

August 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 Ended June 30, 2018

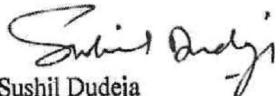
Ref: Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to the captioned subject, please find enclosed Unaudited Standalone Financial Results of the Company for the Quarter Ended June 30, 2018 as approved by the Board of Directors of the Company in its Meeting held on August 12, 2018 along with 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 4.00 pm and concluded at 5.29 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, Somajiguda,
Hyderabad - 500082, India

Independent Auditors' Review Report on Unaudited Standalone Quarterly Financial Results of IL&FS Engineering and Construction Company Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 ended June 30, 2018, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the quarter ended March 31, 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
2. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company in their meeting held on August 12, 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 Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under section 143(10) of the Companies Act, 2013. 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. As more fully explained in Note 5 of the accompanying statement, as at June 30, 2018, the Company has investment (including advance of Rs. 258 Lakhs) amounting to Rs. 3,577 Lakhs made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as at March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the accompanying statement.



5. The unaudited standalone financial results also include the Company's share of net profit after tax of Rs. 55 Lakhs for the quarter ended June 30, 2018 considered in the Statement, in respect of Integrated Joint Ventures (JV's), whose financial result has not been reviewed by us. As set out in Note 6 to the Statement and as represented by the Management of the Company, the amounts included herein have been based on financial information of the said joint ventures and have not been subjected to a review. We are unable to comment on the consequential impact, if any, that may have been required had the financial information of the joint ventures been subjected to review.
6. Based on our review conducted as above, except for the possible effects, if any, of our observations in paragraphs 4 and 5, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. 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. 14,680 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 8 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 June 30, 2018 aggregates to Rs 37,439 Lakhs (net of amount payable to subcontractor against the aforesaid balances) and interest of Rs. 35,559 Lakhs for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honourable High Court / advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order/ arbitration award / provisions in agreement, legal evaluation and supported by the Extension of Time recommended by the Independent Engineers. Out of these claims, during the quarter in case of a project, Arbitral Tribunal has awarded a claim of Rs. 4,273 Lakhs (including interest of Rs. 1,404 Lakhs) which is majority award (with a dissent note from one of the Arbitrators) against the carrying value of claim recognised in the books of Rs. 8,178 Lakhs (including interest of Rs. 3,025 Lakhs) as at June 30, 2018. Based on the internal assessment and external legal opinion, the management is of the view that they have a strong ground to contest and hence these claims including interest are tenable and there exists no uncertainty as to ultimate collection.



- c. Note 9 of the accompanying statements 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 10 of the accompanying statements, during the previous year, a project was terminated due to dispute with customer against which the Company had initiated legal proceedings. The Company has net carrying value of project assets pertaining to this project amounting to Rs. 9,934 Lakhs (including Bank Guarantees encashed by the customer amounting to Rs. 3,997 Lakhs) which are under arbitration. Based on legal opinion and internal assessment, as 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 opinion is not modified in respect of the aforementioned matters.

8. Corresponding figures for the quarter ended June 30, 2017 included in the Statement were reviewed by the predecessor auditor who expressed a modified opinion dated August 28, 2017.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 16231W/ W-100024



Amit Kumar Agarwal

Partner

Membership Number: 214198

Date: August 12, 2018

Place: Mumbai



For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S



V K Muralidhar

Partner

Membership Number: 201570

Date: August 12, 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

Phone-040 40409333; Fax-040 40409444

Website- www.ilfsengg.com; Email- cs@ilfsengg.com

Statement of Un-audited standalone financial results for the Quarter ended June 30, 2018

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter ended			For the year ended
	30-Jun-18	31-Mar-18	30-Jun-17	31-Mar-18
	(unaudited)	(audited)	(unaudited)	(audited)
1. Revenue				
(a) Income from operations	49,731	62,251	46,478	186,876
(b) Other income	1,169	6,266	2,287	25,086
Total Revenue	50,900	68,517	48,765	211,962
2. Expenses				
(a) Cost of materials consumed	16,961	17,485	14,643	54,072
(b) Subcontracting expense	21,809	29,057	17,820	79,515
(c) Employee benefits expenses	4,318	3,986	3,135	14,227
(d) Finance cost	10,305	10,879	9,308	39,603
(e) Depreciation and amortization expenses	1,010	1,086	1,210	4,454
(f) Other expenses	9,895	6,022	6,486	22,970
Total expenses	64,298	68,515	52,602	214,841
3. Profit/(loss) before tax from ordinary activities (1-2)	(13,398)	2	(3,837)	(2,879)
4. Tax income/(expense)	-	294	-	371
5. Share of profit from integrated joint ventures	55	55	132	3,200
6. Net profit/(loss) after tax from ordinary activities (3-4-5)	(13,343)	351	(3,705)	692
7. Other Comprehensive Income/(loss) (net of tax)	57	79	(23)	104
8. Total comprehensive income for the period (6+7)	(13,286)	430	(3,728)	796
9. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each)	13,112	13,112	13,112	13,112
10. Earnings per equity share (of Rs. 10/- each) (not annualised):				
a. Basic (in Rs.)	(10.13)	0.27	(2.88)	0.53
b. Diluted (in Rs.)	(10.13)	0.27	(2.88)	0.53
See accompanying notes to the Financial Results				

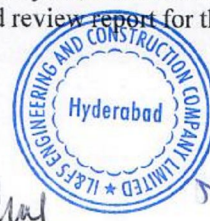
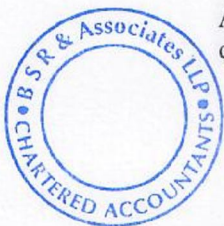


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Notes to the financial results:

- (1) The above standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on August 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) These financial results of the Company are 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 relevant rules issued thereunder
- (4) The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the year ended March 31, 2018 and the published unaudited year to date figures upto December 31, 2017. Also, the figures upto the end of the third quarter were only reviewed and were not subjected to audit
- (5) As at June 30, 2018, the Company has made investment (including advance of Rs. 258 lakhs) of Rs. 3,577 Lakhs in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options to restore the carrying value of the investment and conclusion of the ongoing restructuring of their management, options to revive the operations of the subsidiary including approval of claims submitted to them is likely to be resolved and therefore no provision considered necessary for diminution in the value of such investment/potential obligations in respect of the aforesaid. In continuation to the previous year, the Statutory Auditors of the Company have qualified their limited review report on for the quarter ended June 30, 2018
- (6) The financial results include the Company's share of profits (net) aggregating to Rs. 55 lakhs 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 respect of the aforesaid, the Statutory Auditors of the Company have qualified their limited review report for the quarter ended June 30, 2018
- (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 June 30, 2018, 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. 14,680 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, the Statutory Auditors of the Company have drawn Emphasis of matter in their limited review report for the quarter ended June 30, 2018



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- (8) As at June 30, 2018, the Company has accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at June 30, 2018 amounts to Rs. 37,439 Lakhs (net of amount payable to subcontractor against the aforesaid balances) and interest of Rs. 35,559 Lakhs 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 / advanced stages of negotiations with customers and have been recognised based on Hon'ble Supreme Court order/ arbitration award/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Out of these claims, during the quarter in case of a project, Arbitral Tribunal has awarded a claim of Rs. 4,273 Lakhs (including interest of Rs. 1,404 Lakhs) which is majority award (with a dissent note from one of the Arbitrators) against the carrying value of claim recognised in the books of Rs. 8,178 Lakhs (including interest of Rs. 3,025 Lakhs) as at June 30, 2018. Based on internal evaluation and legal advice, the management is of the view that the Company has a strong ground to contest the arbitration award and accordingly, the Company is in the process of filing an appeal against the said arbitration award.

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 these 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 continuation to the previous year, the Statutory Auditors of the Company have drawn Emphasis of matter in their limited review report for the quarter ended June 30, 2018

- (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 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 ended June 30, 2018 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.

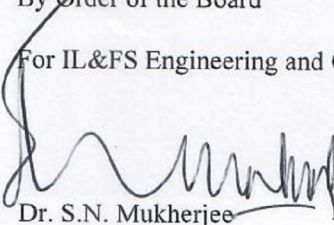
Further, based on internal evaluation and legal opinion, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 142,500 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 continuation to the previous year, the Statutory Auditors of the Company have drawn Emphasis of matter in their limited review report for the quarter ended June 30, 2018

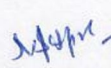


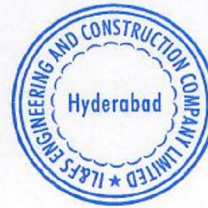
- (10) During the previous year, a project was terminated due to dispute with the customer. In this regard, the Company's Special Leave petition (SLP) before the Supreme Court of India was also dismissed. The Company had initiated Arbitration process for the recovery of net carrying value of assets pertaining to this project amounting to Rs. 9,934 Lakhs (including Bank Guarantees encashed by the customer amounting to Rs. 3,997 Lakhs). Based on legal opinion and internal assessment, management is of the view that the aforesaid assets are fully recoverable, thus no provision considered necessary for the same. In continuation to the previous year, the Statutory Auditors of the Company have drawn Emphasis of matter in their limited review report on for the quarter ended June 30, 2018
- (11) Effective April 01, 2018, the Company has adopted Ind AS 115, Revenue from Contract with customers. There is no material impact of transition to Ind AS 115 on the unaudited financial results for the quarter ended June 30, 2018
- (12) 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

By Order of the Board

For IL&FS Engineering and Construction Company Limited


Dr. S.N. Mukherjee
Chief Financial Officer


Mukund Sapre
Managing Director



Place: Mumbai
Date: August 12, 2018

