

**Registered Office**

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February 10, 2017

To

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

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051

**Scrip Code: 532907**

**Scrip Code: IL&FSENGG**

Sub: **Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2016**

Ref: **Regulations 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)**

Dear Sir/Madam,

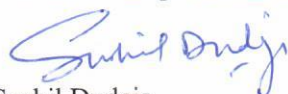
Pursuant to Regulations 30 and 33 of Listing Regulations, please find enclosed Unaudited Financial Results of the Company for the Quarter and Nine Months Ended December 31, 2016 as approved by the Board of Directors of the Company in its meeting held today along with the Limited Review Report of the Statutory Auditors, S R Batliboi & Associates, LLP

The Meeting of Board of Directors commenced at 3.30 pm and concluded at 5.45 pm

This is for your information and records

Thanking you,

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



Sushil Dudeja  
Company Secretary

Encl: as above



**Limited Review Report****Review Report to  
The Board of Directors  
IL&FS Engineering and Construction Company Limited**

1. We have reviewed the accompanying statement of unaudited financial results of IL&FS Engineering and Construction Company Limited ('the Company') for the quarter and nine months ended December 31, 2016 (the "Statement"). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As more fully explained in Note 5 of the accompanying statement, as at December 31, 2016, the Company has investment amounting to Rs. 3,319 lakhs made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and other consequential impacts, if any, that may be required in this regard in these accompanying financial results.
4. As detailed in Note 6 of the accompanying statement, the Company's share of profit (net) for the quarter and nine months ended December 31, 2016 from Integrated Joint Ventures (JVs) in which the Company is a co-venturer aggregates to Rs. 79 lakhs and Rs. 525 lakhs respectively. Management of the Company has represented that amounts included herein have been based on unaudited financial statements of the JVs and have not been subjected to a review. We are unable to comment on the consequential impact that may have been required had the financial statements of the joint ventures been made available and subject to review.
5. Based on our review conducted as above, except for the possible effects, if any, of our observations in paragraphs 3 and 4, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.





# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

6. We draw attention to:

- a) Note 7 of the accompanying statement regarding Rs. 25,967 lakhs investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 19,907 lakhs which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
- b) We draw attention to note 8 of the accompanying statement regarding amount due from customer (project work-in-progress). The Company had recognised claims in case of two road projects of which balance as at December 31, 2016 aggregating to Rs. 21,575 lakhs (including claims accounted during the quarter and nine months amounting to Rs. 3,212) and interest of Rs 14,222 lakhs (including interest of Rs 2,642 lakhs and Rs 4,177 lakhs recognised during the quarter and nine months ended December 31, 2016 respectively) for delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honorable High Court of New Delhi and have been recognised based on arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer has withheld an amount of Rs 1,730 lakhs as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings. Based on expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.
- c) Note 9 of the accompanying statement regarding Inter Corporate Deposits (ICDs) amounting to Rs. 34,378 lakhs which is under litigation. Based on internal evaluation, other developments and expert advice, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.

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

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

**ICAI Firm registration number: 101049W/E300004**

Chartered Accountants



**per Vikas Kumar Pansari**

Partner

Membership No.:093649



Place: Mumbai

Date: February 10, 2017



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

CIN: L45201AP1988PLC008624

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

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Statement of Un-Audited financial results for the Quarter and Nine months ended December 31, 2016

(Rs. in Lakhs, unless otherwise stated)						
Particulars	Standalone					
	Three months ended			Nine Months ended		For the Year ended
	31-Dec-16 (Unaudited)	30-Sep-16 (Unaudited)	31-Dec-15 (Unaudited)	31-Dec-16 (Unaudited)	31-Dec-15 (Unaudited)	31-Mar-16 (Audited)
<b>1. Income from operations</b>						
(a) Income from operations	39,716	35,687	43,742	1,15,811	1,26,954	1,84,487
(b) Other operating income	-	-	-	-	-	-
<b>Total Income from operations (net)</b>	39,716	35,687	43,742	1,15,811	1,26,954	1,84,487
<b>2. Expenses</b>						
(a) Cost of materials consumed	10,771	11,675	21,046	37,669	56,392	77,195
(b) Employee benefits expenses	2,077	3,040	3,166	8,067	9,837	13,004
(c) Depreciation and amortisation expenses	1,145	1,213	1,079	3,454	3,305	4,366
(d) Subcontracting expenses	16,848	16,128	14,942	50,335	46,649	71,167
(e) Other expenses	5,279	5,775	5,085	15,647	15,231	21,030
<b>Total expenses</b>	36,120	37,831	45,318	1,15,172	1,31,414	1,86,762
<b>3. Profit/(Loss) from operations before other Income, finance costs and exceptional items (1-2)</b>	3,596	(2,144)	(1,576)	639	(4,460)	(2,275)
4. Other Income	4,972	2,038	1,438	8,617	4,878	13,434
<b>5. Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	8,568	(106)	(138)	9,256	418	11,159
6. Finance costs	8,483	8,036	7,829	24,420	22,808	30,406
<b>7. Profit/ (Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	85	(8,142)	(7,967)	(15,164)	(22,390)	(19,247)
8. Exceptional items	-	-	-	-	-	-
<b>9. Profit/ (Loss) from ordinary activities before tax (7-8)</b>	85	(8,142)	(7,967)	(15,164)	(22,390)	(19,247)
10. Tax expense	-	-	-	-	-	-
<b>11. Net Profit / (Loss) for the period (9-10)</b>	85	(8,142)	(7,967)	(15,164)	(22,390)	(19,247)
12. Share of Profit from integrated joint ventures	79	75	110	525	251	395
<b>13. Net Profit / (Loss) after taxes, minority interest and share of profit/ (loss) of integrated joint ventures (11+12)</b>	164	(8,067)	(7,857)	(14,639)	(22,139)	(18,852)
14. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each )	12,116	12,116	12,116	12,116	12,116	12,116
15. Reserves excluding Revaluation Reserves as per balance sheet						(9,031)
<b>16. Earnings per share (of Rs . 10/- each) ( not annualised):</b>						
(a) Basic	(0.00)	(6.80)	(6.63)	(12.50)	(19.53)	(16.65)
(b) Diluted	(0.00)	(6.80)	(6.63)	(12.50)	(19.53)	(16.65)
See accompanying note to the Financial Results						

*NA/abc*



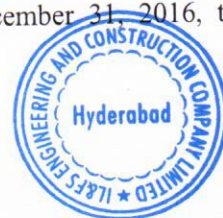


### Notes to the financial results

- (1) The above financial results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective Meetings held on February 10, 2017 and were subjected to Limited Review by the Statutory Auditors of the Company
- (2) The Company's business activity falls within a single business segment i.e. Construction and Infrastructure development, in terms of Accounting Standard 17 on Segment Reporting
- (3) The Board of Directors of the Company in its meeting held on August 11, 2016 has resolved, subject to statutory and other approvals, to raise by way of issue of preference shares on preferential basis and/or equity shares/convertible securities through QIP/Rights issue/public issue or in any combination thereof aggregating for an amount upto Rs. 50,000 lakhs to meet general corporate requirements. The Members of the Company in their meeting held on September 23, 2016 have approved, subject to statutory and other approvals, issue of equity shares/convertible securities through QIP/Rights issue/public issue or in any combination thereof up to an amount of Rs. 50,000 lakhs. Further, for the purpose of redemption of preference shares, the Board of Directors of the Company in its Meeting held on February 10, 2017, subject to the approval of Members of the Company through Postal Ballot, approved the issuance of equity shares on preferential basis for an amount upto Rs 5,300 lakhs
- (4) 5,000,000 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) and 300,000 6% Cumulative Redeemable Preference Shares (CRPS) amounting to Rs 5,300 lakhs were due for redemption on September 30, 2016. The preference shareholders have granted extension of redemption period upto March 31, 2017. The Company intends to use the proceeds of the proposed preferential allotment of equity shares, as explained in note 3, to redeem these preference shares
- (5) As at December 31, 2016, the Company has made investment of Rs. 3,319 lakhs in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options and is confident to restore the carrying value of the investment and therefore no provision is required for diminution in the value of such investment/potential obligations. In continuation to the previous year/ quarter, the Statutory Auditors of the Company have qualified their Limited Review Report for the quarter and nine months ended December 31, 2016
- (6) The financial results for the quarter and nine months ended December 31, 2016 include the Company's share of profits (net) aggregating to Rs. 79 lakhs and Rs. 525 lakhs respectively from Integrated Joint Ventures in which the Company is a Co-venturer, based on management certified Financial Statements of the Joint Ventures. As the Integrated Joint Ventures do not present reviewed financial results on a quarterly basis, amounts included therein have not been subject to review by the Statutory Auditors of the respective Joint Ventures. In continuation to the previous quarter, the Statutory Auditors of the Company have qualified their Limited Review Report for the quarter and nine months ended December 31, 2016
- (7) In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC) holders, wherein the Company was also a contributory. As at December 31, 2016, the

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M. S. Srinivasan





Investment of the Company includes Rs. 25,967 lakhs contributed towards these PTCs and has receivables, loans and advances and Investments aggregating to Rs. 19,907 lakhs which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc.

Based on internal assessment, legal advice and fair valuation carried out by external experts of underlying investments held by the Trust, management does not currently envisage any diminution in the value of aforesaid assets. In continuation to the previous year/ quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in their Limited Review Report for the quarter and nine months ended December 31, 2016

- (8) In the earlier years, the Company had accrued proportionate revenue to the extent of percentage of completion in case of two road projects of which balance as at December 31, 2016 amounts to Rs. 21,575 lakhs (including claims accounted during the quarter and nine months amounting to Rs. 3,212) and interest of Rs 14,222 lakhs (including interest of Rs 2,642 lakhs and Rs 4,177 lakhs recognised during the quarter and nine months ended December 31, 2016 respectively) for delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honorable High Court of New Delhi and have been recognised based on arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer had withheld an amount of Rs 1,730 lakhs as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings. In case of one of the road projects, based on a circular issued by the customer, pending judicial proceedings, the Company has applied for release of interim payment aggregating to Rs. 15,395 lakhs i.e. 75% of the claim amount along with interest against a bank guarantee.

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable. In continuation to the previous year/ quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in their Limited Review Report for the quarter and nine months ended December 31, 2016

- (9) Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 34,378 lakhs. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 32,378 lakhs, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for December 31, 2016 has disclosed as "Suspense Account (Net)" Rs. 123,040 lakhs. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in its Audited Financial




Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and/or expert advice, other developments, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 142,500 lakhs was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 123,040 lakhs continues to subsist with SCSL, the management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain. In continuation to the previous year/quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in their Limited Review Report for the quarter and nine months ended December 31, 2016

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

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

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

  
Mukund Sapre  
Managing Director



Place: Mumbai  
Date: February 10, 2017

