

Registered Office

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February 12, 2018

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, 5th Floor,
Bandra Kurla Complex,
Bandra (East), Mumbai-400 051
Scrip Code: **IL&FSENGG**

Scrip Code: **532907**

Dear Sir/Madam,

Sub: Unaudited Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2017

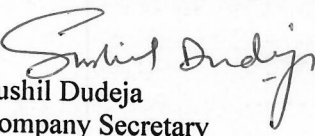
Ref: Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Pursuant to Regulation 33 of Listing Regulations, please find enclosed Unaudited Standalone Financial Results of the Company for the Quarter and Nine Months Ended December 31, 2017 as approved by the Board of Directors of the Company in its Meeting held on February 12, 2018 along with the Limited Review Report thereon, issued by the Joint Statutory Auditors, B S R & Associates LLP and M Bhaskara Rao & Co.

The meeting of Board of Directors of the Company commenced at 2.00 pm and concluded at 3:00 pm

Thanking you,

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


Sushil Dudeja
Company Secretary

Encl: as above



B S R & Associates LLP

Chartered Accountants
Salarpuria Knowledge City,
Orwell, 6th floor, Unit-3
Sy. No. 83/1, Plot No 2, Raidurg,
Hyderabad – 500081, India

M. Bhaskara Rao & Co.

Chartered Accountants
5-D, Fifth floor, 6-3-652,
Kautilya Apartment, Raj Bhavan
Quarters Colony, Somajiguda,
Hyderabad - 500082, India

Limited Review Report on Unaudited Standalone Financial Results of IL&FS Engineering and Construction Company Limited for the quarter and nine months ended 31 December 2017 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

To,

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

1. We have reviewed the accompanying statement of unaudited standalone financial results (“the Statement”) of IL&FS Engineering and Construction Company Limited (“the Company”) for the quarter and nine months ended 31 December 2017, enclosed herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016 is the responsibility of the Company’s Management and has been approved by the Board of Directors of the Company in its meeting held on 12 February 2018. Our responsibility is to issue a report on the Statement based on our review.
3. 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 the 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.
4. The unaudited financial results for the comparative corresponding quarter and nine months ended 31 December 2016 included in the financial results, are based on the previously issued results of the Company prepared in accordance with Companies (Accounting Standard) Rule 2006, reviewed by the predecessor auditor, whose review report dated 10 February 2017 expressed a modified opinion on those financial results, and has been adjusted by Management for the differences in accounting principles adopted by the Company on transition to Ind AS but have not been subjected to review or audit. Additionally, the report of the predecessor auditor on financial results for quarter ended 30 June 2017, which have been included in this Statement, expressed a modified opinion whose report dated 28 August 2017, has been furnished to us and has been relied upon by us for the purpose of our review of the Statement.



5. As more fully explained in Note 7 of the accompanying statement, as at 31 December 2017, the Company has investment (including advance of Rs. 197 Lakhs) amounting to Rs. 3,516 Lakhs made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as on 31 March 2017, 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 standalone financial results.
6. The unaudited financial results also include the Company's share of net profit after tax of Rs. 2,945 Lakhs and Rs. 3,145 Lakhs for the quarter and nine months ended 31 December 2017 respectively considered in the Statement, in respect of Integrated Joint Ventures (JV's), whose interim financial result has not been reviewed by us. As set out in Note 8 to the Statement and as represented by the Management of the Company, the amounts included herein have been based on interim financial information of the said joint ventures 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 information of the joint ventures been subjected to review.
7. Based on our review conducted as above, except for the possible effects, if any, of our observations in paragraphs 5 and 6 nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standard (Ind AS) specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder 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 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
8. We draw attention to :
- a) Note 9 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. 16,930 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) Note 10 of the accompanying statement regarding amount due from customers (project work-in-progress). The Company had recognised claims in case of various projects of which balance as at 31 December 2017 aggregates to Rs. 39,384 Lakhs (net of amount payable to sub-contractor against the aforesaid balances) and interest of Rs. 34,308 Lakhs (including



interest of Rs. 984 Lakhs and Rs. 15,450 Lakhs recognised during the quarter and nine months ended 31 December 2017 respectively) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honorable High Court of New Delhi/ advanced stages of negotiations with customer and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. 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 including interest are tenable and there exist no uncertainty as to ultimate collection.

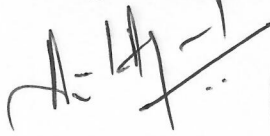
- c) Note 11 of the accompanying statement regarding Inter Corporate Deposits (ICDs) amounting to Rs. 34,378 Lakhs which is under litigation. Based on internal evaluation and legal opinion, Management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.
- d) Note 12 of the accompanying statement, during the period, a project was terminated due to dispute with customer against which the Company has initiated legal proceedings. The Company has net carrying value of assets pertaining to this project amounting to Rs. 4,949 Lakhs and Bank Guarantees encashed by the customer subsequent to the period end amounting to Rs. 3,997 Lakhs which are under arbitration. Based on legal opinion and internal assessment, Management is of the view that the aforesaid assets are fully recoverable, thus no provision is considered necessary for the same.

The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances, legal interpretations, conclusion of legal proceedings, resolution of uncertainty around availability of gas, achievement of traffic projections, favourable settlement of claims and ultimate realisation etc., as referred to in the relevant notes to the accompanying statement referred above, 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 B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



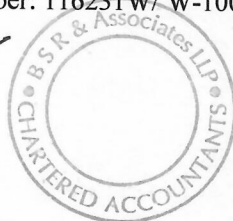
Amit Kumar Agarwal

Partner

Membership Number: 214198

Date: 12 February 2018

Place: Mumbai



For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S



V K Muralidhar

Partner

Membership Number: 201570

Date: 12 February 2018

Place: Mumbai



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 standalone financial results for the Quarter and Nine Months Ended December 31, 2017

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter Ended			For the Nine Months Ended	
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16
	(unaudited)	(unaudited)	(unaudited) Refer note 4 and 6	(unaudited)	(unaudited)
1. Revenue					
(a) Income from operations	44,063	34,084	39,432	124,625	115,811
(b) Other income	1,891	14,642	5,021	18,820	8,762
(c) Share of profit from integrated joint ventures	2,945	68	79	3,145	525
Total Revenue	48,899	48,794	44,532	146,590	125,098
2. Expenses					
(a) Cost of materials consumed	11,954	9,990	10,771	36,587	37,669
(b) Subcontracting expense	17,349	15,289	16,848	50,458	50,335
(c) Employee benefits expense	3,534	3,572	2,050	10,241	8,040
(d) Finance cost	10,281	9,135	8,772	28,724	24,709
(e) Depreciation and amortization expense	1,043	1,115	1,145	3,368	3,454
(f) Other expenses	4,736	5,726	5,112	16,948	15,976
Total expenses	48,897	44,827	44,698	146,326	140,183
3. Profit / (loss) before tax from ordinary activities (1-2)	2	3,967	(166)	264	(15,085)
4. Tax (expense) / credit	30	47	-	77	-
5. Net profit / (loss) after tax from ordinary activities (3-4)	32	4,014	(166)	341	(15,085)
6. Other Comprehensive Income/(expense)(net of tax)	38	10	(27)	25	(27)
7. Total comprehensive income for the period (5+6)	70	4,024	(193)	366	(15,112)
8. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each)	13,112	13,112	12,116	13,112	12,116
9. Earnings per equity share (of Rs . 10/- each) (not annualised):					
a. Basic (Rs.)	(0.03)	3.01	(0.28)	0.10	(12.87)
b. Diluted (Rs.)	(0.03)	3.01	(0.28)	0.10	(12.87)
See accompanying notes to the Financial Results					



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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 in their respective Meetings held on February 12, 2018
- (2) The Company's business activity falls within a single business segment i.e. Construction and Infrastructure development, in terms of Ind AS 108 on Operating Segments
- (3) The Company has adopted Indian accounting Standards (Ind AS) from April 1, 2017 and these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS is April 1, 2016. The impact of the transition has been accounted for in the opening reserves and the comparatives period figures have been reinstated accordingly
- (4) The financial results and other financial information for the quarter and nine months ended December 31, 2016 have been compiled by the Management as per Ind AS, after exercising necessary due diligence, to ensure that the financial results provide true and fair view of the results in accordance with Ind AS. This information has not been subjected to any limited review or audit
- (5) There is a possibility that these quarterly financial results may require adjustments before constituting the final Ind AS financial statements as of and for the year ending March 31, 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by Ministry of Corporate Affairs (MCA) or changes in the use of one or more optional exemptions from full retrospective application as permitted under Ind AS 101
- (6) A reconciliation between the profit/ loss as reported under previous GAAP and Ind AS for the quarter and nine months ended December 31, 2016 is given below:

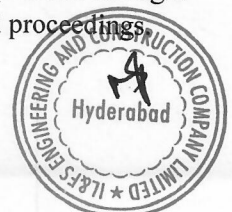
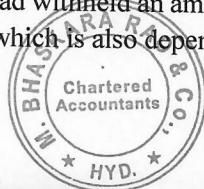
Particulars	(Rs. in Lakhs)	
	Quarter ended Dec 31, 2016	Nine months ended Dec 31, 2016
Profit / loss reported under Previous GAAP	164	(14,639)
Provision for expected credit loss of financial assets	-	(84)
Impact on account of discounting of financial liabilities	(407)	(534)
Effect of changes in fair value of investments	(27)	78
Recognition of financial income on loans given at concessional rates	51	146
Others	27	26
Net profit / loss under Ind AS	(166)	(15,085)
Other comprehensive income (net of tax)	(27)	(27)
Total comprehensive income under Ind AS	(193)	(15,112)



- (7) As at December 31, 2017, the Company has made investment (including advance of Rs. 197 Lakhs) of Rs. 3,516 Lakhs in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2017, 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 considered necessary for diminution in the value of such investment/potential obligations. In respect of the aforesaid, the Statutory Auditors of the Company have qualified their limited review report for the quarter and nine months ended December 31, 2017
- (8) The financial results include the Company's share of profits (net) aggregating to Rs. 2,945 Lakhs and Rs 3,145 Lakhs for the quarter and nine months ended December 31, 2017 respectively from Integrated Joint Ventures in which the Company is a Co-venturer, based on Management certified financial statements of the Joint Ventures. These financial results are based on the Management certified financials information of the joint ventures. As the 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 respect of the aforesaid, the Statutory Auditors of the Company have qualified their limited review report for the quarter and nine months ended December 31, 2017
- (9) 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, 2017, the Investment of the Company includes Rs. 25,967 Lakhs contributed towards these PTCs and has receivables, loans and advances and investments aggregating to Rs. 16,930 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 respect of the aforesaid, 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, 2017

- (10) In the earlier years, the Company had accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at December 31, 2017 amounts to Rs. 39,384 Lakhs (net of amount payable to subcontractor against aforesaid balances) and interest of Rs. 34,308 Lakhs (including interest of Rs. 984 Lakhs and Rs. 15,450 Lakhs recognised during the quarter and nine months ended December 31, 2017 respectively) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. 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.



Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims including interest from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the Management is of the view that the claims including interest are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable. In respect of the aforesaid, 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, 2017

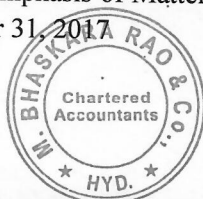
- (11) Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 34,378 Lakhs. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 32,378 Lakhs, the then Satyam Computer Services Limited (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 Andhra Pradesh against the single judge's Order approving the merger scheme of SCSL which is pending as on date TML, in its Audited Financial Results for the quarter and nine months ended December 31, 2017 continued to disclose as "Suspense Account (Net) Rs. 123,040 Lakhs" as disclosed by SCSL earlier. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in its Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and legal opinion, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of 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, Management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain. In respect of the aforesaid, 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, 2017

- (12) During the period, a project was terminated due to dispute with the customer. On January 8, 2018, the Hon'ble High Court of Delhi dismissed Company's petition against which an appeal was filed before the Division bench of the High Court. The Company's Special Leave petition (SLP) before the Supreme Court of India against dismissal of Company's petition by Division Bench of the High Court of Delhi was also dismissed. The Company has net carrying value of assets pertaining to this site amounting to Rs. 4,949 Lakhs and Bank Guarantees encashed by the customer subsequent to the period end amounting to Rs. 3,997 Lakhs. Further, the Company has initiated Arbitration process for the recovery of these assets which are under progress. Based on legal opinion and internal assessment, Management is of the view that the aforesaid assets (including bank guarantees subsequently encashed by the customer) are fully recoverable, thus no provision is considered necessary for the same. In respect of the aforesaid, 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, 2017



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

(14) 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 12, 2018



