds and things in relation to the said transactions.”
- (14) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
- “**RESOLVED THAT** consent of the members is hereby accorded for the material related party transactions with Infrastructure Leasing and Financial Services Limited (IL&FS) during the year 2014-15 amounting to Rs. 670.95 Cr comprising of availing Term Loans of Rs. 480 Cr from IL&FS and issuing Corporate Guarantees on behalf of the Company amounting Rs. 190.95 Cr to IL&FS against the Bank Guarantee obtained /to be obtained from the bank limits of IL&FS during the year.”

“RESOLVED FURTHER THAT the consent of members be and is hereby accorded for obtaining Letter of Comfort and / or Letter of Awareness from IL&FS in favour of the Lenders of the Company under CDR Scheme for an amount of Rs. 973 Crores (Rupees Nine Hundred Seventy Three Crores only) and retaining core funding of Rs. 400 Cr in the Company as agreed with the CDR Banks of the Company, in the manner as may be decided by the Board / its committee in consultation with the CDR Lenders / any other lenders of the Company from time to time.”

“RESOLVED FURTHER THAT all the acts done / to be done by the Company in relation to these transactions are hereby ratified and Mr. M.D. Khattar, Managing Director of the Company, Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company and Mr. G. Venkateswar Reddy, Company Secretary be and are hereby severally authorized to do all the acts, deeds and things in relation to the said transactions.”

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

**G. Venkateswar Reddy**  
Company Secretary

**Regd. Office:**

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

Place: New Delhi  
Date: May 29, 2015

**NOTES:**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED.
- (2) A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
- (3) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
- (4) 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 forms part of this notice.
- (5) Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
- (6) 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.

- (7) 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.
- (8) The Register of Members and Share Transfer Books of the Company will remain closed from September 16, 2015 to September 19, 2015 (both days inclusive) for the Annual General Meeting
- (9) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 in respect of their physical share folios, if any.
- (10) Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
- (11) 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.\
- (12) Members may also note that the Notice of the 26<sup>th</sup> Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company’s website [www.ilfsengg.com](http://www.ilfsengg.com) for their download. The physical copies of the aforesaid documents will also be available at the Company’s Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company’s investor email id: [cs@ilfsengg.com](mailto:cs@ilfsengg.com).
- (13) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (14) Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 08, 2014 (date of last Annual General Meeting) on the website of the Company ([www.ilfsengg.com](http://www.ilfsengg.com)), as also on the website of the Ministry of Corporate Affairs. Further, the unclaimed Share Application Money has been transferred to IEPF account during the year 2014-15
- (15) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.
- (16) Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

- (17) Procedure of E-Voting – In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, your Company is pleased to provide members facility to exercise their right to vote at the 26<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited

The instructions for E-voting are as follows:

- i. To use the following URL for e-voting:  
<http://evoting.karvy.com>
- ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the date of book closure, may cast their vote electronically.
- iii. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT i.e., IL&FS Engineering and Construction Company Limited
- viii. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- ix. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- xii. The Portal will be open for voting from 9.00 a.m. on September 16, 2015 to 5.00 p.m. on September 18, 2015
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Toll Free No. 18003454001

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

### Items No: 4,5,6,7 and 8

Section 149 (4) of the Companies Act, 2013 had mandated that Listed Companies are required to appoint at least one-third of the Board as Independent Directors. The Criteria of independence is explained in Section 149 (6) of the Act.

Your Company had already appointed Mr. Ved Jain, Mr. Anil Kumar Agarwal and Mr. Dhananjay Narendra Mungale as Independent Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges. However, with the emergence of the requirement under the Companies Act, 2013, the appointment of Independent Directors was formalized by issuing Letters of Appointment to the Existing Independent Directors by appointing them for a period of 5 years with effect from August 08, 2014.

Further, second proviso to Section 149 (1) read with applicable rule requires appointment of atleast one Women Director on the Board of the Company. Ms. Alpa Sheth and Dr. Kanika Tandon Bhal were appointed as Independent Women Directors on the Board of your Company for a period of 5 years with effect from August 08, 2014.

In terms of Clause IV (2) of Code of Conduct for Independent Directors in Schedule IV of the Companies Act, 2013, appointment of Independent Directors is required to be approved by the members of the Company. In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Act and the rules made thereunder and are independent of the Management.

Accordingly, the Directors recommend these resolutions as Ordinary Resolutions for your approval. The information as per the Listing Agreement is mentioned as an Annexure to this Notice.

None of the Directors or Key Managerial Personnel or their relatives, except the proposed appointees to the extent of their appointments, are interested in the said resolutions. None of the directors of the Company are inter-se related to each other.

### Item No: 9

#### APPOINTMENT OF COST AUDITOR:

The Board, on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s S Mahadevan & Co, Cost Accountants to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 as per the provisions of Section 148 of the Companies Act and Companies (Audit and Auditors) Rules, 2014. In accordance with these provisions, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

During the financial years 2011-12 and 2012-14, M/s S Mahadevan & Co., Cost Accountants, were appointed to issue cost compliance certificate to the Company as per the provisions rules under Companies Act, 1956 and for the Financial Year 2014-15, they were appointed as Cost Auditors of the Company. They are well experienced in the field of Cost Audit with highly experienced partners who shall undertake the Cost Audit. The fee prescribed is in line with the Standards in Industry based on the size of your Company.

Accordingly, your Directors recommend this resolution for your ratification and approval as an ordinary resolution.

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

## **Item No. 10:**

### **ADOPTION OF NEW SET OF ARTICLES**

The Government of India had promulgated Companies Act, 2013 and its rules (the Act) and majority of the provisions were made applicable with effect from April 01, 2014. The Act had repealed the provisions of the erstwhile Companies Act, 1956 and thereby requiring the Articles of Association (which are presently as per the provisions of the repealed Companies Act, 1956) to be changed in line with the Table F in Schedule I under the Companies Act, 2013. The same are included as "PART I" of the proposed Articles of Association of the Company.

Further, Articles of Association of your Company included "PART B – Specified Articles" consisting salient features of the Shareholders Agreement entered with SBG Projects Investments Limited, strategic investor. The "PART II – Specified Articles" are being adopted as stated in the earlier set of Articles of Association without any changes.

Your directors recommend the said resolution for your approval.

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

**(THE COMPANIES ACT, 2013)**  
**(COMPANY LIMITED BY SHARES)**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**IL&FS ENGINEERING AND CONSTRUCTION COMPANY**  
**LIMITED**  
**Part-I**

### **PRELIMINARY**

1. The Regulations contained in Table F of the first schedule of the Act (as defined below) shall not apply to the Company (as defined below) except so far as such regulations are reproduced or contained in or expressly made applicable by these Articles or the Act. The regulations for the management of the Company and the observance of the Shareholders (as defined below) and their representatives shall, subject to any exercise of the Company's power to modify, alter, delete or add to its regulations, as prescribed by the Act, be such as are contained in these Articles.

### **INTERPRETATION**

2. In the interpretation of these Articles, the following expressions shall have the following meanings unless repugnant to the subject or context thereof:

"Act" means the Companies Act, 2013, or any statutory modification or re-enactment thereof, for the time being in force.

"Applicable Law" means any statute, law, ordinance, rule, administrative interpretation, regulation, press note, order, writ, injunction, directive, judgment or decree issued by any government or any of its ministries, departments, secretariats, agencies or any legislative body, court and tribunal, whether at the central, state or municipal/local level.

"Articles" means these Articles of Association as amended, added or modified from time to time.

"Auditors" means and includes those persons appointed as such, for the time being, by the Company to discharge the duties of auditors under the Act.

"Beneficial Owner" means a beneficial owner as defined under Section 2(1) (a) of the Depositories Act.

"Board" means the Board of Directors of the Company.

"Central Government" means the Central Government of India acting through the Ministry of Corporate Affairs or such other ministry or department as the context may require.

"Company" means IL&FS Engineering and Construction Company Limited, a public limited company incorporated under the Act.

"Depositories Act" means the Depositories Act, 1996, or any statutory modification or re-enactment thereof, for the time being in force.

"Depository" means a depository as defined under Section 2(1)(e) of the Depositories Act.

"Director" means any director as per the provisions of Companies Act, 2013.

"General Meeting" means a general meeting of the Members of the Company, whether an annual general meeting or an extraordinary general meeting.

"Member" means the registered holder of Shares whose name is entered as such in the Register of Members and includes a Beneficial Owner of Shares in the records of any Depository of the Company.

"Memorandum of Association" means the Memorandum of Association of the Company as amended, added or modified from time to time.

"National Holiday" means Republic Day, Independence Day, Mahatma Gandhi Jayanthi and any day declared as national holiday by publishing in the Official Gazette of India by the Indian Government

"Postal Ballot" includes voting by shareholders by postal or electronic mode instead of voting personally by being present for transacting businesses in a General Meeting of the Company.

"Registrar of Companies" means the Registrar of Companies of the state in which the registered office of the Company is for the time being situated.

"The Seal" means Common Seal of the Company

"Securities" means securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956, as amended.

"Shareholder" means any person who is a holder of any class of Shares.

"Shares" mean all classes of shares in the capital of the Company or any class thereof, as the case may be, and includes any and all the rights conferred on a person by the ownership of such Shares.

3. References to the plural shall include the singular and vice-versa; references to one gender shall include other genders; references to companies shall include foreign companies, corporations and registered bodies; and references to persons shall include registered and unincorporated bodies.

4. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force.

## CAPITAL

5. The authorised share capital of the Company shall be as specified from time to time in the Memorandum of Association of the Company. The share capital of the Company shall comprise of equity Shares and/or preference Shares of such amount as may be determined by the Company, from time to time, with power to increase, reduce, sub-divide or to repay the same or divide the same into several classes and to attach thereto any rights and to consolidate or reorganise the Shares, and subject to Section 48 of the Act, to vary such rights as may be determined in accordance with the regulations of the Company.
6. Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares, shall be considered as part of the existing share capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
7. To the extent the Company is permitted by Applicable Law to issue non-voting Shares or Shares which have rights attached thereto different from the rights attached to equity Shares or any other kind, class or type of Shares, the Company may, if so authorised by the resolution of the Shareholders under Section 42 and 62 of the Act, and other relevant provisions of the Act, issue such Shares upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as may be permitted by Applicable Law.

### Increase of Capital

8. The Company may, at a General Meeting, from time to time, by an ordinary resolution, increase its share capital by the creation of new Shares, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. The new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe, and in particular, such Shares may be issued subject to the Articles, with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right to vote at a General Meeting in conformity with Section 47 of the Act. Unless otherwise stated, all new Shares of the same class shall rank *pari passu* with existing Shares of the same class. Whenever the capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provisions of Section 64 of the Act.

### Power to Issue Preference Shares

9. Subject to the provisions of the Act, the Company shall have the power to issue or re-issue preference Shares in one or more series which are, at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of such redemption.

### Reduction of Share Capital

10. Subject to the provisions of Section 66 of the Act, the Company may, at a General Meeting, from time to time, by special resolution, reduce in any manner for the time being authorised by Applicable Law, its share capital.

### Sub-division and Consolidation of Shares

11. (1) Subject to the provisions of Section 61 of the Act, the Company may, at a General Meeting, from time to time,

by an ordinary resolution, consolidate, sub-divide or cancel its Shares in the following manner:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
  - (b) sub-divide its Shares, or any of them, into Shares of smaller amount, such that the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
  - (c) cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled. Cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of the share capital within the meaning of the Act.
- (2) Whenever the Company shall do any one or more of the things provided for in the foregoing Article 11(1), the Company shall, within thirty (30) days thereafter give notice thereof to the Registrar of Companies specifying, as the case may be, the Shares consolidated, divided, sub-divided or cancelled.

### Modification of Rights

12. (1) Whenever the share capital, by reason of the issue of preference Shares or otherwise is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourths of the issued capital of that class or with sanction of a special resolution passed at a general meeting of the holders of the Shares of that class, and all the provisions hereafter contained as to a General Meeting shall *mutatis mutandis* apply to every such meeting. This Article shall not derogate from any power the Company would have if this Article was omitted.
- (2) The rights conferred upon the holders of the Shares (including preference Shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

### Buy Back of Shares

13. The Company may buy back any number of its issued and outstanding Shares and any other Securities, subject to such limits, upon such terms and conditions and subject to such approvals as may be required by Applicable Law.

### Commission on Issue of Shares

14. (1) Subject to the terms of Section 40 of the Act, the Company may exercise the powers of paying commissions on issue of Shares.
- (2) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in the one way and partly in the other.
- (3) The Company may also, on any issue of Shares, pay such brokerage as may be lawful.

## SHARES AND CERTIFICATES

### Further Issue of Shares

15. Where it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued capital or out of the increased share capital then:
  - (1) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those Shares at the date.
  - (2) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than the minimum number of days as prescribed by regulatory authorities, by means of any act or regulations or otherwise, from the date of the offer, and the offer if not accepted, will be deemed to have been declined.
  - (3) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to such person in favour of any other person, and the notice referred to in Article 15(2) above shall contain a statement of this right, provided that, the Board may decline to allot any Shares to any person in whose favour any Shareholder may renounce the Shares offered to such Shareholder, including, without limitation, due to any restriction under Applicable Law.
  - (4) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that such person declines to accept the Shares offered, the Board may dispose them off in such manner as they think most beneficial to the Company.
16. Notwithstanding anything contained in Article 15 above, the further Shares aforesaid may be offered to any person in any manner whatsoever if such offer is authorised by a special resolution passed by the Company in a General Meeting or Postal Ballot;
17. Nothing in Article 15(3) above shall be deemed:
  - (1) to extend the time within which the offer should be accepted; or
  - (2) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the relevant Shares.
18. Nothing in Article 15 shall apply to the increase in the subscribed capital of the Company caused by the exercise of an option attached to any debentures issued or loans raised by the Company:
  - (1) to convert such debentures or loans into Shares; or
  - (2) to subscribe for Shares (whether such option is conferred in these Articles or otherwise).

Provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such terms:

    - (a) have either been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by the Central Government in this behalf; and
    - (b) in the case of debentures or loans other than debentures

issued to, or loans obtained from, the Central Government or any institution specified by the Central Government in this behalf, have also been approved by a special resolution passed by the Company in a General Meeting before the issue of the debentures or the raising of the loans.

### Reduction of Share Capital

19. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law –
  - (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account

### Inequality in Number of New Shares

20. If, owing to any inequality in the number of new shares to be issued, and the number of Shares held by Shareholders entitled to have the offer of such new shares, any difficulty arises in apportionment of such new shares or any of them, among the Shareholders, such difficulty shall, in the absence of any direction in the resolution creating or issuing the shares of the Company in the General Meeting, be determined by the Board.

### Shares at the Disposal of the Board

21. Subject to the provisions of Section 62 of the Act and these Articles, the Shares for the time being shall be under the control of the Board which may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 53 of the Act) at a discount and at such time as it may from time to time deem fit and with the sanction of the Company in a General Meeting or Postal Ballot to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business. Any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares.

### Issue of Certificates; Register of Members

22. (1) Each Shareholder shall be entitled, without payment, to one or more certificates in marketable lot, for all the Shares of each class or denomination registered in the name of such Shareholder, or if the Board so approves (upon paying such fee as the Board may from time to time determine), to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe or approve, provided that in respect of a Share or Shares held jointly

by several persons, the Company shall not be required to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holders.

- (2) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise, pursuant to the provisions of the Depositories Act, its Shares, debentures and other Securities, and offer Securities for subscription in dematerialised form.
- (3) The Company shall be entitled to maintain a Register of Members with the details of Members holding Shares in physical form or in any media as permitted by Applicable Law including any form of electronic media. The Register of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register of Members.
- (4) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of Shares or whose name appears as the Beneficial Owner of Shares in the records of the Depository as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it, shall have express or implied notice thereof.
- (5) The Company shall be entitled to maintain in any State or country outside India a branch register of Shareholders or debenture holders resident in that State or country.

#### Issue of New Certificates

23. (1) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender of the relevant share certificates to the Company, new certificates may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs.20 (Rupees Twenty only) for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.
- (2) Notwithstanding Article 23(1), the Board shall comply with provisions of Applicable Laws including the rules or regulations or requirements of any stock exchange, the rules made under the Act and the rules made under Securities Contracts (Regulation) Act, 1956, as amended.
- (3) The provisions of this Article shall mutatis mutandis apply to any Securities of the Company.

#### Board may refuse to transfer

24. The Board may, subject to the right of appeal conferred by Section 58 decline to register –
  - (a) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) Any transfer of shares on which the Company has lien.
25. The Board may decline to recognize any instrument of transfer unless –
  - (a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56
  - (b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) The instrument of transfer is in respect of only one class of shares.

#### Form or Instrument of Transfer

26. (1) The instrument of transfer shall be in writing and the provisions of Section 56 of the Act in respect of transfer of Shares and registration thereof shall be duly complied with.
- (2) In the case of transfer of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in an electronic form, the provisions of the Depositories Act shall apply.

#### No Fee on Transfer or Transmission

27. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.

#### Payment in Anticipation of Call may Carry Interest

28. (1) The Board may, if it deems fit, subject to the provisions of Section 50 of the Act, agree to and receive from any Member willing to advance the whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Board agrees upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.
- (2) The concerned Member shall not be entitled to any voting rights in respect of the moneys so paid by such Member until the same would but for such payment, become presently payable.
- (3) The provisions of this Article shall mutatis mutandis apply to the calls on any Securities of the Company.

#### Calls on Shares

29. (1) The Board may, from time to time, make calls upon the Members in respect of any moneys unpaid on the Shares held by them.

- (2) Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on such Member's Shares.
- (3) A call may be revoked or postponed at the discretion of the Board.
30. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.
31. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
32. (1) If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at five per cent (5%) per annum or at such lower rate, if any, as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
33. (1) Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
34. **The Board:**
- (1) may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any Shares held by such Member; and
- (2) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in a General Meeting shall otherwise direct, six per cent (6%) per annum, as may be agreed upon between the Board and the Member paying the sum in advance.
35. If a Member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on such Member requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
36. **The notice aforesaid shall:**
- (1) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (2) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made will be liable to be forfeited.
37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
38. (1) A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
39. (1) A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares.
- (2) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.
40. (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
- (2) The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the Share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall such transferee's title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
41. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### Forfeiture of Shares

35. If a Member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on such Member requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
36. **The notice aforesaid shall:**
- (1) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

#### Company's Lien on Securities

42. The Company shall have a first and paramount lien upon all the Securities (other than fully paid-up Securities) registered in the name of each Security holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Securities and no equitable interest in any Security shall be created except upon the basis and condition that this Article will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared

in respect of such Securities. The Board may at any time declare any Securities wholly or in part to be exempt from the provisions of this Article.

43. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made –

- (a) Unless a sum in respect of which the lien exists is presently payable; or
  - (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
44. (i) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to this sale.
45. (i) The proceeds of the same shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### Term of Issue of Securities

46. Any Securities may be issued by the Company at a discount, premium or otherwise and may be issued by the Company on condition that they may be converted into Shares of any denomination and with privileges and conditions with respect to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meetings and appointment of Directors.

#### Power to Borrow

47. The Board may, from time to time, and at its discretion, subject to the provisions of Section 73, 74, 179, and 180 of the Act and of these Articles, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow moneys, either from others for the purposes of the Company and or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's bankers in ordinary course of business) and remaining outstanding and un-discharged at that time exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company in a General Meeting by a special resolution. The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in

particular by receiving deposits, issue of bonds, debentures perpetual, redeemable, debenture stock, or any security of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the company (both present and future), including its uncalled capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the Shareholders of the Company in respect of the amount unpaid for the time being on the Shares held by them, without the previous sanction of the Company in a General Meeting.

#### DIRECTORS AND OFFICERS

##### Number of Directors

48. Unless otherwise determined by the Company in a General Meeting, and subject to the provisions of the Act, the Board shall consist of no more than fifteen (15) Directors or such maximum number of Directors as may be prescribed in the Act.

##### Additional Directors

49. The Board shall have power at any time, and from time to time, to appoint one or more persons as additional directors ("Additional Directors") provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed by Article 48. An Additional Director so appointed shall hold office up to the date of the next annual general meeting and shall be eligible for re-election by the Company at that meeting.

##### Independent Directors:

50. The Company shall appoint any person as Independent Director of the Company subject to the provisions of the Section 149 and Schedule IV of the Act to hold the office for a period as may be decided by the Board in compliance with Section 149 of the Act. The Independent Director shall abide by the Code of conduct specified in Schedule IV of the Act and shall perform such duties as are expected from him. The Independent Director so appointed in terms of this Article shall not be liable to retire by rotation. The performance of Independent Director is subject for appraisal as per the applicable laws. An Independent Director is eligible to appoint an Alternate Director on his behalf provided he meets the criteria of Independent Directors as per the provisions of Section 149 of the act

##### Alternate Directors

51. In the event that a Director is absent for a continuous period of not less than three (3) months from India (an "Original Director"), the Board shall appoint another Director (an "Alternate Director") for and in place of the Original Director as per Section 161 of the Act. The Alternate Director shall not hold office for a period longer than that permissible to the Original Director and also vacate office if and when the Original Director returns to India. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including filing of necessary forms with the Registrar of Companies. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the Original Director's absence.

##### Nominee Director

52. Notwithstanding anything to the contrary contained in these Articles, so long as monies remain owing by the Company to

the Andhra Pradesh State Financial Corporation, (A.P.S.F.C.) Andhra Pradesh Industrial Development Corporation (A.P.I.D.C), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), and Industrial Credit and Investment Corporation (ICICI) or to any other Financing Company or Body or Bank(s), including CDR Banks, out of any loans granted by them to the Company or so long as APSFC, APIDC, IDBI, IFCI, ICICI or any other Financial Corporation or Credit Corporation or any Financing Company or Body or Bank(s), including CDR Banks, ("hereinafter in this article referred to as the Corporation"), hold shares in the Company as a result of underwriting or Direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Nominee Director or Nominee Directors, whole-time or non-whole time on the Board of the Company and to remove from such office any such person or persons and appoint another or others in his or their places in terms of Section 161 of the Act.

The Board of Directors of the Company shall have no power to remove the Nominee Director(s) from office. Also at the option of the Corporation, such Nominee Director(s) shall not be liable for retirement by rotation of directors. The nominee director(s) shall have the same rights and privileges and be subjected to the same obligations as any other director of the Company. The Nominee Director(s) so appointed shall hold the said office only so long as monies remain owing by the Company to the corporation or so long as the Corporation holds shares in the Company as result of underwriting or direct subscription or the liability of the company arising out of the guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall ipso facto vacate such office immediately the monies owing by the company to the corporation is paid off or on the Corporation ceasing to hold shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation. The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the meetings of the committee of which the nominee Director(s) is/are member(s) as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director(s) who are not whole-time directors, sitting fee and expenses which the other Directors of the Company are entitled, but if any other fees, commission, monies and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s) in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director(s).

Provided that if any such Nominee Director(s) is an officer of the Corporation, the sitting fee, in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

In the event of the Nominee Director(s) being appointed as whole-time Directors(s), such Nominee Director(s) shall exercise such powers and have such rights as are usually exercised or available to a whole-time Director in the Management of the affairs of the Company. Such whole-time Director(s) shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation."

#### Retirement of Directors

53. Not less than two-thirds of the total number of Directors shall be liable to retire by rotation. One-third of the Directors shall automatically retire every year at the annual general meeting and shall be eligible for re-appointment. The Directors to retire by rotation shall be decided based on those who have been longest in office, and as between persons appointed on the same day, the same shall be decided by mutual agreement or by draw of lots. The Managing Director shall not be liable to retire by rotation so long as he holds the office of the Managing Director. For the purposes of this Articles, the total number of Directors shall exclude the Independent Directors and Nominee Directors, if any appointed as per Article 50 and Article 52 of these articles respectively.

#### Resignation of Directors

54. A Director shall be entitled to resign from the office of Director through a notice in writing with reasons thereof with effect from such date as such Director may specify while so resigning.

#### Casual Vacancy

55. If a Director appointed by the Company in a General Meeting vacates office as a Director before such Director's term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board, at a meeting of the Board, but any person so appointed shall retain office only for so long as the vacating Director would have remained in office.

#### Directors' Fees

56. (1) The Directors may, subject to applicable restrictions if any, under Applicable Law, be remunerated separately for the performance of special or executive duties approved from time to time by the Board.
- (2) Notwithstanding anything contained herein, the non-executive Directors shall be paid such sitting fees for each meeting of the Board, Committee attended by such non-executive Directors as may be determined by the Board of Directors from time to time within any limits that may have been prescribed under Applicable Laws for payment of sitting fees.
- (3) All Directors shall be entitled to be paid or reimbursed their reasonable travelling, accommodation and subsistence expenses incurred in attending meetings of the Board or any committees of the Board or in the discharge of their duties as Directors.
57. Subject to the provisions of the applicable provisions of the Act, if any, and observance and fulfillment thereof and subject to any restrictions imposed by the Articles, no Director, other than an Independent Director, shall be disqualified by virtue of holding the office of Director from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall

be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but the nature of such Director's interest must be disclosed by such Director as provided by the Act.

58. A Director of the Company may be, or become, a director of any company promoted by the Company, or in which it may be interested as a vendor or shareholder and, subject to the provisions of the Act and these Articles, no such Director shall be accountable for any benefits received as a director or shareholder of such company.
59. Subject to any applicable provisions of the Act and subject to the approval of the Shareholders in a General Meeting, the Company may make loans to, or give any guarantee or provide any security in connection with, a loan made by any other person to Directors.

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

60. Subject to the provisions of the Act,—
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
61. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### **Place and Calling of Board Meetings**

62. Board meetings shall be held at such places, as the Board may determine and failing any such determination at the Company's corporate office in Hyderabad. Board meetings shall be held at least once every three (3) months and at least four (4) times in each year with a maximum gap of four (4) months between any two meetings. Any Director may call a meeting of the Board. Unless the requirement of notice is waived by all the Directors, fourteen (14) calendar days' written notice (or such shorter period as all the Directors may agree) of Board meetings shall be given to all Directors. Each notice of a meeting of the Board shall be accompanied by an agenda specifying in reasonable detail the matters to be discussed at such meeting. Notices and minutes of Board meetings shall be given to each Director at their last known address, whether resident in India or outside India. Board Meetings shall not be held on National Holidays. While conducting the Board Meetings, the Company shall comply with the applicable Secretarial Standards as per the Act.

#### **Decisions by Majority Vote**

63. Except as otherwise provided in the Act, all decisions of the Board shall be taken by a majority of the Directors present and voting at a meeting of the Board, or as the case may be, the Directors voting by way of a circular resolution.

#### **Resolution by Circulation**

64. Subject to the provisions of the Act, resolutions of the Board may be passed by circulation, if the resolution has been circulated in draft, together with necessary papers, if any, to all the Directors, then in India or outside India, and has been signed by a majority of the Directors. Such resolutions may be signed by the Directors in counterparts.

#### **Chairperson and Vice Chairperson of the Board**

65. The Chairperson and the Vice Chairperson of the Board shall be appointed by the Board. The Chairperson of the Board shall preside as chairperson of each meeting of the Board at which the Chairperson is present and in the Chairperson's absence the Vice Chairperson shall preside as Chairperson of the meeting. In the absence of the Chairperson and the Vice Chairperson, the Directors attending the meeting shall elect a Director from among themselves to chair the meeting. In the event of any equality of votes, the chairperson of the meeting shall not have a second or casting vote.

#### **Quorum**

66. Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in the one-third being rounded off as one), or two directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of Directors who are not interested, and are present at the meeting, being not less than two, shall be the quorum for such time. In the absence of a quorum, the Board meeting shall be adjourned for a period of seven (7) calendar days with notice to be provided to the Directors within three (3) days of such adjournment unless the Board decides otherwise. If a quorum in accordance with the above requirement is not present at two consecutive meetings, the third meeting shall proceed irrespective of such requirement.

#### **Attendance by Consultants, Advisers and Non-voting Attendees**

67. The Board may, at its absolute discretion, authorise or request auditors, consultants, advisers and employees of the Company or any other person to attend and speak at meetings of the Board. However, such persons shall not have a right to vote.

#### **Appointment of Committees**

68. The Board may, subject to the provisions of the Act, these Articles and other relevant provisions of Applicable Laws, delegate any of the powers other than the powers to make calls and to issue any Securities to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the person or purposes, but every committee of the Board so formed shall, in exercise of the powers so delegated, conform to any regulation or direction that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations or directions and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

#### **Powers of the Board**

69. Subject to the provisions of the Act and these Articles, the Board shall be entitled to exercise all such powers, and do all

such acts and things, as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or by the Memorandum of Association or these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum of Association or in these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in a General Meeting.

70. No regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

#### **Managing Director; Whole time Director**

71. (1) The Board shall be entitled to appoint persons with requisite qualifications as the Managing Director and the Whole time Director. The Board may delegate such powers as it deems appropriate for managing the day-to-day operations of the Company to the Managing Director, Whole time Director and/or a committee on such terms as the Board deems appropriate. The exercise of powers of management by the Managing Director, Whole time Director and any committee shall be subject to the overall supervision of the Board.
- 2) The appointment of the Managing Director and Whole time Director shall be made in accordance with and subject to the provisions of the Act. The Managing Director and the Whole time Director shall be paid such remuneration (including bonus and commissions) as shall be approved at a General Meeting from time to time.

#### **Secretary**

72. The Secretary of the Company shall be such person as shall from time to time be appointed by the Board. The appointment of the Secretary of the Company shall be in accordance with Section 203 and 205 of the Act and the rules thereunder.

#### **GENERAL MEETING**

73. An annual general meeting of the Shareholders shall be held in each calendar year within six (6) months following the end of the financial year of the Company.
74. All General Meetings other than the annual general meeting shall be called extraordinary General Meetings.
75. Subject to Sections 115 and 136 of the Act, any General Meeting may be called by giving to the Shareholders not less than twenty one (21) days' notice or a shorter notice than twenty one (21) days if consent thereto is given by Shareholders in accordance with the provisions of Section 171 of the Act.

#### **Quorum for General Meeting**

76. The quorum for a General Meeting shall be the presence in person of minimum number of shareholders as prescribed in the Act.
77. If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present, the General Meeting shall be adjourned by the Shareholders present for a period of seven (7) calendar days. If a quorum in accordance with the above requirement is not present at two consecutive

meetings, the third meeting shall proceed irrespective of such requirement. Notwithstanding the foregoing, if within half an hour from the time appointed for holding a meeting called by requisition of the Shareholders a quorum is not present, such General Meeting called by requisition of the Shareholders shall stand dissolved.

#### **Chairperson of General Meeting**

78. The Chairperson of the Board shall act as the Chairperson of the General Meetings. In the absence of the Chairperson of the Board, or if the Chairperson of the Board is unwilling to act as the Chairperson of any General Meeting, the Vice Chairperson of the Board shall act as the Chairperson of such General Meeting. If at any General Meeting of the Shareholders, neither the Chairperson nor the Vice Chairperson is present within fifteen (15) minutes of the time appointed for holding such meeting, or is unwilling to act as the Chairperson of such meeting, the Directors present shall choose another Director to act as Chairperson, and if no Director is also present at the meeting, or if none of the Directors present at the meeting is willing to act as the Chairperson, the Shareholders present shall choose one of their members to act as the Chairperson of such meeting.

#### **Voting at Meeting**

79. At any General Meeting, a resolution put to the vote at the meeting shall be decided by way of voting through electronic means and Poll, in any case, shall be allowed to vote only once, subject to the provisions of Section 107, 108 and 109 of the Act.

#### **Postal Ballot**

80. Subject to, and in accordance with, the provisions of the Act, the Company may, and in case of resolutions relating to such matters as the Central Government may, by notification, require to be conducted only by Postal Ballot, shall, get such resolutions passed by means of a Postal Ballot, instead of transacting the business in a General Meeting.

#### **Voting by Joint Holders**

81. In the case of joint holders the vote of the first named of such joint holder who tenders a vote whether in person or proxy shall be accepted to the exclusion of the votes of other joint holders.

#### **PROXY**

82. On a poll, votes may be given either personally or by proxy.

#### **Instrument of Proxy**

83. (1) The instrument appointing a proxy shall be in writing and in such format as prescribed in Section 105 under the hand of the appointer or of the appointer's attorney duly authorised in writing or, if the appointer is a company, either under its Common Seal or under the hand of its attorney duly authorised in writing. Any person, whether or not such person is a Shareholder of the Company, may be appointed as a proxy.
- (2) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty eight (48) hours prior to the time fixed for the meeting in question, failing which the instrument of proxy shall be invalid.

### Form of Proxy

84. The form of proxy shall be in Form MGT 11 as given in Rule 19 of the Companies (Management and Administration) Rules, 2014, of the Act, as may be amended, enabling the Shareholders to vote for/against any resolution.

### Validity of Proxy

85. A vote given under the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal, or the revocation of the proxy, or of the authority under which the proxy was executed, or transfer of the Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its registered office before the commencement of the meeting, or adjourned meeting, at which the proxy is used.

### Corporate Shareholders

86. Any corporation which is a Shareholder of the Company may, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could have exercised if it were an individual Shareholder of the Company.

### ACCOUNTS

87. (1) The Board shall cause proper books of account to be maintained under Section 2 (13) and 128 of the Act.
- (2) Subject to the provisions of Section 207 and 208 of the Act, the Board shall also, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the books of account of the Company (or any of them) shall be open to the inspection of Shareholders.
- (3) Subject to the provisions of Section 207 and 208 of the Act, no Shareholder (not being a Director) or other person shall have any right of inspecting any account book or document of the Company except as conferred by law or authorised by the Board or by the Company in a General Meeting.

### Inspection

88. (1) Every register, returns or documents etc which the members of the Company are entitled to inspect, in terms of Section 94 of the Act, shall be open for inspection for the members free of cost during the business hours of the Company.
- (2) A member may take extracts of the documents mentioned in Article 88(1) upon payment of Rs. 25 per page through banking channels

### SECURITY

89. Every Director, manager, auditor, trustee, Shareholder, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board before entering upon its duties, sign a declaration pledging to observe strict secrecy respecting all bonafide confidential information of the Company and its customers and shall by such declaration pledge not to reveal

any of the matters which may come to its knowledge in the discharge of its duties, except as required by the Board, or by any General Meeting, or by a court of law, or so far as may be necessary in order to comply with any of the provisions in these Articles and the provisions of the Act.

### OPERATION OF BANK ACCOUNTS

90. The Board shall have the power to authorise any Director or Directors or any officer or officers to open bank accounts; to sign cheques on behalf of the Company; to operate all banking accounts of the Company; and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills.

### INDEMNITY

91. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

### COMMON SEAL

92. (1) The Board shall provide for the safe custody of the Common Seal of the Company.
- (2) The Common Seal, if required, shall not be affixed to any instrument except by the authority of resolution of the Board or a committee of the Board authorised by it in that behalf.
- (3) Share Certificates will be signed and sealed in accordance with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014, as amended. In all other cases, the Common Seal, if required, will be affixed in the presence of at least one Director or the Secretary or such other person duly authorised by a resolution of the Board or a committee of the Board who shall attest the same on behalf of the Company.
- (4) The Board may authorize the use of Common Seal of the Company in any territory, district or place not situated in India.

### AUDIT

#### Accounts to be Audited

93. Every Balance Sheet and Statement of Profit and Loss shall be audited by one or more Auditors to be appointed as herein-after set out.

#### Auditors

94. (1) The Company shall appoint an Auditor at the annual general meeting to hold office as prescribed in Section 139 of the Act and every such appointment is intimated to the concerned Auditor within reasonable time and to the concerned Registrar of Companies as prescribed in the Act.
- (2) The appointment of the auditors shall be ratified by the members at the Annual General Meeting held in each Financial Year during the tenure of their appointment
- (3) The Directors shall fill any casual vacancy in the office of an Auditor within thirty days of such vacancy, but while any such vacancy continues, the remaining Auditor (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall be approved

by the members in a General Meeting within three months of recommendation of Board.

- (4) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by Shareholders, having shareholding of not less than one percent or holding shares having a paid up capital aggregating not less than five lakh rupees, to the Company not less than fourteen (14) days before the meeting in accordance with Section 115 of the Act. The Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders in accordance with the provisions of Section 115 and the provisions of Section 140 of the Act shall also apply in the matter. The provisions of this sub clause shall also apply in respect of any resolution which provides that a retiring Auditor shall not be reappointed. Notwithstanding anything contained in this Article, no Special Notice is required for appointment of an auditor, a person other than a retiring auditor, in a case where such retiring auditor is retiring consequent to completion of his term as per subsection 2 of Section 139 of the Act.
- (5) The Company may, at a General Meeting by way of Special Resolution, remove any Auditor before the expiry of his term and appoint any other person upon obtaining prior approval of the Central Government.
- (6) The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.

#### **Audit of Branch Offices**

95. The Company shall comply with the provisions of the Act in relation to the audit of the accounts of any Branch Offices of the Company.

#### **Remuneration of Auditors**

96. The remuneration of the Auditors shall be fixed by the Board as authorised in a General Meeting from time to time.

#### **Audited Accounts**

97. All accounts of the Company, when audited and approved by a General Meeting, shall be conclusive except as regards any voluntary revision of financial statements or Boards' Report is made by the Company as per the provisions of Section 131 of the Act.

#### **DIVIDENDS AND RESERVES**

98. The Company in a General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
99. The Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of the Company.
100. (1) Subject to the provisions of the Act and Applicable Laws, before recommending any dividend, the Board shall provide for depreciation and may, set aside out of the profits of the Company such sums as it deems proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising

dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, deem proper.

- (2) The Board may also carry forward any profits which it may deem prudent not to divide, without setting them aside as a reserve.
101. (1) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.
  - (2) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share.
  - (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.
102. The Board may deduct from any dividend payable to any Shareholder all sums of money, if any, presently payable by such Shareholder to the Company on account of calls or otherwise in relation to the Shares of the Company.
103. (1) Any dividend, interest or other moneys payable in cash in respect of Shares may be paid by cheque or warrant sent through post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct or by way of electronic means through banking channels.
  - (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
104. Any one of two or more joint holders of a Share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such Share.
105. Notice of any dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.
106. No dividend shall bear interest against the Company.
107. (1) Where the Company has declared a dividend but which has not been paid or claimed, or the dividend warrant in respect thereof has not been posted within thirty (30) days from the date of declaration to any Shareholder entitled to the payment of the dividend, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of IL&FS Engineering and Construction Company Limited" and transfer to the said account, the

total amount of dividend which remains unpaid or unclaimed or in relation to which no dividend warrant has been posted.

- (2) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 125 of the Act. A claim to any money so transferred to the general revenue account of the Central Government may be preferred to the Central Government by the Shareholders to whom the money is due.
- (3) No unclaimed or unpaid dividend shall be forfeited by the Board before the claims become barred by law.

#### CAPITALISATION OF PROFITS

108. (1) The Company in a General Meeting, may on recommendation of the Board, resolve:
    - (a) to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
    - (b) to set free such amount for distribution in the manner specified in Article 100(2) amongst those of its Shareholders who would have been entitled thereto (and in the same proportions) if distributed by way of dividend.
  - (2) Any such amount shall not be paid in cash, but shall be applied, either in or towards:
    - (a) paying up any amounts for the time being unpaid by such Shareholders on Shares;
    - (b) paying up, unissued Shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Shareholders in the proportions aforesaid; or
    - (c) partly in the way specified in sub clause (a) and partly in that specified in sub clause (b).
  - (3) The Board shall give effect to any resolution passed by the Company in pursuance of this regulation.
109. (1) In respect of any resolution under Article 108 above, the Board shall make all appropriations and applications of the profits resolved to be capitalised and all allotments and issues of fully paid Shares, if any.
  - (2) The Board shall have full power to make such provision, as it deems fit, by the issue of fractional certificates or by payments in cash or otherwise, in the case of Shares or Securities becoming distributable in fractions.
  - (3) Any agreement made by the Company under such authority shall be effective and binding on all such Shareholders.

#### WINDING UP

110. (1) Subject to the provisions of the Act, and these Articles, if the Company shall be wound up and the assets available for distribution among the Members as such shall not be sufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the Shares

held by them respectively. And if in a winding up, the asset available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the Shares held by them respectively. This clause is, however, without prejudice to the rights or the rights of the holders of Shares issued upon preferential or special terms and conditions.

- (2) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the Shareholders, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

#### Part – II

#### CHAPTER II – SPECIFIED ARTICLES MISCELLANEOUS

111. The Specified Articles shall have effect notwithstanding anything to the contrary contained in Articles 1 to 110 above.
112. Subject to Article 113 below, the matters listed in the Specified Articles are in addition to all other rights that the Investor and the Promoter and/or PAC have as Specified Shareholders of the Company under these Articles.
113. In the event of any conflict between the provisions of Articles 1 to 110 above and the provisions of the Specified Articles, the provisions of the Specified Articles shall prevail.

#### DEFINITIONS

114. For the purpose of the Specified Articles, unless the context otherwise requires, the following expressions shall have the following meanings:

**Act** means the Indian Companies Act, 1956 or the Indian Companies Act, 2013, as the context may require, each as may be amended from time to time or any re-enactment thereof;

**Affiliate** means:

- a. in relation to the Promoter and/or the PAC, (i) any entity Controlled, directly or indirectly by the Promoter and/or the PAC or an Affiliate of the Promoter and/or the PAC, (ii) any entity that Controls, directly or indirectly the Promoter and/or the PAC; and (iii) or any entity under common Control with the Promoter and/or the PAC;
- b. in relation to the Investor, (i) any entity Controlled, directly or indirectly, by the Investor, (ii) any entity that Controls, directly or indirectly, the Investor, or (iii) any entity under common Control with the Investor; and
- c. in relation to any other Person, (i) any entity Controlled, directly or indirectly, by that Person, (ii) any entity that Controls, directly or indirectly, that Person, or (iii) any entity under common Control with that Person or, in the case of a natural Person, any Relative of such Person;

**Board** means the board of directors of the Company as constituted from time to time;

**Business** means principally the engineering procurement construction and the construction business for, *inter alia*, infrastructure facilities (including but not limited to irrigation projects, power projects, roads, ports, airports and railways) and housing / township projects;

**Business Day** means any day other than a Saturday, Sunday or any day on which banks in Hyderabad or Mumbai, India or Jeddah, Saudi Arabia are closed;

**Competing Business** means the engineering procurement construction and the construction business for, *inter alia*, infrastructure facilities (including but not limited to irrigation projects, power projects, roads, ports, airports and railways) and housing / township projects;

**Competitor** means any Person engaged in the Competing Business;

**Completion Date** shall have the meaning ascribed to it in the Share Subscription Agreement;

**Consent** means any notice, consent, approval, authorization, waiver, permit, grant, concession, agreement, license, certificate, exemption, order or registration, of, with or to any Person;

**Control** (including with correlative meaning, the terms **Controlled by** and **under common Control** with) means the power and ability to direct the management and policies of the controlled enterprise either through (i) ownership of (a) in an unlisted enterprise; 50% (fifty percent) or more, or (b) in a listed enterprise; 26% (twenty six percent) or more, in each case, of the voting rights of the concerned enterprise; or (ii) the power or right to appoint or nominate at least half of the members of the board of directors or similar governing body; or (iii) contract or otherwise. It being clarified that veto rights of the nature commonly granted to financial investors or lenders shall not, by themselves, constitute power and ability to direct the management and policies of the controlled enterprise;

**Deed of Adherence** shall be the deed of adherence as set forth in Schedule 2 of the Shareholders Agreement;

**Director** means a director of the Company (including any duly appointed alternate director);

**Effective Date** shall mean the Completion Date;

**Encumbrance** means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iii) any adverse claim as to title, possession or use;

**Equity Share(s)** means the equity share(s) of the Company having a par value of Rs. 10 (ten) per share and 1 (one) vote per share;

**Equity Securities** means, the Company's equity capital (including the Equity Shares) or any options, warrants, convertible preference shares, loans or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such equity capital;

**Excess Shares** means the Investor Excess Shares and the Promoter Excess Shares;

**Financial Year** means the financial year of the Company, which begins on April 1<sup>st</sup> of a calendar year and ends on 31<sup>st</sup> March of the next calendar year;

**Governmental Authority** means any government in any province or state in India; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of India, or any political subdivision thereof; any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange in India;

**Governmental Approval** means any Consent of, with or to any Governmental Authority;

**IFIN** means IL&FS Financial Services Limited, a company incorporated under the laws of India and having its registered office at IL&FS Financial Centre, Plot No. C-22 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051;

**IL&FS** means Infrastructure Leasing & Financial Services Limited, a company incorporated under the laws of India and having its registered office at IL&FS Financial Centre, Plot No. C-22 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051;

**Independent Director** means a Director who would be considered to be an 'independent director' of the Company as per the equity listing agreement of the Stock Exchanges and as may be prescribed by SEBI from time to time and as per the provisions of Companies Act, 2013;

**Investor** means SBG Projects Investments Limited, a company incorporated under the laws of the Republic of Mauritius and having its registered office at Rogers House, 5 President John Kennedy St., Port-Louis, Mauritius;

**Investor Director(s)** means a Director nominated by the Investor in accordance with the provisions of the Specified Articles;

**Investor Excess Shares** means all such Equity Shares acquired by the Investor in the Open Offer which exceed the Investor Open Offer Shares;

**Investor Open Offer Shares** means all such Equity Shares as may be acquired by the Investor in the Open Offer upto and including 6% (six percent) of the Share Capital of the Company;

**Law** means all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, (b) Governmental Approvals, and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority;

**Lock-In Period** means the period between the Effective Date and 5 (five) years from the Effective Date;

**Open Offer** shall have the meaning ascribed to it in the Share Subscription Agreement;

**Ownership** at any time means ownership of the Equity Shares representing a percentage of the Share Capital;

**Person** means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality);

**Pro Rata Share** or **Specified Shareholder's Pro Rata Share** means, with respect to any Specified Shareholder, the proportion that the number of Equity Securities held by such Specified Shareholder bears to the aggregate number of Equity Securities held by all Specified Shareholders of the Company,

in each case on a fully diluted basis. For the avoidance of doubt it is clarified that for the purposes of calculating the Equity Securities held by any Specified Shareholder such calculation shall not include the Promoter Excess Shares in case of the Promoter and/or the PAC and the Investor Excess Shares in case of the Investor. It being clarified that in case of acquisition of such Promoter Excess Shares by the Investor, the Promoter Excess Shares shall be calculated for purpose of the shareholding of the Investor and likewise, in case of acquisition of such Investor Excess Shares by the Promoter and/or the PAC, the Investor Excess Shares shall be calculated for purpose of the shareholding of the Promoter and/or the PAC;

**Promoter** means IL&FS and **Persons Acting in Concert (PAC)** means IFIN. The intention of the Parties has always been that IL&FS is the promoter of the Company and IFIN (as a group company of IL&FS) is a 'person acting in concert'. Accordingly, in the Shareholders' Agreement, all references to the term "Promoters" shall stand replaced by the term "Promoter". However, for the purposes of the definitions of the terms "Affiliate", "Pro Rata Share or Shareholder's Pro Rata Share", "Promoter Excess Shares", "Shareholders", "Share Subscription Agreement" and for the purposes of Clauses on Non-Compete; Transfer of Equity Securities; Term and Termination; Falling Away of Rights; Governing Law, Jurisdiction and Dispute Resolution; and Miscellaneous, the references to the term "Promoters" or "Promoter" shall stand replaced by the term "Promoter and/or the PAC"

**Promoter Director(s)** means a Director nominated by the Promoter in accordance with the provisions of the Specified Articles; including Alternate Directors

**Promoter Excess Shares** means the Equity Shares acquired by the Promoter and/or the PAC in the Open Offer;

**Rupees or Rs.** means Indian rupees or the lawful currency of the Republic of India;

**SEBI** means the Securities and Exchange Board of India;

**Specified Shareholder(s)** means the Investor, the Promoter and/or the PAC and any Person who becomes a Specified Shareholder of the Company in accordance with the terms of the Specified Articles and executes a Deed of Adherence, in each case for so long as such Person remains a Specified Shareholder of the Company, and shall be deemed to include the estate of any Specified Shareholder that is a natural Person and the executor, conservator, committee or other similar legal representative of any Specified Shareholder that is a natural Person or such Specified Shareholder's estate following the death or incapacitation of such Specified Shareholder;

**Share Capital** means the fully paid-up equity share capital of the Company on a fully diluted basis;

**Specified Articles** means Articles 111 to 145 of these Articles;

**Stock Exchange** means either the Bombay Stock Exchange Limited or the National Stock Exchange of India Limited or such other stock exchange as may be mutually agreed to in writing between the Company and the Investor;

**Shareholders Agreement** means the agreement dated June 19, 2010, including the First Amendment Agreement to the Shareholders' Agreement dated February 12, 2014 between the Company, the Promoter, the PAC and the Investor regulating

the relationship of the Company, the Promoter, the PAC and the Investor for certain matters relating to the subscription to Equity Securities and their mutual rights and obligations;

**Share Subscription Agreement** means the agreement dated June 19, 2010, between the Company, the Promoter, the PAC and the Investor relating to matters governing the subscription and issue of the Subscription Shares by the Investor and the Company respectively;

**Subscription Shares** means 1,54,59,133 (One Crore Fifty Four Lakhs Fifty Nine Thousand One Hundred and Thirty Three) Equity Shares;

**Subsidiary** means a subsidiary of the Company as defined under the Act.

**Takeover Regulations** means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as the context may require, each as may be amended from time to time or any re-enactment thereof; and

**Transfer** means sell, gift, give, assign, transfer, transfer of any interest in trust, mortgage, alienation, hypothecate, pledge, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Equity Securities or any right, title or interest therein or otherwise dispose of in any manner whatsoever voluntarily or involuntarily.

#### **NON - COMPETE**

115. The Promoter and/or the PAC and the Investor shall abide by and comply with any non-compete obligations that may have been mutually agreed inter se the Promoter and/or the PAC and the Investor, as though the same form part of the Specified Articles.

#### **CORPORATE GOVERNANCE**

##### **116. Authority of the Board and Management**

Subject to the provisions of the Specified Articles and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company and, as a holding company, its Subsidiaries. Subject to the provisions of the Specified Articles, the Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.

##### **117. Composition of the Board**

Subject to applicable Law, the Company shall appoint Directors to the Board in accordance with the Specified Articles. The number of directors constituting the entire Board shall be a maximum of 15 (Fifteen) individuals, provided that if applicable Law requires the appointment of additional independent directors, the Parties will agree upon the manner in which the Board is to be reconstituted. Subject to applicable Law, the Company shall re-constitute the composition of the Board so that the Promoter can nominate a maximum number of 3 (three) Directors and the Investor can nominate a maximum number 2 (two) Directors on the Board and the Company shall appoint such Directors nominated by the Promoter and the Investor. The Chairman of the Board shall be a Promoter Director or shall be appointed from amongst the Promoter Directors.

##### **118. Qualification Shares**

The Directors shall not be required to hold any qualification shares.

##### **119. Removal and Replacement of Directors**

Subject to Article 117, the Investor and the Promoter shall have the right to require the removal of an Investor Director or

the Promoter Director, as the case maybe, at any time and shall be entitled to nominate another representative as a Director in place of the Director so removed. In the event of the resignation or retirement of an Investor Director or a Promoter Director, the Investor or the Promoter, as the case maybe, shall be entitled to nominate another representative as Director in place of such resigning or retiring Director. Such successor or replacement Investor Director or the Promoter, as the case maybe, shall be nominated and elected on or as soon as practicable after the date of such resignation or removal and in any event within 25 (twenty-five) Business Days after such resignation or removal.

#### 120. Alternate Director

The Promoter and/or the Investor shall be entitled through its/ their Directors to nominate an alternate Director to act in accordance with the Act for any Director nominated by the Investor or the Promoter, as the case may be, and shall issue a written notice to the Company providing the name and contact address of such alternate Director ("Alternate Director Nomination Notice"). The Board shall appoint the alternate Director so nominated within 7 (seven) Business Days of the receipt of the Alternate Director Nomination Notice. Each Specified Shareholder shall also have a right to withdraw their nominated alternate Director and nominate another in his/her place. The Investor and the Promoter shall take all such actions, including exercising their respective votes in relation to the Equity Securities controlled by it, as may be required to cause any alternate Director nominated pursuant to this Article 120f to be duly elected or appointed.

#### 121. Directors' Access

Directors shall be entitled to examine the books, accounts and records of the Company and shall have free access, at all reasonable times and with prior reasonable written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company or its Subsidiaries, as the Directors may reasonably require. The Directors may provide such information to either the Promoters or the Investor, by whom they have been nominated.

### BOARD AND SHAREHOLDERS' MEETING

#### 122. Frequency and Location of Board Meetings

Meetings of the Board shall take place in accordance with applicable Law, subject to a minimum of one meeting each quarter and at least four such meetings shall be held in every year.

#### 123. Notice

A meeting of the Board may be called by the Chairman of the Board or any Director giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. The company secretary shall upon receipt of such notice, give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying in reasonable detail the business of such meeting and no matter other than as set out in the agenda shall be discussed or resolved at the said meeting of the Board or any adjournment thereof, except in accordance with Article 125. The Company shall ensure that notice of a meeting of the Board shall be

accompanied by necessary background and other information and/ or supporting documents pertaining to the business proposed to be transacted thereat. Not less than 14 (fourteen) days notice of a meeting of the Board shall be given to all Directors; provided, however, that such notice period: may be reduced with the written consent of all the Directors

#### 124. Quorum

Subject to the provisions of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding directors, if any, whose places may be vacant at the time and any fraction contained in the one-third being rounded off as one) , or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of Directors who are not interested, and are present at the meeting, being not less than two, shall be the quorum for such time . In the absence of a quorum, the Board Meeting shall be adjourned for a period of seven (7) calendar days with notice to be provided to the Directors within three (3) days of adjournment unless the Board decides otherwise. If a quorum in accordance with the above requirement is not present at two consecutive meetings, the third meeting shall proceed irrespective of such requirement.

#### 125. Voting

At any Board meeting, each Director may exercise one vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board or in the case of a circular resolution signing by the majority of the Directors to whom the resolution is circulated. The Board shall not at any meeting adopt any resolution covering any matter that is not expressly specified on the agenda for such meeting unless a majority of the Directors present at such meeting vote in favour of such resolution.

#### 126. Video Participation

The Directors may participate in Board meetings or a committee or sub-committee and the shareholders may participate in a shareholder meeting by way of video conferencing or similar equipment designed to allow them to participate efficiently and to communicate concurrently with each other without an intermediary in the Board or its committee or sub-committee meeting or shareholder meeting. A Board Meeting or a meeting of its committee or sub-committee held by video-conferencing shall be valid so long as it is in 1 (one) single place, or in places connected by way of video conference or similar equipment and the quorum required pursuant to Article 124 is present. The place where the Chairman or Company Secretary of the Company is sitting shall be taken as the place of the meeting.

#### 127. Shareholders Meetings

127.1. Except as required by applicable Law, the Company shall provide each shareholder with at least 21 (twenty one) days prior written notice of any meeting of the shareholders together with an agenda for such meeting, and the shareholders shall only have the authority to approve, authorize or take action with respect to matters included in such agenda for a particular meeting. Provided however that such notice period may be reduced if consent thereto is given in accordance with the provisions of the Act.

127.2. The quorum for the meeting of the shareholders of the Company shall be as per the provisions of the Act. If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present, the shareholders meeting shall be adjourned by the shareholders present for a period of seven (7) calendar days. If a quorum in accordance with the above requirement is not present at two consecutive meetings, the third meeting shall proceed irrespective of such requirement. Notwithstanding the foregoing, if within half an hour from the time appointed for holding a meeting called by requisition of the shareholders a quorum is not present; such general meeting called by requisition of the shareholders shall stand dissolved.

## TRANSFER OF EQUITY SECURITIES

### 128. Transfer

Neither the Investor nor the Promoter and/or the PAC nor their respective Affiliates shall Transfer or attempt to Transfer any Equity Securities or any right, title or interest therein or thereto, except as expressly permitted by these Articles. Any Transfer or attempt to Transfer Equity Securities in violation of this Article 128 shall be null and void *ab initio*, and the Company shall not register any such Transfer. Notwithstanding anything to the contrary, the provisions of Articles 128 to 142, shall not apply to the Promoter Excess Shares in case of the Promoter and/or the PAC and the Investor Excess Shares in case of the Investor.

### 129. Transfer Procedure

No Transfer of Equity Securities may be made pursuant to Articles 128 to 142 unless (i) the Transfer complies in all respects with the other applicable provisions of the Specified Articles; and (ii) the Transfer complies in all respects with applicable Law (in the case of the Investor including that under Mauritius laws) and the provisions of the Specified Articles.

### 130. Permitted Transfers

Any Transfer of Equity Securities by the Investor or the Promoter and/or the PAC or their respective Affiliates to their respective Affiliates or between the Promoter and/or the PAC inter se may be made at any time without compliance with the provisions of Articles 128 to 142 subject to when such Transfer is to an Affiliate, such Affiliate executing a Deed of Adherence and providing a duly executed copy thereof to the Company, the Investor and the Promoter and/or the PAC. An Affiliate who is a transferee of the Equity Securities from the Investor or the Promoter and/or the PAC or their respective Affiliates, as the case may be, as described in this Article 130, is hereinafter referred to as a "Permitted Transferee" of the Investor and a "Permitted Transferee" of the Promoter and/or the PAC, respectively. The Investor and the Promoter and/or the PAC shall, prior to a Permitted Transferee, being an Affiliate, ceasing to be an Affiliate, acquire by themselves or through any of their Affiliates, all but not less than all of the Equity Securities held by such Affiliate.

### 131. Specified Shareholder Group

Notwithstanding any provisions to the contrary in these Articles, if a Specified Shareholder transfers part of its Equity Securities to any Affiliate, then the said Specified Shareholder and/or said Affiliate (collectively, the "Specified Shareholder Group")

shall be treated as a single Specified Shareholder and their rights, obligations, covenants and undertakings under these Articles shall be joint and several, and a breach by any one member of the Specified Shareholder Group of its rights, obligations, covenants or undertakings under these Articles shall be deemed as a collective breach by the other members of the Specified Shareholder Group of their respective rights, obligations, covenants and undertakings under these Articles, and (ii) the Specified Shareholder Group shall nominate one Person within the Specified Shareholder Group who shall (a) act for and on behalf of each member of the Specified Shareholder Group under these Articles in respect of any right, action or waiver to be exercised by any member of the Specified Shareholder Group (including the nomination, replacement or removal of the Directors) and (b) be responsible for causing each of the members of the Specified Shareholder Group to perform its obligations, covenants and undertakings under these Articles. It is clarified that the Promoter and/or the PAC shall collectively be treated as one Specified Shareholder Group for all purposes of these Articles.

### 132. Avoidance of Restrictions

The Transfer restrictions in these Articles (including but not limited to those in Articles 128 to 142 shall not be capable of being avoided by the holding of Equity Securities indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Securities free of such restrictions. Any Transfer, issuance or other disposal of any equity securities resulting in any change in the control, directly or indirectly, of a Specified Shareholder or of any company (or other entity) having control, directly or indirectly, over that Specified Shareholder shall be treated as being a Transfer of the Equity Securities held by that Specified Shareholder, and the provisions of these Articles that apply in respect of the Transfer of Equity Securities shall thereupon apply in respect of the Equity Securities so held by that Specified Shareholder.

### 133. Lock-In

Notwithstanding anything contained in these Articles but subject to Articles 130 and 135, the Promoter and/or the PAC and the Investor and their respective Affiliates shall not during the Lock-In Period Transfer, nor seek to Transfer, any Equity Securities held by them such that pursuant to such Transfer (i) the aggregate Equity Securities held by the Promoter and/or the PAC and their Affiliates is less than 13% (thirteen percent) of the Share Capital; and (ii) the aggregate Equity Securities held by the Investor and their Affiliates is less than 13% (thirteen percent) of the Share Capital.

### 134. Transfers after Lock-In Period

Notwithstanding any other provisions of these Articles, any Transfer of Equity Securities by the Promoter and/or the PAC and their Affiliates must be in accordance with these Articles.

### 135. Transfer to a Competitor

Notwithstanding anything contained in these Articles, the Promoter and/or the PAC or the Investor and their respective Affiliates shall not at any time Transfer any Equity Securities to a Competitor; provided however this Article 135 will not apply to any Transfer which is made on a recognized stock exchange in India provided the identity of the purchaser is not known to the Promoter and/or the PAC or their Affiliates and their relevant agents.

### 136. Further Acquisition

A Specified Shareholder (“Acquiring Specified Shareholder”) may acquire any further Equity Securities after prior consultation with the other Specified Shareholder provided such proposed acquisition would not trigger an obligation on part of the other Specified Shareholder to make an open offer under the Takeover Regulations either by itself or with the non Acquiring Specified Shareholder as a ‘person acting in concert’. Further, prior to any further acquisition, the Acquiring Specified Shareholder shall consult the Promoter or the Investor, as the case may be, regarding the said acquisition.

### 137. Excess Shares

The Promoter and/or the PAC and the Investor shall jointly, within 24 (twenty four) months of the completion of the Open Offer, solicit *bona fide* offers for the purchase of the Excess Shares from one or more third parties and attempt to consummate the sale of such Excess Shares within the aforesaid 24 (twenty four) months period. In the event that the Specified Shareholders are unable find a third party purchaser and complete the divestment of the Excess Shares within 24 (twenty four) months of the completion of the Open Offer, notwithstanding anything to the contrary in these Articles, each of the Investor and the Promoter and/or the PAC shall be entitled to deal with their respective Excess Shares, subject only to the provisions of Article 140.

## RIGHT OF FIRST OFFER

### 138. Right of First Offer

138.1. If any Specified Shareholder (“Transferring Specified Shareholder”) proposes to Transfer its or their Equity Shares or Equity Securities in the Company to any Person other than a Permitted Transferee, then the other Specified Shareholder (“Other Specified Shareholder”) shall first have a right of first offer (the “ROFO”) with respect to such Transfer as provided in this Article 138.

138.2. For this purpose, the Transferring Specified Shareholder shall send a written notice (“Transfer Notice”) to the Other Specified Shareholder, which notice shall state the number of Equity Shares or Equity Securities proposed to be transferred by the Transferring Specified Shareholder(s) (“ROFO Offered Securities”).

138.3. For a period of 15 (fifteen) Business Days after receipt of a Transfer Notice (“ROFO Offer Period”), the Other Specified Shareholder shall have the right, exercisable by the Other Specified Shareholder through the delivery of a written notice (“ROFO Notice”) to the Transferring Specified Shareholder(s) communicating its offer to purchase all, but not less than all, of the ROFO Offered Securities. Such notice shall set out the price at which such Other Specified Shareholder proposes to acquire the ROFO Offered Securities (“ROFO Price”) and the terms and conditions of the offer. In the event that no ROFO Notice is sent by the Other Specified Shareholder during the ROFO Offer Period, the Transferring Specified Shareholder shall be entitled to Transfer the ROFO Offered Securities to a third party within a period of 90 (ninety) days of expiry of the ROFO Offer Period.

138.4. Following receipt of the ROFO Notice, the Transferring Specified Shareholder shall address a written notice to the Other Specified Shareholder within 15 (fifteen) days of receipt of the ROFO Notice, communicating (i) its approval of the ROFO Price (“ROFO Acceptance Notice”); or (ii) its rejection of the ROFO Price (“ROFO Rejection Notice”).

138.5. If the Transferring Specified Shareholder issues a ROFO Acceptance Notice, the ROFO Acceptance Notice shall constitute a legally binding contract between the Other Specified Shareholder and the Transferring Specified Shareholder for the sale and purchase of the ROFO Offered Securities, free from any Encumbrance and with all rights attached thereto at the ROFO Price. Such sale and purchase shall be consummated within a period of 7 (seven) days from the date of the ROFO Acceptance Notice.

138.6. If the Transferring Specified Shareholder issues a ROFO Rejection Notice, the Transferring Specified Shareholder shall be free, for a period of 30 (thirty) days from the date of the ROFO Rejection Notice (“Third Party ROFO Offer Period”), to solicit bona fide offers for the purchase of ROFO Offered Securities from one or more third parties (“Proposed Investor (s)”) and shall obtain terms of purchase including the proposed purchase price per ROFO Offered Security from the Proposed Investor (s), provided that such price solicited from such Proposed Investor(s) is not less than or equal to the ROFO Price (“Third Party Purchase Offer”) and the other terms and conditions are no worse than those offered by the Other Specified Shareholder in the ROFO Notice.

138.7. If, within the Third Party ROFO Offer Period, the Transferring Specified Shareholder is able to solicit offers from Proposed Investor(s) it shall address a written notice (“Third Party Notice”) to the Other Specified Shareholder, which notice shall contain (i) the name and details of the Proposed Investor (s); (ii) the price offered by the Proposed Investor (s) for the ROFO Offered Securities (“Third Party Price”); (iii) the other terms and conditions of the proposed Transfer (if any); (iv) a confirmation that the Transfer is bona fide and at arms’ length terms; and (v) a representation and warranty confirming that the Proposed Investor(s) is aware of the Matching Right of the Other Specified Shareholder (in terms of Article 138.8 below) as well as the Tag Along Right of the Other Specified Shareholder (in terms of Articles 139 to 142 below). If the Third Party Price is more than 150% (one hundred fifty percent) of the ROFO Price, the provisions of Article 138.9 will apply. However, if the Third Party Price is equal to or less than 150% (one hundred fifty percent) of the ROFO Price, then the provision of Article 138.8 shall apply. Provided however, the sale shall be consummated within a period of 60 (sixty) days from the expiry of the Third Party ROFO Offer Period and shall be at a price which is more than 150% (one hundred fifty percent) of the ROFO Price and such that the price offered by the Other Specified

Shareholder is less than or equal to 150% (one hundred fifty percent) of the ROFO Price.

- 138.8. Within 15 (fifteen) days of receipt of the Third Party Notice, the Other Specified Shareholder shall send a written notice to the Transferring Specified Shareholder either (i) agreeing to purchase all of the ROFO Offered Securities at the Third Party Price ("Matching Right"); or (ii) refusing to exercise its Matching Right. In the event, the Other Specified Shareholder exercises its Matching Right, the notice so issued shall constitute a legally binding contract between the Other Specified Shareholder and the Transferring Specified Shareholder for the sale and purchase of the ROFO Offered Securities, free from any Encumbrance and with all rights attached thereto at the Third Party Price and upon terms and conditions contained in the Third Party Notice. Such sale and purchase shall be consummated within a period of 7 (seven) days from the date of issuance of the notice exercising the Matching Right.
- 138.9. If the Third Party Price is more than 150% (one hundred fifty percent) of the ROFO Price or in the event the Other Specified Shareholder issues a notice electing not to exercise its Matching Right or fails to issue a notice within the 15 (fifteen) day period referred to in Article 138.8 above, the Transferring Specified Shareholder shall be entitled to Transfer the ROFO Offered Securities to only those Proposed Investor(s) identified in the Third Party Notice, provided however that:
- 138.9.1 the sale shall be consummated within a period of 60 (sixty) days from the expiry of the said 15 (fifteen) day period referred to in Article 138.8;
- 138.9.2 the sale shall not be less than the Third Party Price; and
- 138.9.3 the sale shall not be on terms and conditions more favourable than those set out in the Third Party Notice.
- 138.10. If any of the conditions relating to the sale to the Proposed Investor(s) set out in Articles 138.3 to 138.9 above are not met, the sale to the Proposed Investor(s) shall be null and void ab initio, and the Company shall not register any such Transfer.
- 138.11. At the closing of any purchase and sale of the ROFO Offered Securities between the Transferring Specified Shareholder and the Other Specified Shareholder pursuant to this Article 138.11, the Transferring Specified Shareholder shall deliver certificates representing the ROFO Offered Securities, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depository participant. Prior to such closing, all of the parties to the transaction shall execute such documents as may be necessary or appropriate to effect the sale of the ROFO Offered Securities to the Other Specified Shareholder. Such ROFO Offered Securities shall be free and clear of any Encumbrance, and the Transferring Specified Shareholder shall so represent and warrant and shall further represent and warrant that it is the beneficial and recorded owner of

such ROFO Offered Securities. Any stamp duty or transfer taxes or fees payable on the transfer of any ROFO Offered Securities shall be borne and paid by the Transferring Specified Shareholder and the Other Specified Shareholder equally.

- 138.12. All notices given under this Article 138 shall be given concurrently to the Company.
- 138.13. Where any Transfer under these Articles requires prior governmental or regulatory consent or approval then the time periods mentioned in Articles 138 and Articles 139 to 142 shall exclude the time taken for obtaining such consent or approval.

#### TAG ALONG RIGHT

139. Subject to Article 138 above, if the Transferring Specified Shareholder has agreed to sell the Equity Securities to a Person other than a Permitted Transferee or the Transferring Specified Shareholder has agreed to sell the Equity Securities to a third party (under Article 138.3 above) or to a Proposed Investor (under Article 138.9 above) ("Tag Transferee") and, the Transferring Specified Shareholder shall immediately send a written notice (the "Tag-Along Notice") to the Other Specified Shareholder, which notice shall state: (i) the name and address and identity of the proposed Tag Transferee; (ii) the number of Equity Securities proposed to be transferred (the "Transfer Equity Securities") which shall be same as the ROFO Offered Securities; (iii) the amount and form of the proposed consideration and the other terms and conditions of the proposed Transfer for the Transfer (which shall, in case a Third Party Notice has been issued, be same as in the Third Party Notice); (iv) a representation that no consideration, tangible or intangible, is being provided to the Transferring Specified Shareholder that is not reflected in the price to be paid to the Other Specified Shareholder exercising its Tag-Along Rights under the Specified Articles; and (v) the number of Equity Securities the Transferring Specified Shareholder then owns. The total value of the consideration for the proposed Transfer is referred to herein as the "Tag-Along Consideration".
140. The Other Specified Shareholder shall have the right (the "Tag-Along Right") but not the obligation to require the Transferring Specified Shareholder to cause the Tag Transferee in a Transfer of the Transfer Equity Securities to purchase from the Other Specified Shareholder together with its Affiliates, for the same Tag Along Consideration per Equity Security and upon the same terms and conditions as are to be paid and given to the Transferring Specified Shareholder such number of Equity Securities equal to the Transfer Equity Securities multiplied by a fraction, the numerator of which is the total number of Equity Securities held by the Other Specified Shareholder and its Affiliates and the denominator of which is the total number of Equity Securities held by the Transferring Specified Shareholder together with its Affiliates, in each case on a fully-diluted basis. Provided, however, that, except as otherwise provided in Article 133, if the Transferring Specified Shareholder, together with its Affiliates, proposes to make a Transfer of Equity Securities which would result in change in Control of the Company or require the Tag Transferee to make an open offer for acquisition of further Equity Securities of the Company in terms of (then) applicable SEBI regulations (which could include the Takeover Regulations), the Other Specified Shareholder shall have the

right but not the obligation to sell to the Tag Transferee all of the Equity Securities held by the Other Specified Shareholder together with their Affiliates at such time.

141. Within seven (7) Business Days following the receipt of the Tag-Along Notice, in the event the Other Specified Shareholder elect to exercise their Tag-Along Right, they shall deliver a written notice of such election to the Transferring Specified Shareholder ("Tag Acceptance Notice") and the number of Equity Securities (which shall be calculated in accordance with Article 145) the Other Specified Shareholder propose to Transfer to such Tag Transferee ("Tag-Along Securities"). Such notice shall be irrevocable and shall constitute a binding agreement by the Other Specified Shareholder to sell the Tag-Along Securities and on the Tag Transferee to acquire the Tag Along Securities and on the Transferring Specified Shareholder to procure that the Tag Transferee acquires the Tag Along Securities in terms of Articles 138 to 142.
142. The closing of any purchase of Tag-Along Equity Securities by the Tag Transferee from the Other Specified Shareholder shall take place simultaneously with the closing of the purchase of Transfer Equity Securities by the Tag Transferee from the Transferring Specified Shareholder provided that the Transfer Equity Securities cannot be purchased by the Tag Transferee without purchasing the Tag-Along Equity Securities from the Other Specified Shareholder. At such closing, the Other Specified Shareholder shall deliver duly executed delivery instruction slips in relation to the Tag-Along Equity Securities, instructing the depository participant to Transfer the Tag-Along Equity Securities in favour of the Tag Transferee. Such Tag-Along Securities shall be free and clear of any Encumbrance, and the Other Specified Shareholder shall so represent and warrant and shall further represent and warrant that they are the beneficial and legal owners of such Tag-Along Securities. The Other Specified Shareholder shall not be required to make any other representations or warranties. Any Tag Transferee purchasing the Tag-Along Securities shall, simultaneously, deliver at such closing (or on such later date or dates as may be provided in the Tag-Along Notice with respect to payment of consideration by the proposed Tag Transferee) payment in full of the Tag-Along Consideration in accordance with the terms set forth in the Tag-Along Notice, provided, however, such payment of the Tag-Along Consideration is not later than the payment of the consideration for the Transfer Equity Securities. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Tag Along Equity Securities to the Tag Transferee.

## TERM AND TERMINATION

### 143. Termination

Subject to Article 144 below, the Specified Articles shall continue in effect until terminated by consent of the Investor and the Promoter and/or the PAC in writing or upon the Promoter and/or the PAC, the Investor and/or their respective Affiliates ceasing to hold at least 5% (five percent) of the Share Capital of the Company.

### 144. Default Provisions

The Investor or the Promoter and/or the PAC (the relevant Specified Shareholder being the "Non-Defaulting

Specified Shareholder") shall be entitled to terminate the Specified Articles by notice in writing ("Default Notice") to the Company and the Promoter and/or the PAC or the Investor, as the case may be, if any of the events set out below shall occur in relation to the Promoter and/or the PAC or the Investor as the case may be (the relevant Specified Shareholder being the "Defaulting Specified Shareholder"):

- 144.1. the Defaulting Specified Shareholder materially breaches or commits any material default under any provision of the Specified Articles and does not remedy that breach within 30 (thirty) Business Days after receiving a notice of that breach from any other Specified Shareholder requesting the breach to be remedied;
- 144.2. an order is made or an effective resolution is passed, or analogous proceedings are taken and not dismissed or withdrawn within 60 (sixty) Business Days, for the winding up of the Defaulting Specified Shareholder;
- 144.3. the Defaulting Specified Shareholder makes a general assignment for the benefit of its creditors; or
- 144.4. the Defaulting Specified Shareholder has a receiver or manager appointed over its shares or all or a substantial part of its undertaking or assets other than for the purposes of amalgamation or re-organisation not involving or arising out of insolvency provided that if an order appointing a receiver or manager is passed, the same has not been vacated within 90 (ninety) Business Days.

## 145. FALLING AWAY OF RIGHTS

- 145.1. In the event of the aggregate Ownership of the Promoter and the PAC and their respective Affiliates or the Investor, as the case may be, falls below 11% (eleven percent) of the Share Capital of the Company, then the Promoter and/or the PAC or the Investor, as the case may be, shall only continue to have the right to appoint 1 (one) Promoter Director or 1 (one) Investor Director as the case may be. In the event there is more than 1 (one) Promoter Director or 1 (one) Investor Director, then the Promoter and the Investor, as the case may be, shall procure that the Directors in excess of 1 (one) Promoter Director or 1 (one) Investor Director (as the case may be) shall resign.
- 145.2. In the event of the aggregate Ownership of the Promoter and the PAC and their respective Affiliates or the Investor, as the case may be, falls below 7% (seven percent) of the Share Capital of the Company, then the Promoter or the Investor, as the case may be, shall only be entitled to appoint an observer ("Observer") who shall be entitled to attend any and all the meetings of the Board but shall not be entitled to vote. The provisions of Articles 123 and 124 shall apply *mutatis mutandis* to the Observer.
- 145.3. It is clarified that in the event the Ownership of the Promoter and/or the PAC or the Investor, as the case may be, falls below 11% (eleven percent) of the Share Capital of the Company, the Promoter and the Investor, as the case may be, shall, during the term of the Specified Articles, continue to be bound by the obligations relating to the Equity Shares held by the Promoter and/or the PAC or the Investor, as the case may be, under Articles 128 to 137

**Item No. 11:****APPROVAL FOR INVESTMENTS:**

In terms of Section 186 of the Companies Act, 2013, investments made by the Company in excess of 60% of the Paid up Capital and Free Reserves or 100% of Free Reserves shall be approved by the members of the Company.

In terms of the erstwhile Companies Act, 1956, the Company, being involved infrastructure facilities, was exempt from the provision of obtaining approval of members for investments in excess of the prescribed limits. However, such exemption is not available to the Company in Companies Act, 2013. Your Company proposed to infuse further capital of SAR 13.75 Million in its subsidiary, Maytas Infra Saudi Arabia Company (MISA) in view of its increased operations and requirement of working capital. The other shareholder in the subsidiary shall also infuse additional capital in the proportion of current holding.

Further, MISA, being a subsidiary is a related party in terms of Clause 49 of the Listing Agreement.

Your directors recommend the said resolution for your approval.

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

**RELATED PARTY TRANSACTIONS:****Item No. 12 & 13:**

The SEBI circular CIR/CFD/POLICY CELL/2/2014 had amended the terms of Clause 49 of the Listing Agreement with the Stock Exchanges and had provided for approval by members of certain material transactions with the related parties. Further, the circular provides that all the existing material transactions with related parties which are likely to continue after March 31, 2015 shall be approved by the members in the General Meeting held after October 01, 2014.

Infrastructure Leasing and Financial Services Limited (IL&FS) is the promoter of your Company and the following transactions are existing with the promoter and are continuing beyond March 31, 2015.

- i. Term Loan of Rs. 330 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- ii. Corporate Guarantee issued by the Company in favor of IL&FS for an amount of Rs. 125 Cr against the Bank Guarantee / Letter of Credit obtained/to be obtained out of the bank limits of IL&FS and at a commission @ 1.05% thereon
- iii. Brand Licensing chargeable @ Rs. 10 lakhs per annum (however, the Company was exempted from payment of Rs.10 lakhs of brand licensing fee during the earlier years and during the year 2014-15)

Hill County Properties Limited (HCPL) is an Associate Company and the Hill County project of HCPL was awarded to your Company prior to October 01, 2014 on Engineering, Procurement and Construction basis. The total project value is of Rs. 424 Crores and is almost completed in the financial year 2015. As a prudent measure, it is proposed to obtain the approval of the members.

Your directors recommend the said resolutions for your approval.

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

**Item No. 14:**

In terms of revised Clause 49 of the Listing Agreement with Stock Exchanges, the following material related party transactions were entered in to by the Company taken together with all the transactions in the financial year 2014-15 with Infrastructure Leasing and Financial Services Limited (IL&FS)

- i. Term loan of Rs. 100 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- ii. Term loan of Rs. 100 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- iii. Term Loan of Rs. 280 Cr at an interest rate of 13% p.a. calculated at quarterly rests

- iv. Corporate Guarantee for an amount of Rs. 123.20 Cr against Bank guarantees provided by IL&FS from its Bank Limits and commission @ 1.15% thereon
- v. Corporate Guarantee for an amount of Rs. 67.75 Cr against Bank guarantees provided by IL&FS from its Bank Limits and commission @ 1.15% thereon
- vi. To provide Letter of Comfort and / or Letter of Awareness on behalf of the Company in favour of the CDR Lenders for an amount of Rs. 973 Cr in the manner as may be decided by the Board in consultation with the CDR Lenders / any other lenders of the Company from time to time;
- vii. retaining core funding of Rs. 400 Cr in the Company as per the terms agreed with the CDR Lenders of the Company

Your directors recommend the said resolution for your approval.

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

**Information of Directors seeking appointment/ re-appointment under Section 152 and Section 160 of the Companies Act, 2013 and under Clause 49 (IV) (G) of the Listing Agreement**

**Item 2 – Director seeking re-appointment:****Mr. Saleh Mohammad Awad Bin Laden:**

Mr. Saleh Mohammed A Binladen, 59 years, is a Non-Executive and Non-Independent Director of the Company. He is the Senior Vice President of the Saudi Bin Laden Group and manages their property related investments. He is also the Chairman of Huta Hegerfeld Saudi Arabia, which is a dredging company in the middle-east.

**Directorships of Mr. Saleh Mohammad A BinLaden**

- Mohammad Binladen Co. of Real Estate
- Al salem group of Companies
- Makkah Co. for Construction & Development
- Huta Hegerfeld Saudi Limited
- Arrow Company for Food & Distribution
- International Food & Consumer Goods Co.
- Jizan Economic City Co.
- Knowledge Economic City Al-madinah
- Project Management and Development Co.
- Al-Khabeer Capital Co.
- Construction Products Holding Co.

**Items 4, 5, 6, 7 & 8 – Directors seeking appointment:****Mr. Ved Kumar Jain:**

CA. Ved Kumar Jain, FCA, New Delhi, aged 62 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 in 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 Kumar Jain:**

- ICAI Accounting Research Foundation
- DLF Limited
- PTC India Limited
- PTC India Financial Services Limited
- VJ Corporate Advisors Private Limited
- Urban Improvement Co Private Limited
- Hill County Properties Limited

- Edward Keventer (Successors) Private Limited
- DLF Utilities Limited

**Anil Kumar Agarwal:**

Anil K Agarwal, aged 61 years, 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 The Institute of Chartered Accountants of India.

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

**Directorships of Mr. Anil K Agarwal:**

- Space Industries Limited
- Space Capital Services Limited
- Cosmos International Limited
- Vams Marketing Private Limited
- Cosmos Advanced Power solutions LLP
- Cosmos Advanced Diagnostics LLP

**Mr. Dhananjay Narendra Mungale:**

Mr. Dhananjay Mungale, aged 62 years, is a member of the Institute of Chartered Accountants of India. He has spent a major part of his career in corporate and investment banking in India and Europe with Bank of America and DSP Merrill Lynch Ltd. He is on the Board of various public and private limited companies.

He is a member of the Development Council of the Oxford Centre for Hindu Studies at Oxford in the United Kingdom. He is a National Committee member of Mahindra United World College.

As on the date of this Notice, Mr. Mungale does not hold any share in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

**Directorships of Mr. Dhananjay Narendra Mungale:**

- Mahindra and Mahindra Financial Services Limited
- Mentor Technologies Private Limited
- I-Nestor Advisors Private Limited
- Chowgule Steamships Limited
- Tamilnadu Petroproducts Limited
- Snowcem Paints Private Limited
- NOCIL Limited
- LICHFL Trustee Company Private Limited
- LAVGAN DOCKYARD Private Limited
- Kalpataru Limited
- Samson Maritime Limited
- JPMorgan Asset Management India Private Limited
- L&T Infra Investment Partners Advisory Private Limited
- Mahindra CIE Automotive Limited

**Ms. Alpa Ramesh Sheth:**

Ms Alpa Sheth, aged 52 years, holds a Master of Engineering degree from University of California, Berkeley. She is Managing Director of VMS Consultants Private. Ltd and Partner, Vakil Mehta Sheth Consulting Engineers, Mumbai since over 15 years.

Ms Sheth currently holds the INAE Distinguished Visiting Professor at IIT Madras and is Visiting Faculty and Chair of Academic Council at Kamla Raheja Vidyavidyalaya Institute for Architecture (KRVA), Mumbai. She is Member, Research Council of CBRI, Roorkee (Central Building Research Institute), and is on Board of Governors of the Maharashtra government's

Mumbai Metropolitan Region (MMR) -Heritage Conservation Society. She is Seismic Advisor, Gujarat State Disaster Management Authority and has been in various advisory roles to the Gujarat Government for Seismic safety since 2001 Bhuj earthquake.

Ms Sheth is Member of Bureau of Indian Standards (BIS) Committee for Earthquake Codes (CED 39), BIS Committee for Special Structures (CED 38) and Cyclone Resistant Structures Sectional Committee. (CED 57). She is Principal Author and Co-ordinator for BIS Sub-Committee for Drafting of Tall Buildings Code for India for (BIS) Special Structures Sectional Committee CED 38. She has been on numerous World Bank Post-Disaster Reconnaissance Teams including for the Great West Japan Earthquake, Great Sumatra Earthquake amongst others.

Ms Sheth is Founding Trustee of Structural Engineering Forum of India and Children's Liver Foundation, India. She does not hold any share in her name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

**Directorships of Ms. Alpa Sheth:**

- VMS Consultants Private Limited

**Dr. Kanika Tandon Bhal:**

Dr. Kanika T. Bhal, aged 51 years, is Professor and Head, Department of Management Studies (DMS), IIT, Delhi. As an academician in the areas of strategic leadership, environmental responsibility and business ethics, Prof Bhal contributes to knowledge creation dissemination and application through research, teaching and strategic applications of this research in the industry.

A PhD from IIT Kanpur, Dr Bhal has been a visiting fellow at Sloan School of Management, MIT, Cambridge, USA. She has published a number of articles in reputed national and international journals. She is on the editorial board of International Journal of Business Management. She specializes in 'Organizational Leadership' and also authored a book and co-authored two others.

She has to her credit over 100 research papers in international journals and conferences and has published papers in diverse areas like corporate leadership, corporate social responsibility, business ethics, strategic human resource management, environment regulation, energy sector reforms among others. She does not hold any share in her name or as a beneficiary in IL&FS Engineering and Construction Company Limited. She does not hold any directorships in other Companies.

By order of the Board

For IL&FS Engineering and Construction Company Limited

**G. Venkateswar Reddy**

Company Secretary

**Regd. Office:**

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

CIN: L45201AP1988PLC008624

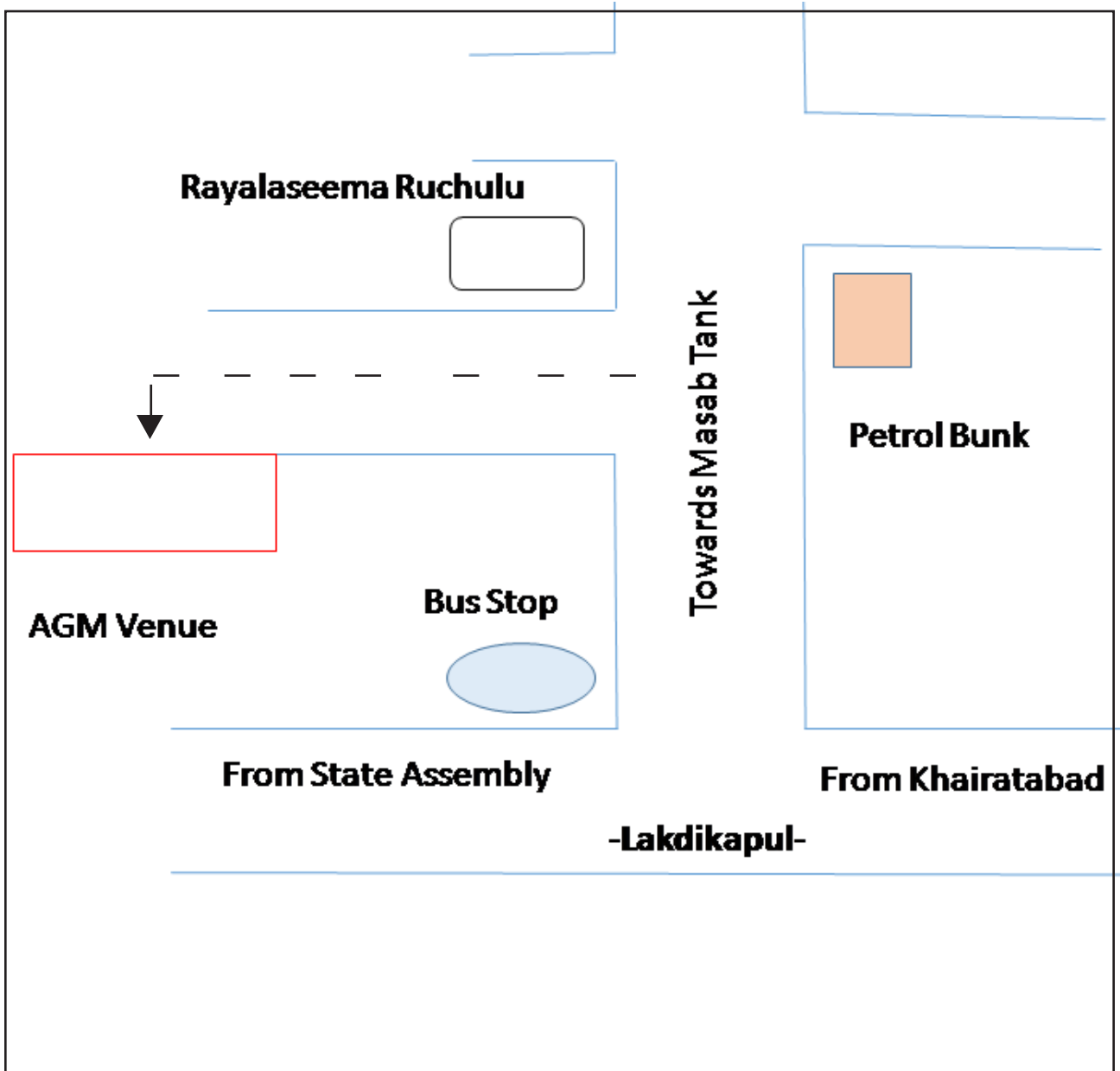
Email: [cs@ilfsengg.com](mailto:cs@ilfsengg.com)

Place: New Delhi

Date: May 29, 2015

## ROUTE MAP OF THE 26TH AGM VENUE

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



## DIRECTORS' REPORT

The Shareholders

### IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Twenty-Sixth Annual Report along with the Audited Financial Statements for the Financial Year ended March 31, 2015

#### I. FINANCIAL RESULTS:

Particulars	2014-15 (12 Months)	2012-14 (18 Months)
Gross Income	2477.76	3427.01
(Loss) / Profit before Interest, Depreciation, exceptional items and Tax	314.71	266.16
Interest and Finance Charges	268.31	331.82
Depreciation	43.73	85.32
(Loss) / Profit before exceptional items, tax and Prior period items	2.67	(150.98)
Exceptional items (net)	-	-
(Loss) / Profit before Tax and Prior period items	2.67	(150.98)
Provision for Taxes	-	-
Less: Prior Period Expenses ( net)	-	-
(Loss) / Profit after Tax	2.67	(150.98)
Paid up Equity Capital	112.12	89.79
Preference Share Capital	137.00	249.86
Reserves and Surplus	30.35	(78.61)
Net worth	279.47	261.04
Earnings per share (In Rupees)		
- Basic	(0.85)	(19.72)
- Diluted	(0.85)	(19.72)

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

#### II. DIVIDEND

Due to inadequate profits of the Company, your directors express their inability to recommend any dividend for the year to Preference as well as to Equity Shareholders

#### III. RESERVES

The Board of Directors do not propose to carry any amounts to Reserves of the Company for the Financial Year ended March 31, 2015

#### IV. THE STATE OF AFFAIRS OF THE COMPANY

During the year under review, your Company had bagged various orders in the Roads, Buildings & Structures, Power and Oil & Gas Sectors. The Orders received during the year under review amounted to Rs. 2,166 Crores. Also, the Company already had orders worth Rs. 10,063 Crores at the beginning of the year. Out of the total orders in hand, the unexecuted order value stands at Rs. 10,088 Crores at the end of the year.

Your Company is having operations beyond the territorial limits of India and is now operating from Saudi Arabia under a separate

Joint Venture Subsidiary, and through Company's branches in Fujairah and Abu Dhabi

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

#### V. SHARE CAPITAL

During the year under review, your Company had allotted 10,61,133 Equity Shares of Rs. 10 each fully paid at a price of Rs. 58.90 upon exercise of equal number of Employee Stock Options issued to Employees/ Directors / Directors of Subsidiary Companies under ESOP 2009 Scheme, as detailed below:

Date of allotment	No. of Shares Allotted	Amount incl. premium (in Rs)
June 07, 2014	70,500	41,52,450.00
February 27, 2015	4,32,206	2,54,56,933.40
March 23, 2015	5,58,427	3,28,91,350.30
<b>TOTAL</b>	<b>10,61,133</b>	<b>6,25,00,733.70</b>

Additionally, your Company had allotted 2,12,74,442 Equity Shares of Rs. 10 each at a price of Rs. 60.50 per share on Preferential Basis to the following entities on March 13, 2015:

Sl no	Name of the entity	No. of Shares	Amount incl. premium (in Rs)
1	Infrastructure Leasing and Financial Services Limited	48,51,745	29,35,30,572.50
2	IL&FS Financial Services Limited	49,44,101	29,91,18,110.50
3	SBG Projects Investments Limited	1,14,78,596	69,44,55,058.00
	<b>TOTAL</b>	<b>2,12,74,442</b>	<b>128,71,03,741.00</b>

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

Particulars	No. of Shares	Amount (in Rs)
Opening Balance as on April 01, 2014	8,97,87,243	89,78,72,430
Add: Allotment under ESOP Scheme	10,61,133	1,06,11,330
Add: Allotment under Preferential issue	2,12,74,442	21,27,44,420
Total addition by way of allotments	2,23,35,575	22,33,55,750
<b>Closing Balance as on March 31, 2015</b>	<b>11,21,22,818</b>	<b>112,12,28,180</b>

During the year under review, an amount of Rs. 3.83 Cr pertaining to the expenses incurred towards Proposed Rights Issue of the Company were written off from the Securities Premium Account since, the Draft Letter of Offer filed with SEBI for Rights Issue was withdrawn by the Company. Accordingly, the Securities Premium Account stood at Rs. 171.38 Cr as on March 31, 2015. The movement in securities premium account is as follows:

Particulars	Amount (in Rs. Cr)
Opening Balance as on April 01, 2014	62.59
Add: Premium on issue of 10,61,133 Equity Shares under ESOP Scheme @ Rs. 48.90	5.19
Add: Premium on issue of 2,12,74,442 Equity Shares under Preferential issue @ Rs. 50.50	107.43
Less: Rights issue expenses written off	(3.83)
<b>Closing Balance as on March 31, 2015</b>	<b>171.38</b>

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

Particulars	No. of 6% OCCRPS	Amount (in Rs)	No. of 6% CRPS	Amount (in Rs)
Opening Balance as on April 01, 2014	1,75,00,000	175,00,00,000	74,85,780	74,85,78,000
Less: Redemption on March 23, 2015 (originally due for redemption on September 30, 2014 but extended up to March 25, 2015)	(50,00,000)	(50,00,00,000)	(3,00,000)	(3,00,00,000)
Less: Redemption on March 31, 2015 due for redemption on March 31, 2015	-	-	(59,85,780)	(59,85,78,000)
Total redemption made during the year	(50,00,000)	(50,00,00,000)	(62,85,780)	(62,85,78,000)
<b>Closing Balance as on March 31, 2015</b>	<b>1,25,00,000</b>	<b>125,00,00,000</b>	<b>12,00,000</b>	<b>12,00,00,000</b>

#### Shares held by Directors

Mr. Ramchand Karunakaran, Non-executive Chairman of the Company holds 40,000 Equity Shares in the Company. No other non-executive director of the Company holds any Shares or convertible instruments in the Company.

Further, Mr. Murlidhar Khattar, Managing Director of the Company holds 70,000 Equity Shares in the Company.

#### Deposits:

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

#### VI. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Ved Jain, Mr. Anil K Agarwal and Mr. Dhananjay Narendra Mungale, Ms. Alpa Ramesh Sheth and Ms. Kanika Tandon Bhal were appointed as Independent Directors on August 08, 2014 for a period of 5 years in terms of Listing Agreement and Section 149 of the Act. With the appointment of Ms. Alpa Ramesh Sheth and Ms. Kanika Tandon Bhal, the requirement of Women Director on the Board of the Company is complied with. The appointment of the Independent Directors is being proposed for the approval of the members in the forthcoming Annual General Meeting.

Mr. Sundaram Srinivas Ranjan, Nominee Director appointed by State Bank of India, Industrial Finance Branch, Hyderabad on behalf of CDR participating banks had resigned from his position and the same was taken on record with effect from August 23, 2014.

During the year, Mr. Ahmad Dabbous, Alternate Director to Mr. El Mouhtaz El Sawaf had vacated his office since Mr. Sawaf had attended the Board Meeting on November 10, 2014. Mr. Ahmad Dabbous was appointed as Alternate Director to Mr. Sawaf in the same meeting on November 10, 2014. Mr. Akber Moawalla, Alternate Director to Mr. Saleh Mohamad Bin Laden and Mr. Ahmad Dabbous, Alternate Director to Mr. Sawaf had vacated their offices since Mr. Binladen and Mr. Sawaf had attended the Board Meeting on February 11, 2015.

Thereafter, on the same day i.e., on February 11, 2015, Mr. Akber Moawalla and Mr. Ahmad Dabbous were again appointed as Alternate Directors to Mr. Saleh Mohamad Bin Laden and Mr. El Mouhtaz El Sawaf respectively.

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

Mr. Murlidhar Khattar who was appointed on December 26, 2013 as the Managing Director of the Company continued in the same capacity throughout the year under review. Dr. Sambhu Nath Mukherjee was appointed as Chief Financial Officer of the Company within the meaning of Section 203 of the Companies Act, 2013 with effect from January 01, 2015. The Company had already appointed Mr. G. Venkateswar Reddy in the earlier years who continue to be the Company Secretary of the Company during the year under review

#### Independent Directors

The Independent Directors were appointed in the meeting held on August 08, 2014 for a period of 5 years subject to the approval of the members. The appointments of Independent Directors are being proposed in the ensuing Annual General Meeting for the approval of the members. None of the Independent Directors are considered for re-appointment in the ensuing Annual General Meeting.

### Statement on Declaration given by Independent Directors

The Independent Directors appointed in the Board Meeting held on August 08, 2014 have given declaration of Independence in terms of sub-section (6) of Section 149.

### Familiarization programme of Independent Directors

The Company had appointed two new Independent Directors and appointment of three Independent Directors already holding office of directors in the Company was formalized by issuing Appointment Letter for Independent Directors. All the Independent Directors appointed are well versed in the business of Infrastructure Development. A Separate session was conducted in the Board Meeting held on November 10, 2014 and the independent directors were provided with the operations and projects of the Company as a part of familiarization programme to the Independent Directors of the Company. The details of such familiarization program have been provided under the head Corporate Governance section of the website of the Company i.e., [www.ilfsengg.com](http://www.ilfsengg.com)

### Non-executive Directors

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

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

### Performance Evaluation

The Board has evaluated its performance during the Financial Year 2014-15 in the Meeting held on May 29, 2015. The evaluation was carried out as per the policy of the Company. The Board had assured that the performance of the Board was in line with the organization strategy. The Board had further assured that the Committees of the Board have performed as per the scope attributed to them. The Independent Directors have attended most of the Meetings and have sought adequate information required for arriving at decisions.

### Policies

The following policies were formulated by the Board and are placed in the Corporate Governance Section of the website of the Company i.e., [www.ilfsengg.com](http://www.ilfsengg.com)

- i. Directors Appointment and Remuneration Policy on matters specified in sub-section (3) of Section 178 of the Act
- ii. Policy on Corporate Social Responsibility as per Section 135 of the Act
- iii. A Policy on Performance Evaluation of the Board of Directors and Individual Directors was formulated during the year under review which consists of the annual evaluation plan of the Board

- iv. Vigil Mechanism Policy
- v. Policy on Material Subsidiaries
- vi. Policy on dealing with Related Party Transactions

## VII. DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

#### (A) Conservation of energy

- (i) The steps taken or impact on conservation of energy;  
The conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis.
- (ii) The steps taken by the company for utilizing alternate sources of energy; NIL
- (iii) The capital investment on energy conservation equipments; NIL

#### (B) Technology absorption

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

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; NIL
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NIL
  - a) the details of technology imported;
  - b) the year of import;
  - c) whether the technology been fully absorbed

#### (C) FOREIGN EXCHANGE

Foreign Exchange Earnings	Rs. 272.48 Crores (accrual basis)
Foreign Exchange Outgo	Rs. 253.60 Crores (accrual basis)

### VIII. BOARD AND ITS COMMITTEES

#### a) Board of Directors :

During the year under review the Board of Directors of the Company have met five times on May 19, 2014, August 08, 2014, November 10, 2014, November 28, 2014 and February 11, 2015. The attendance, along with such other details as required, of each of the Directors is mentioned in the Corporate Governance section of this Annual Report

#### b) Audit Committee

The Audit Committee of the Company consists of 4 members and a permanent invitee. Mr. Ved Kumar Jain, Independent Director in the Company is the Chairman of the Committee. Mr. Anil Kumar Agarwal, Mr. Murlidhar Khattar and Mr. Dhananjay Narendra Mungale are the members of the Audit Committee. The attendance of members to the meetings of Audit Committee and such other details are mentioned in the Corporate Governance report section of this Annual Report

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

#### c) Risk management policy

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

The Risk Management Committee of the Company is overseeing the implementation of the Policy. In the opinion of the Board, the policy on Risk Management addresses the risks associated with the business including identification of elements of risk which may threaten the existence of the Company

#### d) Corporate Social Responsibility Committee

The Board of Directors of the Company had constituted Corporate Social Responsibility Committee on March 18, 2014 and had formulated a policy on Corporate Social Responsibility which is available in the Corporate

Governance Section of the website of the Company i.e., [www.ilfsengg.com](http://www.ilfsengg.com). The CSR Committee of the Company was constituted with Mr. Anil Kumar Agarwal as the Chairman of the Committee. Mr. Murlidhar Khattar and Mr. Sundaram Srinivas Ranjan were the members. Ms. Alpa Ramesh Sheth was inducted as member of the Committee on November 10, 2014 after the resignation of Mr. Ranjan as director of the Company. The Committee met once on February 11, 2015 during the period under review. The members of the Committee are eminent persons with background in various social responsibility activities.

The Company is required to spend two per cent of the average net profits for preceding three financial years as per Section 135 (5) of the Act. However, the Company has not made any profits during the previous three financial years and hence, the Company could not spend any amount on CSR activities. The details of CSR policy and activities as per Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 are attached as an Annexure

#### e) Other Committees

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

### IX. SUBSIDIARIES

As per Section 129 (3) of the Companies Act, 2013 and Clause 32 of the Listing Agreement, the consolidated financial statements of the Company forms part of this Report. The copies of Audited Financial Statements of the Subsidiaries, Joint Ventures and Associates are available on the website of the Company [www.ilfsengg.com](http://www.ilfsengg.com) and a copy of the same will be provided upon written request to the Company Secretary

Angeerasa Greedfields Private Limited, Ekadanta Greenfields Private Limited, Saptaswara Agro-farms Private Limited, Maytas Infra Assets Limited, Maytas Metro Limited, Maytas Vasishta Varadhi Limited and Maytas Infra Saudi Arabia Company are the subsidiaries of your Company. A step down subsidiary, namely Maytas Infra for Construction W.L.L. was incorporated as Subsidiary of Maytas Infra Saudi Arabia Company and the same was in the process of closing subsequent to Financial Year 2014-15

The performance and financial position of the Subsidiaries, Joint Venture and Associate Companies is attached as an Annexure to this Report

#### ASSOCIATES & JOINT VENTURES

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

##### Associate:

Hill County Properties Limited

##### Joint Ventures (Association of Persons):

NCC-Maytas (JV)

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

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

#### X. AUDITORS AND AUDITORS' REPORT

##### a) **Statutory Auditors**

M/s S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office from the 25<sup>th</sup> Annual General Meeting of the Company till the conclusion of 28<sup>th</sup> Annual General Meeting of the Company. The appointment of Statutory Auditors of the Company for the financial year 2015-16 is placed for ratification of the members of the Company in the ensuing 26<sup>th</sup> Annual General Meeting of the Company.

The notes on financial statements referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

##### b) **Cost Auditor**

The Board has appointed M/s S Mahadevan and Co, Cost Accountants as Cost Auditors of the Company for the Financial Year 2014-15. The remuneration payable to the Cost Auditors was approved by the members in the 25<sup>th</sup> Annual General Meeting of the Company.

M/s S Mahadevan & Co are re-appointed as Cost Auditors of the Company for the Financial Year 2015-16 and the remuneration payable to them is recommended for the approval of the members in the ensuing Annual General Meeting.

##### c) **Secretarial Auditor**

The Board has appointed Mr. Y. Ravi Prasada Reddy, Practising Company Secretary to conduct the Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### XI. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions, except with Infrastructure Leasing and Financial Services Limited wherein the Company has entered into following agreements which together constituted as a material related party transactions.

- i. Term loan of Rs. 100 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- ii. Term loan of Rs. 100 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- iii. Term Loan of Rs. 280 Cr at an interest rate of 13% p.a. calculated at quarterly rests
- iv. Corporate Guarantee for an amount of Rs. 123.20 Cr against Bank guarantee provided by IL&FS from its Bank Limits and commission @ 1.15% thereon
- v. Corporate Guarantee for an amount of Rs.67.75 Cr against Bank guarantee provided by IL&FS from its Bank Limits and commission @ 1.15% thereon
- vi. To provide Letter of Comfort and / or Letter of awareness on behalf of the Company in favour of the CDR Lenders for an amount of Rs.973 Cr in the manner as may be decided by the Board in consultation with the CDR Lenders / any other lenders of the Company from time to time
- vii. IL&FS agreed to CDR Banks of IECCL to keep the loan amount of Rs.400 Cr extended to IECCL as Core Funding in the Company

The aforementioned transactions are not falling in the list of transactions specified in Section 188 of the Companies Act, 2013. However, the definition of Related Party Transaction in the Listing Agreement has a wider scope and covers the aforementioned transactions with related parties

#### XII. EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Employee Stock Option Scheme 2007 was expired since all the options granted under the scheme were lapsed. The Company has allotted 10,61,133 Equity of Rs. 10/- each at a price Rs.58.90 per share (including premium) upon exercise of the same number of ESOPs under ESOP 2009 Scheme.

The Company has received a certificate from the Statutory Auditors of the Company that the ESOP scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the members. The Certificate is mentioned elsewhere in this report and is available for inspection at the Meeting for the members. Further, the information regarding Grant I and Grant II of the Employee Stock Option Scheme 2009 are provided as an Annexure to this Report.

#### XIII. MANAGEMENT DISCUSSION AND ANALYSIS

A separate section titled "Management Discussion and Analysis" consisting of details in compliance with Clause 49 of the Listing Agreement is annexed hereto and forms part of the Annual Report.

#### XIV. CORPORATE GOVERNANCE

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

Further, the declaration signed by the Managing Director affirming the compliance with code of conduct for Board of Directors and senior management personnel is annexed to the Report on Corporate Governance.

## XV. DISCLOSURES

### a) Extract of Annual Return

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

### b) Vigil Mechanism

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

### c) Policy on Prevention of Sexual Harassment

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

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

### d) Transfers to IEPF

During the year under review, the Company had transferred an amount of Rs. 3,18,780 which was unclaimed share application money, received at the time of Initial Public Offer of the Company in the year 2007.

### e) particulars of Loans, guarantees or investments under Section 186

Your Company is into the business of providing Infrastructure Facilities. Accordingly, the provisions of Section 186 pertaining to providing Loan or Guarantee to other corporates are exempted. All information regarding

loans, guarantees and investments is mentioned in the notes to financial statements for the financial year ended 2014-15 which are self-explanatory. Further, your Company has made no further investments during the year 2014-15 and hence, the provisions of Section 186 are not attracted.

However, your Company is proposing to make a further investment in the shares of its Subsidiary, Maytas Infra Saudi Arabia Company in the Financial Year 2015-16. The approval under Section 186 for this investment is being sought in the ensuing Annual General Meeting

### f) particulars of employees and related disclosures

The disclosures relating to particulars of employees as per Section 197 (12) of the Act read with rules 5 (2) and 5 (3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 is appended as an Annexure with this Report.

The disclosure pertaining to remuneration and other details as required under Section 197 (12) of the Act read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure with this Report.

## XVI. 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 continue enriched relationships in the years to come.

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

Place: New Delhi  
Date: May 29, 2015

Ramchand Karunakaran  
Chairman

## ANNEXURE ON CSR ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs  
The CSR Policy of the Company is available at the website of the Company i.e., <http://www.ilfsengg.com/html/policies.php>.
2. The Composition of CSR Committee  
Mr. Anil Agarwal – Chairman  
Mr. Murli Dhar Khattar – Member  
Ms. Alpa Ramesh Sheth - Member
3. Average Net Profit of the Company for last three financial years : - Nil
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).  
Since the Average Net Profit of the Company is negative, the prescribed CSR expenditure is nil
5. Details of CSR spent during the financial year:
  - a. Total Amount to be spent for the financial year; - Nil
  - b. Amount unspent, if any; - Nil
6. In case the Company has failed to spend the 2% of the average net profit of the Last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report  
The Company had not made any profits in the last three years, hence, the Company had not spent any amount on CSR activities.
7. A Responsibility Statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

Sd/-  
Murli Dhar Khattar  
Managing Director

Sd/-  
Anil Kumar Agarwal  
Chairman – CSR Committee

# Annexure to Directors' Report

## FORM AOC - 1 PART - A: SUBSIDIARIES INFORMATION

SN	Particulars Name of the Subsidiary	Details						
		Angeerasa Greenfields Private Limited	Ekadanta Greenfields Private Limited	Saptaswara Agro-Farms Private Limited	Maytas Infra Assets Limited	Maytas Metro Limited	Maytas Vasishta Varadhi Limited	Maytas Infra Saudi Arabia (MISA) ##
1								
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2014 to March 31, 2015						
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Cr)						
4	Share capital	0.01	0.01	0.01	0.05	0.05	0.05	60.35
5	Reserves & Surplus	(0.03)	(0.04)	(0.28)	(11.56)	0	0	(20.10)
6	Total Assets	50.00	18.58	20.00	7.31	75.24	3.03	329.21
7	Total Liabilities	50.00	18.58	20.00	7.31	75.24	3.03	329.21
8	Investments	0	0	0	0	0	0	0
9	Turnover	0	0	0	0	0	0	415.78
10	Profit before taxation	(0.00)	(0.00)	(0.00)	(0.02)	0	0	(26.36)
11	Provision for taxation	0	0	0	0	0	0	0.56
12	Profit after taxation	(0.00)	(0.00)	(0.00)	(0.02)	0	0	(26.92)
13	Proposed Dividend	0	0	0	0	0	0	0
14	% of shareholding	100%	100%	100%	100%	100%	100%	55%

## MISA is a foreign subsidiary and its Local currency is SAR. Exchange rate as on March 31, 2015 : Rs. 16.618/SAR 1

PART - B: ASSOCIATES AND JOINT VENTURES

SN	Name of the Associates/Joint Ventures	Hill County Properties Limited (Associate Company)	NCC-Maytas (JV)	NEC-NCC-Maytas (JV)	Maytas-NCC(JV)	NCC-Maytas (JV) (Singapore Class Township)	Maytas-CTR (JV)	NCC-Maytas-ZVS (JV)
1	Latest Audited Balance Sheet Date			April 01, 2014 to March 31, 2015				
2	Shares of Associate/Joint Ventures held by the Company on the year end							
	No.	7,750	NA	NA	NA	NA	NA	NA
	Amount of Investment in Associates/Joint Venture	0.08	0	0	4.42	0.74	3.22	0.05
	Extent of Holding %	32%	50.00%	25.00%	50.00%	50.00%	70.00%	39.69%
3	Description of how there is significant influence	Shareholding more than 20%	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
4	Reason why the associate/joint venture is not consolidated	Acquisition does not form part of business strategy to acquire and retain as long term asset / investment	NA	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	0.06	-0.04	6.3	0.98	43.92	0.06
6	Profit/Loss for the year	NA	0	0.01	0.16	(0.12)	0.27	0.09
	i. Considered in Consolidation	NA	0	0.04	0.16	(0.12)	0.11	0.12
	ii. Not Considered in Consolidation	NA	0	0.04	0.16	(0.12)	0.11	0.12

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

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

To

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the “Financial Year” ended on March 31<sup>st</sup>, 2015, (i.e from April 01<sup>st</sup>, 2014 to March 31<sup>st</sup>, 2015) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31<sup>st</sup>, 2015 according to the provisions of:

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the financial year).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

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

I further report that

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

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

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

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

- Conducted 5 Board Meetings on May 19, 2014, August 08, 2014, November 10, 2014, November 28, 2014 and February 11, 2015.
- Conducted 4 Audit Committee Meetings on May 19, 2014, August 08, 2014, November 10, 2014 and February 11, 2015.
- Conducted the 25<sup>th</sup> Annual General Meeting on August 08, 2014.
- The Rights Issue approved in the Board Meeting held on October 9, 2013 was withdrawn and issue of 2,12,74,442 Equity Shares was made on preferential basis as per the terms of Companies Act, 2013 and SEBI (ICDR) Regulations and the same were listed as per the applicable provisions.
- Issued 10,61,133 Equity Shares upon exercising of Employee Stock Options under ESOP Scheme 2009 and the same were listed as per the applicable provisions.
- Redeemed 50,00,000 (Fifty lakhs only) 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100 each at par and complied with the applicable accounting standards.
- Redeemed 62,85,780 (Sixty two lakhs eighty five thousand seven hundred and eighty only) 6% Cumulative Redeemable Preference Shares of Rs. 100 each at par and complied with the applicable accounting standards.
- Appointed Mr. Ved Jain, Mr. Anil Kumar Agarwal, Mr. Dhananjay Narendra Mungale, Ms. AlpaSheth and Ms. KanikaBhal as Independent Directors.
- Altered Articles of Association as per the provisions of the Companies Act, 2013 in the Annual General Meeting held on August 08, 2014.
- Passed the Special Resolutions under Sections 180 (1) (a) and 180 (1) (c).
- Related Party Transactions were carried out based on necessary approvals.
- Created charges in respect of loans as mentioned in Annexure B as per the applicable provisions.

Place: Hyderabad

Date: 20/05/2015

Y Ravi Prasada Reddy

FCS No. : 5783

C P No. : 5360

#### ANNEXURE A

- Employees (Provident Fund and Miscellaneous Provisions) Act, 1952
- Employees State Insurance Act, 1948
- Employers Liability Act, 1938 Employee's Compensation Act, 1923
- Environment Protection Act, 1986 and other environmental laws
- Equal Remuneration Act, 1976
- Factories Act, 1948
- Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 200 Indian Contract Act, 1872
- Income Tax Act, 1961 and Indirect Tax Laws
- Indian Stamp Act, 1999
- Industrial Dispute Act, 1947
- Maternity Benefits Act, 1961
- Minimum Wages Act, 1948
- Negotiable Instruments Act, 1881
- Payment of Bonus Act, 1965 Payment of Gratuity Act, 1972
- Payment of Wages Act, 1936 and other applicable labour laws
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Buildings and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
- Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act, 1979
- Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013
- The Industrial Employment (Standing Orders) Act, 1946
- Air (Prevention and Control of Pollution) Act, 1981
- Water (Prevention and Control of Pollution) Act, 1974
- Water (Prevention and Control of Pollution) Cess Act, 1977
- The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended ("Hazardous Wastes Rules")
- The Shops and Establishments Act

#### ANNEXURE B

Name of the Lender	Amount (in Rs)	Type	Whether CHG 1 filed
Infrastructure Leasing and Financial Services Limited	Rs. 100 Cr	Creation	Yes
Infrastructure Leasing and Financial Services Limited	Rs. 100 Cr	Creation	Yes
Infrastructure Leasing and Financial Services Limited	Rs. 280 Cr	Creation	Yes
SBI Cap Trustee Limited (Trustee under CDR Scheme)	Rs. 97.22 Cr	Creation	Yes

i During the year, there were no activities in the Company attracting these regulations

ii During the year, there were no activities in the Company attracting these regulations

iii During the year, there were no activities in the Company attracting these regulations

## Annexure to Directors' Report on Employee Stock Options Scheme

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2015 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 2009 – Grant I	ESOP Scheme 2009 – Grant II
1	Details of the Meeting	Authorised by Shareholders of the Company on November 9, 2009	
2	Approved	Upto 10% of Equity Share Capital of the Company	
3	The Pricing Formula	Exercise Price equal to Market Price	
4	Options Granted	1,201,407	2,849,984
5	Options Vested and in Force	1,65,328	4,92,933
6	Options Exercised	0	10,61,133
7	Options Forfeited / Surrendered	0	0
8	Options Lapsed	10,36,079	10,31,298
9	Total Number of Options in force as on March 31, 2015	1,65,328	7,57,553
10	Variation in terms of ESOP	Not Applicable	Not Applicable
11	Total number of shares arising as a result of exercise of options	0	10,61,133
12	Money realised by exercise of options (Rs. in Lakhs) (incl. Premium)	0	625.00

### (2) Employee-wise details of options granted during the Financial Year 2014-15 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- NIL
- Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant –NIL

### (3) Weighted average exercise price 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 |

B. The stock-based compensation cost calculated as per the intrinsic value method for the period ended March 31, 2015 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 March 31, 2015 would be Rs.2.46 Crores. The effect of adopting the fair value method on the net income and earnings per share is presented below

	2014-15 (Amount Rs. Cr)	2012-14 (AmountRs. Cr)
(Loss) / Profit as reported (as considered for EPS)	(7.73)	(177.09)
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(2.46)	(1.50)
Proforma profit	(5.27)	(178.59)
Earnings Per Share (Rs.)		
Basic		
- As reported	(0.85)	(19.72)
- Pro forma	(0.58)	(19.89)
Diluted		
- As reported	(0.85)	(19.72)
- Pro forma	(0.58)	(19.89)

C. Method and assumptions used to estimate the fair value of options granted during the year: NA

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2015

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

<b>I. REGISTRATION AND OTHER DETAILS:</b>																							
i) CIN: Foreign Company Registration Number/GLN Registration Date [DDMMYY]	L45201AP1988PLC008624 NA 06/05/1988																						
ii) Category of the Company [Pl. tick]	1. Public Company <input checked="" type="checkbox"/> 2. Private Company																						
iii) Sub Category of the Company [Please tick whichever are applicable]	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>1. Government Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>2. Small Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>3. One Person Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>4. Subsidiary of Foreign Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>5. NBFC</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>6. Guarantee Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>7. Limited by shares</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>8. Unlimited Company</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>9. Company having share capital</td><td style="text-align: center;"><input checked="" type="checkbox"/></td></tr> <tr><td>10. Company not having share capital</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>11. Company Registered under Section 8</td><td style="text-align: center;"><input type="checkbox"/></td></tr> </table>	1. Government Company	<input type="checkbox"/>	2. Small Company	<input type="checkbox"/>	3. One Person Company	<input type="checkbox"/>	4. Subsidiary of Foreign Company	<input type="checkbox"/>	5. NBFC	<input type="checkbox"/>	6. Guarantee Company	<input type="checkbox"/>	7. Limited by shares	<input type="checkbox"/>	8. Unlimited Company	<input type="checkbox"/>	9. Company having share capital	<input checked="" type="checkbox"/>	10. Company not having share capital	<input type="checkbox"/>	11. Company Registered under Section 8	<input type="checkbox"/>
1. Government Company	<input type="checkbox"/>																						
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5. NBFC	<input type="checkbox"/>																						
6. Guarantee Company	<input type="checkbox"/>																						
7. Limited by shares	<input type="checkbox"/>																						
8. Unlimited Company	<input type="checkbox"/>																						
9. Company having share capital	<input checked="" type="checkbox"/>																						
10. Company not having share capital	<input type="checkbox"/>																						
11. Company Registered under Section 8	<input type="checkbox"/>																						
iv) Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	Yes <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">SN</th> <th style="width: 70%;">Stock Exchange Name</th> <th style="width: 20%;">Code</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>National Stock Exchange of India Limited</td> <td style="text-align: center;">IL&amp;FSENGG</td> </tr> <tr> <td style="text-align: center;">2</td> <td>BSE Limited</td> <td style="text-align: center;">532907</td> </tr> </tbody> </table>	SN	Stock Exchange Name	Code	1	National Stock Exchange of India Limited	IL&FSENGG	2	BSE Limited	532907													
SN	Stock Exchange Name	Code																					
1	National Stock Exchange of India Limited	IL&FSENGG																					
2	BSE Limited	532907																					
v) AGM details- Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number , date of approval letter and the period upto which extension granted) If Annual General Meeting was not held, specify the reasons for not holding the same	September 19, 2015  NO  NA																						
vi) NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:																							
Company Name	IL&FS Engineering and Construction Company Limited																						
Address	D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills																						
Town / City	Hyderabad																						
State	Telangana																						
Pin Code:	500033																						
Country Name :	India																						
Telephone (With STD Area Code Number)	040-40409333																						
Fax Number :	040-40409444																						
Email Address	cs@ilfsengg.com																						
Website	<a href="http://www.ilfsengg.com">www.ilfsengg.com</a>																						
Name of the Police Station having jurisdiction where the registered office is situated	Banjara Hills Police Station, Hyderabad.																						
Address for correspondence, if different from address of registered office:	NA																						

Vii) Name and Address of Registrar & Transfer Agents ( RTA ):- Full address and contact details to be given.	
Registrar & Transfer Agents ( RTA ):-	Karvy Computershare Private Limited
Address	Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda
Town / City	Hyderabad
State	Telangana
Pin Code:	500032
Telephone (With STD Area Code Number)	040-67161500
Fax Number :	040-23420814
Email Address	<a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Civil Works and Contracts	Serial No.C-6, Division 50, Group 501 to 505 and others as applicable	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled]]

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
1	Angeerasa Greenfields Private Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U01119TG2008PTC057703	Subsidiary
2	Ekadanta Greenfields Private Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U01403TG2008PTC060184	Subsidiary
3	Saptaswara Agro-Farms Private Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U01111TG2008PTC059106	Subsidiary
4	Maytas Infra Assets Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U45200AP2008PLC057554	Subsidiary
5	Maytas Metro Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U74900AP2008PLC060919	Subsidiary
6	Maytas Vasishta Varadhi Limited D. No. 8-2-120/113/3/4F, Sanali Info Park, Road No.2, Banjara Hills, Hyderabad-500033	U45200TG2008PLC058925	Subsidiary
7	Maytas Infra Saudi Arabia Company * 5 <sup>th</sup> Floor, Wessal Building-7575. Madinah Road, Jeddah-21593, Post Box-53707	NA	Subsidiary
8	Hill County Properties Limited Hill County, Bachupally, Hyderabad-500072.	U45200AP2005PLC046307	Associate Company
9	Maytas Infra for Construction W.L.L.* P.O.Box: 4200, Doha, Qatar	NA	Step Down Subsidiary

\* Foreign Companies

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

##### i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (As on March 31 2014)				No. of shares held at the end of the year (As on March 31 2015)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoter's</b>									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	26742631	0	26742631	29.78	36538477	0	36538477	32.59	2.81
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>	<b>26742631</b>	<b>0</b>	<b>26742631</b>	<b>29.78</b>	<b>36538477</b>	<b>0</b>	<b>36538477</b>	<b>32.59</b>	<b>2.81</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
a) Mutual Funds	739	0	739	0.00	120000	0	120000	0.11	0.11
b) Banks / FI	15498066	0	15498066	17.26	13895921	0	13895921	12.39	(4.87)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	360	0	360	0.00	360		360	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>15499165</b>	<b>0</b>	<b>15499165</b>	<b>17.26</b>	<b>14016281</b>	<b>0</b>	<b>14016281</b>	<b>12.50</b>	<b>(4.76)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	12379248	0	12379248	13.79	12543003	0	12543003	11.19	(2.60)
ii) Overseas	25059881	0	25059881	27.91	36538477	0	36538477	32.59	4.68
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3662744	1231	3663975	4.08	5421440	1231	5422671	4.84	0.76
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3375835	2812000	6187835	6.89	3662922	2812000	6474922	5.77	(1.12)
c) Others (specify)									
Non Resident Indians	214606	0	214606	0.24	457620	0	457620	0.41	0.17
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	34884	0	34884	0.04	126367	0	126367	0.11	0.07
Trusts	5018	0	5018	0.01	5000	0	5000	0.00	(0.01)
Foreign Bodies	0	0	0	0					
<b>Sub-total (B)(2):-</b>	<b>44732216</b>	<b>2813231</b>	<b>47545447</b>	<b>52.96</b>	<b>58754829</b>	<b>2813231</b>	<b>61568060</b>	<b>54.91</b>	<b>1.95</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>60231381</b>	<b>2813231</b>	<b>63044612</b>	<b>70.22</b>	<b>72771110</b>	<b>2813231</b>	<b>75584341</b>	<b>67.41</b>	<b>(2.81)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>86974012</b>	<b>2813231</b>	<b>89787243</b>	<b>100.00</b>	<b>109309587</b>	<b>2813231</b>	<b>112122818</b>	<b>100.00</b>	<b>0</b>

ii) Shareholding of Promoter

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	
1	Infrastructure Leasing and Financial Services Limited	13245250	14.75	14.75	18096995	16.14	0.00	1.39
2	IL&FS Financial Services Limited	13497381	15.03	0.00	18441482	16.45	0.00	1.42
	<b>Total</b>	<b>26742631</b>	<b>29.78</b>	<b>14.75</b>	<b>36538477</b>	<b>32.59</b>	<b>0.00</b>	<b>2.81</b>

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

Sl No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	26742631	29.78	-	-
	Date wise Increase/Decrease in Promoters Shareholding during the year - allotment of equity shares on preferential basis on March 13, 2015	9795846	2.81	36538477	32.59
	At the end of the year	-	-	36538477	32.59

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>SBG Projects Investments Limited</b>				
	At the beginning of the year	25059881	27.91	-	-
	Date wise Increase/Decrease in Shareholding during the year - allotment of equity shares on preferential basis	11478596	4.68	36538477	32.59
	At the end of the year	-	-	36538477	32.59
2.	<b>ICICI Bank Limited</b>				
	At the beginning of the year	5971979	6.65	-	-
	Date wise Increase/Decrease in Shareholding during the Year	-	-	-	-
	At the end of the year	-	-	5971979	5.33

Sl No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3.	<b>SNR Investments Private Limited</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year At the end of the year	5250000 - -	5.85 - -	- - 5250000	- - 4.68
4.	<b>VeeYes Investments Private Limited</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year At the end of the year	5250000 - -	5.85 - -	- - 5250000	- - 4.68
5.	<b>IDBI Bank</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: Sold during the years At the end of the year	1916057 - (273419) -	2.13 - (0.30) -	- - 1642638 1642638	- - 1.83 1.47
6.	<b>State Bank of India</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: At the end of the year	1901029 - -	2.12 - -	- - 1901029	- - 1.70
7.	<b>B. Teja Raju</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: At the end of the year	1490000 - -	1.66 - -	- - 1490000	- - 1.33
8.	<b>State Bank of Hyderabad</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: At the end of the year	1431399 - -	1.59 - -	- - 1431399	- - 1.28
9.	<b>Allahabad Bank</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: At the end of the year	1179042 - -	1.31 - -	- - 1179042	- - 1.05
10.	<b>Indian Overseas Bank</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: Sold during the year At the end of the year	1027993 - (501149) -	1.14 - (0.56) -	- - 526844 526844	- - 0.58 0.47

v) Shareholding of Directors and Key Managerial Personnel:

Sl No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>Ramchand Karunakaran</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: ● Purchase of Equity shares by way of Employee Stock Option Scheme 2009 At the end of the year	-  40000  -	-  0.03  -	-  40000  40000	-  0.03  0.03
2.	<b>Murli Dhar Khattar</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: ● Purchase of Equity shares by way of Employee Stock Option Scheme 2009 on March 23, 2015 At the end of the year	-  70000  -	-  0.06  -	-  70000  70000	-  0.06  0.06
3.	<b>Dr. Sambhu Nath Mukherjee</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: ● Purchase of Equity shares by way of Employee Stock Option Scheme 2009 on March 23, 2015 At the end of the year	-  12250  -	-  0.01  -	-  12250  12250	-  0.01  0.01
4.	<b>G. Venkateswar Reddy</b> At the beginning of the year Date wise Increase/Decrease in Shareholding during the year: ● Purchase of Equity shares by way of Employee Stock Option Scheme 2009 on February 27,2015 ● Sold during the year ● Purchased of Equity Shares by way of Employee Stock Option Scheme 2009 on March 23, 2015 At the end of the year	-  2500  (2500)  2000  -	-  0.00  0.00  0.00  -	-  0.00  0.00  2000  2000	-  0.00  0.00  0.00  0.00

## V) INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	14,730,499,408	2,000,000,000	-	16,730,499,408
ii. Interest due but not paid	14,802,410	-		14,802,410
iii. Interest accrued but not due	798,408,570	3,092,054		801,500,624
<b>Total (i+ii+iii)</b>	<b>15,543,710,388</b>	<b>2,003,092,054</b>	<b>-</b>	<b>17,546,802,442</b>
<b>Change in Indebtedness during the financial year</b>				
Addition - Principal	5,871,419,464	800,000,000		6,671,419,464
Reduction - Principal	1,843,145,227	2,350,000,000		4,193,145,227
Addition - Interest	2,060,249,184	326,149,557		2,386,398,741
Reduction - Interest	1,180,665,257	328,055,611		1,508,720,868
Net Change	4,907,858,164	(1,551,906,054)	-	3,355,952,110
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	18,758,773,645	450,000,000		19,208,773,645
ii. Interest due but not paid	12,236,448	1,186,000		13,422,448
iii. Interest accrued but not due	1,680,558,459	-	-	1,680,558,459
<b>Total (i+ii+iii)</b>	<b>20,451,568,552</b>	<b>451,186,000</b>	<b>-</b>	<b>20,902,754,552</b>

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of Managing Director (Murlidhar Khattar)	Total Amount (in Rs.)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	95,13,996	95,13,996
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,00,000	24,00,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	5,94,930	5,94,930
3	Sweat Equity	-	-
4	Commission		
	- as % of profit		
	- others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	1,25,08,926	1,25,08,926
	Ceiling as per the Act		

B. Remuneration to other directors

SN	Particulars of Remuneration	Name of the Directors										Total Amount
		Ramchand Karunakaran	Saleh Mohammad A BinLaden	EI Mouhtaz EI Sawaf	SS Ranjan(Ceased to be Director on August 23, 2014)	Ved Jain	Anil K Agarwal	Dhananjay N Mungale	Alpa Ramesh Sheth	Kanika T Bhal		
1	Independent Directors Fee for attending board committee meetings Commission Others, please specify <b>Total (1)</b>	NA NA NA NA	NA NA NA NA	NA NA NA NA	NA NA NA NA	- - - -	- - - -	1,60,000 - - -	1,20,000 - - -	60,000 - - -		3,40,000
2	Other Non-Executive Directors Fee for attending board committee meetings Commission Others, please specify <b>Total (2)</b>	1,00,000 - - -	- - - -	- - - -	20,000 - - -	NA NA NA NA	NA NA NA NA	NA NA NA NA	NA NA NA NA	NA NA NA NA	NA NA NA NA	1,20,000
	<b>Total (B) = (1 + 2)</b>	<b>1,00,000</b>	<b>NA</b>	<b>NA</b>	<b>20,000</b>	<b>NA</b>	<b>1,60,000</b>	<b>1,20,000</b>	<b>60,000</b>			<b>4,60,000</b>
	Total Managerial Remuneration Overall Ceiling as per the Act	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA	Nil NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	31,85,097	72,74,186	1,04,59,283
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	1,70,110	3,36,875	5,06,985
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>33,55,207</b>	<b>76,11,061</b>	<b>1,09,66,268</b>

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

No Penalties imposed on punishment declared against/compounding of offence paid by the Company or its Directors or other officers of the Company during the year under review

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

Sl No.	Requirements	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Managing Director – 22.06X
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year	Managing Director – Nil Chief Financial Officer – 5% Company Secretary - 5%
3.	The percentage increase in the median remuneration of employees in the financial year	4.56%
4.	The number of permanent employees on the rolls of the Company	There were 907 as on March 31, 2015
5.	The explanation on the relationship between average increase in remuneration vis-à-vis Company's performance	- Financial Performance of the Company - Peer Companies - Inflation
6.	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company	For the year 2014-15, the remuneration paid to KMPs was 0.09% of the total income of the Company
7.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and the percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	The Market Capitalization of the Company has increased from Rs. 376.66 Cr as of March 31, 2014 to Rs. 984.44 Cr March 31, 2015. The increase was pursuant to issue of 2,23,35,575 Equity Shares of Rs. 10 each during the year 2014-15 under Preferential Allotment and allotments under ESOP scheme and due to increase in the share price in stock market. The closing price of the share in the NSE on March 31, 2015 was Rs. 87.80 which is a decrease by 76.27% compared to IPO price of Rs. 370 per share in October, 2007
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2014-15 was 5%. In comparison, the remuneration of the Chief Financial Officer and Company Secretary was also increased equally. There was no increase in the remuneration to Managing Director.
9.	Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company	KMPs % of Total Income for FY 2014-15 Managing Director – 0.05% Chief Financial Officer – 0.03% Company Secretary – 0.01%
10.	The key parameters for any variable component of remuneration availed by the Directors	Nil
11.	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	0.79x
12.	Affirmation that the remuneration is as per the managerial remuneration policy of the Company	Affirmed

**EMPLOYEE WORKED PART OF THE FINANCIAL YEAR & RECEIVED AGGREGATE REMUNERATION OF NOT LESSTHAN FIVE LAKH RUPEES PER MONTH (including Employer contribution on PF)**

S. No	Name of the Employee	Designation	Remuneration received (CTC in Rs.) (FY:2014-15)	Nature (Contract/Permanent)	Qualification &Exp	Date of Commencement of Employment	Date of Exit of Employment (if any)	Age of Employee	Last Employment held before joining the company	No. of Equity Shared Held	Whether relative of Director
1	Mr. C.S. Raju	Executive Vice President	2629446	Permanent	B.E (Civil)	1-Apr-98	17-May-14	56	Ministry of Surface Transport	--	No
2	Mr. K.Hari Prabhakar	Vice President	1840611	Permanent	B.E (Civil)	22-Jan-10	30-Jun-14	44	B.E. Billimoria& Co Ltd,	—	No
3	Mr. Sarvesh Mohan Soman	Executive Vice President	2544451	Permanent	BE/Civil/1992, EPGPM/2012	9-Jul-13	31-Jul-14	45	B.E Billimoria& Co Ltd,	--	No
4	Mr. Anoop Kumar Aggarwal	Executive Vice President	4948067	Permanent	B.E (Mech)	19-Jun-14	-	54	Petron Civil Engineering Pvt Ltd,	--	No
5	Mr. Korukonda Venkateshwara Rao	Executive Vice President	709276	Permanent	B.Tech (Civil)	23-Feb-15	-	54	Khalid bin Ahmed & Sons LLC,	--	No
			<b>12671851</b>								

**EMPLOYEE WORKED THROUGHOUT THE FINANCIAL YEAR & RECEIVED A REMUNERATION OF NOT LESSTHAN SIXTY LAKH RUPEES (including Employer contribution on PF)**

S. No	Name of the Employee	Designation	Remuneration received (CTC in Rs.) (FY:2014-15)	Nature (Contract/Permanent)	Qualification &Exp	Date of Commencement of Employment	Age of Employee	Last Employment held before joining the company	No. of Equity Shared Held	Whether relative of Director
1	Dr. SN Mukherjee	Chief Financial Officer	7274186	Contract	PhD in Management Science LLB, PGDM, ACMA	1-Jan-12	63.1	Infrastructure Leasing and Financial Services Ltd	12250	No
2	Mr. Abdul Majeed Kadambot	Executive Vice President	6307786	Permanent	B.Tech (Civil)	6-Dec-10	59.4	IJM (India) Infrastructure	11452	No
3	Mr. Subhash Chander Sachdeva	Advisor	8595914	Contract	B.E (Civil)	10-Jan-11	67.3	Punj Lloyd Ltd	13928	No
4	Mr. Anil Kumar Khanna	President	14929995	Permanent	B.E (Mech)	11-Apr-11	63.9	Jindal Power Ltd,	1346	No
5	Mr. Gautam Sadasiva	President	9394572	Permanent	B.Tech (Civil)	21-Dec-11	57.9	GMR Highways	15312	No
6	Mr. Pradeep Kulshrestha	Chief Technical Officer	15032276	Permanent	M.TECH/Geo technical Engineering	3-Feb-12	57.8	LancoInfraTech Ltd,	12250	No
7	Mr. Ajay Purnanand Chitnis	Head Plant & Machinery	7753902	Permanent	B.E (Mech)	2-May-12	53.9	DSC Ltd	-	No
			<b>69288631</b>							

## MANAGEMENT DISCUSSION AND ANALYSIS

### (A) Economic Overview:

#### – Indian Economy:

Indian Economic growth, it is widely believed, will remain high, supported by a revival in investment. Relaxation in the FY 2015-16 fiscal consolidation target would allow for increased infrastructure investment. Structural reforms to improve the ease of doing business and the "Make in India" initiative is expected to boost corporate investment. Growth in export may be held back due to currency appreciation. However, decline in oil prices will reduce pressures on inflation, subsidies and the current account deficit.

Improved public spending efficiency and increased revenue are expected to fund needed public investment in physical and social infrastructure. The reduction in inflation expectations provides room for monetary easing.

Investment failed to rebound in 2014, reflecting poor infrastructure and delays in administrative procedures. The government has deregulated the coal sector, taken measures to improve the business environment and opened up new sectors – including construction, rail and insurance to foreign direct investment. The 2015-16 Budget raises investment in the rail sector. To revive corporate investment, further reforms are needed to reduce uncertainties surrounding land acquisition and tax regulations and to improve the quality of electricity and transport systems.

#### Infrastructure Sector in India

Infrastructure development has been fuelling India's economic growth over the past decade or so. Increasing population, rapid industrialization and urbanization as well as global trade are driving the demand for consistent investment in infrastructure development. Recognizing these requirements, the Government plans to invest INR56.3 trillion in infrastructure during the Twelfth Five Year Plan (2012-17) and approximately 50% of the investments are to be contributed by the private sector. Considering this major potential opportunity in the infrastructure segment, the EPC sector is likely to be benefitted. The EPC market in India has evolved over the last few years with increased project size and complexity, increasing private clients and entry of several foreign players.

The highway sector, after several years of operating in the PPP mode, is considering to award more projects on the EPC model. However, the construction industry as a whole and the infrastructure sector, in particular, are currently on a crossroad in the country as interest from the private sector has declined significantly in the last couple of years due to the economic slowdown and a legacy of unresolved challenges. Issues impacting projects right from planning to operation stage have made several of them unviable. Significant cost overruns, regulatory bottlenecks and aggressive bidding positions taken by a few market players are some of the key concerns affecting the EPC sector. Moreover, with increasing working capital requirements and the resultant increase in leverage, the construction players are left with limited opportunity to raise further capital to fuel growth in the current scenario. Therefore, the sector is reeling under significant liquidity constraints.

However, the new Government has set the ball rolling once again with several announcements to reform the sector and

boost investor sentiments. It has laid down its agenda to resurrect infrastructure development. Bids are being invited again for stalled projects and new infrastructure projects have been announced including smart cities, high speed rail corridors, Greenfield airports, Greenfield major ports, port-based SEZs, and housing for all by 2022

#### Regulatory challenges leading to time and cost overruns

India's infrastructure sector lacks an integrated framework and holistic approach for the selection and execution of projects. Several highways and port projects have been delayed in recent years due to lack of environmental and forest clearances. Furthermore, power projects suffered due to shortage of fuel and low pace of resolutions in that regard.

Furthermore, due to the lack of a robust resolution system, several dispute cases, pertaining primarily to change in scope of work, are pending across all infrastructure sub-sectors, resulting in time and cost overruns.

#### Challenges relating to financing

The slowdown in the Indian economy has been continuing since last two years, with domestic structural constraints, dampened global cyclical conditions and dented business confidence. Furthermore, the asset-liability mismatch limits the capacity of banks to lend funds to infrastructure projects, and most banks have reached their exposure limits. This has resulted in a virtual freeze on bank loans for infrastructure projects.

In the last two years, the speed of execution and margins have deteriorated in the sector. Increase in base interest rates, coupled with deterioration of credit profile of highway projects have resulted in a substantial increase in borrowing costs for these projects. The credit worthiness of developers has also gone down due to their highly leveraged balance sheets and stressed profitability.

The construction industry is the country's second-largest economic segment employing more than 40 million people. The infrastructure sector is the mainstay of India's economic growth, which has primarily been driven by considerable investment in infrastructure development over the last decade or so.

Despite a large project pipeline and policy support, the last two years have been difficult for the construction sector due to the less than 5% economic growth, domestic structural constraints and inflationary pressures. Growth in revenues is not getting translated into bottom line, due to significant cost overruns, regulatory bottlenecks and aggressive bidding decisions taken by various market players. Moreover, with increasing working capital requirements and the resultant increase in leverage, the construction players are left with limited opportunity to raise further capital to fuel growth in the current scenario.

The sector is reeling under significant liquidity constraints, which are expected to improve as a result of the developments witnessed recently. The Government, on its part, has been continuously attempting to simplify the approval processes, standardizing repetitive tasks (such as model agreements) to eliminate redundancies in efforts and expedite execution, easing out credit generation for the infrastructure sector and setting up agencies to expedite growth through a planned release of projects.

There is a need to realize that a large project pipeline alone is not sufficient, the sector needs a helping hand to continue on its growth trajectory. Integrated and holistic development of infrastructure, speedy regulatory clearances, improvement in bidding process, balanced risk allocation and rapid dispute resolution mechanism are few measures, which are long overdue.

Precise project scoping and cost estimation will make the project robust. Furthermore, emergence of new sectors such as railways, smart cities, port-based SEZ and renewable energy provides EPC players an opportunity to diversify and de-risk their business.

## **(B) Opportunities:**

### **(1) Irrigation & Water:**

For the FY 2015-16 various states have earmarked a substantial quantum of funds for Irrigation and development of Water Resources in some of the major states are as below:

Maharashtra: An outlay of Rs.7,272 cr is proposed for Water Resources Department in the year 2015-16 and 38 irrigation projects is planned to be completed during this year. As a result, 700 million cubic liter water storages will be created and 69 thousand hectare of land will be brought under irrigation.

Orissa: Public investment for Agriculture is largely made through creation and maintenance of Irrigation Infrastructure. The total budgetary outlay for Water Resources Department is Rs.6,212 cr in 2015-16.

Karnataka: New schemes for the year 2015-16 Government has given utmost importance for the implementation of Upper Krishna Project Stage-III. Works related to 9 sub projects under this scheme, 8 sub projects namely, Mulwad, Chimmalagi, Indi, Mallabad, Rampur, Koppal, Herkal Lift irrigation and extension of Narayanapura right bank canal will be expedited. Administrative approval for Rs.5,768 cr has been accorded for the revised detailed project estimate of Singatalur Lift irrigation Scheme. It is planned to adopt flow irrigation in 48,381 acres and micro irrigation in 2,16,848 acres under this project.

Andhra Pradesh: Allocations in AP Budget 2015-16 for Irrigation Water & Flood Management - Rs 5,258 cr

Madhya Pradesh: Drinking Water Projects worth Rs 1,000 cr are proposed to be started in 2015-16 through Madhya Pradesh Jal Nigam. Provision of Rs. 7,463 cr for irrigation works in 2015-16

Haryana: For Irrigation & Water resources allocating Rs 2,351 cr during 2015-16.

Tamil Nadu: The overall allocation to the Irrigation Sector has been increased to Rs.3,727 cr in the Budget Estimates 2015-2016.

Telangana: Rs. 8,500 cr allocated for Irrigation Sector

Punjab: An amount of Rs 1,005 cr has been earmarked for irrigation in the year 2015-16.

### **(2) Roads:**

India's growing population requires proper infrastructure. The government seeing this need has provided a lot of assistance through policies that have attracted involvement from the

private sector, which is now a key player in the growth of road infrastructure in the country.

The Indian government plans to develop a total of 66,117 km of roads under different programmes such as National Highways Development Project (NHDP), Special Accelerated Road Development Programme in North East (SARDP-NE), and has set an objective of building 30 km of road a day from 2016.

The Indian Roads Segment, which is one of the biggest in the World behind only to the US and China, is expected to see capital expenditures of more than Rs 1.2 trillion stretching from States to Rural Roads. This is about 50% higher than Rs 80,000 crores seen in FY 2012. India has the second largest road network in the world at 4.7 million km. This network transports more than 60 per cent of all goods in the country and 85 per cent of India's total passenger traffic. Road activity has gradually increased over the years with the improvement in connectivity between cities, towns and villages in the country.

With automobiles and freight movement also growing at a rapid rate, the necessity for a road network good enough to carry the traffic is paramount. Understanding this need, the Government of India has set aside 20 per cent of the investment of US\$ 1 trillion reserved for infrastructure during the 12th Five-Year Plan (2012–17) to develop the country's roads. The most significant of the announcement made by Transport Minister was that the Government would focus on awarding projects through the Engineering, Procurement and Construction (EPC) route for the next two years rather than the Build - Operate – Transfer (BOT) model under Public – Private Partnership (PPP). "The shift to EPC mode is due to the fact that PPP models are economically not viable at this moment.

In the Roads and Highways Sector, the National Highways Authority of India is planning to restart the highway development programme and award 6,000 Km and Rs 55,000 crores worth of projects in FY 15.

The Indian government plans to set up a finance corporation with an amount of Rs 1 trillion (US\$ 16.34 billion), in collaboration with Japanese investors, to fund projects in the roads segment. The Japanese partners are expected to have a 26 per cent stake with assured returns of nine per cent, according to an official source.

The Indian government has approved road projects worth about Rs 40,000 crore (US\$ 6.53 billion), including around Rs 20,000 crore (US\$ 3.26 billion) highway projects in J&K, Rs 15,000 crore (US\$ 2.45 billion) road-building projects in the Northeast, Rs 6,000 crore (US\$ 980.55 million) road network in Uttarakhand, and realignment of roads in Himachal Pradesh. The target is to build 30 KM of roads per day by FY 2017

### **(3) Power:**

Present Government has taken up challenge to provide power in India on 24x7 basis and have launched ambitious plans with investment of INR 4,00,000 Crores in the domestic

power sector Targeted sector where these investments shall go are Generation (Including Renewal Energy) Transmission and Distribution and Electrification

Besides adding 70,000 MW of new generation capacity planned in the 12th Plan of Government of India, 30,000 MW of renewal energy capacity additions is targeted in this plan.

Central Transmission Utility M/s Power Grid Corporation of India Ltd (PGCIL) plans to invest INR 1,00,000 Crores in a please manner for Transmission lines and Substations, Large pooling stations of 800 KV with allied lines are planned in state of Chattisgarh and Orissa supporting the evacuation of Power of Ultra Mega Power Projects.

State of Rajasthan, Madhya Pradesh, Andhra Pradesh, Tamil Nadu and Gujarat have launched Green Energy Corridors with the support of funding from international agencies, e.g. KFW Germany, JICA Japan, Total investment for creating transmission line facility for 30,000 MW renewal energy generations capacity shall be of INR 40,000 Crores.

Emphasis is also been laid on development of integrated power development systems and Rural electrification with allocation of total investment of INR 80,000 Crores. Rural Electrification Corporation (REC) has been made the nodal agency for disbursement of these funds and supervise this scheme for implementation.

Also with the allocations of coal blocks by Government of India, Independent Power Plants which were starting of coal support shall start generation and shall add new capacity of more than 20,000 MW in the 12th Plan.

#### (4) Railways:

Indian Railways (IR) is one of prime mover of Economy in India. It is one of the world's largest railway networks comprising 115,000 km of track over a route of 65,436 km and 7,172 stations.

In 2014-15, IR carried 8.397 billion passengers annually or more than 23 million passengers a day (roughly half of whom were suburban passengers) and 1050.18 million tons of freight in the year. In 2014–2015 Indian Railways had revenues of Rs 1,634.50 billion (US\$26 billion) which consists of Rs 1,069.27 billion (US\$17 billion) from freight and Rs 402.80 billion (US\$6.4 billion) from passengers tickets.

Indian Railways has come out with a five year Plan 2015 - 2019. To expand Bhartiya Rail's capacity substantially and modernize infrastructure, Railways plans to do following:

- Increase daily passenger carrying capacity from 21 million to 30 million.
- Increase track length by 20% from 1,14,000 km to 1,38,000 km.
- Grow annual freight carrying capacity from 1 billion to 1.5 billion tones.

The government has increased outlays on the gross budgetary support to the Railways by Rs 10,050 million. The Budget has allowed Infrastructure Finance company like Indian Railways Finance Corporation (IRFC) to issue Tax

Free Infrastructure bonds for the Rail Projects .

Ministry of Railways has planned fast track works on 7,000 kms of double/third/fourth lines and commission of 1200 km in 2015 - 16 at an investment of Rs. 8,686 crore, 84% higher Y-O-Y

Railways has planned to award 750 km of civil contracts and 1,300 km of system contracts in 2015 -16 on Dedicated Freight Corridor (DFC); 55 km section of Eastern DFC to be completed in the current year. Preliminary Engineering cum Traffic Survey (PETS) for four other DFCs are in progress.

Other initiatives intended to be undertaken is to increase the Speed of 9 railway corridors from existing 110 and 130 kmph to 160 and 200 kmph respectively so that inter metro journeys like Delhi - Kolkota and Delhi - Mumbai can be completed overnight.

Feasibility study for High Speed Rail between Mumbai - Ahmadabad is in advanced stage and report expected by the mid of this year. For other high speed routes on the diamond quadrilateral, studies are being commissioned.

Many cities are planned to have Metro Routes to enable timely commutation between various locations within city. Metro's are planned to come up in Vijaywada, Nagpur, Pune, Ahmedabad, Lucknow, Kanpur, Agra, Meerut, Patna, etc.,

#### (5) Urban Infrastructure:

India's urban population has increased from 222 million (26% of the population) in 1990 to 410 million (32%) in 2014 and is expected to reach 814 million (50%) by 2050. Three of India's cities are among the most populous in the world: Delhi (25 million), Mumbai (21 million) and Kolkata (15 million) ranking 2nd, 6th and 14th, respectively. The government knows that, although India's current urban population makes it the second-largest urban community in the world, the proportion of Indian citizens living in cities is still comparatively low. An urbanization rate of 32% in India compares to a rate of 54% (758 million) in China, 53% (134 million) in Indonesia and a whopping 85% (173 million) in Brazil.

The gap between the levels of investment needed and the business-as-usual scenario is estimated to be around \$80-\$110 billion. The government's own ambition in the 12th Five Year Plan is to raise infrastructure investment as a proportion of GDP to 9% by 2017. But clearly the state will be unable to finance all of this investment on its own, so the core question now is how India can attract the requisite amount of private-sector funding for urban projects.

The new Indian government has sought to encourage further urban development through various initiatives, such as the creation of five industrial corridors and, more recently, the launching of the 'Make in India' and the 100 Smart Cities programme.

For urban development, Government of India has conceptualized Industrial/Economic corridors:

1. Delhi-Mumbai Industrial Corridor (DMIC) which covers the States of Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra

2. Bengaluru- Mumbai Economic Corridor (BMEC) which covers the States of Karnataka and Maharashtra
3. Chennai-Bengaluru Industrial Corridor (CBIC) which covers the States of Tamil Nadu, Karnataka and Andhra Pradesh
4. Visakhapatnam-Chennai Industrial Corridor (VCIC) which covers the States of Andhra Pradesh and Tamil Nadu
5. Amritsar-Kolkata Industrial Corridor (AKIC) which covers the seven States namely Punjab, Haryana, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand and West Bengal.

BMEC, VCIC and AKIC are in the initial stages of implementation whereas master planning for all the three nodes in CBIC and all nodes except for Dadri Noida Ghaziabad Investment region under DMIC have been completed. Seven industrial cities have been taken up for development in the first phase of the DMIC project such as Ahmedabad-Dholera Investment Region in Gujarat; Manesar-Bawal Investment region in Haryana; Dadri-Noida-Ghaziabad Investment region in Uttar Pradesh; Khushkhera-Bhiwadi-Neemrana Investment region in Rajasthan; Shendra Bidkin Investment region in Maharashtra; Dighi Port Industrial area in Maharashtra; Pithampur-Dhar-Mhow Investment region in Madhya Pradesh. Various trunk infrastructure projects like development of roads and utilities, drainage, sewage, potable water, industrial water, water treatment & recycling, sewage treatment plant, common effluent treatment plant, ICT, etc. are being developed under DMIC.

#### (6) Building & Structures:

The Union Budget 2015 may have disappointed most stakeholders in the real estate sector as the Finance Minister did not announce any measure to benefit either demand or supply in the sector. Moreover, the proposed increase in service tax will also affect the market. The only positive thing that came out of the budget for real estate was the tax clarification on real estate investment trusts (REITs).

In India, improved economic conditions and government measures to provide better infrastructure and housing are expected to have a positive effect.

Government proposals to relax guidelines for foreign investment, implementation of REITs, and increased funding for affordable housing and infrastructure projects, these are all expected to offer the much needed impetus.

While commercial real estate is expecting to see much action, residential housing may lag. Any benefit coming from introduction of REITs is likely to remain confined to commercial real estate. While developers in the residential segment may not see REIT funds coming their way, other factors may play out in their favour. "The housing market is likely to see a shift from luxury towards affordable housing projects, with affordable price points hopefully leading to higher absorption levels. Developer emphasis on clearing inventory levels and meeting construction deadlines is seen as an encouraging step for the segment

Lower interest rates on home loans is one such factor that homebuyers as well as developers are waiting for. While the Reserve Bank of India reduced repo rates by 25 basis points in January and March each, expectation is high that it may go for

a further rate cut. If that happens, and lending institutions pass on the benefit to home loans, potential homebuyers who have been sitting on the fence are likely to take a buy decision.

REITs bring an opportunity to invest in real estate even with small amounts. You could consider the instrument to diversify your portfolio, and it could provide regular income as well as capital appreciation over a period

#### (7) Oil & Gas:

In line with Prime Minister Narendra Modi's 'Make in India' initiative to give domestic manufacturing a major push, the country's one of the core sectors Oil & Gas is expected to see investments worth as much as Rupees 5-6 Lakhs crore over the next five to seven years.

Manufacturing opportunity is expected to be created in near to medium term across the Oil and Gas value chain including upstream (exploration & production), midstream (Natural Gas pipeline infrastructure and LNG shipbuilding, LNG terminals, etc.) and downstream (refining, and petrochemicals).

The Government of India has taken many initiatives for attracting investment to boost domestic output and strengthen the relative infrastructure. These efforts are likely to create several opportunities for oilfield services, EPC companies and capital goods companies.

The decisions to move towards market driven pricing are expected to reduce subsidies on petroleum products and, in turn, help oil companies (HPCL, BPCL, and IOCL) reduce their losses and free up capital for investments and expansions.

The Government has allowed 100% FDI in upstream and private sector refining projects. In addition, FDI limit for public sector refining projects has been raised to 49%. Additionally, the Indian Government has enacted various policies such as New Exploration Licensing Policy (NELP), coal bed methane (CBM), shale gas and Petroleum, Chemicals and Petrochemical Investment Regions (PCPIR) policy to encourage investments across the industry's value chain.

Several assets in the oil and gas segment are over 30 years old. Hence, oil companies are undertaking projects for the redevelopment and revamp of these assets (ONGC).

#### (8) Ports

The ministry plans to create a port capacity of 2400 MT for handling about 1600 M.T. of cargo by FY 2019-20. The current capacity in ports is 1700-1800 MT, which handles a traffic of 1200-1300 MT. The ministry wishes to bring the ports at par with the best international ports in terms of performance and capacity. The ministry wants to increase the tonnage under the Indian Flag and Indian Control.

The Ministry wishes to promote the coastal shipping, so that it helps in decongesting the roads. Coastal shipping is environment friendly. India's current share in the Global Shipping Building is 1%, the government wants to increase it to 5%. The share of India seafarers is currently between 6-7% in the Global Shipping Industry.

The Government wants to increase it to a minimum of 9% by 2015. The total proposed investments in major and non-major ports by 2020 is expected to be approximately 287000 crores and the total proposed investments in the shipping sector by 2020 is Rs. 165000 crores. The agenda lays emphasis on

implementation of the Port development projects. The ministry would develop two new Major Ports, one on east and another on west coast.

The Ministry would work towards full mechanisation of cargo handling and movement. A new policy on Dredging would be released. The projects for rail, road and inland waterway connectivity to ports will be identified and implemented. Major ports will be corporatized. A new land policy for major ports will be developed.

#### Water Ways

Govt to spend around 5 lac Crores in next ten years for developing Inland waterways in the country.

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

- (1) Over the past two years, the economy has been burdened with high inflation and fiscal deficits, currency and capital account volatility and poor business investment and sentiments, which has caused growth to fall below the desired level.
- (2) Structural factors such as poor infrastructure and capacity, labour market inefficiencies, lack of land acquisition reforms and a poor distribution system often have resulted in supply bottlenecks and are some of the primary reasons for inflation and poor investments in the economy.
- (3) Against such background, your company had been able to secure orders in Power, Building, Roads and Oil & Gas segments.
- (4) Continued management efforts to improve the performance of the Company has resulted in successful completion of some projects in India and overseas

#### Details of Projects Bagged During April 2014 to March 2015:

(Rs. In Crores)

SL	Description of the Project	Value
1	Pipe laying from LFP to Mangalore/ Padur Cavern via IVS for strategic storage of Crude Oil Project at Karnataka (ISPRL)	213
2	Proposed G+15 residential buildings - Casa Elite, Casa Vista and Casa Viento at Mumbai - Hi Build Constructions and Precast (P) Ltd	105
3	4-Laning of Patna-Gaya-Dobhi Section of Nh-83 From Km. 0.000 To Km. 127.217 in the State of Bihar (127.217 KMs) (NHAI)	1,232
4	Multipurpose Berth, Backup yard development and Utilities of Multipurpose Terminal Berth 5 on North side of Dighi Port – ILFS Maritime	180
5	Rural Electrification Infrastructure and Household Electrification in 24 Paraganas (N) District (Pkg-8) - WBSEDCL	196
6	Rural Electrification Work of Villages/Majre of Moradabad district under RGGVY in UP - PVVNL	146
7	Rural Electrification Work of Villages/Majre of AMROHA (JP nagar) district under RGGVY in UP - PVVNL	94
	<b>Grand Total</b>	<b>2,166</b>

#### Details of Projects Completed During April 2014 – March 2015:

(Rs. In Crores)

SL	Description of the Project	Value
1	Balance Works of Township at MAYTAS-HILL COUNTY	424.85
2	Cairn Centre Excellence and Allied Works	34.87
3	GIFT Project	187.85
4	IL&FS Prime Terminal (IPTT) Phase 1- Jetty Pipe Line Project, Fujairah	AED 57.04 Mn
5	Supply, Civil & Erection of 400 KV Quad D/C Mosse Transmission Line from Cuddalore TPS to Nagapattinam PGCIL Pooling Station on Turnkey basis from IL&FS Tamil Nadu Power Co. Ltd.	134.29
6	Rural Electrification Works in Sundergarh District of Orissa under "Rajiv Gandhi Grameen Vidyutikaran Yogana (RGGVY)" (Package Sundergarh A & D)	66.91
7	Rural Electrification Works in Jajpur District of Orissa under "Rajiv Gandhi Grameen Vidyutikaran Yogana (RGGVY)" (Package Jajpur B & C)	124.38
8	Rural Electrification Works in Khurda District of Orissa under "Rajiv Gandhi Grameen Vidyutikaran Yogana (RGGVY)" (Package Khurda B)	44.88

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

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

The Sectorwise Order Book of the Company is as follows:

(Rs. In Crores)

Sector	On Hand 31.3.2015	On Hand 31.3.2014
Roads	3,109	2,243
Railways	667	1,058
Buildings	1,509	1,677
Irrigation	3,478	3,990
Power	903	782
Oil & Gas	204	227
Ports	218	86
<b>Total</b>	<b>10,088</b>	<b>10,063</b>

#### Overall Financial Performance:

1. Turnover: The Company has achieved a turnover of Rs. 2359.90 Cr for the 12 months period as against Rs. 3,267.17 of the Previous Year (18 months).
2. Profit after tax: Net Profit/Loss is Rs. 2.67Cr in 2014-15 against Loss of Rs. (150.98) Cr in 2012-14 (18 months)
3. Earnings per share: EPS for the period is Rs.(0.85) as compared to Rs. (19.72) in the Previous Year.
4. Share Capital: The share capital of the company stood at

Rs. 249.12Cr during the year 2014-15 as against Rs 339.65 Cr in the year 2012-14. The capital changes were due to Allotment of Equity Shares on Preferential Basis and under ESOP Scheme, and Redemption of Preference Shares from the proceeds of the Preferential Issue

5. Net worth: During the year 2014-15, Company's net worth is Rs. 279.47Cr as compared to Rs. 261.04Cr for 2012-14.
6. Debt: The Company had paid some loans and had raised new loans which have not resulted in the change in aggregate debt. In order to meet the growing working capital needs of the Company due to increased operations, promoters have advanced loans. Consequently, debt position of the Company increased to Rs. 1921.11Cr as against Rs. 1,673.06Cr
7. Fixed Assets: The Company's fixed asset base (Gross Block) increased from Rs. 586.25 Cr in 2012-14 to Rs. 617.02 Cr in 2014-15.

**(E) Outlook:**

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

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

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

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

**(1) Liquidity Position:**

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

**(2) Changes in Government policies including change in tax structure:**

While of late, Government policies are tending to be more stable than they were in the past, the Company does provide for such contingencies at the time of bidding if the attendant costs cannot be passed on to the customer through the contract itself.

**(3) Price Inflation Risk:**

The Company has a centralized purchase department to meet the requirements of all its projects and is therefore able to source at best possible terms.

**(4) Increased Public Spending:**

Given the current size of the order book and the number of projects that are in the pipeline, your Company is confident of maintaining the present levels of operations. However,

this scenario is expected to improve in the light of politically stable government at the Centre which is expected to clear policy paralysis and increase public spending.

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

The Company has put in place adequate and effective system solutions to manage internal controls to ensure that all company assets and interests are safeguarded properly. All transactions are recorded, authorized and approved properly. Reliability and accuracy of accounting data are ensured with proper checks and balances for complying with various statutory requirements. The company has in the earlier years implemented Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions with complete audit trail, which addresses the requirements of Supply Chain Management, Finance & Accounts, Projects, Plant & Machinery and Human Resource departments in an integrated way. 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 employee engagement and also implemented training programs for its employees to develop their hard and soft skills required for their profession. As on March 31, 2015, the Company had 907 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 March 31, 2015, the Board consisted of Eleven Directors including two Alternate 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/she 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 2014 – 2015, the Board of Directors met 5 times on the following dates: May 19, 2014, August 8, 2014, November 10, 2014, November 28, 2014 and February 11, 2015.

### 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, 2014 to March 31, 2015 along with the number of directorships and committee memberships held by them in other companies as on March 31, 2015 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' Relationship 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. Ramchand Karunakaran	Non-Executive Chairman	5	5	9	1	2	Yes
2	Mr. Murlidhar Khattar	Managing Director	5	5	6	0	0	Yes
3	Mr. Saleh Mohammad AwadBinLaden	Non-Executive Director	5	1	0	0	0	No
4	Mr. El Mouhtaz El Sawaf	Non-Executive Director	5	2	0	0	0	No
5	Mr. Akberali Mohemedali Moawalla	Alternate Director to Mr. Saleh Mohammad AwadBinLaden	5	2	0	0	0	No
6	Mr. Ahmad Mohamad Dabbous	Alternate Director to Mr. El Mouhtaz El Sawaf	4	3	0	0	0	Yes
7	Mr. Ved Kumar Jain	Non-Executive Independent Director	5	4	6	0	1	Yes
8	Mr. Anil Kumar Agarwal	Non-Executive Independent Director	5	3	6	0	0	No
9	Mr. Sundaram Srinivas Ranjan <sup>1</sup>	Non-Executive Nominee Director	2	1	1	0	0	No
10	Mr. Dhananjay Narendra Mungale	Non-Executive Independent Director	5	3	8	2	6	Yes
11	Ms. Alpa Sheth <sup>2</sup>	Non-Executive Independent Director	4	4	0	0	0	No
12	Ms. Kanika Tandon Bhal <sup>2</sup>	Non-Executive Independent Director	4	2	0	0	0	No

<sup>1</sup> Resignation as Director w.e.f August 23, 2014

<sup>2</sup> Appointed as Director w.e.f August 08, 2014

### Directors' Compensation and Disclosures:

- (i) Remuneration paid to Managing Directors is disclosed in the Notes on Accounts forming part of this Annual Report.

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

Sl No	Name of the Director	Sitting Fees paid during the FY 2014-15 (amount in Rs.)
1.	Ramchand Karunakaran	1,00,000
2.	Dhananjay Narendra Mungale	1,60,000
3.	S.S. Ranjan	20,000
4.	Alpa Sheth	1,20,000
5.	Kanika Tandon Bhal	60,000

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

- (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

- Mr. Murlidhar Khattar, Managing Director is paid a total remuneration of Rs. 9,92,833/- p.m. which comprises of the following:

Particulars	Amount (in Rs) per month
Consolidated Salary	7,09,500
House Rent Allowance	2,00,000
Special Allowance	83,333
<b>TOTAL</b>	<b>9,92,833</b>

Except as mentioned above, sitting fee paid to respective Non-Executive Directors and reimbursement of expenses incurred towards attending the meetings, no other payment to the individual directors was made during the Financial year 2014-15.

- (b) Details of fixed component and performance linked incentives, along with the performance criteria - NIL  
(c) Service contracts, notice period, severance fees - NIL  
(d) Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.

Name of Director	No. of Options	Vested & Exercisable	Discount
Ramchand Karunakaran	5258	5258	NIL

### Directors seeking appointment / re-appointment

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting as required under Clause 49 VIII (E) 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. 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. Dhananjay Narendra Mungale is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Murlidhar Khattar is the Managing Director of the Company and is having vast experience in operations under various Companies. 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 177 of the Companies Act, 2013.

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

Four Audit Committee meetings were held during the financial year 2014– 2015, on the following dates: May 19, 2014, August 08, 2014, November 10, 2014 and February 11, 2015

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

#### b) NOMINATION AND REMUNERATION COMMITTEE

##### Composition

The Nomination and Remuneration Committee comprises of 3 Directors of whom, Mr. Anil K Agarwal, Chairman and Mr. Ved Kumar Jain, Mr. Dhananjay Narendra Mungale are other members of the Committee.

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 Nomination and Remuneration Committee meetings were held during the financial year 2014– 2015 on August 8, 2014 and February 11, 2015.

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

### Remuneration Policy:

Policy is uploaded in the "Investor Relations" section of the Website of office of the Company here: <http://www.ilfsengg.com/html/policies>.

### Remuneration to Executive Directors

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

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

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

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

### Remuneration to Non Executive Directors

The non-executive directors were paid sitting fee as mentioned elsewhere in this report for Board Meetings or for Committee Meetings attended. However, actual travel and out of pocket expenses incurred for attending the meetings, were reimbursed. Other than the above, there is no other component of remuneration to Non Executive Directors

## c) SHAREHOLDERS' RELATIONSHIP COMMITTEE

### Composition

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

### Compliance Officer

Mr. G. Venkateswar Reddy, Company Secretary is the compliance officer of the Company

The Company has received NIL complaints from the shareholders during the year. Hence, as on March 31, 2015, no complaints were outstanding

Terms of reference of SRC 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

## (d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The CSR Committee comprises of 3 Directors of whom, Mr. Anil K Agarwal is the Chairman and Mr. Murlidhar Khattar, Ms. Alpa Sheth are members of the Committee. Ms. Alpa Sheth was inducted as member of the Committee on November 10, 2014. Mr. Sundaram Srinivas Ranjan has resigned as member of the Committee on November 10, 2014.

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

One Corporate Social Responsibility Committee meeting was held during the financial year 2014 – 2015 on February 11, 2015 and all the members have attended the meeting.

## (e) INDEPENDENT DIRECTORS' MEETING

During the year, the Independent Directors met on March 28, 2015, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

## 4. GENERAL BODY MEETINGS

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

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

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

Special Resolutions for:

- Amendment of Articles of Association of the Company.
- Granting the borrowing powers to the Board of Directors of the Company in excess of its Paid-Up Capital and Free Reserves but not exceeding Rs. 5,000 Crores

#### II. Financial Year : 2011-12 (18 Months)

Date, Time and	:	February 22, 2013, 10.30 A.M,
Venue	:	KLN Prasad Auditorium, 3 <sup>rd</sup> Floor, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004

Special Resolutions for:

- Approval of Equity shareholders for extension of redemption period of 4,50,000 6% Cumulative Redeemable Preference Shares.

#### III. Financial Year : 2010-11

Date, Time and	:	September 13, 2011, 10.30 A.M,
Venue	:	KLN Prasad Auditorium, 3 <sup>rd</sup> Floor, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004

Special Resolutions for:

- Alteration/Deletion of Clause No.12 of the Memorandum of Association of the Company.

- ii. 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.
- iii. 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

**b) Postal Ballot:**

- i) The following Special Resolutions were passed by way of Postal Ballot and E-Voting during F.Y. 2014-2015
  - a. Creation of charge on the movable and immovable properties of the Company, both present and future, in respect of borrowings as a Special Resolution
  - b. Issue of 2,12,74,442 Equity Shares of Rs. 10/- each fully paid on preferential basis as a Special Resolution
  - c. Voting Pattern details, including physical ballot paper and E-voting, are as follows:

SI No.	Resolution	No. of Votes cast for	No. of Votes cast against	Invalid
1	Creation of charge on the movable and immovable properties of the Company, both present and future, in respect of borrowings	58,458,954	270	22
2	Issue of 2,12,74,442 Equity Shares of Rs. 10/- each fully paid on preferential basis	44,960,918	742	172

**d. Procedure for Postal Ballot:**

- i. The Board of Directors of the Company had approved creation of charge on the assets of the Company in favour of the Lenders as per Section 180(1) (a) of the Companies Act, 2013 in their meeting held on November 10, 2014 and had also approved issue of 21,274,442 Equity Shares of the Company on preferential basis in the Meeting held on November 28, 2014 and authorized the executive committee to do the needful.
- ii. The Executive Committee of the Board of Directors of the Company on January 29, 2015 had approved the notice of Postal Ballot and appointed Mr. Y. Ravi Prasada Reddy, Practicing Company Secretary, for conducting the postal ballot under Section 110 of the Companies Act, 2013.
- iii. The Company has completed the dispatch of postal ballot forms on February 2, 2015 along with postage prepaid business reply envelope to its Members whose name(s) appeared on the Register of Members/List of beneficiaries as on January 23, 2015.
- iv. The Company had published notice in Business Standard

and Surya Newspapers on February 3, 2015 regarding the dispatch of postal ballot notice to the members of the Company.

- v. Particulars of all the postal ballot forms received from the Members have been entered in a register separately maintained for the purpose.
  - vi. The postal ballot forms were kept under the safe custody of the scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
  - vii. All postal ballot forms received up to the close of working hours on March 4, 2015, the last date and time fixed by the Company for receipt of the forms were considered for scrutiny.
  - viii. No Envelopes containing postal ballot forms were received after March 4, 2015.
  - ix. The ballot boxes were opened on March 5, 2015.
  - x. The postal ballot forms were opened in the presence of the scrutinizer.
  - xi. The postal ballot forms were scrutinized and the shareholding was matched / confirmed with the Register of Members of the Company / list of beneficiaries.
  - xii. The Scrutinizer handed over the postal ballot forms and other related papers / registers and records for safe custody to Mr. G. Venkateswar Reddy, Company Secretary, who was authorized by the Board to supervise the postal ballot process.
  - xiii. The Company accordingly declared the result of the voting by postal ballot on March 6, 2015.
  - xiv. The necessary forms were filed with RoC immediately thereafter.
- e) Postal Ballot Exercise:

Mr. G. Venkateswar Reddy, Company Secretary of the Company had conducted Postal Ballot Exercise.

**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. None of these transactions are having potential conflict with the interests of the Company at large
- (b) During the last three years, there has not been any occasion of non-compliance related to capital market by the Company.
- (c) The company applies equity method of accounting (as per the Accounting Standard 23) to the investments which involves reflecting the Company's share of results of the Associate companies operations.
- (d) The requisite details of Subsidiary Companies are disclosed in the Directors' Report

## 6. Means of Communication:

- Quarterly/Half Yearly/Yearly Results are published in leading English and Telugu Newspapers. The same are also placed on the Company's website: [www.ilfsengg.com](http://www.ilfsengg.com)
- Official news releases are displayed on the Company's website: [www.ilfsengg.com](http://www.ilfsengg.com) Official Media Releases are sent to the Stock Exchanges
- The Company's website: [www.ilfsengg.com](http://www.ilfsengg.com) contains a separate section dedicated to 'Investor Relations' where shareholders' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form
- 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
- The Company has designated the [cs@ilfsengg.com](mailto: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 and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. The existence of the mechanism is appropriately communicated within the organization.

It is further affirmed that the policy is available to Employees and Directors of the Company and personnel access to the WBIC has not been denied and that protection is provided to whistle blower from adverse personnel action.

Policy have been uploaded in the "Investor Relations" section of our Website here: <http://www.ilfsengg.com/html/policies.php>

## 9. GENERAL INFORMATION TO SHAREHOLDERS :

- Date, time and Venue of the 26<sup>th</sup> Annual General Meeting for the Financial year 2014-15 :

Date: Saturday, September 19, 2015 at 11.00 A.M

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

- Book Closure Date :

The Register of Members and Share Transfer Books of the

Company will be closed from September 16, 2015 to September 19, 2015 (both days inclusive) for the purpose of 26<sup>th</sup> Annual General Meeting

- Financial Calendar:

Financial year of the Company shall be from April 1, 2015 to March 31, 2016. The tentative calendar for consideration of financial results for the Financial Year 2015-16 is given below:

<u>Particulars</u>	<u>Tentative</u>
Results for quarter ending June 30, 2015	August 14, 2015
Results for quarter ending September 30, 2015	November 14, 2015
Results for quarter ending December 31, 2015	February 14, 2016
Results for quarter ending March 31, 2016	May 30, 2016

- Listing on Stock Exchanges :

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

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

The Company has paid the listing fees payable to the BSE and NSE for the years 2014-15 and 2015-16. The Company has paid Annual Custodial Fees for the year 2014-15 and is prompt in payment for the year 2015-16 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

- 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

- Prevention of Insider Trading :

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the company has instituted a comprehensive code of conduct for prohibition of Insider Trading in Company's shares

- Corporate Identity Number (CIN) :

CIN of the Company, allotted by Ministry of Corporate Affairs, Government of India is L45201AP1988PLC008624 (not updated by MCA reflecting Telangana State)

h. Distribution of shareholding as on March 31, 2015:

Consolidated Distribution Schedule as on 31/03/2015					
Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5000	32724	93.59%	2178936	21789360	1.94%
5001 – 10000	1022	2.92%	980326	9803260	0.87%
10001 – 20000	527	1.51%	942005	9420050	0.84%
20001 – 30000	199	0.57%	543877	5438770	0.49%
30001 – 40000	94	0.27%	371630	3716300	0.33%
40001 – 50000	90	0.26%	425203	4252030	0.38%
50001 – 100000	154	0.44%	1314532	13145320	1.17%
100001 & Above	155	0.44%	105366309	1053663090	93.97%
<b>TOTAL</b>	<b>34965</b>	<b>100%</b>	<b>112122818</b>	<b>1121228180</b>	<b>100%</b>

(i) Dematerialization of shares and liquidity :

The Company's shares are available for dematerialization in both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 97.49% of equity shares have been dematerialized as on March 31, 2015. All the Preference Shares of the Company are dematerialized. The summary of shareholdings in category wise is as under:

**Summary of Shareholding as on 31/03/2015**

Category	No. of Holders	Total Share	% of Equity
EQUITY SHARES OF RS. 10/- EACH			
ISIN: INE369I01014			
PHYSICAL	16	2813231	2.51%
N S D L	23817	106148088	94.67%
C D S L	11132	3161499	2.82%
<b>Total</b>	<b>34965</b>	<b>112122818</b>	<b>100.00%</b>

Category	No. of Holders	Total Share	% of Equity
6% OCCRPS OF RS. 100/- EACH			
ISIN: INE369I03010*			
PHYSICAL	0	0	0.00%
N S D L	11	12026800	96.21%
C D S L	1	473200	3.78%
<b>Total</b>	<b>12</b>	<b>12500000</b>	<b>100.00%</b>

Category	No. of Holders	Total Share	% of Equity
6% CRPS OF RS. 100/- EACH			
ISIN: INE369I04026*			
PHYSICAL	0	0	0.00%
N S D L	11	1171608	97.63%
C D S L	1	28392	2.37%
<b>Total</b>	<b>12</b>	<b>1200000</b>	<b>100.00%</b>

\*subsequent to March 31, 2015, 3750000 6% OCCRPS and 225000 6% CRPS from the above were transferred to different ISINs, INE369I03028 and INE369I04034 respectively, since, the redemption date of these shares was extended till September 30, 2019

(j) Reconciliation of Share Capital Audit:

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

(k) Investor Safeguards :

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

(i) Electronic Clearing Services (ECS) mandate

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

(ii) Encash Dividends in time

Encash your dividends promptly to avoid hassles of revalidation

(iii) Register Nominations

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

(iv) Confidentiality of Security Details

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

(v) Dealing of Securities with Registered Intermediaries

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

(l) Shareholding Pattern as on March 31, 2015:

Category	No. of Holders	Total Shares	% To Equity
Promoters	1	18096995	16.14
Promoter group	3	18441482	16.45
Foreign companies	1	36538477	32.59
Mutual funds	1	120000	0.11
Foreign institutional investors	1	360	0.00
Bodies corporates	570	12543003	11.18
Non resident indians	279	457620	0.41
Financial institutions / banks	13	13895921	12.39
Resident individuals	33977	11897593	10.61
Clearing members	117	126367	0.11
Trusts	2	5000	0.01
Huf	0	0	0
<b>Total</b>	<b>34965</b>	<b>112122818</b>	<b>100.00</b>

(m) Market Price Data:

Month	BSE		SENSEX		NSE		NIFTY	
	High	Low	High	Low	High	Low	High	Low
Apr-14	53.40	39.60	22939.31	22197.51	53.95	39.45	6869.85	6650.40
May-14	76.10	41.80	25375.63	22277.04	76.00	42.50	7563.50	6638.55
Jun-14	75.80	60.25	25725.12	24270.20	75.50	60.10	7700.05	7239.50
Jul-14	70.50	57.00	26300.17	24892.00	70.80	57.00	7840.95	7422.15
Aug-14	64.00	50.25	26674.38	25232.82	64.60	51.00	7968.25	7540.10
Sep-14	65.00	52.75	27354.99	26220.49	65.00	52.10	8180.20	7841.80
Oct-14	70.00	52.80	27894.32	25910.77	69.80	53.35	8330.75	7723.85
Nov-14	72.00	60.50	28822.37	27739.56	72.20	60.10	8617.00	8290.25
Dec-14	67.00	57.00	28809.64	26469.42	67.15	57.05	8626.95	7961.35
Jan-15	63.25	57.70	29844.16	26776.12	63.45	57.55	8996.60	8065.45
Feb-15	116.30	56.65	29560.32	28044.49	115.70	56.80	8941.10	8470.50
Mar-15	114.70	78.10	30024.74	27248.45	114.50	78.00	9119.20	8269.15

(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 Company Secretary 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, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone No. 040 -67161500, Fax No. 040 - 23420814, Email ID: einward.ris@karvy.com

(q) Investor Correspondence:

Registered Office Address:  
D.No. 8-2-120/113/3/4F,  
Sanali Info Park, Road No.2,  
Banjara Hills, Hyderabad - 500 033  
Tel. +91 40 40409333  
Fax No. +91 40 40409444  
Web site: www.ilfsengg.com

**Company Secretary & Compliance Officer:**

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

#### DECLARATION:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the board members and senior managerial personnel of the Company have affirmed the compliance of Code of Conduct for the year ended March 31, 2015.

Date: May 29, 2015  
Place: New Delhi

Sd/-  
**MurliDhar Khattar**  
(Managing Director)

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#### CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

TO THE MEMBERS OF IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

1. We have examined the compliance of conditions of Corporate Governance by IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED for the period 01.04.2014 to 31.03.2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreements.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S.S. Reddy & Associates

**S.Sarveswara Reddy**  
Practicing Company Secretary  
C.PNo:7478

Date: 29.05.2015

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#### AUDITORS' CERTIFICATE ON EMPLOYEES STOCK OPTION SCHEME

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

1. We have examined the compliance of the conditions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") for the financial year ended March 31, 2015 as stipulated in Clause 14 of the SEBI Guidelines in respect of Employees Stock Option Scheme, 2009 framed by IL&FS Engineering and Construction Company Limited ("the Company").
2. The compliance of conditions of SEBI Guidelines is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the SEBI Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company. Also we have not updated our procedures for events beyond March 31, 2015 and accordingly do not comment upon changes if any, beyond that date.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has implemented the above scheme in accordance with the SEBI Guidelines and the resolution passed by the Company in the general meeting held on November 9, 2009.

Yours faithfully,  
**For S. R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W

Place: New Delhi  
Date: May 29, 2015

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of IL&FS Engineering and Construction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

- a. We draw attention to note 47 of the accompanying standalone financial statements regarding Rs. 259.67 Crores investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust"). As more fully described in the aforesaid note, 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 temporary in nature. Based on the fair valuation of underlying investments held by the Trust, the Company does not currently envisage any diminution in the value of PTCs on this account.
- b. We draw attention to note 49 of the accompanying standalone financial statements regarding accrual of proportionate revenue to the extent of percentage completion in case of a road project amounting to Rs. 137.54 Crores (including interest of Rs. 36.30 Crores) based on an arbitration award, against which the customer has filed an appeal in the Honourable High Court of New Delhi.
- c. We draw attention to note 28 of the accompanying standalone financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 343.78 Crores which is under litigation. Based on internal evaluation of recent developments after considering expert advice, Management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.

We have not qualified our opinion in respect of the matters referred in the above paragraphs.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by

law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The matters described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 26 (a) to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts – Refer note 31 and 32 to the financial statements. The Company has no derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number: 101049W  
Chartered Accountants

per Vikas Kumar Pansari  
Partner  
Membership Number: 093649  
Place of Signature: New Delhi  
Date: May 29, 2015

## Annexure -1 referred to in our report of even date

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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 and discrepancies identified on such verification have been properly dealt with in the books of account.
- (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. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction industry and construction of roads and other infrastructure projects and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount Demanded (Rs. In Crores)	Paid under protest (Rs. In Crores)	Period to which the amount relates (Assessment Years)	Forum where dispute is pending
AP Value Added Tax Act, 2005	Sales Tax & Penalty	0.86	0.05	2005-06 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax Act, 2005	Penalty on Sales Tax	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 judicature at Hyderabad for the states of Andhra Pradesh and Telangana
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.50	0.12	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.70	0.20	2007-08	Appellate Deputy Commissioner, Chattisgarh
Finance Act, 1994	Service tax	9.70	-	2007-08 and 2008-09	Commissioner of Customs & Central Excise, Hyderabad
Finance Act, 1994	Penalty on Service Tax	0.28	-	2006-07 and 2007-08	The Customs, Excise and Service Tax Appellate Tribunal, 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	West Bengal Appellate & Revisional Board
AP Value Added Tax, 2005	Sales Tax	0.92	0.51	2008-09	Appellate Deputy Commissioner, Hyderabad
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Professional Tax	0.06	-	2008-09	Commercial Tax Officer, Hyderabad
Finance Act, 1994	Service tax	15.45	-	2007-08 2008-09 and 2009-10	Commissioner of Customs & Central Excise, Hyderabad
Orissa Entry Tax Act, 1999	Entry tax	0.02	-	January 1, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Orissa Value Added Tax Act, 2004	Sales tax	3.37	-	January 1, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Finance Act 1994	Service tax	0.12	-	2010-11 and 2011-12	Superintendent of Service Tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	1.85	-	2005-06 2006-07 2007-08 2008-09 and 2009-10	Commercial Tax Officer, Hyderabad
Maharashtra Value Added Tax Act	Sales Tax	1.37	0.15	2010-11	Deputy Commissioner of Sales Tax, Satara, Maharashtra

Name of the Statute	Nature of the dues	Amount Demanded (Rs. In Crores)	Paid under protest (Rs. In Crores)	Period to which the amount relates (Assessment Years)	Forum where dispute is pending
AP Value Added Tax, 2005	Sales Tax	4.12	-	2009-10 2010-11 2011-12 and 2012-13	Assistant Commissioner Sales Tax of (Enforcement), Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.34	-	2008-09	Additional Commissioner Tax (Legal), 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	10.55	10.55	2006-07	
Income Tax Act, 1961	Income tax	3.46	3.46	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	
Income Tax Act, 1961	Income tax	4.27	3.09	2010-11	
Income Tax Act, 1961	Income tax	0.75	-	2011-12	

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.
- (ix) 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 banks. The Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xi) 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.
- (xii) 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 LLP**  
ICAI Firm Registration Number: 101049W  
Chartered Accountants

**per Vikas Kumar Pansari**  
Partner  
Membership Number: 093649  
Place of Signature: New Delhi  
Date: May 29, 2015

## Balance sheet as at March 31, 2015

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

	Notes	As at March 31, 2015	As at March 31, 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	249.12	339.65
Reserves and surplus	4	30.35	(78.61)
		<b>279.47</b>	<b>261.04</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,471.76	1,036.32
Other long-term liabilities	6	403.98	321.59
Long-term provisions	7	4.84	8.18
		<b>1,880.58</b>	<b>1,366.09</b>
<b>Current liabilities</b>			
Short-term borrowings	8	351.28	516.27
Trade payables	9	905.09	821.76
Other current liabilities	10	539.40	566.34
Short-term provisions	7	31.43	38.80
		<b>1,827.20</b>	<b>1,943.17</b>
		<b>3,987.25</b>	<b>3,570.30</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	165.83	167.76
Intangible assets	11	1.39	1.39
Capital work-in-progress		1.98	4.93
Non-current investments	12	325.92	326.14
Loans and advances	13	859.84	883.54
Other non-current assets	14	580.05	452.47
		<b>1,935.01</b>	<b>1,836.23</b>
<b>Current assets</b>			
Inventories	15	965.20	764.12
Trade receivables	16	710.39	584.70
Cash and bank balances	17	37.44	66.60
Loans and advances	13	279.89	262.36
Other current assets	14	59.32	56.29
		<b>2,052.24</b>	<b>1,734.07</b>
		<b>3,987.25</b>	<b>3,570.30</b>

Summary of significant accounting policies

2.1

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

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

Place : New Delhi  
Date : May 29, 2015

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

# Statement of profit and loss for the Year ended March 31, 2015

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

	Notes	For the Year ended March 31, 2015	For 18 Months ended March 31, 2014
<b>Income</b>			
Revenue from operations	18	2,359.90	3,267.17
Other income	19	117.43	157.11
Company's share of profit from integrated joint ventures		0.43	2.73
<b>Total revenue (I)</b>		<b>2,477.76</b>	<b>3,427.01</b>
<b>Expenses</b>			
Cost of materials consumed	20	673.24	716.81
Employee benefits expenses	21	136.17	166.71
Subcontract expense		1,217.24	2,114.06
Other expenses	22	136.40	163.27
<b>Total expenses (II)</b>		<b>2,163.05</b>	<b>3,160.85</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I-II)</b>		<b>314.71</b>	<b>266.16</b>
Finance costs	23	268.31	331.82
Depreciation and amortization expense		43.73	85.32
<b>Profit / (loss) before tax</b>		<b>2.67</b>	<b>(150.98)</b>
Tax expense		-	-
<b>Profit / (loss) for the year</b>		<b>2.67</b>	<b>(150.98)</b>
<b>Earnings per equity share</b>			
[Nominal value of share Rs. 10 (March 31, 2014 : Rs. 10)]	24		
Basic and diluted		(0.85)	(19.72)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

Place : New Delhi  
Date : May 29, 2015

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

# Cash flow statement for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>Cash flow from operating activities</b>		
Profit / (loss) before tax	2.67	(150.98)
<b>Non cash adjustments to reconcile profit / (loss) before tax to net cash flows</b>		
Company's share of profit from integrated joint ventures	(0.43)	(2.73)
Liabilities no longer required written back	(12.15)	(25.75)
Reversal of provision for estimated future loss on projects	(11.70)	(8.29)
Loss/(Gain) on sale/discard of fixed assets (net)	(0.95)	1.04
Provision for retirement benefits	0.99	0.16
Depreciation and amortization expense	43.73	85.32
Fixed assets/capital work-in-progress written off	1.18	0.44
Stocks written-off	0.68	0.98
Provision for doubtful advances/trade receivables	7.91	8.89
Bad debts/advances written-off	2.73	12.91
Provision for liquidated damages	-	0.47
Interest expense	252.33	312.28
Interest income	(93.21)	(118.39)
Income from mutual funds	-	(0.02)
<b>Operating profit before working capital changes</b>	<b>193.78</b>	<b>116.33</b>
<b>Movement in working capital:</b>		
Increase in trade payables	112.15	402.30
(Decrease) / Increase in other liabilities	(31.43)	106.58
Increase in trade receivables	(118.56)	(499.47)
Increase in inventories	(299.27)	(215.94)
Decrease in loans and advances	25.02	49.49
Increase in other assets	(0.85)	(5.79)
<b>Cash used in operations</b>	<b>(119.16)</b>	<b>(46.50)</b>
Direct taxes paid (net of refunds)	(15.65)	(8.27)
<b>Net cash used in operating activities (A)</b>	<b>(134.81)</b>	<b>(54.77)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(41.74)	(38.88)
Proceeds from sale of fixed assets	2.52	15.95
Company's share of profit in the joint ventures received	0.47	2.15
Proceeds from sale of non-current investments	-	0.02
Proceeds from sale/maturity of current investments	-	0.70
Purchase of Pass Through Certificates (Refer note 47)	-	(33.00)
Advances given to subsidiaries /joint ventures/associate	(5.00)	(105.23)
Refund of Advances from subsidiaries /joint ventures/associate	5.89	203.54
Advances to other companies (net)	0.01	(15.28)
Proceeds from / (Deposit with) bank deposits (having original maturity of more than three months)	4.40	(2.80)
Interest received	29.81	48.82
Income from mutual funds	-	0.02
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(3.64)</b>	<b>76.01</b>

# Cash flow statement for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	134.96	-
Redemption of preference share capital	(112.86)	-
Proceeds from long-term borrowings	558.53	1,095.91
Repayment of long-term borrowings	(145.49)	(1,017.16)
Proceeds from short-term borrowings (net)	(164.99)	231.94
Interest paid	(157.98)	(261.32)
Dividend paid (including dividend distribution tax)	-	(34.73)
<b>Net cash flow from financing activities (C)</b>	<b>112.17</b>	<b>14.64</b>
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(26.28)	35.88
Cash and cash equivalents at the beginning of the year	45.74	9.86
<b>Cash and cash equivalents at the end of the year (Refer note 17)</b>	<b>19.46</b>	<b>45.74</b>

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

## Notes:

- During the year, interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.99 (March 31, 2014: Rs. 48.06) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement.
- During the previous year, pursuant to restructuring of the terms of Pass Through Certificates (PTCs), as per revised agreement, Maytas Investment Trust (Trust) issued fresh PTCs in lieu of erstwhile PTCs. This has been considered as non-cash item for the purpose of cash flow statement to the extent of existing PTCs. (Refer note 47).

As per our report of even date

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

Place : New Delhi  
Date : May 29, 2015

Place : New Delhi  
Date : May 29, 2015

# Notes to financial statements for the year ended March 31, 2015

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

## 1. Corporate information:

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

## 2. Basis for preparation of financial statements:

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

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

### 2.1 Statement of significant accounting policies:

#### (a) Use of estimates:

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

#### (b) Revenue recognition:

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

##### Revenue from construction contracts

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

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

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

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

##### Revenue from design and consultancy services

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

##### Revenue from hire charges

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

##### Interest

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

##### Dividend

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

#### (c) Tangible fixed assets and depreciation:

- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use.
- (ii) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower.
- (iv) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (v) Depreciation on fixed assets other than those mentioned in S No (vi) below, is provided on straight line method,

# Notes to financial statements for the year ended March 31, 2015

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

based on useful life of the assets as estimated by the management which coincides with rates prescribed under Schedule II to the Companies Act, 2013.

- (vi) Depreciation on the following fixed assets, for which rates are not prescribed under Schedule II of the Companies, Act 2013, is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management:

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

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

## (d) Intangible Assets - Software:

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

## (e) Investments:

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

## (f) Inventories:

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

## (g) Retirement and other employee benefits:

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

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

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

- (iii) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for 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 profit and loss and are not deferred.

## (h) Income taxes:

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

# Notes to financial statements for the year ended March 31, 2015

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

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

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

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

## (i) Foreign currency transactions:

### • *Initial recognition*

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

### • *Conversion*

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

### • *Exchange differences*

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

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

The premium or discount arising at the inception of forward exchange contracts are amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit

and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

### • *Accounting for derivative instruments*

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

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

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

### • *Translation of integral foreign operation*

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

## (j) Leases:

### • *Where the Company is a Lessee*

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

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

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement

# Notes to financial statements for the year ended March 31, 2015

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

of profit and loss on a straight-line basis over the lease term.

- **Where the Company is a Lessor**

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

(k) **Borrowing Costs:**

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

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

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

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

- **Jointly controlled operations:**

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

- **Jointly controlled entities:**

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

(m) **Earnings per share:**

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

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

(n) **Impairment:**

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

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

(o) **Provisions, contingent liabilities and contingent assets:**

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

(p) **Cash and cash equivalents:**

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

# Notes to financial statements for the year ended March 31, 2015

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

## (q) Employee stock compensation cost:

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

## (r) Measurement of EBITDA:

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

	As at March 31, 2015	As at March 31, 2014
<b>3 Share capital</b>		
<b>Authorized shares (Nos.)</b>		
350,000,000 (March 31, 2014 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
35,000,000 (March 31, 2014 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
	<b>700.00</b>	<b>700.00</b>
<b>Issued, subscribed and paid up shares (Nos.)</b>		
112,122,818 (March 31, 2014 : 89,787,243) equity shares of Rs. 10 each fully paid-up	112.12	89.79
1,200,000 (March 31, 2014 : 7,485,780) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up	12.00	74.86
12,500,000 (March 31, 2014 : 17,500,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up	125.00	175.00
	<b>249.12</b>	<b>339.65</b>

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

### Equity shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	89,787,243	89.79	89,787,243	89.79
Issued during the year -Preferential issue	21,274,442	21.27	-	-
Issued during the year -ESOP exercised	1,061,133	1.06	-	-
<b>Outstanding at the end of the year</b>	<b>112,122,818</b>	<b>112.12</b>	<b>89,787,243</b>	<b>89.79</b>

### 6% cumulative redeemable preference shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	7,485,780	74.86	7,485,780	74.86
Redeemed during the year	(6,285,780)	(62.86)	-	-
<b>Outstanding at the end of the year</b>	<b>1,200,000</b>	<b>12.00</b>	<b>7,485,780</b>	<b>74.86</b>

### 6% optionally convertible cumulative redeemable preference shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	17,500,000	175.00	17,500,000	175.00
Redeemed during the year	(5,000,000)	(50.00)	-	-
<b>Outstanding at the end of the year</b>	<b>12,500,000</b>	<b>125.00</b>	<b>17,500,000</b>	<b>175.00</b>

# Notes to financial statements for the year ended March 31, 2015

(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) 73,076,954 (March 31, 2014: Nil) equity shares were required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company has created lock-in on February 8, 2015 for 51,802,512 shares upto October 31, 2015 and has requested to create lock-in for 9,795,846 shares and 11,478,596 shares upto April 29, 2018 and April 29, 2016 respectively, which have been made effective on April 8, 2015.
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

## (d) Terms of 6% cumulative redeemable preference shares

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

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

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

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

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

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

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

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

# Notes to financial statements for the year ended March 31, 2015

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

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

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

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

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

Equity shares of Rs. 10 each, fully paid

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	32.59%	25,059,881	27.91%
IL&FS Financial Services Limited (IFIN)	18,441,482	16.45%	13,497,381	15.03%
Infrastructure Leasing and Financial Services Limited (IL&FS)	1,8,096,995	16.14%	13,245,250	14.75%
ICICI Bank Limited	5,971,979	5.33%	5,971,979	6.65%
SNR Investments Private Limited	5,250,000	4.68%	5,250,000	5.85%
Veeyas Investments Private Limited	5,250,000	4.68%	5,250,000	5.85%

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

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	203,406	16.95%	409,288	5.47%
IDBI Bank Limited	64,134	5.34%	881,604	11.78%
State Bank of India	64,680	5.39%	827,804	11.06%
State Bank of Hyderabad	49,077	4.09%	606,518	8.10%
Allahabad Bank	39,690	3.31%	532,425	7.11%
Indian Overseas Bank Limited	34,440	2.87%	471,599	6.30%
IL&FS Financial Services Limited	450,000	37.50%	2,631,500	35.15%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	225,000	18.75%	225,000	3.01%

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

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	3,390,100	27.12%	5,327,300	30.44%
State Bank of India	1,078,000	8.62%	1,694,000	9.68%
IDBI Bank Limited	1,068,900	8.55%	1,679,700	9.60%
State Bank of Hyderabad	817,950	6.54%	1,285,350	7.34%
Allahabad Bank	661,500	5.29%	1,039,500	5.94%
Indian Overseas Bank Limited	574,000	4.59%	902,000	5.15%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	3,750,000	30.00%	3,750,000	21.43%

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

# Notes to financial statements for the year ended March 31, 2015

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

## (h) Shares reserved for issue under options

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

	As at March 31, 2015	As at March 31, 2014
<b>4 Reserves and surplus</b>		
Securities premium account		
Balance as per last financial statements	62.59	62.59
Add : Addition on allotment of ESOPs exercised during the year	5.18	-
Add : Addition on issue of equity shares on preferential basis during the year	107.44	-
Less: Adjustment of share issue expenses (net of tax Rs. Nil)	(3.83)	-
<b>Closing balance</b>	<b>171.38</b>	<b>62.59</b>
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statement	(141.20)	9.78
Adjustment for Depreciation as per the New Companies Act, 2013, (Refer note 50) (net of tax of Rs. Nil)	(2.50)	-
Surplus/(deficit) brought forward from the Statement of profit and loss	2.67	(150.98)
<b>Net deficit in the statement of profit and loss</b>	<b>(141.03)</b>	<b>(141.20)</b>
Total reserves and surplus	30.35	(78.61)

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>5 Long-term borrowings</b>				
<b>Term loans</b>				
From banks				
Indian rupee working capital term loans (secured)	-	37.69	37.67	59.84
Indian rupee term loans (secured)	179.85	239.86	59.77	60.00
<b>From others</b>				
From related party (secured) (Refer note 36)	1,074.90	536.60	-	-
From other parties (secured)	216.08	221.46	-	-
Vehicle loans (secured)	0.75	0.71	0.58	0.63
Finance lease obligation (secured)	0.18	-	0.05	-
	<b>1,471.76</b>	<b>1,036.32</b>	<b>98.07</b>	<b>120.47</b>
<b>The above amount includes</b>				
Secured borrowings	1,471.76	1,036.32	98.07	120.47
Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(98.07)	(120.47)
	<b>1,471.76</b>	<b>1,036.32</b>	<b>-</b>	<b>-</b>

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

(b) Indian rupee working capital term loans from banks carry interest @ 9% p.a. (March 31, 2014 : 9%p.a.) and are repayable by March 31, 2016 as per schedule given below:

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

# Notes to financial statements for the year ended March 31, 2015

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

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties, both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans 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% p.a. (March 31, 2014 : 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 equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.
- (d) Vehicle loans from Non-Banking Financial Companies carry interest @ 14.73% to 18.39% p.a. (March 31, 2014 : 14.70% to 20.90% p.a.). These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- (e) Secured loans from related party carry interest @ 12.70% to 13% p.a. (March 31, 2014 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 57 months to 84 months from the date of first disbursement. Further Interest on Rs.130 (March 31, 2014 : Rs. 130) loan 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. Additionally, premium of Rs. 18 is payable on redemption of this loan.

Of the above, loan to the extent of Rs. 421.60 (March 31, 2014 : Rs. 356.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Out of the above, loan of Rs 162 (March 31, 2014 : Rs. 97) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs.180 (March 31, 2014 : Rs. 180) is secured by way of pari passu lien on cashflows from HCPL to the Company and are additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and Mortgage of title deeds of immovable property from subsidiaries of HCPL.

Loan to the extent of Rs. 375 (Marh 31, 2014 : Rs. Nil) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.

Loan to the extent of Rs. 98.30 (March 31, 2014 : Rs. Nil) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

- (f) Secured loans from others carry interest @ 12.70% to 13% p.a. (March 31, 2014 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months from the date of first disbursement.

Of the above, loan to the extent of Rs. 194.62 (March 31, 2014 : Rs. 200) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Loan of Rs 21.46 (March 31, 2014 : Rs.21.46) is secured by way of pari passu lien on cashflows from Hill County Properties Limited (HCPL) to the Company and additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantee and Mortgage of title deeds of immovable property from subsidiaries of HCPL.

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

# Notes to financial statements for the year ended March 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
<b>6 Other long-term liabilities</b>		
Trade payables		
Dues to micro and small enterprises (Refer note 35)	-	-
Dues to other than micro and small enterprises *	158.77	140.04
Interest accrued but not due on borrowings	159.52	69.48
Mobilization advance	82.07	108.45
Statutory dues	3.62	3.62
	<b>403.98</b>	<b>321.59</b>

\* represents retention money

	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>7 Provisions</b>				
Provision for employee benefits				
Provision for gratuity (Refer note 33)	3.63	3.02	0.18	0.24
Provision for compensated absences	-	-	3.16	2.72
	<b>3.63</b>	<b>3.02</b>	<b>3.34</b>	<b>2.96</b>
Other provisions				
Provision for estimated future loss on projects (Refer note 31)	1.21	5.16	13.55	21.30
Provision for liquidated damages (Refer note 32)	-	-	14.54	14.54
	<b>1.21</b>	<b>5.16</b>	<b>28.09</b>	<b>35.84</b>
	<b>4.84</b>	<b>8.18</b>	<b>31.43</b>	<b>38.80</b>

	As at March 31, 2015	As at March 31, 2014
<b>8 Short-term borrowings</b>		
Cash credit facilities from banks (secured)	306.28	316.27
Loans from others (unsecured)	45.00	200.00
	<b>351.28</b>	<b>516.27</b>

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14.50% p.a. (March 31, 2014 : 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. Loans aggregating to Rs. 194.66 (March 31, 2014 : Rs.233.49) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju. Loans aggregating to Rs. 111.62 (March 31, 2014 : Rs. 82.78) carry letter of comfort from Infrastructure Leasing and Financial Services Limited.
- (b) Unsecured loan from others of Rs. 45 (March 31, 2014 : Rs. Nil) carries interest @ 14% to 15% p.a. with a tenor of 11 months repayable by September 30, 2015. Interest on these facilities are payable at monthly rests.
- (c) Unsecured loans from others of Rs. Nil (March 31, 2014 : Rs. 200) carries interest @ 15% p.a to 16.50% p. a. with a tenor of 4 to 5 months repayable by June 26, 2014. Interest on these facilities are payable at monthly rests.

## Notes to financial statements for the year ended March 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
<b>9. Trade payables</b>		
Dues to micro and small enterprises (Refer note 35)	19.51	-
Dues to other than micro and small enterprises *	885.58	821.76
	<b>905.09</b>	<b>821.76</b>
* includes retention money payable of Rs. 92.44 (March 31, 2014: Rs.23.83)		
<b>10. Other current liabilities</b>		
Current maturities of long-term borrowings (Refer note 5)	98.07	120.47
Interest accrued and due on borrowings / others *	1.34	1.48
Interest accrued but not due on borrowings / mobilization advance/Advance from customers	32.45	28.43
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	0.00	0.00
Mobilization advance	335.88	340.53
Advance from customers	13.02	38.55
Advance billing	34.53	4.54
Dues to joint ventures	0.04	0.01
Others		
Capital creditors	5.78	7.51
Statutory dues	18.29	24.82
	<b>539.40</b>	<b>566.34</b>

\* Includes interest of Rs. 1.22 (March 31, 2014: Rs. 1.48) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

Notes to financial statements for the year ended March 31, 2015  
(All amounts in Rs. Crore except for share data or as otherwise stated)

11. Tangible assets and intangible assets

	Land	Buildings	Temporary erections-site offices	Leasehold improvements*	Plant, and machinery-construction equipment**	Site infra-structure	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total tangible assets	Computer software	Total intangible assets
Cost														
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
Additions	0.18	-	12.64	-	19.42	-	1.01	1.04	1.21	1.06	1.77	38.33	0.10	0.10
Disposals	-	-	-	(4.04)	(11.40)	-	-	-	(3.08)	-	(0.33)	(18.85)	-	-
At March 31, 2014	4.78	0.17	44.56	0.14	499.99	3.07	6.10	5.67	5.49	5.64	10.64	586.25	3.49	3.49
Additions	-	-	8.72	-	31.49	0.83	0.88	1.31	0.80	0.45	1.01	45.49	0.38	0.38
Disposals	-	-	-	-	(13.80)	-	-	-	-	-	(0.92)	(14.72)	-	-
At March 31, 2015	4.78	0.17	53.28	0.14	517.68	3.90	6.98	6.98	6.29	6.09	10.73	617.02	3.87	3.87
Depreciation / amortization														
At September 30, 2012	-	-	28.86	2.38	296.72	2.46	1.75	4.63	5.38	2.59	4.66	349.43	1.53	1.53
Charge for the year	-	0.01	6.20	0.25	73.33	0.47	0.42	1.04	1.26	0.52	1.25	84.75	0.57	0.57
Disposals	-	-	-	(2.49)	(9.96)	-	-	-	(3.08)	-	(0.16)	(15.69)	-	-
At March 31, 2014	-	0.01	35.06	0.14	360.09	2.93	2.17	5.67	3.56	3.11	5.75	418.49	2.10	2.10
Charge for the year	-	-	7.37	-	30.82	0.22	0.64	1.31	0.85	0.63	1.51	43.35	0.38	0.38
Adjustment to reserves (Refer note 50)	-	-	-	-	-	-	2.29	-	0.19	-	0.02	2.50	-	-
Disposals	-	-	-	-	(12.61)	-	-	-	-	-	(0.54)	(13.15)	-	-
At March 31, 2015	-	0.01	42.43	0.14	378.30	3.15	5.10	6.98	4.60	3.74	6.74	451.19	2.48	2.48
Net block														
At March 31, 2014	4.78	0.16	9.50	-	139.90	0.14	3.93	-	1.93	2.53	4.89	167.76	1.39	1.39
At March 31, 2015	4.78	0.16	10.85	-	139.38	0.75	1.88	-	1.69	2.35	3.99	165.83	1.39	1.39

\* Leasehold improvements represent fixtures taken on finance lease.

\*\*Plant and machinery - construction equipment

1. Plant and machinery - construction equipment includes shuttering and scaffolding material Rs. 92.61 (March 2014 : Rs. 71.67). Net block value of this shuttering and scaffolding material is Rs. 34.22 (March 2014: Rs. 16.90)

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

3. Plant and machinery - construction equipment includes equipment taken on finance lease

Description	March 31, 2015	March 31, 2014
Cost	16.18	36.25
Opening balance of Accumulated depreciation	12.74	21.83
Depreciation for the Year	1.70	7.33
Net book value	1.74	7.09

Description	March 31, 2015	March 31, 2014
Cost	0.24	-
Opening balance of Accumulated depreciation	-	-
Depreciation for the Year	0.00	-
Net book value	0.24	-

# Notes to financial statements for the year ended March 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
<b>12 Investments</b>		
Non-current investments, unquoted trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries - equity shares (fully paid-up)		
50,000 (March 31, 2014: 50,000) equity shares of Rs. 10 each in Maytas Infra Assets Limited	0.05	0.05
50,000 (March 31, 2014: 50,000) equity shares of Rs. 10 each in Maytas Vasishta Varadhi Limited	0.05	0.05
49,995 (March 31, 2014: 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, 2014: Rs. 0.05))	-	-
1,000 (March 31, 2014: 1,000) equity shares of Rs. 100 each in Angeerasa Greenfields Private Limited	0.01	0.01
1,000 (March 31, 2014: 1,000) equity shares of Rs. 100 each in Saptaswara Agro - Farms Private Limited	0.01	0.01
1,000 (March 31, 2014: 1,000) equity shares of Rs. 100 each in Ekadanta Greenfields Private Limited	0.01	0.01
27,500 (March 31, 2014: 27,500) equity shares of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company, Limited Liability Company @	33.19	33.19
<b>Investment in associate - equity shares (fully paid-up)</b>		
7,750 (March 31, 2014: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited	0.08	0.08
<b>Investment in association of persons#</b>		
Maytas NCC JV	4.42	4.26
NCC – Maytas (JV) Pocharam [net of provision of Rs. 0.18 (March 31, 2014: Rs. Nil)]	0.74	1.01
Maytas – CTR (JV)	3.22	2.93
NCC – Maytas – ZVS (JV)	0.05	0.45
<b>Investment in other entities</b>		
In equity shares (fully paid-up)		
4,000,000 (March 31, 2014: 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, 2014: Rs. 4.00))	-	-
2,600 (March 31, 2014: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00
2,600 (March 31, 2014: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	0.00
<b>In preference shares (fully paid-up)</b>		
4,550,000 (March 31, 2014: 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, 2014: Rs 4.55))	-	-
2,441,850 (March 31, 2014: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Limited *	24.42	24.42
<b>In Pass Through Certificates (Refer note 47)</b>		
2,596,675.290 (March 31, 2014 : 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *	259.67	259.67
	<b>325.92</b>	<b>326.14</b>

Aggregate amount of provision for diminution in value of investments is Rs. 8.78 (March 31, 2014: Rs. 8.60).

# Includes Company's share of profit in such entities.

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

@ Hypothecated to Infrastructure Leasing and Financial Services Limited during the year.

# Notes to financial statements for the year ended March 31, 2015

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

	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>13 Loans and advances</b>				
Capital advances				
Unsecured, considered good	0.08	4.17	-	-
<b>(A)</b>	<b>0.08</b>	<b>4.17</b>	<b>-</b>	<b>-</b>
Deposits (others)				
Unsecured, considered good	8.44	6.19	2.37	0.22
Considered doubtful	0.06	0.67	-	-
	8.50	6.86	2.37	0.22
Provision for doubtful deposits (others)	(0.06)	(0.67)	-	-
<b>(B)</b>	<b>8.44</b>	<b>6.19</b>	<b>2.37</b>	<b>0.22</b>
Loans and advances to related parties				
Secured, considered good (Refer note 48)	201.46	201.46	-	-
Unsecured, considered good	109.17	115.77	37.35	22.36
Considered doubtful	23.77	23.68	-	-
	334.40	340.91	37.35	22.36
Provision for doubtful advances	(23.77)	(23.68)	-	-
<b>(C)</b>	<b>310.63</b>	<b>317.23</b>	<b>37.35</b>	<b>22.36</b>
Advances recoverable in cash or kind				
Unsecured, considered good	6.30	23.10	166.64	181.12
Considered doubtful	25.43	25.10	-	-
	31.73	48.20	166.64	181.12
Provision for doubtful advances	(25.43)	(25.10)	-	-
<b>(D)</b>	<b>6.30</b>	<b>23.10</b>	<b>166.64</b>	<b>181.12</b>
Other loans and advances, unsecured, considered good unless otherwise stated				
Loan to other companies				
Secured, considered good	40.30	38.96	11.77	4.97
Unsecured, considered good	57.04	57.02	19.31	27.48
Inter-corporate deposits (Refer note 28)*	343.78	343.78	-	-
Balances with statutory/government authorities	9.01	4.58	17.41	21.07
Advance income tax (net of provision for taxation)	84.26	88.51	25.04	5.14
<b>(E)</b>	<b>534.39</b>	<b>532.85</b>	<b>73.53</b>	<b>58.66</b>
<b>Total (A + B + C + D + E)</b>	<b>859.84</b>	<b>883.54</b>	<b>279.89</b>	<b>262.36</b>

\* includes Inter-corporate deposits to Angeerasa Greenfields Private Limited (a subsidiary of the Company) Rs. 50 (March 31, 2014 :Rs. 50).

# Notes to financial statements for the year ended March 31, 2015

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

## Loans and advances to related parties include

	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Other advances</b>				
Maytas Infra Saudi Arabia Company ^	0.16	0.64	-	-
Maytas Infra Assets Limited (gross) #	14.79	18.96	4.00	-
Maytas Vasishta Varadhi Limited *	2.83	2.82	-	-
Saptaswara Agro - Farms Private Limited (gross) ^ ^	0.27	0.26	-	-
Maytas Metro Limited ^ ^ ^	0.04	0.04	-	-
Angeerasa Greenfields Private Limited **	0.02	0.01	-	-
Ekadanta Greenfields Private Limited ***	0.03	0.03	-	-
Maytas CTR JV \$	18.88	18.88	21.83	22.36
Maytas NCC JV \$\$	1.45	1.71	-	-
NCC - Maytas JV U1 \$\$\$	0.03	0.03	-	-
Hill County Properties Limited	0.05	0.15	-	-
<b>Inter corporate deposits</b>				
Hill County Properties Limited	295.85	297.38	11.52	-
	<b>334.40</b>	<b>340.91</b>	<b>37.35</b>	<b>22.36</b>

^ Provision for doubtful advances Rs. 0.16 (March 31, 2014: Rs. 0.64)

# Provision for doubtful advances Rs. 11.57 (March 31, 2014: Rs. 11.74)

\* Provision for doubtful advances Rs. 2.83 (March 31, 2014: Rs. 2.82)

^ ^ Provision for doubtful advances Rs. 0.27 (March 31, 2014: Rs. 0.26)

^ ^ ^ Provision for doubtful advances Rs. 0.04 (March 31, 2014: Rs. 0.04)

\*\* Provision for doubtful advances Rs. 0.02 (March 31, 2014: Rs. 0.01)

\*\*\* Provision for doubtful advances Rs. 0.03 (March 31, 2014: Rs. 0.03)

\$ Provision for doubtful advances Rs. 8.11 (March 31, 2014: Rs. 8.11)

\$\$ Provision for doubtful advances Rs. 0.71 (March 31, 2014: Nil)

\$\$\$ Provision for doubtful advances Rs. 0.03 (March 31, 2014: Rs. 0.03)

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>14 Other assets</b>				
Interest accrued on deposits and others				
Considered good	108.92	62.04	38.04	31.51
Considered doubtful	41.92	41.92	-	-
	150.84	103.96	38.04	31.51
Provision for doubtful interest accrued	(41.92)	(41.92)	-	-
(A)	<b>108.92</b>	<b>62.04</b>	<b>38.04</b>	<b>31.51</b>
Claim for performance bank guarantee				
Considered doubtful	21.12	21.12	-	-
Provision for doubtful bank guarantee	(21.12)	(21.12)	-	-
(B)	-	-	-	-
<b>Unsecured, considered good unless otherwise stated</b>				
Non-current bank balances (Refer note 17)	11.71	13.23	-	-
Non-current trade receivables (Refer note 16)	245.39	260.04	-	-
Non-current inventories (Refer note 15)	210.03	112.52	-	-
<b>Others</b>				
Fixed assets held for sale	-	-	12.48	12.48
Other receivables				
Considered good	4.00	4.64	8.80	12.30
Doubtful	1.98	0.82	-	-
	473.11	391.25	21.28	24.78
Provision for doubtful other receivables	(1.98)	(0.82)	-	-
(C)	<b>471.13</b>	<b>390.43</b>	<b>21.28</b>	<b>24.78</b>
Total (A + B + C)	<b>580.05</b>	<b>452.47</b>	<b>59.32</b>	<b>56.29</b>

# Notes to financial statements for the year ended March 31, 2015

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

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>15. Inventories (Refer note 2.1 (f))</b>				
Project Materials	-	-	101.44	59.99
Amount due from customers (project work-in-progress)	210.03	112.52	863.76	704.13
	<b>210.03</b>	<b>112.52</b>	<b>965.20</b>	<b>764.12</b>
Amount disclosed under non-current assets (Refer note 14)	(210.03)	(112.52)	-	-
	-	-	<b>965.20</b>	<b>764.12</b>
<b>16 Trade receivables</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	50.72	50.72	97.63	61.02
Doubtful	53.02	46.90	-	-
	103.74	97.62	97.63	61.02
Provision for doubtful receivables	(53.02)	(46.90)	-	-
	(A) 50.72	50.72	97.63	61.02
<b>Other receivables *</b>				
Unsecured, considered good	(B) 194.67	209.32	612.76	523.68
Amount disclosed under non-current assets (Refer note 14)	(C) (245.39)	(260.04)	-	-
<b>Total (A + B + C)</b>	-	-	<b>710.39</b>	<b>584.70</b>
* Non-current represents retention money of Rs. 194.67 (March 31, 2014: Rs. 209.32) and Current includes retention money of Rs. 211.70 (March 31, 2014: Rs.53.68).				
<b>17 Cash and bank balances</b>				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	9.14	45.51
Deposits with original maturity for less than 3 months	-	-	10.04	-
On unpaid dividend account	-	-	0.00	0.00
Cash on hand	-	-	0.28	0.23
	-	-	19.46	45.74
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months *	0.32	4.89	3.35	-
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	2.20	0.40
Margin money deposits **	11.38	8.34	12.43	20.46
	11.71	13.23	17.98	20.86
Amount disclosed under non-current assets (Refer note 14)	(11.71)	(13.23)	-	-
	-	-	<b>37.44</b>	<b>66.60</b>

\* Deposits under lien

\*\* Lodged with authorities

# Notes to financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For 18 months ended March 31, 2014
<b>18 Revenue from operations</b>		
Revenue from contracts	2,344.68	3,232.38
Revenue from equipment hiring services	2.51	22.04
Revenue from other services	1.01	4.46
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 31)	11.70	8.29
	<b>2,359.90</b>	<b>3,267.17</b>
<b>19 Other income</b>		
Interest income on		
Bank deposits	3.46	5.51
Inter corporate deposits and others	88.91	109.80
Income tax refunds	0.84	3.08
Dividend from mutual funds	-	0.02
Gain on exchange fluctuation (net)	1.07	0.44
Liabilities no longer required written back	12.15	25.75
Profit on sale of fixed assets (net)	0.95	-
Other non-operating income	10.05	12.51
	<b>117.43</b>	<b>157.11</b>
<b>20 Cost of materials consumed</b>		
Materials at the beginning of the year	59.99	50.71
Add: Purchases during the year	715.62	727.51
	775.61	778.22
Less: Stocks written-off	0.68	0.98
Less: Cost of materials sold	0.25	0.44
	774.68	776.80
Less: Materials at the end of the year	101.44	59.99
	<b>673.24</b>	<b>716.81</b>
<b>21 Employee benefits expenses</b>		
Salaries, wages and bonus	122.99	150.85
Contribution to provident fund and other funds (Refer note 33)	7.01	7.66
Gratuity (Refer note 33)	1.10	0.62
Compensated absences	1.84	1.75
Staff welfare expenses	3.23	5.83
	<b>136.17</b>	<b>166.71</b>

## Notes to financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For 18 months ended March 31, 2014
<b>22 Other expenses</b>		
Rent	10.75	11.82
Rates and taxes	11.36	8.73
Office maintenance	6.53	7.97
Communication expenses	2.00	2.86
Printing and stationery	1.13	1.64
Legal and professional charges	20.87	36.77
Sitting fees	0.06	0.04
Travelling and conveyance	10.01	12.29
Business promotion	0.53	0.53
Donation	0.01	0.05
Auditor's remuneration (Refer note 44)	1.59	1.47
Loss on sale/discard of fixed assets (net)	-	1.04
Fixed assets/capital work in progress written off	1.18	0.44
Site expenses	17.65	16.50
Hire charges	20.69	8.40
Freight and transportation	4.94	4.30
Insurance	5.93	10.31
Power and fuel	3.25	4.01
Repairs		
Plant and machinery	2.93	6.02
Buildings	0.11	0.28
Others	2.09	2.81
Provision for doubtful advances/trade receivables/ other assets etc., [net of reversal of provision of Rs. 0.71 (March 31, 2014: Rs. 8.79)]	7.91	8.89
Stock written off	0.68	0.98
Bad debts/advances written-off	2.73	12.91
Provision for liquidated damages (net)	-	0.47
Miscellaneous expenses	1.47	1.74
	<b>136.40</b>	<b>163.27</b>
<b>23 Finance costs</b>		
Interest expense	252.33	312.05
Lease finance charges	0.00	0.23
Bank charges	15.98	19.54
	<b>268.31</b>	<b>331.82</b>
<b>24 Earnings per share (EPS):</b>		
The following reflects the profit/(loss) and share data used in the basic and diluted EPS computation:		
Profit / (loss) after tax	2.67	(150.98)
Less: Dividend payable to preference shareholders & tax thereon	(10.40)	(26.11)
Loss for calculation of EPS	(7.73)	(177.09)
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	<b>91,005,084</b>	<b>89,787,243</b>

# Notes to financial statements for the year ended March 31, 2015

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

## 25. Going concern:

The Company has recorded a net profit of Rs. 2.67 for the year ended March 31, 2015 (18 months ended March 31, 2014: Loss of Rs. 150.98) and has accumulated loss of Rs. 141.03 as at March 31, 2015 (as at March 31, 2014: Rs. 141.20). Based on the business plan and following mitigating factors, the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- The Company has an order book of Rs. 10,150 approximately as at March 31, 2015.
- 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. 1,074.90 and Rs. 216.08 respectively to support the liquidity position of the Company upto March 31, 2015. Further, the promoter has advanced loans to the extent of Rs. 45 through its group companies. The Company also has an unutilized limit of Rs. 6.70 from IL&FS and Rs. 25.00 from IFIN as at March 31, 2015. Also, there is an unutilised limit of BGs and LCs of Rs. 33.26 from IL&FS.
- The Company has unutilized Cash Credit limit of Rs. 104.95 (including additional limit of Rs. 48.20 sanctioned by three bankers) and non-fund based limits to the extent of Rs. 101.40 (including additional limit of Rs. 77.14 sanctioned by two banks) respectively from banks.
- The Company has issued 21,274,442 equity shares of Rs. 10 each at premium of Rs. 50.50 on a preferential basis to IL&FS, IFIN and SBG Projects Investments Limited resulting to total receipt of Rs. 128.71. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 112.86 which were due for redemption during the year. Further, the Company has issued 1,061,133 equity shares on exercise of Employee Stock Options of Rs. 10 each at premium of Rs. 48.90 during the year.
- During the current year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively.

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

## 26. (a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Claims against the Company not acknowledged as debts (interest, if any, not ascertainable after date of order)	21.07	22.50
(ii)	Direct taxes under dispute *	59.10	61.70
(iii)	Indirect taxes under dispute **#	80.00	54.97

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

\*\* The demands raised by the Sales Tax authorities and Central Excise authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, utilization of ineligible input cenvat credit, penalties, etc.

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

(iv) Consequent to announcement by erstwhile chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others. While the Company has not accepted these violations, in order to settle these issues, the Company had filed compounding applications for these alleged violations, which are yet to be concluded.

(v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the afore mentioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company has filed its detailed reply against the

# Notes to financial statements for the year ended March 31, 2015

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

SCNin the previous year. During the year, the Company has attended a personal hearing before a whole time member of SEBI and accordingly filed written submissions. The order from SEBI on this matter is awaited.

- (vi) The Company had entered into a share transfer agreement dated July 9, 2010 towards disposal of its stake in two BOT projects. Subsequently, on July 2, 2012, on the pretext of certain acts/alleged breaches by the Company, the transferee made certain unsubstantiated allegations and nominated an arbitrator, which was refuted by the Company for lack of any disputable ground and no loss on part of transferee for the breaches alleged. High Court of Karnataka appointed arbitrator who has dismissed the proceedings during the year. Further, during the year ended March 31, 2014, the transferee also filed petition under Section 9 of the Arbitration & Conciliation Act, 1996. During the year, these arbitration proceedings have been dismissed. As at March 31, 2015 there are no cases against the Company in respect of this matter.
- (vii) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client has filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV has provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract.

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2015.

## (b) Other contingent liabilities

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	367.64	308.09
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Company towards performance obligations	662.95	541.20
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	339.04	205.70
(iv)	Liquidated damages	30.28	27.45
(v)	Preference dividend (including dividend tax)	24.72	26.11

## 27. Commitments:

### (a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 0.67 (March 31, 2014: Rs. 7.81).

### (b) Other Commitments:

- The Company has given a letter of financial support to fund additional capital in Maytas Infra Saudi Arabia Company, Limited Liability Company to an extent of Rs. 22.85 (March 31, 2014: Rs. Nil).
- Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 24% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of RS. 226.27

## 28 Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 343.78. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 323.78, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the previous year, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for March 31, 2015 continued to

# Notes to financial statements for the year ended March 31, 2015

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

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

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

## 29. Segment Reporting:

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

## 30. Deferred tax:

The Company has no deferred tax liability as at March 31, 2015. Deferred tax assets on timing differences have not been recognized as at March 31, 2015 in the absence of virtual certainty of future taxable profits.

## 31. Provision for estimated future loss on projects:

The projects in progress as at March 31, 2015 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. 14.76 (March 31: 2014 Rs. 26.46) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The movement in the balance is as under:

	As at March 31, 2015	As at March 31, 2014
Opening balance	26.46	34.75
Add: Additions during the year	2.62	2.80
Less: Reversal during the year	(14.32)	(11.09)
<b>Closing balance</b>	<b>14.76</b>	<b>26.46</b>

## 32. Provision for liquidated damages:

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

	As at March 31, 2015	As at March 31, 2014
Opening balance	14.54	14.07
Add: Additions during the year	-	2.00
Less: Reversal during the year	-	(1.53)
<b>Closing balance</b>	<b>14.54</b>	<b>14.54</b>

## 33. 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. 7.01 (March 31, 2014: Rs. 7.66).

### (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.

# Notes to financial statements for the year ended March 31, 2015

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

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 year ended March 31, 2015	For the 18 months ended March 31, 2014
Current service cost	1.17	1.27
Interest cost on benefit obligation	0.30	0.45
Net actuarial loss recognized in the year	(0.37)	(1.10)
<b>Net benefit expense</b>	<b>1.10</b>	<b>0.62</b>

## Balance sheet

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

Particulars	As at March 31, 2015	As at March 31, 2014
Opening defined benefit obligation	3.26	3.25
Interest cost	0.30	0.45
Current service cost	1.17	1.27
Benefits paid	(0.55)	(0.61)
Actuarial gain on obligation	(0.37)	(1.10)
<b>Closing defined benefit obligation</b>	<b>3.81</b>	<b>3.26</b>

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

	2014-15	2012-14	2011-12	2010-11	2009-10
Defined benefit obligation	3.81	3.26	3.25	1.92	1.76
Gain on obligation due to change in assumption	(0.37)	(1.10)	(0.20)	-	(0.24)
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 March 31, 2015	As at March 31, 2014
Discount rate	7.80%	9.14%
Increase in compensation cost	5.00%	5.00%
Employee turnover	5%	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.

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Contract revenue recognized for the year	2,344.68	3,232.38
Contract cost incurred and recognized profits (less) recognized losses for contracts in progress up to the reporting date	8,894.34	6,543.14
Advances received for contracts in progress	392.74	427.79
Amount of retention for contracts in progress	399.69	256.24
Gross amount due from customers for contract work (excluding cancelled projects)	1,073.79	816.25
Gross amount due to customers for contract work	34.53	4.54

# Notes to financial statements for the year ended March 31, 2015

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

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

Sl. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	Principal amount due to micro and small enterprises	19.51	-
	Interest due on above	0.12	-
		<b>19.63</b>	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.12	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

## 36. Related party disclosures:

### I. Names of related parties and relationship with the Company (as per the Accounting Standard 18 – “Related Party Disclosures”:

#### A. Subsidiaries (Related parties where control exists)

1. Maytas Infra Assets Limited
2. Maytas Vasishta Varadhi Limited
3. Maytas Metro Limited
4. Angeerasa Greenfields Private limited
5. Saptaswara Agro - Farms Private Limited
6. Ekadanta Greenfields Private Limited
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)

#### B. Step Down Subsidiary

1. Maytas Infra for Construction WLL\*

\* Under liquidation

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

1. Infrastructure Leasing & Financial Services Limited
2. SBG Projects Investments Limited

#### D. Joint ventures (JV)

1. Maytas – SNC (JV)\*
2. NCC – Maytas (JV)
3. NEC – NCC – Maytas (JV)
4. Maytas – NCC (JV)
5. NCC – Maytas (JV)(Singapore Class Township)
6. Maytas – CTR (JV)
7. NCC – Maytas – ZVS (JV)

\* During the previous year, as per the revision in the arrangement, the Company has amicably settled the liability with the other JV partner and hence ceased to be a Joint Venture of the Company.

# Notes to financial statements for the year ended March 31, 2015

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

## E. Associates

Hill County Properties Limited

## F. Key management personnel

1. Mr. Murlidhar Khattar, Managing Director (Managing Director w.e.f. December 26, 2013).
2. Dr. S N Mukherjee, Chief Financial Officer
3. Mr. G Venkateswar Reddy, Company Secretary

## II. Transactions with related parties during the year#:

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>A. Subsidiaries</b>		
<b>1. Maytas Infra Assets Limited</b>		
Expenses incurred on behalf of the party	(0.17)	0.39
Provision for doubtful advances	0.17	(0.46)
<b>2. Maytas Vasishta Varadhi Limited</b>		
Expenses incurred on behalf of the party	0.01	0.01
Provision for doubtful advances	(0.01)	(0.02)
<b>3. Maytas Metro Limited</b>		
Expenses incurred on behalf of the party	0.00	0.01
Provision for doubtful advances	(0.00)	(0.04)
<b>4. Angeerasa Greenfields Private Limited</b>		
Expenses incurred on behalf of the party	0.01	0.01
Provision for doubtful advances	(0.01)	(0.01)
<b>5. Saptaswara Agro - Farms Private Limited</b>		
Expenses incurred on behalf of the party	0.01	0.01
Provision for doubtful advances	(0.01)	-
<b>6. Ekadanta Greenfields Private Limited</b>		
Expenses incurred on behalf of the party	0.00	0.01
Provision for doubtful advances	(0.00)	(0.03)
<b>7. Maytas Infra Saudi Arabia Company (Limited Liability Company)</b>		
Expenses incurred on behalf of the party	(0.48)	0.02
Provision for doubtful advances	0.48	(0.64)
<b>B. Investing party in respect of which the reporting enterprises is an associate</b>		
<b>Infrastructure Leasing &amp; Financial Services Limited</b>		
Interest expenditure	(99.86)	(111.39)
Payments made on behalf of the Company	(1.84)	(3.07)
Bank Guarantee Commission	(2.55)	(3.20)
Loan taken	(538.30)	(650.00)
Loan repaid	-	484.90
Allotment of equity shares (including securities premium)	(29.35)	-
<b>SBG Projects Investments Limited</b>		
Allotment of equity shares (including securities premium)	(69.45)	-
<b>C. Joint Ventures (JV)</b>		
<b>1. NCC – Maytas (JV)</b>		
Share of profit / (loss) from joint venture	(0.00)	(0.00)
Expenses incurred on behalf of the party	-	0.00
Provision for doubtful advance	-	(0.03)

## Notes to financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>2. NEC – NCC – Maytas (JV)</b>		
Share of profit / (loss) from joint venture	0.02	0.07
Receipt against share of profit	(0.08)	(0.36)
Expenses incurred on behalf of the party	0.03	0.06
<b>3. Maytas – NCC (JV)</b>		
Share of profit / (loss) from joint venture	0.16	1.41
Other non-operating income	-	6.46
Receipt against share of profit	(0.20)	(1.60)
Expenses incurred on behalf of the party	0.01	0.20
Expenses incurred on behalf of the Company	(0.07)	(0.12)
Revenue from contracts (excluding Project work in progress)	3.12	23.35
Provision for doubtful advances/trade receivables	(1.77)	4.00
Advances written off	-	(7.83)
<b>4. NCC – Maytas (JV)(Singapore Class Township)</b>		
Share of profit / (loss) from joint venture	(0.12)	0.33
Expenses incurred on behalf of the party	0.04	-
Receipt against share of profit	-	(0.33)
Provision for investment	(0.18)	-
<b>5. Maytas - CTR JV</b>		
Share of profit / (loss) from joint venture	0.29	0.53
Advance given	7.97	27.82
Provision for doubtful advances	-	(2.11)
Refund of advance given	(8.53)	-
<b>6. NCC – Maytas – ZVS JV</b>		
Share of profit / (loss) from joint venture	0.08	0.39
Receipt against share of profit	(0.48)	(1.39)
<b>7. Maytas – SNC JV</b>		
Investment written off	-	(0.10)
<b>D. Associate</b>		
Hill County Properties Limited		
Inter corporate deposits given	5.00	83.00
Inter corporate deposits repaid	(5.00)	(203.54)
Interest income	43.37	67.54
Interest converted into Loan	9.99	48.06
Reimbursement of expenses received	1.36	0.58
Expenses incurred on behalf of the party	(0.29)	(1.58)
Revenue from contracts (excluding Project work in progress)	65.62	194.45
Purchase of material	-	2.34
The Company has provided internal audit services to Hill County Properties Limited free of charge.		
<b>E. Key management personnel</b>		
1. Mr. Murlidhar Khattar Professional charges/ Managerial Remuneration	1.19	1.88
2. Dr. S N Mukherjee Professional charges	0.73	-
3. Mr. G Venkateswar Reddy Managerial Remuneration	0.32	-

## Notes to financial statements for the year ended March 31, 2015

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

### III. Balances outstanding debit / (credit)#:

	As at March 31, 2015	As at March 31, 2014
<b>A. Subsidiaries (gross)</b>		
1. Maytas Infra Assets Limited	18.84	19.01
2. Maytas Vasishtha Varadhi Limited	2.88	2.87
3. Maytas Metro Limited	0.09	0.09
4. Angeerasa Greenfields Private Limited	56.44	56.43
5. Saptaswara Agro - Farms Private Limited	0.28	0.27
6. Ekadanta Greenfields Private Limited	0.04	0.04
7. Maytas Infra Saudi Arabia Company (Limited Liability Company) (MISA)	33.35	33.83

#Excluding corporate guarantee of Rs. 171.16 (March 31, 2014: Rs. 165.23) given by the Company on behalf of the MISA for loan of Rs.47.99 (March 31, 2014: Rs. 58.67) taken by the subsidiary. Further, the Company has given a letter of financial support to fund additional capital in MISA to an extent of Rs. 22.85 (March 31, 2014: Rs. Nil).

	As at March 31, 2015	As at March 31, 2014
<b>B. Investing party in respect of which the reporting enterprise is an associate</b>		
<b>Infrastructure Leasing &amp; Financial Services Limited*</b>		
- Long-term secured loan	(1,074.90)	(536.60)
- Interest accrued and not due	(130.21)	(58.67)
- Trade payables	(2.00)	(0.78)

\*Excluding bank guarantee/letter of credits of Rs. 267.19(March 31, 2014: Rs. 79.62) given on behalf of the Company against which the Company has given corporate guarantees in the nature of counter guarantees to the extent of Rs. 190.96 (March 31, 2014: Nil). The Company has also given corporate guarantee of Rs. 125 (March 31, 2014: 125) for availing Letter of Credit facilities from its bankers. Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 111.62 (March 31, 2014: Rs. 82.78).

	As at March 31, 2015	As at March 31, 2014
<b>C. Joint ventures</b>		
1. NEC – NCC – Maytas (JV)	(0.04)	(0.01)
2. Maytas – NCC (JV)	11.61	9.55
3. NCC – Maytas (JV)	0.03	0.03
4. NCC – Maytas (JV) (Singapore Class Township)	0.93	1.01
5. Maytas – CTR- JV	43.92	44.17
6. NCC – Maytas – ZVS	0.05	0.45

	As at March 31, 2015	As at March 31, 2014
<b>D. Associate</b>		
<b>Hill County Properties Limited</b>		
- Inter corporate deposits (Secured)	201.46	201.46
- Inter corporate deposits (Unsecured)	105.91	95.92
- Interest accrued	66.85	40.83
- Other receivables	0.59	0.69
- Trade receivables (including retention money)	90.30	45.08
- Investment	0.08	0.08

# Notes to financial statements for the year ended March 31, 2015

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

## IV. Provisions against balances outstanding:

	As at March 31, 2015	As at March 31, 2014
<b>A. Subsidiaries</b>		
1. Maytas Infra Assets Limited	(11.57)	(11.74)
2. Maytas Metro Limited	(0.09)	(0.09)
3. Saptaswara Agro - Farms Private Limited	(0.27)	(0.26)
4. Maytas Vasishta Varadhi Limited	(2.83)	(2.82)
5. Ekadanta Greenfields Private Limited	(0.03)	(0.03)
6. Angeerasa Greenfields Private Limited	(6.43)	(6.42)
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)	(0.16)	(0.64)
<b>B. Joint Ventures</b>		
1. Maytas - NCC (JV)	(1.77)	-
2. Maytas - CTR JV	(8.11)	(8.11)
3. NCC – Maytas (JV) (Singapore Class Township)	(0.18)	-
4. NCC – Maytas (JV)	(0.03)	(0.03)

## 37. 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:

Particulars	Closing balance as at		Maximum outstanding amount	
	March 31, 2015	March 31, 2014	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>A. subsidiaries *</b>				
Maytas Infra Assets Limited	18.79	18.96	18.96	18.96
Maytas Vasishta Varadhi Limited	2.83	2.82	2.83	2.82
Maytas Metro Limited	0.04	0.04	0.04	0.04
Angeerasa Greenfields Private Limited	50.02	50.01	50.02	50.01
Saptaswara Agro – Farms Private Limited	0.27	0.26	0.27	0.26
Ekadanta Greenfields Private Limited	0.03	0.03	0.03	0.03
Maytas Infra Saudi Arabia Company (Limited Liability Company)	0.16	0.64	0.64	0.64
<b>B. Joint Ventures *</b>				
Maytas - NCC JV	1.45	1.71	1.71	3.23
NCC – Maytas JV	0.03	0.03	0.03	0.03
Maytas - CTR JV	40.71	41.24	41.24	41.24
<b>C. Associate #</b>				
Hill County Properties Limited	307.42	297.53	307.42	369.85

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

# The repayment schedule is not beyond 7 years.

## Notes to financial statements for the year ended March 31, 2015

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

### 38. Interest in joint ventures:

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

Sl. No.	Name of joint venture	Share	Assets	Liabilities	Income	Expenditure	Tax	Profit/ (loss) after tax
1	Maytas - NCC JV @							
	March 31, 2015	50%	26.95	24.06	4.86	4.49	0.21	0.16
	March 31, 2014	50%	31.11	28.10	38.79	36.64	0.74	1.41
2	NEC – NCC – Maytas JV @							
	March 31, 2015	25%	0.62	0.09	0.65	0.62	0.01	0.02
	March 31, 2014	25%	1.20	0.07	1.19	1.09	0.03	0.07
3	NCC – Maytas JV							
	March 31, 2015	50%	0.04	0.04	-	0.00	-	(0.00)
	March 31, 2014	50%	0.03	0.03	-	0.00	-	(0.00)
4	NCC – Maytas JV (Singapore Class Township) @							
	March 31, 2015	50%	1.04	0.15	-	0.12	-	(0.12)
	March 31, 2014	50%	1.16	0.21	0.57	0.18	0.06	0.33
5	Maytas – CTR JV							
	March 31, 2015	70%	35.78	7.35	-	(0.40)	0.11	0.29
	March 31, 2014	70%	36.39	7.70	9.83	9.03	0.27	0.53
6	NCC – Maytas – ZVS JV @							
	March 31, 2015	39.69%	4.49	4.43	2.14	1.99	0.07	0.08
	March 31, 2014	39.69%	5.11	4.87	13.20	12.54	0.27	0.39

@ The previous year amounts were based on unaudited financial statements. During the year the Management has obtained audited financial statements for the 18 months ended March 31, 2014 and the impact is not significant.

- The above joint ventures do not have any contingent liability and capital commitment as at March 31, 2015 and March 31, 2014 except in Maytas - CTR JV amounting to Rs. 11.21 (March 31, 2014 : Rs. 11.21) and Maytas – NCC JV amounting to Rs. 16.27 (March 31, 2014: 20.86)
- All the aforesaid entities are incorporated in India.
- 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 KBL Maytas (JV)
  - Maytas – Rithwik (JV)
  - Maytas Sushee (JV)
  - Maytas Gayatri (JV)
  - IL&FS Engg – Kalindee (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.

## Notes to financial statements for the year ended March 31, 2015

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

### 39. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2015, 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.	<b>Vesting Option - 1</b> Options vest on an annual basis at 30%, 35% and 35% over a period of three years.  <b>Vesting Option - 2</b> Options vest on an annual basis at 20%, 30% and 50% over a period of three years.	<b>Vesting Option 1:</b> Options vest on an annual basis at 30%, 30% and 40% over a period of three years.  <b>Vesting Option 2:</b> Options vest on an annual basis at 40% and 60% over a period of two years.  <b>Vesting Option 3:</b> 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 year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	8,429	370	31,294	370
Granted during the year	-	-	-	-
Forfeited during the year	-	370	14,439	370
Exercised during the year	-	-	-	-
Expired during the year	8,429	370	8,426	370
Outstanding at the end of the year	-	370	8,429	370
Exercisable at the end of the year	-	370	8,429	370
Weighted average remaining contractual life (in years)	-	-	0.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

## Notes to financial statements for the year ended March 31, 2015

(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	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)
2014-15	370	-	-	370
2012-14	370	8,429	0.04	370

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

Particulars	For the year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	370,877	176.90	640,095	176.90
Granted during the year	-	-	-	-
Forfeited during the year	62,343	176.90	133,086	176.90
Exercised during the year	-	-	-	-
Expired during the year	143,206	176.90	136,132	176.90
Outstanding at the end of the year	165,328	176.90	370,877	176.90
Exercisable at the end of the year	165,328	176.90	370,877	176.90
Weighted average remaining contractual life (in years)	0.98	-	1.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

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

Year	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)
2014-15	176.90	165,328	0.98	176.90
2012-14	176.90	370,877	1.98	176.90

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

Particulars	For the year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	2,160,848	58.90	2,709,024	58.90
Granted during the year	-	-	-	-
Forfeited during the year	342,162	58.90	548,176	58.90
Exercised during the year	1,061,133	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	757,553	58.90	2,160,848	58.90
Exercisable at the end of the year	492,933	58.90	1,044,752	58.90
Weighted average remaining contractual life (in years)	3.24	-	4.24	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	26.18	-

# Notes to financial statements for the year ended March 31, 2015

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

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

Year	Exercise prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted Average Exercise price (Rs. per share)
2014 – 15	58.90	757,553	3.24	58.90
2012 – 14	58.90	2,160,848	4.24	58.90

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

	ESOS 2007	ESOS 2009	
		Grant I	Grant II
Dividend yield (%)	-	0.19%	-
Expected volatility	-	68.34%	54.38%
Risk-free interest rate	7.74%-7.76%	6.67%-7.38%	8.38%
Weighted average share price (Rs.)	370	176.50	58.90
Exercise price (Rs.)	370	176.50	58.90
Expected life of options granted in years	2.5 – 5.5 years	2.5 – 4.5 years	2.5 – 5.5 years

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

Particulars	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Total employee compensation cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

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

Particulars	For the year ended March 31, 2015	For 18 months ended March 31, 2014
Loss considered for EPS (Refer note 24)	(7.73)	(177.09)
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation expense / (reversal) under fair value method	(2.46)	1.50
Pro forma loss	(5.27)	(178.59)
<b>Earnings Per Share (Rs.)</b>		
<b>Basic</b>		
- As reported	(0.85)	(19.72)
- Pro forma	(0.58)	(19.89)
<b>Diluted</b>		
- As reported	(0.85)	(19.72)
- Pro forma	(0.58)	(19.89)

40. CIF value of imports:

Particulars	For the year ended March 31, 2015	For 18 months ended March 31, 2014
Project materials	1.33	15.31
Fixed Assets	12.39	1.69
	<b>13.72</b>	<b>17.00</b>

# Notes to financial statements for the year ended March 31, 2015

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

## 41. Earnings in foreign currency (accrual basis):

Particulars	For the year ended March 31, 2015	For 18 months ended March 31, 2014
Revenue from contracts	272.48	310.78
	<b>272.48</b>	<b>310.78</b>

## 42. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended March 31, 2015	For 18 months ended March 31, 2014
Subcontract expense	221.93	265.56
Legal and professional charges	7.07	21.72
Material consumed	20.64	10.33
Traveling and conveyance	0.44	0.36
Employee benefit expense	2.67	2.88
Others	0.85	2.54
	<b>253.60</b>	<b>303.39</b>

## 43. Imported and indigenous materials consumed:

Particulars	For the year ended March 31, 2015		For 18 months ended March 31, 2014	
	%	Value	%	Value
Imported	0.20	1.33	2.14	15.31
Indigenous	99.80	671.91	97.86	701.50
<b>Total</b>	<b>100</b>	<b>673.24</b>	<b>100</b>	<b>716.81</b>

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

Particulars	For the year ended March 31, 2015	For 18 months ended March 31, 2014
Statutory audit	0.80	0.68
Limited review	0.34	0.45
Certification	0.24	0.21
Audit fees for consolidated financial statements	0.17	0.11
Out of pocket expenses	0.04	0.02
<b>Total</b>	<b>1.59</b>	<b>1.47</b>

Note: The above remuneration excludes Rs. 0.11 (March 31, 2014: Rs. 2.16) pertaining to share issue expenses.

## 45. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2015 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in Foreign currency	Amount in INR	Amount in Foreign currency	Amount in INR
Trade receivables (including retention money)	AED 4.55	77.15	AED 3.77	61.67
Advances given	AED 0.08	1.38	AED 1.32	21.55
Advances given	SAR 0.01	0.16	SAR 0.04	0.64
Amount due from customers (Project work-in-progress)	AED 0.24	4.12	AED 0.13	2.09
Margin money deposit	-	-	AED 0.40	6.59
Trade payables	AED 1.47	25.03	AED 3.97	64.86
Trade payables	USD 0.00	0.06	-	-
Security deposit payable	AED 2.91	49.36	AED 1.60	26.10
Mobilization advance payable	AED 0.05	0.79	AED 1.66	27.13
Advance billing	AED 0.11	1.91	AED 0.10	1.71
Investment	SAR 2.75	33.19	SAR 2.75	33.19

# Notes to financial statements for the year ended March 31, 2015

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

## 46. Leases:

### In case of assets taken on lease:

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

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

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Minimum Lease Payments</b>		
Not later than one year	1.45	1.38
Later than one year but not later than five years	0.16	1.61
Later than five years	-	-
	<b>1.61</b>	<b>2.99</b>

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

	March 31, 2015		March 31, 2014	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	0.08	0.05	-	-
After one year but not more than five years	0.21	0.16	-	-
More than five years	-	-	-	-
Total minimum lease payments	0.28	0.21	-	-
Less: amounts representing finance charges	(0.07)	-	-	-
Present value of minimum lease payments	0.21	0.21		-

Particulars	As at March 31, 2015	As at March 31, 2014
Total minimum lease payments during the year	0.00	0.54
Less: amount representing finance charges	0.00	0.21
Present value of minimum lease payments (rate of interest 12%)	0.00	0.33

### In case of Assets given on lease:

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

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Future Minimum Lease Payments</b>		
Not later than one year	0.52	0.76
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>0.52</b>	<b>0.76</b>

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

47. In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC), wherein the Company was also a contributory. Hitherto, the Company was also liable for shortfall, if any, in eventual settlement of the PTCs issued by the trust to other contributories. During the previous year, the terms of the PTCs were restructured and as per revised arrangement, the Trust has issued fresh PTCs in lieu of erstwhile PTCs wherein the contributories would participate in the realization arising out of disposal of underlying investments in specified order and the Company is no longer liable for the shortfall, if any, towards settlement of PTCs held by other contributories. As at March 31, 2015, the Investment of the Company includes Rs. 259.67 (March 31, 2014: Rs. 259.67) contributed towards these PTCs.

# Notes to financial statements for the year ended March 31, 2015

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

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 expert advice, evaluation of few alternates including representations/discussions with various government authorities to secure the gas linkage/supplies, the Management is of the view that the concerns in the industry are temporary in nature and will not have any material impact on the carrying value of the underlying investments held by the Trust and consequently on the carrying value of the PTCs held by the Company.

48. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering & Construction Company Limited ("IECCL")] in the Hill County Properties Limited ("HCPL"), IL&FS Group has extended loans to HCPL through the Company amounting to Rs.201.46 (March 31, 2014: Rs. 201.46). Such facilities rank as priority debt and will have priority in repayment over other liabilities of HCPL (except existing secured borrowings from banks). In addition, towards security for the same, the Company has entered into an 'Articles of Agreement' with HCPL 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 HCPL.

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

49. Consequent to an arbitration award, during the year, the Company has accrued proportionate revenue to the extent of percentage of completion in case of a road project amounting to Rs. 137.54 (including interest of Rs. 36.30). The customer has filed an appeal with the Honorable High Court of New Delhi against the said award. Based on internal evaluation and/or legal advice, the Management is confident on the realization of the same.
50. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company has revised the estimated useful lives of fixed assets with effect from April 01, 2014. Accordingly, the net-book value of the fixed assets as on April 01, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. As a result of such change in the estimated useful lives, the depreciation and amortization expense for the year ended March 31, 2015 has decreased by Rs. 11.62 with a corresponding impact on profit after tax and fixed assets.

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

51. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00. During the previous year, the Board of directors of the Company had approved the extension of financial year of the Company ending on September 30, 2013 by a period of six months i.e. upto March 31, 2014, in order to align the financial year of the Company in terms of the Companies' Act, 2013, which had been approved by the Registrar of Companies, Andhra Pradesh. The previous year financial statements were for eighteen months from October 01, 2012 to March 31, 2014. Hence, current year's figures being for 12 months are not comparable with the previous year's figures for 18 months.
52. Previous year's figures have been regrouped/rearranged to conform to those of the current year.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

Place : New Delhi  
Date : May 29, 2015

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IL&FS Engineering and Construction Company Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entities as at March 31, 2015, their consolidated loss and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

- a. We draw attention to note 45 of the accompanying consolidated financial statements regarding Rs. 259.67 Crores investment of the Holding Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust"). As more fully described in the aforesaid note, 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 temporary in nature. Based on the fair valuation of underlying investments held by the Trust, the Holding Company does not currently envisage any diminution in the value of PTCs on this account.
- b. We draw attention to note 47 of the accompanying consolidated financial statements regarding accrual of proportionate revenue to the extent of percentage completion in case of a road project amounting to Rs. 137.54 Crores (including interest of Rs. 36.30 Crores) based on an arbitration award, against which the customer has filed an appeal in the Honourable High Court of New Delhi.
- c. We draw attention to note 31 of the accompanying consolidated financial statements regarding Inter Corporate Deposits amounting (ICDs) to Rs. 362.36 Crores which is under litigation. Based on internal evaluation of recent developments after considering expert advice, Management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.

We have not qualified our opinion in respect of the matters referred in the above paragraphs.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015

("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company and its subsidiaries incorporated in India, to whom the Order applies (referred to as "the Covered entity" in this report), we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, to the extent applicable, we report that:

- (a) We/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group and jointly controlled entities so far as appears from our examination of those books and the reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained by the Group and jointly controlled entities including relevant records maintained by the Holding Company for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The matters described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and jointly controlled entities– Refer note 29 (a) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated

financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts– Refer note 34 and 35 to the consolidated financial statements in respect of such items as it relates to the Group, and jointly controlled entities. The Group and jointly controlled entities do not have any derivative contracts;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

#### Other Matter

The accompanying consolidated financial statements include total assets of Rs 475.48 Crores as at March 31, 2015, and total revenues and net cash outflows of Rs 424.49 Crores and Rs 0.40 respectively for the year ended on that date, in respect of 7 subsidiaries, and 6 jointly controlled entities, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, to the extent applicable, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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

ICAI Firm Registration Number: 101049W

Chartered Accountants

**per Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place of Signature: New Delhi

Date: May 29, 2015

## Annexure referred to in our report of even date

### Annexure 1 referred to in paragraph 1 of the section "Report on other legal and regulatory requirements" of our report of even date to the members of IL&FS Engineering and Construction Company Limited on the consolidated financial statements for the year ended March 31, 2015

- (i) (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. As reported by the other auditor who audited the financial statements of Covered entity of the Group, the Covered entity of the Group has no fixed assets as at the balance sheet date. Accordingly, the provisions of clause 3(i) of the Order are not applicable to the Covered entity of the Group and hence not commented upon.
- (b) All fixed assets have not been physically verified by the Management of the Holding Company during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Holding Company and the nature of its assets and discrepancies identified on such verification have been properly dealt with in the books of account.
- (ii) (a) The Management of the Holding Company has conducted physical verification of inventory at reasonable intervals during the year. As reported by the other auditor who audited the financial statements of Covered entity of the Group, the Covered entity of the Group has no fixed assets as at the balance sheet date. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Covered entity of the Group and hence not commented upon.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
- (c) The Holding Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories of the Holding Company were not material, and have been properly dealt with in the books of account of the Holding Company.
- (iii) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements of the Covered entity, the Holding Company and the Covered entity of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and the Covered entity of the Group 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 Holding 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, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company in respect of these areas. As reported by the other auditor who audited the financial statements of Covered entity of the Group, the Covered entity's operations were discontinued, accordingly the provisions of clause 3(iv) of the Order are not applicable to the Covered entity of the Group.
- (v) The Holding Company and the Covered entity of the Group have not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction industry and construction of roads and other infrastructure projects, and are of the opinion that, prima facie, the specified accounts and records have been made and maintained. The detailed examination of the same has not been made by us. To the best of our knowledge and as explained and as reported by the other auditor who audited the financial statements of the Covered entity of the Group, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of Covered entity of the Group.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities by the Holding Company though there has been slight delays in few cases by the Holding Company. As reported by the other auditor who audited the financial statements of the Covered entity of the Group, the operations of the Covered entity of the Group were discontinued. Accordingly, the provisions of clause 3(vii) of the Order are not applicable to the Covered entity of the Group.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company.
- (c) According to the records of the Holding Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount Demanded (Rs. In Crores)	Paid under protest (Rs. In Crores)	Period to which the amount relates (Assessment Years)	Forum where dispute is pending
AP Value Added Tax Act, 2005	Sales Tax & Penalty	0.86	0.05	2005-06 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax Act, 2005	Penalty on Sales Tax	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 judicature at Hyderabad for the states of Andhra Pradesh and Telangana
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.50	0.12	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.70	0.20	2007-08	Appellate Deputy Commissioner, Chattisgarh
Finance Act, 1994	Service tax	9.70	-	2007-08 and 2008-09	Commissioner of Customs & Central Excise, Hyderabad
Finance Act, 1994	Penalty on Service Tax	0.28	-	2006-07 and 2007-08	The Customs, Excise and Service Tax Appellate Tribunal, 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	West Bengal Appellate & Revisional Board
AP Value Added Tax, 2005	Sales Tax	0.92	0.51	2008-09	Appellate Deputy Commissioner, Hyderabad
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Professional Tax	0.06	-	2008-09	Commercial Tax Officer, Hyderabad
Finance Act, 1994	Service tax	15.45	-	2007-08 2008-09 and 2009-10	Commissioner of Customs & Central Excise, Hyderabad
Orissa Entry Tax Act, 1999	Entry tax	0.02	-	January 1, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Orissa Value Added Tax Act, 2004	Sales tax	3.37	-	January 1, 2007 to March 31, 2010	Joint Commissioner of Sales Tax, Cuttack
Finance Act 1994	Service tax	0.12	-	2010-11 and 2011-12	Superintendent of Service Tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	1.85	-	2005-06 2006-07 2007-08 2008-09 and 2009-10	Commercial Tax Officer, Hyderabad
Maharashtra Value Added Tax Act	Sales Tax	1.37	0.15	2010-11	Deputy Commissioner of Sales Tax, Satara, Maharashtra

Name of the Statute	Nature of the 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, 2005	Sales Tax	4.12	-	2009-10 2010-11 2011-12 and 2012-13	Assistant Commissioner Sales Tax of (Enforcement), Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.34	-	2008-09	Additional Commissioner Tax (Legal), 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	10.55	10.55	2006-07	
Income Tax Act, 1961	Income tax	3.46	3.46	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	
Income Tax Act, 1961	Income tax	4.27	3.09	2010-11	
Income Tax Act, 1961	Income tax	0.75	-	2011-12	

- (d) According to the information and explanations given to us by the Holding Company, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The accumulated losses of the Holding Company at the end of the financial year are less than fifty per cent of their net worth. The Holding Company not incurred cash loss during the year. In the immediately preceding financial year, the Holding Company had incurred cash loss. As reported by the other auditor who audited the financial statements of Covered entity of the Group, the Covered entity of the Group has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the Management and as reported by the other auditor who audited the financial statements of the Covered entity, we are of the opinion that the Holding Company and the Covered entity of the Group have not defaulted in their repayment of dues to banks. The Holding Company and the Covered entity of the Group do not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements of the Covered entity of the Group, the Holding Company and the Covered entity of the Group have not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) 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 by the Holding Company. As reported by the other auditor who audited the financial statements of the Covered entity of the Group, no fresh term loans have been obtained, accordingly the provision of clause 3(xi) of the Order are not applicable to the Covered entity of the Group.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the Management and reports of the other auditor who audited the financial statements of the Covered entity of the Group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entity of the Group have been noticed or reported during the year.

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

ICAI Firm Registration Number: 101049W

Chartered Accountants

per Vikas Kumar Pansari

Partner

Membership Number: 093649

Place of Signature: New Delhi

Date: May 29, 2015

# Consolidated Balance sheet as at March 31, 2015

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

	Note	As at March 31, 2015	As at March 31, 2014
<b>Equity and liabilities</b>			
Shareholders' funds			
Share capital	3	249.12	339.65
Reserves and surplus	4	19.69	(76.87)
		<b>268.81</b>	<b>262.78</b>
Minority interest		18.30	29.56
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,471.76	1,036.32
Other long-term liabilities	6	435.04	351.92
Long-term provisions	7	4.84	8.18
		<b>1,911.64</b>	<b>1,396.42</b>
<b>Current liabilities</b>			
Short-term borrowings	8	417.86	593.53
Trade payables	9	1,082.63	994.89
Other current liabilities	10	605.50	634.64
Short-term provisions	7	31.86	42.14
		<b>2,137.85</b>	<b>2,265.20</b>
		<b>4,336.60</b>	<b>3,953.96</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	11	183.70	194.73
Intangible assets	11	1.39	1.39
Capital work-in-progress		2.24	5.13
Non-current investments	12	284.17	284.17
Deferred tax assets	33	0.01	0.01
Long-term loans and advances	13	874.22	884.90
Other non-current assets	14	680.95	505.38
		<b>2,026.68</b>	<b>1,875.71</b>
<b>Current assets</b>			
Inventories	15	1,107.10	919.54
Trade receivables	16	795.75	718.39
Cash and bank balances	17	40.10	69.67
Short-term loans and advances	13	307.65	314.36
Other current assets	14	59.32	56.29
		<b>2,309.92</b>	<b>2,078.25</b>
		<b>4,336.60</b>	<b>3,953.96</b>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

Place : New Delhi  
Date : May 29, 2015

Place : New Delhi  
Date : May 29, 2015

## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

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

	Note	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>Income</b>			
Revenue from operations	18	2,782.72	3,991.10
Other income	19	117.54	157.84
<b>Total revenue (I)</b>		<b>2,900.26</b>	<b>4,148.94</b>
<b>Expenses</b>			
Cost of materials consumed	20	815.18	979.99
Increase in work-in-progress	21	(9.30)	(6.68)
Employee benefits expenses	22	319.09	415.24
Subcontractors expenses		1,297.99	2,225.44
Other expenses	23	161.80	222.12
<b>Total expenses (II)</b>		<b>2,584.76</b>	<b>3,836.11</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I-II)</b>		<b>315.50</b>	<b>312.83</b>
Finance costs	24	273.48	334.36
Depreciation and amortization expense		64.18	114.05
<b>Loss before tax and minority interest</b>		<b>(22.16)</b>	<b>(135.58)</b>
<b>Tax expense:</b>			
Current tax		0.86	4.26
Taxes for earlier years		0.09	-
<b>Total tax expense</b>		<b>0.95</b>	<b>4.26</b>
<b>Loss after tax and before minority interest</b>		<b>(23.11)</b>	<b>(139.84)</b>
Share of profit / (loss) transferred to minority interest		(12.21)	5.21
<b>Loss for the year</b>		<b>(10.90)</b>	<b>(145.05)</b>
<b>Earnings per share</b>	25		
[Nominal value of share Rs. 10]			
Basic and diluted		(2.34)	(19.06)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

Place : New Delhi  
Date : May 29, 2015

## Consolidated Cash Flow Statement for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Cash flow from operating activities		
Loss before tax before minority interest	(22.16)	(135.58)
Non cash adjustments to reconcile loss before tax and before minority interest to net cash flows:		
Liabilities no longer required written back	(12.15)	(25.77)
Reversal of provision for estimated future loss on projects	(11.70)	(15.06)
Loss/(Gain) on sale/discard of fixed assets (net)	(0.95)	1.04
Provision for retirement benefits	0.99	0.16
Depreciation and amortization expense	64.18	114.05
Fixed assets/capital work-in-progress written off	1.18	0.44
Stocks written-off	0.68	0.98
Provision for doubtful advances/trade receivables	7.81	7.16
Bad debts/advances written-off	2.73	12.92
Provision for liquidated damages	-	0.47
Interest expense	256.65	313.06
Interest income	(93.32)	(118.47)
Income from mutual funds	-	(0.02)
Operating profit before working capital changes	193.94	155.38
Movement in working capital:		
Increase in trade payables	114.55	496.60
(Decrease) / Increase in other liabilities	(30.90)	103.44
Increase in trade receivables	(117.67)	(629.78)
Increase in inventories	(285.75)	(301.15)
Decrease in loans and advances	35.24	20.31
Decrease / (increase) in other assets	(0.85)	(5.79)
Cash used in operations	(91.44)	(160.99)
Direct taxes paid (net of refunds)	(18.53)	(9.34)
Net cash used in operating activities (A)	(109.97)	(170.33)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(52.31)	(75.13)
Proceeds from sale of fixed assets	2.57	16.09
Proceeds from sale of non-current investments	-	0.02
Proceeds from sale/maturity of current investments	-	0.70
Purchase of Pass Through Certificates (Refer note 45)	-	(33.00)
Advances given to subsidiaries /joint ventures/associate	(5.00)	(83.00)
Refund of Advances from subsidiaries /joint ventures/associate	5.28	203.54
Advances to other companies (net)	0.01	(15.29)
Proceeds from bank deposits (having original maturity of more than three months)	4.40	5.03
Interest received	29.92	48.90
Income from mutual funds received	-	0.02
Net cash flow (used in) / from investing activities (B)	(15.13)	67.88

## Consolidated Cash Flow Statement for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Cash flow from financing activities		
Proceeds from issuance of equity share capital	134.96	-
Redemption of preference share capital	(112.86)	-
Proceeds from long-term borrowings	558.53	1,095.91
Repayment of long-term borrowings	(145.49)	(1,017.16)
Proceeds from short-term borrowings (net)	(175.67)	290.61
Interest paid	(162.30)	(262.10)
Dividend paid (including dividend distribution Tax)	-	(34.73)
Net cash flow from financing activities (C)	97.17	72.53
Foreign currency translation adjustments (D)	1.24	7.11
Net decrease in cash and cash equivalents (A + B + C + D)	(26.69)	(22.81)
Cash and cash equivalents at the beginning of the year	48.81	71.62
Cash and cash equivalents at the end of the year (refer note 17)	22.12	48.81

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, interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.99 (March 31, 2014: Rs. 48.06) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement.
- During the previous year, pursuant to restructuring of the terms of Pass Through Certificates (PTCs), as per revised agreement, Maytas Investment Trust (Trust) issued fresh PTCs in lieu of erstwhile PTCs. This has been considered as non-cash item for the purpose of cash flow statement to the extent of existing PTCs. (Refer note 45).

As per our report of even date

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

Place : New Delhi  
Date : May 29, 2015

# Notes to Consolidated financial statements for the year ended March 31, 2015

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

## 1. Corporate Information:

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

## 2. Basis for preparation of Consolidated financial statements:

The consolidated financial statements of the Consolidated entities for the year ended March 31, 2015, have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Consolidated entities have prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

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

### 2.1 Statement of significant accounting policies:

#### a) Principles of consolidation

The consolidated financial statements of the Consolidated entities have been prepared using uniform accounting policies for like transactions and other events in similar circumstances, except as referred in note 26 below.

Investments in Consolidated entities, except where such investments are acquired with a view to their subsequent disposal in the immediate future, are accounted in accordance with accounting principles as defined under Accounting Standard ('AS') 21 "Consolidated Financial Statements", on a line by line basis, AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements", under Equity method and AS 27 "Financial Reporting of Interests in Joint Ventures", using proportionate consolidation method notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

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

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

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

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

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended March 31, 2015.

The Consolidated Financial Statements for the year ended March 31, 2015 have been prepared on the basis of the financial statements of the following subsidiaries, associate and joint venture entities:

## Notes to Consolidated financial statements for the year ended March 31, 2015

(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	
		March31, 2015	March31, 2014
<b>Subsidiaries</b>			
Maytas Infra Assets Limited (MIAL)	India	100.00%	100.00%
Maytas Metro Limited	India	99.99%	99.99%
Maytas VashistaVaradhi Limited	India	100.00%	100.00%
Angeerasa Greenfields Private limited	India	100.00%	100.00%
Saptaswara Agro-Farms Private Limited	India	100.00%	100.00%
Ekadanta Greenfields Private Limited	India	100.00%	100.00%
Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA)	Saudi Arabia	55.00%	55.00%
<b>Step Down Subsidiary</b>			
Maytas Infra for Construction WLL (Refer Note I)	Qatar	49%	-
<b>Joint Ventures (AOPs)</b>			
Maytas-SNC (JV) (Refer Note II)	India	-	-
NCC-Maytas (JV)	India	50.00%	50.00%
NEC-NCC-Maytas (JV)	India	25.00%	25.00%
Maytas-NCC (JV)	India	50.00%	50.00%
NCC-Maytas (JV) (Singapore Class Township)	India	50.00%	50.00%
Maytas-CTR (JV)	India	70.00%	70.00%
NCC-Maytas-ZVS (JV)	India	39.69%	39.69%
<b>Associate</b>			
Hill County Properties Limited (Refer Note III)	India	31.00%	31.00%

### Note I:

During the year, MISA has incorporated a subsidiary. MISA has written-off the investment as the step-down subsidiary is under liquidation as at the balance sheet date. Accordingly, the net assets, revenues and cash flows of Maytas Infra for Construction WLL have not been included in the consolidated financial statements as at and the year ended March 31, 2015.

### Note II:

During the previous year, as per the revision in the arrangement, the Company has amicably settled the liability with the other JV partner. Accordingly, the Company's share in net assets, revenues and cash flows in Maytas-SNC (JV) has not been included in the consolidated financial statements as at and the year ended March 31, 2015 and as at and for the 18 months ended March 31, 2014.

### Note III:

During the year 2010-11, the Company had invested Rs. 0.10 in equity shares of Hill County Properties Limited (HCPL) constituting 40% of the post issue paid up share capital of HCPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS Group (consisting of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and the Company) to be the new promoters of HCPL. During the previous year, the Company had sold Rs. 0.02 in equity shares (2,250 Equity Shares of Rs. 100 each) of HCPL constituting 9% of the paid up share capital of

HCPL to Infrastructure Leasing and Financial Services Limited. HCPL was under the direct supervision of the Company Law Board (CLB), represented by a nominee director and hence was operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. Hence the investment in HCPL was accounted in accordance with Accounting Standard 13 "Accounting for Investments" instead of applying equity method in accounting for investments. During the year, the term of the CLB nominee director has expired and HCPL ceased to operate under severe long-term restrictions. However, such acquisition of shares does not form part of a strategy to acquire and retain long term assets / investments. Hence the investment in HCPL is continued to be accounted in accordance with Accounting Standard 13 "Accounting for Investments".

### b) Use of estimates:

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

### c) Revenue recognition:

Revenue is recognised to the extent that it is probable that

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

the economic benefits will flow to the Consolidated entities and revenue can be reliably measured. Revenue recognized is net of taxes.

### Revenue from construction contracts

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

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

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

### Revenue from design and consultancy services

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

### Revenue from hire charges

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

### Interest

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

### Dividend

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

### d) Tangible fixed assets and depreciation:

- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating

to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use.

- (ii) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (iii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower.
- (iv) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (v) Depreciation on fixed assets other than those mentioned in S No (vi) below, is provided on straight line method, based on useful life of the assets as estimated by the management which coincides with rates prescribed under Schedule II to the Companies Act, 2013.
- (vi) Depreciation on the following fixed assets, for which rates are not prescribed under Schedule II of the Companies, Act 2013, is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management:

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

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

- (viii) Depreciation on the following tangible assets of an overseas subsidiary is charged on straight line basis, at the rates based on useful life of the assets as estimated by the Management, which are higher than the rates prescribed under Schedule II to the Companies Act, 2013:

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

- (ix) The net block and depreciation charge respectively of overseas subsidiary is 9.65% of total net block of tangible assets at the Consolidated entities as at March 31, 2015 (March 31, 2014: 13.76%) and 31.99% of the total depreciation expense for the Consolidated entities for the year ended March 31, 2015 (March 31, 2014: 25.29%).

### 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 realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as 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) Project materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.
- (ii) Work-in-progress related to project and construction is valued at cost till such time the outcome of the related project is ascertained reliably and at contractual rates thereafter.
- (iii) Amount due from customers (project work-in-progress) represents contract revenue earned in excess of billing.

### h) Retirement and other employee benefits:

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Consolidated entities have no obligation, other than the contribution payable to the provident fund. The Company recognizes

contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

### i) Segment reporting

Identification of segments

The Consolidated entities operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Consolidated entities operate.

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Consolidated entities prepare its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### j) Income taxes:

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

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

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

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

### k) Foreign currency transactions:

#### ● *Initial recognition*

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

#### ● *Conversion*

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

#### ● *Exchange differences*

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

#### ● *Forward exchange contracts not intended for trading or speculation purposes*

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

#### ● *Accounting for derivative instruments*

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

#### ● *Translation of non-integral foreign operation*

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

#### ● *Translation of integral foreign operation*

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

### l) Leases:

#### ● *Where the Consolidated entities are Lessee*

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

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

Leases where the lessor effectively retain substantially all

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

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

### ● **Where the Consolidated entities is a Lessor**

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

### m) **Borrowing costs:**

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

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

### n) **Accounting for Jointly controlled operations:**

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

### o) **Earnings per share:**

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

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

### p) **Impairment:**

The Consolidated entities assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Consolidated entities estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's

(CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

### q) **Provisions, contingent liabilities and contingent assets:**

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

### r) **Cash and cash equivalents:**

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

### s) **Employee stock compensation cost:**

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

### t) **Measurement of EBITDA:**

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
<b>3 Share capital</b>		
<b>Authorized shares (Nos.)</b>		
350,000,000 (March 31, 2014 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
35,000,000 (March 31, 2014 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
	<b>700.00</b>	<b>700.00</b>
<b>Issued, subscribed and paid up shares (Nos.)</b>		
112,122,818 (March 31, 2014 : 89,787,243) equity shares of Rs. 10 each fully paid-up	112.12	89.79
1,200,000 (March 31, 2014 : 7,485,780) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up	12.00	74.86
12,500,000 (March 31, 2014 : 17,500,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up	125.00	175.00
	<b>249.12</b>	<b>339.65</b>

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

#### Equity shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	89,787,243	89.79	89,787,243	89.79
Issued during the year - Preferential issue	21,274,442	21.27	-	-
Issued during the year - ESOP exercised	1,061,133	1.06	-	-
<b>Outstanding at the end of the year</b>	<b>112,122,818</b>	<b>112.12</b>	<b>89,787,243</b>	<b>89.79</b>

#### 6% cumulative redeemable preference shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	7,485,780	74.86	7,485,780	74.86
Redeemed during the year	(6,285,780)	(62.86)	-	-
<b>Outstanding at the end of the year</b>	<b>1,200,000</b>	<b>12.00</b>	<b>7,485,780</b>	<b>74.86</b>

#### 6% optionally convertible cumulative redeemable preference shares

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	17,500,000	175.00	17,500,000	175.00
Redeemed during the year	(5,000,000)	(50.00)	-	-
<b>Outstanding at the end of the year</b>	<b>12,500,000</b>	<b>125.00</b>	<b>17,500,000</b>	<b>175.00</b>

### (b) Terms/rights attached to equity shares

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

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### (c) Restrictions attached to equity shares

- (i) 73,076,954 (March 31, 2014: Nil) equity shares were required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company has created lock-in on February 8, 2015 for 51,802,512 shares upto October 31, 2015 and has requested to create lock-in for 9,795,846 shares and 11,478,596 shares upto April 29, 2018 and April 29, 2016 respectively, which have been made effective on April 8, 2015.
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

### (d) Terms of 6% cumulative redeemable preference shares

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

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

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

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

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

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

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

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

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

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

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

#### Equity shares of Rs. 10 each, fully paid

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	36,538,477	32.59%	25,059,881	27.91%
IL&FS Financial Services Limited (IFIN)	18,441,482	16.45%	13,497,381	15.03%
Infrastructure Leasing and Financial Services Limited (IL&FS)	18,096,995	16.14%	13,245,250	14.75%
ICICI Bank Limited	5,971,979	5.33%	5,971,979	6.65%
SNR Investments Private Limited	5,250,000	4.68%	5,250,000	5.85%
Veeyas Investments Private Limited	5,250,000	4.68%	5,250,000	5.85%

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

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	203,406	16.95%	409,288	5.47%
IDBI Bank Limited	64,134	5.34%	881,604	11.78%
State Bank of India	64,680	5.39%	827,804	11.06%
State Bank of Hyderabad	49,077	4.09%	606,518	8.10%
Allahabad Bank	39,690	3.31%	532,425	7.11%
Indian Overseas Bank Limited	34,440	2.87%	4,71,599	6.30%
IL&FS Financial Services Limited	450,000	37.50%	2,631,500	35.15%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	225,000	18.75%	225,000	3.01%

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

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Percentage holding	Number of shares	Percentage holding
ICICI Bank Limited	3,390,100	27.12%	5,327,300	30.44%
State Bank of India	1,078,000	8.62%	1,694,000	9.68%
IDBI Bank Limited	1,068,900	8.55%	1,679,700	9.60%
State Bank of Hyderabad	817,950	6.54%	1,285,350	7.34%
Allahabad Bank	661,500	5.29%	1,039,500	5.94%
Indian Overseas Bank Limited	574,000	4.59%	902,000	5.15%
Bank of Maharashtra	473,200	3.79%	743,600	4.25%
IL&FS Trust Company Limited (c/o Maytas Investment Trust)	3,750,000	30.00%	3,750,000	21.43%

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### (h) Shares reserved for issue under options

Refer note 39 for details of shares reserved for issue under the Employee Stock Option Scheme (ESOS) of the Company.

	As at March 31, 2015	As at March 31, 2014
<b>4. Reserves and surplus</b>		
<b>Securities premium account</b>		
Balance as per last financial statements	62.59	62.59
Add : Addition on allotment of ESOPs exercised during the year	5.18	-
Add : Addition on issue of equity shares on preferential basis during the year	107.44	-
Less: Adjustment of share issue expenses (net of tax Rs. Nil)	(3.83)	-
<b>Closing balance</b>	<b>171.38</b>	<b>62.59</b>
<b>Foreign currency translation reserve</b>		
Balance as per last financial statement	8.33	4.55
Add: Foreign currency translation reserve for the current year	1.17	3.78
<b>Balance carried forward to Balance Sheet</b>	<b>9.50</b>	<b>8.33</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statement	(147.79)	(2.74)
Deficit brought forward from the Statement of Profit and Loss	(10.90)	(145.05)
Adjustment for Depreciation as per the New Companies Act 2013, (net of tax Rs. Nil) (Refer note 48)	(2.50)	-
<b>Net deficit in the statement of profit and loss</b>	<b>(161.19)</b>	<b>(147.79)</b>
<b>Total Reserves and surplus</b>	<b>19.69</b>	<b>(76.87)</b>

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>5 Long-term borrowings</b>				
Term loans				
From banks				
Indian rupee working capital term loans (secured)	-	37.69	37.67	59.84
Indian rupee term loans (secured)	179.85	239.86	59.77	60.00
<b>From others</b>				
From related party (secured) (Refer note 38)	1,074.90	536.60	-	-
From others (secured)	216.08	221.46	-	-
Vehicle loans (secured)	0.75	0.71	0.58	0.63
Finance lease obligation (secured)	0.18	-	0.05	-
	<b>1,471.76</b>	<b>1,036.32</b>	<b>98.07</b>	<b>120.47</b>
The above amount includes				
Secured borrowings	1,471.76	1,036.32	98.07	120.47
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(98.07)	(120.47)
	<b>1,471.76</b>	<b>1,036.32</b>	<b>-</b>	<b>-</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

- (a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10.
- (b) Indian rupee working capital term loans from banks carry interest @ 9% p.a. (March 31, 2014 : 9%p.a.) and are repayable by March 31, 2016 as per schedule given below:

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

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties, both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans 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% p.a. (March 31, 2014 : 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 equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.
- (d) Vehicle loans from Non-Banking Financial Companies carry interest @ 14.73% to 18.39% p.a. (March 31, 2014 : 14.70% to 20.90% p.a.). These loans are repayable in equated monthly installments over the tenure of 36 months to 48 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- (e) Secured loans from related party carry interest @ 12.70% to 13% p.a. (March 31, 2014 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 57 months to 84 months from the date of first disbursement. Further Interest on Rs. 130 (March 31, 2014 : Rs. 130) loan 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. Additionally, premium of Rs. 18 is payable on redemption of this loan.

Of the above, loan to the extent of Rs. 421.60 (March 31, 2014 : Rs. 356.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Out of the above, loan of Rs 162 (March 31, 2014 : Rs. 97) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs.180 (March 31, 2014 : Rs. 180) is secured by way of pari passu lien on cashflows from HCPL to the Company and are additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantees and Mortgage of title deeds of immovable property from subsidiaries of HCPL.

Loan to the extent of Rs. 375 (Marh 31, 2014 : Rs. Nil) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.

Loan to the extent of Rs. 98.30 (March 31, 2014 : Rs. Nil) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

- (f) Secured loans from others carry interest @ 12.70% to 13% p.a. (March 31, 2014 : 12.70% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months from the date of first disbursement.

Of the above, loan to the extent of Rs. 194.62 (March 31, 2014 : Rs. 200) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Loan of Rs 21.46 (March 31,

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

2014 : Rs.21.46) is secured by way of pari passu lien on cashflows from Hill County Properties Limited (HCPL) to the Company and additionally secured by interse sharing of security provided by HCPL along with other lenders of HCPL in the form of hypothecation of certain identified receivables including inter corporate loans, residual charge against receivables from unsold inventory etc., pledge of investment in Jubilee Hills Landmark Projects Private Limited and letter of guarantee and Mortgage of title deeds of immovable property from subsidiaries of HCPL.

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

	As at March 31, 2015	As at March 31, 2014
<b>6 Other long-term liabilities</b>		
Trade payables *	172.94	156.21
Interest accrued but not due on borrowings	159.52	69.48
Mobilization advance	91.26	117.64
Statutory dues	3.62	3.62
Others	7.70	4.97
	<b>435.04</b>	<b>351.92</b>

\* represents retention money

	Long term		Short term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>7 Provisions</b>				
Provision for employee benefits				
Provision for gratuity (Refer note 36)	3.63	3.02	0.18	0.24
Provision for compensated absences	-	-	3.16	2.72
	<b>3.63</b>	<b>3.02</b>	<b>3.34</b>	<b>2.96</b>
Other provisions				
Provision for estimated future loss on projects (Refer note 34)	1.21	5.16	13.55	21.30
Provision for liquidated damages (Refer note 35)	-	-	14.54	14.54
Provision for tax (Net of Advance tax)	-	-	0.43	3.34
	<b>1.21</b>	<b>5.16</b>	<b>28.52</b>	<b>39.18</b>
	<b>4.84</b>	<b>8.18</b>	<b>31.86</b>	<b>42.14</b>

	As at March 31, 2015	As at March 31, 2014
<b>8 Short-term borrowings</b>		
Cash credit facilities from banks (secured)	306.28	316.27
Cash credit and other facilities from banks (unsecured)	47.99	58.67
Loans from others (unsecured)	63.59	218.59
	<b>417.86</b>	<b>593.53</b>
The above amount includes		
Secured borrowings	306.28	316.27
Unsecured borrowings	111.58	277.26
	<b>417.86</b>	<b>593.53</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 14.50% p.a. (March 31, 2014 : 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. Loans aggregating to Rs. 194.66 (March 31, 2014 : Rs.233.49) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju. Loans aggregating to Rs. 111.62 (March 31, 2014 : Rs. 82.78) carry letter of comfort from Infrastructure Leasing and Financial Services Limited.
- (b) Cash credit and other facilities from banks are repayable on demand and carries interest @ 4% p.a. These loans which have been classified as unsecured are secured by way of corporate guarantee from the Company and promissory note from the minority shareholders.
- (c) Unsecured loan from others of Rs. 45 (March 31, 2014 : Rs. Nil) carries interest @ 14% to 15% p.a. with a tenor of 11 months repayable by September 30, 2015. Interest on these facilities are payable at monthly rests.
- (d) Unsecured loans from others of Rs. Nil (March 31, 2014 : Rs. 200) carries interest @ 15% p.a to 16.50% p. a. with a tenor of 4 to 5 months repayable by June 26, 2014. Interest on these facilities are payable at monthly rests.
- (e) Unsecured loans from others to the extent of Rs. 18.59 (March 31, 2014: Rs. 18.59) are interest free loans and repayable on demand.

	As at March 31, 2015	As at March 31, 2014
<b>9 Trade payables</b>		
Trade payables *	1,082.63	994.89
	<b>1,082.63</b>	<b>994.89</b>

\* includes retention money payable of Rs. 107.26 (March 31, 2014: Rs.30.84)

	As at March 31, 2015	As at March 31, 2014
<b>10 Other current liabilities</b>		
Current maturities of long-term borrowings (Refer note 5)	98.07	120.47
Interest accrued and due on borrowings / amounts payable to micro and small enterprises *	1.34	1.48
Interest accrued but not due on borrowings / mobilization advance	32.45	28.43
Unclaimed dividend (Investor education and protection fund shall be credited as and when due)	0.00	0.00
Mobilization advance	401.40	407.40
Advance from customers	13.02	38.55
Dues to Joint venturers	0.61	1.18
Advance billing	34.53	4.54
Others		
Capital creditors	5.78	7.51
Statutory dues	18.30	25.08
	<b>605.50</b>	<b>634.64</b>

\* Includes interest of Rs. 1.22 (March 31, 2014: 1.48) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company.

Notes to Consolidated financial statements for the year ended March 31, 2015  
(All amounts in Rs. Crore except for share data or as otherwise stated)

11. Tangible assets and intangible assets

	Land	Buildings	Temporary erections-site offices	Leasehold improvements*	Plant, and machinery-construction equipment**	Site infra-structure	Office equip-ment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total tangible assets	Computer software	Total intangible assets
<b>Cost</b>														
At September 30, 2012	4.60	0.81	32.66	4.21	510.89	3.07	6.44	4.79	8.35	5.90	9.50	591.22	3.39	3.39
Additions	0.18	1.66	12.64	-	48.85	-	1.12	1.04	1.39	2.61	2.39	71.88	0.10	0.10
Other adjustments	-	0.13	-	-	3.46	-	0.15	-	0.12	0.19	0.04	4.09	-	-
- Exchange difference	-	-	-	(4.04)	(11.40)	-	0.00	-	(3.08)	(0.64)	(0.35)	(19.51)	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2014</b>	<b>4.78</b>	<b>2.60</b>	<b>45.30</b>	<b>0.17</b>	<b>551.80</b>	<b>3.07</b>	<b>7.71</b>	<b>5.83</b>	<b>6.78</b>	<b>8.06</b>	<b>11.58</b>	<b>647.68</b>	<b>3.49</b>	<b>3.49</b>
Additions	-	0.18	8.72	-	39.74	0.83	1.00	1.31	0.85	1.77	1.61	56.01	0.38	0.38
Other adjustments	-	0.10	-	-	2.05	-	0.05	-	0.04	0.10	0.04	2.38	-	-
- Exchange difference	-	-	-	-	(13.82)	-	-	(0.06)	-	(0.03)	(0.92)	(14.83)	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2015</b>	<b>4.78</b>	<b>2.88</b>	<b>54.02</b>	<b>0.17</b>	<b>579.77</b>	<b>3.90</b>	<b>8.76</b>	<b>7.08</b>	<b>7.67</b>	<b>9.90</b>	<b>12.31</b>	<b>691.24</b>	<b>3.87</b>	<b>3.87</b>
<b>Depreciation / amortization</b>														
At September 30, 2012	-	0.14	29.62	2.38	298.76	2.44	2.33	4.76	6.07	3.09	4.73	354.32	1.53	1.53
Charge for the year	-	1.05	6.20	0.25	99.07	0.47	0.95	1.04	1.52	1.42	1.51	113.48	0.57	0.57
Other adjustments	-	0.05	-	-	1.07	-	0.06	-	0.09	0.07	0.02	1.36	-	-
- Exchange difference	-	-	-	(2.49)	(9.96)	-	(0.01)	-	(3.08)	(0.49)	(0.18)	(16.21)	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2014</b>	<b>-</b>	<b>1.24</b>	<b>35.82</b>	<b>0.14</b>	<b>388.94</b>	<b>2.91</b>	<b>3.33</b>	<b>5.80</b>	<b>4.60</b>	<b>4.09</b>	<b>6.08</b>	<b>452.95</b>	<b>2.10</b>	<b>2.10</b>
Charge for the year	-	0.88	7.37	-	48.41	0.22	1.01	1.31	0.98	1.71	1.91	63.80	0.38	0.38
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange difference	-	0.06	-	-	1.30	-	0.04	-	0.04	0.05	0.01	1.50	-	-
Adjustment to reserves (Refer note 4B)	-	-	-	-	-	-	2.29	(0.03)	0.19	-	0.02	2.50	-	-
Disposals	-	0.01	-	-	(12.63)	-	-	-	-	(0.02)	(0.54)	(13.21)	-	-
<b>At March 31, 2015</b>	<b>-</b>	<b>2.19</b>	<b>43.19</b>	<b>0.14</b>	<b>426.02</b>	<b>3.13</b>	<b>6.67</b>	<b>7.08</b>	<b>5.81</b>	<b>5.83</b>	<b>7.48</b>	<b>507.54</b>	<b>2.48</b>	<b>2.48</b>
<b>Net block</b>														
<b>At March 31, 2014</b>	<b>4.78</b>	<b>1.36</b>	<b>9.48</b>	<b>0.03</b>	<b>162.86</b>	<b>0.16</b>	<b>4.38</b>	<b>0.03</b>	<b>2.18</b>	<b>3.97</b>	<b>5.50</b>	<b>194.73</b>	<b>1.39</b>	<b>1.39</b>
<b>At March 31, 2015</b>	<b>4.78</b>	<b>0.69</b>	<b>10.83</b>	<b>0.03</b>	<b>153.75</b>	<b>0.77</b>	<b>2.09</b>	<b>-</b>	<b>1.86</b>	<b>4.07</b>	<b>4.83</b>	<b>183.70</b>	<b>1.39</b>	<b>1.39</b>

\* Leasehold improvements represent fixtures taken on finance lease.

\*\* Plant and machinery - construction equipment

1. Plant and machinery - construction equipment includes shuttering and scaffolding material Rs. 135.43 (March 2014 : Rs. 104.72). Net block value of this shuttering and scaffolding material is Rs. 42.40 (March 2014: Rs. 29.23)

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

3. Plant and machinery - construction equipment includes equipment given on finance lease

Description	March 31, 2015	March 31, 2014
Cost	27.45	36.25
Opening balance of Accumulated depreciation	22.34	21.83
Depreciation for the Year	2.99	7.33
<b>Net book value</b>	<b>2.12</b>	<b>7.09</b>

Description	March 31, 2015	March 31, 2014
Cost	0.24	-
Opening balance of Accumulated depreciation	-	-
Depreciation for the Year	0.00	-
<b>Net book value</b>	<b>0.24</b>	<b>-</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
<b>12 Investments</b>		
(A) Non-current investments, unquoted trade investments (valued at cost unless stated otherwise)		
<b>Investment in Associate - equity shares (fully paid-up)</b>		
7,750 (March 31, 2014: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited [Including Rs. 0.08 (March 31, 2014: Rs. 0.08) of goodwill arising on consolidation]	0.08	0.08
<b>Investment in other entities</b>		
In equity shares (fully paid)		
4,000,000 (March 31, 2014: 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, 2014: Rs. 4.00))	-	-
2,600 (March 31, 2014: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited	0.00	0.00
2,600 (March 31, 2014: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited	0.00	0.00
<b>In preference shares (fully paid-up)</b>		
4,550,000 (March 31, 2014: 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, 2014: Rs 4.55))	-	-
2,441,850 (March 31, 2014: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Limited *	24.42	24.42
<b>In Pass Through Certificates (Refer note 45)</b>		
2,596,675.290 (March 31, 2014: 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *	259.67	259.67
	<b>284.17</b>	<b>284.17</b>

Aggregate amount of provision for diminution in value of investments is Rs. 8.55 (March 31, 2014: Rs. 8.55)

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

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	Long term		Short term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>13 Loans and advances</b>				
Capital advances				
Unsecured, considered good	1.07	5.17	-	-
<b>(A)</b>	<b>1.07</b>	<b>5.17</b>	<b>-</b>	<b>-</b>
<b>Deposits (others)</b>				
Unsecured, considered good	8.44	6.19	2.38	1.10
Considered doubtful	0.06	0.67	-	-
	8.50	6.86	2.38	1.10
Provision for doubtful deposits (others)	(0.06)	(0.67)	-	-
<b>(B)</b>	<b>8.44</b>	<b>6.19</b>	<b>2.38</b>	<b>1.10</b>
<b>Loans and advances to related parties</b>				
Secured, considered good (Refer note 46)	201.46	201.46	-	-
Unsecured, considered good	102.96	96.07	11.52	9.41
Considered doubtful	8.85	8.13	-	-
	313.27	305.66	11.52	9.41
Provision for doubtful advances	(8.85)	(8.13)	-	-
<b>(C)</b>	<b>304.42</b>	<b>297.53</b>	<b>11.52</b>	<b>9.41</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	6.34	23.18	204.59	228.02
Considered doubtful	25.43	25.06	-	-
	31.77	48.24	204.59	228.02
Provision for doubtful advances	(25.43)	(25.06)	-	-
<b>(D)</b>	<b>6.34</b>	<b>23.18</b>	<b>204.59</b>	<b>228.02</b>
<b>Other loans and advances, unsecured, considered good unless otherwise stated</b>				
Advance to Suppliers/ Sub-contractors	-	-	10.57	10.52
Loan to other companies				
Secured, considered good	40.30	38.96	11.77	4.97
Unsecured, considered good	57.04	57.02	19.31	27.48
Inter-corporate deposits (Refer note 31)	362.36	362.36	-	-
Balances with statutory/government authorities	9.21	4.78	22.37	27.06
Advance income tax/ TDS Receivable (net of provision for taxation)	85.04	89.71	25.14	5.80
<b>(E)</b>	<b>553.95</b>	<b>552.83</b>	<b>89.16</b>	<b>75.83</b>
<b>Total (A + B + C + D + E)</b>	<b>874.22</b>	<b>884.90</b>	<b>307.65</b>	<b>314.36</b>
<b>Loans and advances to related parties include Other advances</b>				
Hill County Properties Limited	0.05	0.15	-	-
Dues from joint ventures	17.37	8.13	-	9.41
<b>Inter-corporate deposits</b>				
Hill County Properties Limited	295.85	297.38	11.52	-
	313.27	305.66	11.52	9.41

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>14 Other assets</b>				
Interest accrued on deposits and others				
Considered good	108.92	62.04	38.04	31.51
Considered doubtful	41.92	41.92	-	-
	150.84	103.96	38.04	31.51
<b>Provision for doubtful interest accrued</b>	(41.92)	(41.92)	-	-
<b>(A)</b>	<b>108.92</b>	<b>62.04</b>	<b>38.04</b>	<b>31.51</b>
<b>Claim for performance bank guarantee</b>				
Considered doubtful	21.12	21.12	-	-
Less: Provision for doubtful bank guarantee	(21.12)	(21.12)	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unsecured, considered good unless otherwise stated				
Non-current bank balances (Refer note 17)	11.71	13.23	-	-
Non-current trade receivables (Refer note 16)	346.29	312.95	-	-
Non-current inventories (Refer note 15)	210.03	112.52	-	-
<b>Others</b>				
Fixed assets held for sale	-	-	12.48	12.48
Other receivables				
Considered good	4.00	4.64	8.80	12.30
Doubtful	1.98	0.82	-	-
	574.01	444.16	21.28	24.78
Provision for doubtful other receivables	(1.98)	(0.82)	-	-
<b>(C)</b>	<b>572.03</b>	<b>443.34</b>	<b>21.28</b>	<b>24.78</b>
<b>Total (A + B + C)</b>	<b>680.95</b>	<b>505.38</b>	<b>59.32</b>	<b>56.29</b>
<b>15 Inventories [Refer note 2.1 (g) and 26]</b>				
Project materials	-	-	101.46	60.02
Work-in-progress	-	-	22.59	13.29
Amount due from customers (project work-in-progress)	210.03	112.52	983.05	846.23
	<b>210.03</b>	<b>112.52</b>	<b>1,107.10</b>	<b>919.54</b>
Amount disclosed under non-current assets (Refer note 14)	(210.03)	(112.52)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,107.10</b>	<b>919.54</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>16 Trade receivables</b>				
Outstanding for a period exceeding six months from the date they are due for payment #				
Unsecured, considered good	50.90	50.90	105.42	70.14
Doubtful	52.49	46.90	-	-
	103.39	97.80	105.42	70.14
Provision for doubtful receivables	(52.49)	(46.90)	-	-
<b>(A)</b>	<b>50.90</b>	<b>50.90</b>	<b>105.42</b>	<b>70.14</b>
Other receivables *				
Unsecured, considered good	(B) 295.39	262.05	690.33	648.25
Amount disclosed under non-current assets (Refer note 14)	(C) (346.29)	(312.95)	-	-
<b>Total (A + B + C)</b>	<b>-</b>	<b>-</b>	<b>795.75</b>	<b>718.39</b>
* Non-current represents retention money of Rs. 295.39 (March 31, 2014: Rs. 263.49) and Current includes retention money of Rs. 227.46 (March 31, 2014: Rs. 86.32).				
<b>17 Cash and bank balances</b>				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	11.80	47.84
Deposits with original maturity for less than 3 months	-	-	10.04	-
On unpaid dividend account	-	-	0.00	0.00
Cash on hand	-	-	0.28	0.97
	-	-	22.12	48.81
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months *	0.32	4.89	3.35	-
Deposits with original maturity for more than 3 months but less than 12 months *	-	-	2.20	0.40
Margin money deposits **	11.39	8.34	12.43	20.46
	11.71	13.23	17.98	20.86
Amount disclosed under non-current assets (Refer note 14)	(11.71)	(13.23)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>40.10</b>	<b>69.67</b>
* Deposits under lien ** Lodged with authorities				
<b>18 Revenue from operations</b>				
Revenue from contracts		2,765.65		3,949.54
Revenue from equipment hiring services		2.51		22.04
Revenue from other services		2.86		4.46
Other operating revenue				
Reversal of provision for estimated future loss on projects (net) (refer note 34)		11.70		15.06
		<b>2,782.72</b>		<b>3,991.10</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>19 Other income</b>		
Interest income on		
Bank deposits	3.46	5.59
Inter corporate deposits and others	88.91	109.80
Income tax refunds	0.95	3.08
Dividend from mutual funds	-	0.02
Gain on exchange fluctuation (net)	1.07	0.44
Liabilities no longer required written back	12.15	25.77
Profit on sale of Fixed Assets (net)	0.95	-
Other non-operating income	10.05	13.14
	<b>117.54</b>	<b>157.84</b>
<b>20 Cost of materials consumed</b>		
Materials at the beginning of the year	60.02	65.09
Add: Purchases during the year	857.55	976.34
	917.57	1,041.43
Less: Stocks written-off	0.68	0.98
Less: Cost of materials sold	0.25	0.44
	916.64	1,040.01
Less: Materials at the end of the year	101.46	60.02
	<b>815.18</b>	<b>979.99</b>
<b>21 Increase in work-in-progress</b>		
Opening Work-in-progress	13.29	6.61
Closing Work-in-progress	22.59	13.29
	<b>(9.30)</b>	<b>(6.68)</b>
<b>22 Employee benefits expenses</b>		
Salaries, wages and bonus	305.91	399.37
Contribution to provident fund and other funds (Refer note 36)	7.01	7.67
Gratuity (Refer note 36)	1.10	0.62
Compensated absences	1.84	1.75
Staff welfare expenses	3.23	5.83
	<b>319.09</b>	<b>415.24</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>23 Other expenses</b>		
Rent	12.06	12.94
Rates and taxes	12.01	11.68
Office maintenance	6.53	7.99
Communication expenses	2.11	3.08
Printing and stationery	1.42	2.11
Legal and professional charges	26.36	48.67
Sitting fees	0.06	0.04
Travelling and conveyance	13.99	17.85
Business promotion	0.61	0.56
Donation	0.01	0.05
Auditor's remuneration (refer note 40)	1.59	1.47
Loss on sale/discard of fixed assets (net)	-	1.04
Fixed assets/capital work in progress written off	1.18	0.44
Site expenses	17.65	16.50
Hire charges	29.90	39.07
Freight and transportation	4.94	4.30
Insurance	6.51	10.84
Power and fuel	5.06	5.94
Repairs		
Plant and machinery	4.15	7.19
Buildings	0.11	0.31
Others	2.67	3.96
Provision for doubtful advances/trade receivables / other assets etc., [net of reversal of provision of Rs. 0.09 (March 31, 2014: Rs. 8.79)]	7.81	7.16
Stock written off	0.68	0.98
Bad debts/advances written-off	2.73	12.92
Provision for liquidated damages (net)	-	0.47
Miscellaneous expenses	1.66	4.56
	<b>161.80</b>	<b>222.12</b>
<b>24 Finance cost</b>		
Interest expense	256.65	312.83
Lease finance charges	0.00	0.23
Bank charges	16.83	21.30
	<b>273.48</b>	<b>334.36</b>
<b>25 Earnings per share (EPS):</b>		
The following reflects the loss and share data used in the basic and diluted EPS computation:		
Loss for the year	(10.90)	(145.05)
Less: Dividend payable to preference shareholders & tax thereon	(10.40)	(26.11)
Loss for calculation of EPS	(21.30)	(171.16)
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	<b>91,005,084</b>	<b>89,787,243</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### 26. Uniform accounting policies:

As per the requirements of AS-21, AS-23 and AS-27, in the preparation of consolidated financial statements, the accounting policies of the Consolidated entities are required to be aligned with those of the Company to the extent practicable. The following accounting policy followed by various Consolidated entities is not aligned with those of the Company:

As per the Consolidated entities accounting policy, revenue from construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, NCC-Maytas (JV) (Singapore Class Township) and Maytas CTR (JV), joint venture entities have determined stage of completion on the basis of "Surveys performed" wherein the Consolidated entities has determined the stage of completion of the project by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs. The proportion of the aggregate work-in-progress of the above joint venture entities as compared to the work-in-progress at consolidated financial statement is 1.86% as at March 31,2015 (1.37% as at March 31, 2014).

The Consolidated entities have estimated the impact of such differential accounting policies on the consolidated results for the year-end financial position of the Consolidated entities as at March 31,2015 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.

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

S. No	Name of the entity	Assets	Revenues	Cash flows
i.	Maytas Infra Saudi Arabia Company (Limited liability Company)	358.86	672.68	(56.11)
ii.	Maytas Infra Assets Limited (MIAL)	7.32	-	-
iii.	Maytas-NCC (JV) #	31.11	38.77	(3.17)
iv.	NEC-NCC-Maytas (JV) #	1.20	1.13	0.81
v.	NCC-Maytas (JV) (Singapore Class Township) #	1.16	-	0.10
vi.	NCC-Maytas-ZVS (JV) #	5.11	13.16	0.04
		<b>404.76</b>	<b>725.74</b>	<b>(58.33)</b>

#amounts represent Company's share.

During the year, Management has obtained audited financial statements for the 18 months ended March 31, 2014, for these entities, and the adjustment on account of audited financial statements is not significant.

### 28. Going concern:

The Consolidated entities has recorded a net loss of Rs. 10.90 for the year ended March 31, 2015 (18 months ended March 31, 2014: loss of Rs. 145.05) and has accumulated loss of Rs 161.19 as at March 31,2015 (as at March 31, 2014: 147.79).Based on the business plan and following mitigating factors,the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- The Company has an order book of Rs. 10,150 approximately as at March 31,2015.
- 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. 1,074.90 and Rs. 216.08 respectively to support the liquidity position of the Company upto March 31, 2015. Further, the promoter has advanced loans to the extent of Rs. 45 through its group companies. The Company also has an unutilized limit of Rs. 6.70 from IL&FS and Rs. 25.00 from IFIN as at March 31, 2015.Also, there is an unutilised limit of BGs and LCs of Rs. 33.26 from IL&FS.
- The Company has unutilized Cash Credit limit of Rs. 104.95 (including additional limit of Rs. 48.20 sanctioned by three bankers) and non-fund based limits to the extent of Rs. 101.40 (including additional limit of Rs. 77.14 sanctioned by two banks) respectively from banks.
- The Company has issued 21,274,442 equity shares of Rs. 10 each at premium of Rs. 50.50 on a preferential basis to IL&FS, IFIN and SBG Projects Investments Limited resulting to total receipt of Rs. 128.71. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 112.86 which were due for redemption during the year. Further, the Company has issued 1,061,133 equity shares on exercise of Employee Stock Options of Rs. 10 each at premium of Rs. 48.90 during the year.

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

- (f) During the current year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively.

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

### 29. (a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Claims against the Consolidated entities not acknowledged as debts (interest, if any, not ascertainable after date of order)	21.07	22.50
(ii)	Direct taxes under dispute *	59.42	62.02
(iii)	Indirect taxes under dispute ** #	96.27	75.83

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

\*\* The demands raised by the Sales Tax authorities and Central Excise authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, utilization of ineligible input cenvat credit, penalties, etc.

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

(iv) Consequent to announcement by erstwhile chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others. While the Company has not accepted these violations, in order to settle these issues, the Company had filed compounding applications for these alleged violations, which are yet to be concluded.

(v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the afore mentioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company has filed its detailed reply against the SCN in the previous year. During the year, the Company has attended a personal hearing before a whole time member of SEBI and accordingly filed written submissions. The order from SEBI on this matter is awaited.

(vi) The Company had entered into a share transfer agreement dated July 9, 2010 towards disposal of its stake in two BOT projects. Subsequently, on July 2, 2012, on the pretext of certain acts/alleged breaches by the Company, the transferee made certain unsubstantiated allegations and nominated an arbitrator, which was refuted by the Company for lack of any disputable ground and no loss on part of transferee for the breaches alleged. High Court of Karnataka appointed arbitrator who has dismissed the proceedings during the year. Further, during the year ended March 31, 2014, the transferee also filed petition under Section 9 of the Arbitration & Conciliation Act, 1996. During the year, these arbitration proceedings have been dismissed. As at March 31, 2015 there are no cases against the Company in respect of this matter.

(vii) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client has filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV has provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract.

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2015.

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### (b) Other contingent liabilities

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	373.46	313.91
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Consolidated entities towards performance obligations	668.02	546.27
(iii)	Corporate guarantees (including guarantees towards performance obligations)	291.05	147.03
(iv)	Liquidated damages	30.28	27.45
(v)	Preference dividend (including dividend tax)	24.72	26.11

### 30. Commitments:

#### (a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 0.67 (March 31, 2014 Rs. 7.81).

#### (b) Other Commitments:

Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 24% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of RS. 226.27

### 31. Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 362.36. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 342.11, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the previous year, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for March 31, 2015 continued to disclose as "Amounts Pending Investigation Suspense Account (Net) Rs. 1,230.40" as disclosed by SCSL earlier. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in their Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

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

### 32. Segment Reporting:

#### Business segment:

The Consolidated entities operations fall into a single business segment "Construction and Infrastructure Development". Therefore, segment reporting in terms of Accounting Standard 17 on Segmental Reporting is not required to be disclosed.

#### Geographical segments:

Although the Consolidated entities major operating divisions are managed on a worldwide basis, they operate in two principal

Segment	Segment revenue		Carrying amount of segment assets		Carrying amount of additions to segment assets	
	2015	2014	2015	2014	2015	2014
India	2,094.45	3,007.64	3,922.43	3,503.33	45.87	38.38
Rest of the world	688.27	983.46	414.17	450.63	10.52	33.60
<b>Total</b>	<b>2,782.72</b>	<b>3,991.10</b>	<b>4,336.60</b>	<b>3,953.96</b>	<b>56.39</b>	<b>71.98</b>

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### 33. Deferred tax:

The Consolidated entities have no deferred tax liability as at March 31, 2015. Deferred tax assets on account of timing differences have not been recognized as at March 31, 2015 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.

Particulars	As at March 31, 2015	As at March 31, 2014
Depreciation	0.00	0.00
Provision for Gratuity	0.00	0.00
<b>Total</b>	<b>0.01</b>	<b>0.01</b>

### 34. Provision for estimated future loss from projects:

The projects in progress as at March 31, 2015 have been evaluated for future loss, if any, based on estimates relating to cost-to-complete the same. Based on such evaluation, the Consolidated entities have provided for estimated future losses to an extent of Rs. 14.76 (March 31, 2014: Rs. 26.46) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The movement in the balance is as under:

Particulars	As at March 31, 2015	As at March 31, 2014
Opening balance	26.46	41.52
Add: Additions during the year	2.62	2.80
Less: Reversal during the year	(14.32)	(17.86)
<b>Closing balance</b>	<b>14.76</b>	<b>26.46</b>

### 35. Provision for liquidated damages:

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

Particulars	As at March 31, 2015	As at March 31, 2014
Opening balance	14.54	14.07
Add: Additions during the year	-	2.00
Less: Reversal during the year	-	(1.53)
<b>Closing balance</b>	<b>14.54</b>	<b>14.54</b>

### 36. 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. 7.01 (March 31, 2014 Rs. 7.67).

#### (b) Disclosures related to defined benefit plan:

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

Consolidated statement of profit and loss

#### Net employee benefit expense

Particulars	For the year ended March 31, 2015	For the 18 month ended March 31, 2014
Current service cost	1.17	1.27
Interest cost on benefit obligation	0.30	0.45
Net actuarial loss recognized in the year	(0.37)	(1.10)
Net benefit expense	1.10	0.62

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### Balance sheet

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

Particulars	As at March 31, 2015	As at March 31, 2014
Opening defined benefit obligation	3.26	3.25
Interest cost	0.30	0.45
Current service cost	1.17	1.27
Benefits paid	(0.55)	(0.61)
Actuarial gain on obligation	(0.37)	(1.10)
Closing defined benefit obligation	3.81	3.26

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

	2014-15	2012-14	2011-12	2010-11	2009-10
Defined benefit obligation	3.81	3.26	3.25	1.92	1.76
Gain on obligation due to change in assumption	(0.37)	(1.10)	(0.20)	-	(0.24)
Experience gain on obligation	-	-	-	0.14	0.88

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

Particulars	As at March 31, 2015	As at March 31, 2014
Discount rate	7.80%	9.14%
Increase in compensation cost	5.00%	5.00%
Employee turnover	5%	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.

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Contract revenue recognized for the year	2,765.65	3,949.54
Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date	11,079.43	8,305.59
Advances received for contracts in progress	467.44	503.85
Amount of retention for contracts in progress	516.93	342.87
Gross amount due from customers for contract work (excluding cancelled projects)	1,214.90	970.87
Gross amount due to customers for contract work	34.53	4.54

#### 38. Related party disclosures:

##### I. Names of related parties and description of relationship with the Consolidated entities as per the Accounting Standard – 18 "Related Party Disclosures":

- **Investing party in respect of which the reporting enterprise is an associate**
  - Infrastructure Leasing & Financial Services Limited
  - SBG Projects Investment Limited
- **Joint Ventures (JV)**
  - 1 Maytas-SNC (JV) \*
  - 2 NCC-Maytas (JV)
  - 3 NEC-NCC-Maytas(JV)
  - 4 Maytas-NCC (JV)
  - 5 NCC-Maytas (JV) (Singapore Class Township)
  - 6 Maytas-CTR (JV)
  - 7 NCC-Maytas-ZVS (JV)

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

\* During the previous year, as per the revision in the arrangement, the Company has amicably settled the liability with the other JV partner and hence ceased to be a Joint Venture of the Company.

- **Associate**

Hill County Properties Limited

- **Key management personnel**

Mr. Murlidhar Khattar, Managing Director (Managing Director w.e.f December 26, 2013).

Dr. S N Mukherjee, Chief Financial Officer

Mr. G Venkateswar Reddy, Company Secretary

### II. Transactions with related parties during the year:

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>A. Investing party in respect of which the reporting enterprise is an associate</b>		
<b>1. Infrastructure Leasing &amp; Financial Services Limited</b>		
Interest expenditure	(99.86)	(111.39)
Payments made on behalf of the Company	(1.84)	(3.07)
Bank Guarantee Commission	(2.55)	(3.20)
Loan taken	(538.30)	(650.00)
Loan repaid	-	484.90
Allotment of equity shares including securities premium	(29.35)	-
<b>2. SBG Projects Investment Limited</b>		
Allotment of equity shares including securities premium	(69.45)	-
<b>B. Joint ventures (JV)**</b>		
<b>1. NCC – Maytas (JV)</b>		
Expenses incurred on behalf of the party	-	0.00
Provision for doubtful advances	-	(0.02)
<b>2. NEC – NCC – Maytas (JV)</b>		
Receipt against share of profit	(0.06)	(0.27)
Expenses incurred on behalf of the party	0.02	0.05
<b>3. Maytas – NCC (JV)</b>		
Expenses incurred on behalf of the party	0.01	0.10
Expenses incurred on behalf of the Company	(0.04)	(0.06)
Other non-operating income	-	3.23
Receipt against share of profit	(0.10)	(0.80)
Revenue from contracts (excluding Project work in progress)	1.56	11.68
Provision for doubtful advances/trade receivables	(0.89)	2.00
Advance written off	-	(3.92)
<b>4. NCC – Maytas (JV) (Singapore Class Township)</b>		
Expenses incurred on behalf of the party	0.02	-
Receipt against share of profit	-	(0.17)
Provision for investment	(0.09)	-
<b>5. Maytas CTR JV</b>		
Advance given	2.39	8.34
Provision for doubtful advances	-	(0.63)
Refund of advance given	(2.56)	-
<b>6. NCC – Maytas – ZVS JV</b>		
Receipt against share of profit	(0.29)	(0.84)
<b>7. Maytas SNC JV</b>		
Investment written off	-	(0.59)

\*\* Represents other venture's share in the transactions with the joint ventures

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>C. Associate</b>		
Hill County Properties Limited		
Loans given	5.00	83.00
Loans repaid	(5.00)	(203.54)
Interest income	43.37	67.54
Interest converted into Loan	9.99	48.06
Reimbursement of expenses received	1.36	0.58
Expenses incurred on behalf of the party	(0.29)	(1.58)
Revenue from Contracts (excluding project work in progress)	65.62	194.45
Purchase of material	-	2.34
The Company has provided internal audit services to Hill County Properties Limited free of charge.		
<b>D. Key Management Personnel</b>		
<b>1. Murli dhar Khattar</b>		
Professional charges	1.19	1.88
<b>2. Dr. S N Mukherjee</b>		
Professional charges	0.73	-
<b>3. Mr. G Venkateswar Reddy</b>		
Managerial Remuneration	0.32	-

### III. Balances outstanding debit / (credit):

	As at March 31, 2015	As at March 31, 2014
<b>A. Investing party in respect of which the reporting enterprise is an associate</b>		
Infrastructure Leasing & Financial Services Limited*		
- Long-term secured loan	(1,074.90)	(536.60)
- Interest accrued and not due	(130.21)	(58.67)
- Trade payables	(2.00)	(0.78)
* Excluding bank guarantee/ letter of credit of Rs. 267.19 (March 31, 2014: Rs. 79.62) given on behalf of the Company against which the Company has given corporate guarantees in the nature of counter guarantees to the extent of Rs. 190.96 (March 31, 2014: Rs. Nil). The Company has also given corporate guarantee of Rs. 125 (March 31, 2014: Rs 125) for availing Letter of credit facilities from its bankers. Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 111.62 (March 31, 2014: Rs. 82.78).		
<b>B. Joint ventures</b>		
1. NEC – NCC – Maytas (JV)	(0.58)	(1.18)
2. Maytas – NCC (JV)	1.79	1.98
3. NCC – Maytas (JV)	0.01	0.01
4. NCC – Maytas (JV) (Singapore Class Township)	0.04	0.05
5. Maytas – CTR- JV	15.53	15.52
6. NCC – Maytas – ZVS (JV)	(0.01)	0.21
<b>C. Associate</b>		
Hill County Properties Limited		
- Inter corporate deposits secured	201.46	201.46
- Inter corporate deposits unsecured	105.91	95.92
- Interest accrued	66.85	40.83
- Other receivables	0.59	0.69
- Trade receivables (including retention money)	90.30	45.08
- Investment	0.08	0.08

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### IV. Provisions against balances outstanding:

	As at March 31, 2015	As at March 31, 2014
A. Joint Ventures		
1. Maytas - NCC (JV)	(1.77)	-
2. Maytas - CTR JV	(8.11)	(8.11)
3. NCC – Maytas (JV)	(0.03)	(0.02)
4. NCC – Maytas (JV) (Singapore Class Township)	(0.18)	-

### 39. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2015, 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.	<b>Vesting Option - 1</b> Options vest on an annual basis at 30%, 35% and 35% over a period of three years.  <b>Vesting Option - 2</b> Options vest on an annual basis at 20%, 30% and 50% over a period of three years.	<b>Vesting Option 1:</b> Options vest on an annual basis at 30%, 30% and 40% over a period of three years.  <b>Vesting Option 2:</b> Options vest on an annual basis at 40% and 60% over a period of two years.  <b>Vesting Option 3:</b> 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 year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	8,429	370	31,294	370
Granted during the year	-	-	-	-
Forfeited during the year	-	370	14,439	370
Exercised during the year	-	-	-	-
Expired during the year	8,429	370	8,426	370
Outstanding at the end of the year	-	370	8,429	370
Exercisable at the end of the year	-	370	8,429	370
Weighted average remaining contractual life (in years)	-	-	0.04	-
Weighted average fair value of options granted on the date of grant (Rs. per share)	98.77	-	98.77	-

## Notes to Consolidated financial statements for the year ended March 31, 2015

(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	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)
2014-15	370	-	-	370
2012-14	370	8,429	0.04	370

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

Particulars	For the year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	370,877	176.90	640,095	176.90
Granted during the year	-	-	-	-
Forfeited during the year	62,343	176.90	133,086	176.90
Exercised during the year	-	-	-	-
Expired during the year	143,206	176.90	136,132	176.90
Outstanding at the end of the year	165,328	176.90	370,877	176.90
Exercisable at the end of the year	165,328	176.90	370,877	176.90
Weighted average remaining contractual life (in years)	0.98	-	1.98	-
Weighted average fair value of options on the date of grant (Rs. per share)	95.32	-	95.32	-

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

Year	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)
2014-15	176.90	165,328	0.98	176.90
2012-14	176.90	370,877	1.98	176.90

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

Particulars	For the year ended March 31, 2015		For the 18 months ended March 31, 2014	
	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	2,160,848	58.90	2,709,024	58.90
Granted during the year	-	-	-	-
Forfeited during the year	342,162	58.90	548,176	58.90
Exercised during the year	1,061,133	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	757,553	58.90	2,160,848	58.90
Exercisable at the end of the year	492,933	58.90	1,044,752	58.90
Weighted average remaining contractual life (in years)	3.24	-	4.24	-
Weighted average fair value of options on the date of grant (Rs. per share)	26.18	-	26.18	-

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

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

Year	Exercise prices (Rs. per share)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted Average Exercise price (Rs. per share)
2014 – 15	58.90	757,553	3.24	58.90
2012 – 14	58.90	2,160,848	4.24	58.90

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

	ESOS 2007	ESOS 2009	
		Grant I	Grant II
Dividend yield (%)	-	0.19%	-
Expected volatility	-	68.34%	54.38%
Risk-free interest rate	7.74%-7.76%	6.67%-7.38%	8.38%
Weighted average share price (Rs.)	370	176.50	58.90
Exercise price (Rs.)	370	176.50	58.90
Expected life of options granted in years	2.5 – 5.5 years	2.5 – 4.5 years	2.5 – 5.5 years

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

Particulars	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Total employee compensation cost pertaining to share based payment plans	-	-
Less: Liability for employee stock options outstanding at the year end	-	-

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

Particulars	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Profit/(Loss) considered for EPS (Refer note 25)	(21.30)	(171.16)
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation expense / (reversal) under fair value method	(2.46)	1.50
Proforma loss	<b>(18.84)</b>	<b>(172.66)</b>
Earnings Per Share (Rs.)		
Basic		
- As reported	(2.34)	(19.06)
- Proforma	(2.07)	(19.23)
Diluted		
- As reported	(2.34)	(19.06)
- Proforma	(2.07)	(19.23)

#### 40. Auditor's remuneration (including Service Tax):

Particulars	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
Statutory audit	0.80	0.68
Limited review	0.34	0.45
Certification	0.24	0.21
Audit fees for consolidated financial statements	0.17	0.11
Out of pocket expenses	0.04	0.02
<b>Total</b>	<b>1.59</b>	<b>1.47</b>

Note: The above remuneration for previous year excludes Rs. 0.11 (March 31, 2014: Rs. 2.16) pertaining to share issue expenses

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

41. The aggregate amount of the gross assets, liabilities, income and expenses related to the Group's share in the joint ventures included in these consolidated financial statements as of and for the year ended March 31, 2015 are given below:

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Consolidated Balance Sheet:</b>		
<b>Non-current assets</b>		
Tangible assets	0.07	0.12
Deferred tax assets (net)	0.01	0.01
Long-term loans and advances	0.98	1.42
Other non-current assets	13.38	13.67
Total Non-current assets (A)	14.44	15.22
<b>Current assets</b>		
Inventories	22.61	13.31
Trade receivables	7.88	15.39
Cash and bank balances	0.55	1.40
Short-term loans and advances	23.44	29.68
Total current assets (B)	54.48	59.78
Total Assets (A+B)	68.92	75.00
<b>Non-current liabilities</b>		
Other long-term liabilities	22.39	22.71
Total Non-current liabilities (C)	22.39	22.71
<b>Current liabilities</b>		
Trade payables	9.06	12.34
Other current liabilities	37.34	38.76
Short-term provisions	0.13	1.19
Total Current liabilities (D)	46.53	52.29
Total Liabilities (C+D)	68.92	75.00

### Consolidated statement of profit and loss:

Particulars	For the year ended March 31, 2015	For the 18 months ended March 31, 2014
<b>Income</b>		
Revenue from operations	7.54	62.90
Other income	0.11	0.68
Total Income (A)	7.65	63.58
<b>Expenditure</b>		
Increase in Work-in-progress	(9.29)	(6.68)
Employee benefits expense	0.02	0.34
Sub-contract expenses	16.02	65.48
Other expenses	0.03	0.28
Financial costs	0.01	0.03
Depreciation and amortization expense	0.03	0.03
Total Expenditure (B)	6.82	59.48
Profit before tax (C = A-B)	0.83	4.10
Provision for taxation		
- Current tax	0.31	1.37
- Tax for earlier years	0.09	-
Total tax expense (D)	0.40	1.37
Profit after tax (C-D)	0.43	2.73

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### 42. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2015 are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Trade receivables	AED 4.55	77.15	AED 3.77	61.67
Advances given	AED 0.08	1.38	AED 1.32	21.55
Amount due from customers (Project work-in-progress)	AED 0.24	4.12	AED 0.13	2.09
Margin money deposit	-	-	AED 0.40	6.59
Trade payables	AED 1.47	25.03	AED 3.97	64.86
Trade payables	USD 0.00	0.06	-	-
Security deposit payable	AED 2.91	49.36	AED 1.60	26.10
Mobilization advance payable	AED 0.05	0.79	AED 1.66	27.13
Advance billing	AED 0.11	1.91	AED 0.10	1.71

### 43. Net assets and share in profit / (loss) of components in absolute numbers and as a percentage of Net assets and share in profit / (loss) as per consolidated financial statements:

Name of the entity	March 31, 2015				March 31, 2014			
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>	53.42%	153.37	(6.06%)	0.66	46.05%	134.63	113.01%	(163.92)
<b>Subsidiaries</b>								
<i>Indian</i>								
Maytas Infra Assets Limited	2.53%	7.26	(4.04%)	0.44	2.54%	7.42	0.35%	(0.51)
Maytas Vasista Varadhi Limited	0.03%	0.08	0.00%	-	0.02%	0.07	0.00%	-
Maytas Metro limited	(0.08%)	(0.24)	0.00%	-	(0.09%)	(0.25)	0.00%	-
Angeerasa Green Fields	10.45%	30.00	0.03%	(0.00)	10.26%	29.99	0.01%	(0.01)
Ekadanta Green Fields	5.22%	15.00	0.03%	(0.00)	5.13%	15.00	0.01%	(0.01)
Saptaswara Agro Farms	1.74%	5.00	0.03%	(0.00)	1.71%	5.00	0.01%	(0.01)
<i>Foreign</i>								
Maytas Infra Saudi Arabia Company, Limited Liability Company	7.69%	22.08	236.71%	(25.80)	11.99%	35.04	(7.09%)	10.29
<b>Minority interests in all subsidiaries</b>	6.37%	18.30	(112.02%)	12.21	10.11%	29.56	3.59%	(5.21)
<b>Joint Ventures (Indian)</b>								
Maytas NCC JV	2.41%	6.92	(12.20%)	1.33	2.05%	6.00	(8.98%)	13.03
NEC-NCC-Maytas (JV)	(0.01%)	(0.04)	(0.09%)	0.01	(0.00%)	(0.01)	(0.05%)	0.07
NCC-Maytas (JV)	0.01%	0.03	0.00%	-	0.01%	0.03	0.00%	-
NCC-Maytas (JV) (Singapore Class Township)	0.31%	0.89	1.10%	(0.12)	0.32%	0.95	(0.23%)	0.33
Maytas – CTR (JV)	9.90%	28.41	(2.66%)	0.29	9.81%	28.67	(0.37%)	0.54
NCC – Maytas – ZVS (JV)	0.02%	0.05	(0.83%)	0.09	0.08%	0.24	(0.25%)	0.36
<b>Total</b>	100.00%	287.11	100.00%	(10.90)	100.00%	292.34	100.00%	(145.05)

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

### 44. Leases:

In case of assets taken on lease:

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

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

Particulars	As at March 31, 2015	As at March 31, 2014
Minimum Lease Payments		
Not later than one year	1.45	1.38
Later than one year but not later than five years	0.16	1.61
Later than five years	-	-
	<b>1.61</b>	<b>2.99</b>

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term.

Particulars	March 31, 2015		March 31, 2014	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	0.08	0.05	-	-
After one year but not more than five years	0.21	0.16	-	-
More than five years	-	-	-	-
Total minimum lease payments	0.28	0.21	-	-
Less: amounts representing finance charges	(0.07)	-	-	-
Present value of minimum lease payments	0.21	0.21	-	-

Particulars	As at March 31, 2015	As at March 31, 2014
Total minimum lease payments during the year	0.00	0.54
Less: amount representing finance charges	0.00	0.21
Present value of minimum lease payments (rate of interest 12%)	0.00	0.33

In case of Assets given on lease:

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

Particulars	As at March 31, 2015	As at March 31, 2014
Future Minimum Lease Payments		
Not later than one year	0.52	0.76
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>0.52</b>	<b>0.76</b>

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.

45. In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC), wherein the Company was also a contributory. Hitherto, the Company was also liable for shortfall, if any, in eventual settlement of the PTCs issued by the trust to other contributories. During the previous year, the terms of the PTCs were restructured and as per revised arrangement, the Trust has issued fresh PTCs in lieu of erstwhile PTCs wherein the contributories would

## Notes to Consolidated financial statements for the year ended March 31, 2015

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

participate in the realization arising out of disposal of underlying investments in specified order and the Company is no longer liable for the shortfall, if any, towards settlement of PTCs held by other contributories. As at March 31, 2015, the Investment of the Company includes Rs. 259.67 (March 31, 2014: Rs. 259.67) contributed towards these PTCs.

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 expert advice, evaluation of few alternates including representations/discussions with various government authorities to secure the gas linkage/supplies, the Management is of the view that the concerns in the industry are temporary in nature and will not have any material impact on the carrying value of the underlying investments held by the Trust and consequently on the carrying value of the PTCs held by the Company.

46. Post induction of IL&FS Group [Consisting of Infrastructure Leasing & Financial Services Limited ("IL&FS"), IL&FS Financial Services Limited ("IFIN") and IL&FS Engineering & Construction Company Limited ("IECCL")] in the Hill County Properties Limited ("HCPL"), IL&FS Group has extended loans to HCPL through the Company amounting to Rs. 201.46 (March 31, 2014: Rs. 201.46). Such facilities rank as priority debt and will have priority in repayment over other liabilities of HCPL (except existing secured borrowings from banks). In addition, towards security for the same, the Company has entered into an "Articles of Agreement" with HCPL 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 HCPL.

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

47. Consequent to an arbitration award, during the year, the Company has accrued proportionate revenue to the extent of percentage of completion in case of a road project amounting to Rs. 137.54 (including interest of Rs. 36.30). The customer has filed an appeal with the Honorable High Court of New Delhi against the said award. Based on internal evaluation and/or legal advice, the Management is confident on the realization of the same.
48. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company has revised the estimated useful lives of fixed assets with effect from April 01, 2014. Accordingly, the net-book value of the fixed assets as on April 01, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. As a result of such change in the estimated useful lives, the depreciation and amortization expense for the year ended March 31, 2015 has decreased by Rs. 11.62 with a corresponding impact on profit after tax and fixed assets.
- Further, as per the notification issued by MCA dated August 29, 2014, the Company has opted to adjust the carrying amount of certain fixed assets amounting to Rs. 2.50 as on April 1, 2014 whose remaining useful life was 'Nil' as on that date, to deficit in the Statement of profit and loss in the financial statements.
49. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00. During the previous year, the Board of directors of the Company had approved the extension of financial year of the Company ending on September 30, 2013 by a period of six months i.e. up to March 31, 2014, in order to align the financial year of the Company in terms of the Companies' Act, 2013, which had been approved by the Registrar of Companies, Andhra Pradesh. The previous year financial statements were for eighteen months from October 01, 2012 to March 31, 2014. Hence, current year's figures being for 12 months are not comparable with the previous year's figures for 18 months.
50. Previous year's figures have been re grouped/re arranged to conform to those of the current year.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration Number : 101049W  
Chartered Accountants

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

Place : New Delhi  
Date : May 29, 2015

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

**Ramchand K**  
Chairman  
DIN:00051769

**Dr. S N Mukherjee**  
Chief Financial Officer

Place : New Delhi  
Date : May 29, 2015

**Murli Dhar Khattar**  
Managing Director  
DIN:00266777

**G Venkateswar Reddy**  
Company Secretary

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**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**

Registered Office : 8-2-120/113/3//4F, Sanali Info Park, Cyber Towers, Road No.2,  
Banjara Hills, Hyderabad - 500 016

**ATTENDANCE SLIP**

I/We .....hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting being held on Saturday, the 19<sup>th</sup> day of September, 2015 at 11.00 A.M. at KLN Prasad Auditorium, 3<sup>rd</sup> Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTPCCI 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.

**FORM No. MGT- 11  
PROXY**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN: L45201AP1988PLC008624**

**Name of the company: IL&FS Engineering and Construction Company Limited**

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

Name of the member (s): Registered address :	E-mail Id :
	Folio No. / Client Id No. :
	DP No. :

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual general meeting of the company, to be held on Saturday, the 19<sup>th</sup> day of September, 2015 at 11.00 A.M. at KLN Prasad Auditorium, 3<sup>rd</sup> Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:





48" Pipeline - Coating of Hot Bend Pipe at Mangalore Padur Pipeline Project for Indian Strategic Petroleum Reserves Limited (ISPRL), Ministry of Petroleum and Natural Gas, Government of India

Pig Launcher & Receiver - Fujairah Jettyline Works





Construction of Main Tunnel and Escape Tunnel work in progress at Kiratpur – Ner Chowk Road Project, Himachal Pradesh

Berth No.4 Front View - Dighi Port, Raigadh, Maharashtra





Rapid Metro Rail Gurgaon (RMRG) Phase-II  
Station Building - Construction in progress

Rapid Metro Rail Gurgaon (RMRG) Phase-II  
Viaduct Crash Barrier & Pedestal work in progress (with completed Piers/Pier Caps)



BOOK-POST



If undelivered, please return to:

 **Engineering Services**

IL&FS Engineering and Construction Company Limited  
CIN-L455201AP1988PLC008624

**Registered Office:** Door No. 8-2-120/113/3/4F, Sanali Info Park  
Cyber Towers, Road No.2, Banjara Hills, Hyderabad - 500 033  
Phone: +91-40-4040 9333  
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