



Registered Office

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November 28, 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, 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 Half-Year Ended September 30, 2017

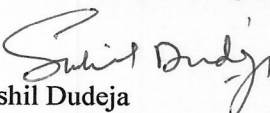
Ref: Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

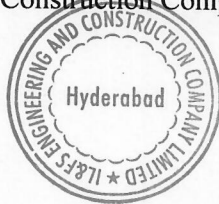
Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Unaudited Standalone Financial Results of the Company for the Quarter and Half-Year Ended September 30, 2017 as approved by the Board of Directors of the Company in its Meeting held on November 28, 2017 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 4.00 pm and concluded at ~~7.10~~ 7.10 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 Standalone Financial Results of IL&FS Engineering and Construction Company Limited for the quarter and six months ended 30 September 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 six months ended 30 September, 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 28 November 2017. 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 comparatives corresponding quarter and six months ended 30 September 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 02 November 2016 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 30 September, 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. 68 and 200 lakhs for the quarter and six months ended 30 September 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. 16,872 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 30 September, 2017 aggregates to Rs. 37,691 Lakhs (net of amount payable to subcontractor against aforesaid balances) and interest of Rs. 33,324 Lakhs (including interest of Rs. 13,255 Lakhs and Rs. 14,466 Lakhs recognised during the quarter and six months ended 30 September 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 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, 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: 28 November 2017

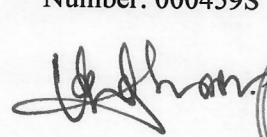
Place: Mumbai

For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration

Number: 000459S



V K Muralidhar

Partner

Membership Number: 201570



Date: 28 November 2017

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

Standalone balance sheet as at September 30, 2017

(Rs. In Lakhs, unless otherwise stated)

Particulars	As at 30 Sept 17
ASSETS	
Non-current assets	
(a) Property, Plant and Equipment	13,699
(b) Capital work-in-progress	534
(c) Other Intangible assets	3,958
(d) Financial Assets	
(i) Investments	31,313
(ii) Trade receivables	30,911
(iii) Loans	76,476
(iv) Others receivables	40,091
(e) Non-Current Tax Assets (Net)	6,928
(f) Other non-current assets	97,469
(g) Deferred tax assets	20,963
Current assets	
(a) Inventories	85,803
(b) Financial Assets	
(i) Trade receivables	38,803
(ii) Cash and cash equivalents	1,571
(iii) Bank balances other than (ii) above	1,843
(iv) Loans	11,128
(v) Others receivables	8,164
(c) Current Tax Assets (Net)	3,413
Total Assets	4,73,067
EQUITY AND LIABILITIES	
Equity	
(a) Equity Share capital	13,112
(b) Other Equity	13,135
LIABILITIES	
Non-current liabilities	
(a) Financial Liabilities	
(i) Borrowings	1,00,184
(ii) Trade payables	50,362
(iii) Other financial liabilities	36,143
(b) Provisions	883
(c) Other non-current liabilities	6,323
Current liabilities	
(a) Financial Liabilities	
(i) Borrowings	67,422
(ii) Trade payables	63,193
(iii) Other financial liabilities	1,09,158
(b) Other current liabilities	6,548
(c) Provisions	6,604
Total Equity and Liabilities	4,73,067



IL&FS Engineering and Construction Company Limited

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Statement of Un-Audited financial results for the Quarter and six months ended September 30, 2017

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter ended			For the six months ended	
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16
	(unaudited)	(unaudited)	(unaudited) Refer Note 4 and 6	(unaudited)	(unaudited)
1. Revenue					
(a) Income from operations	34,084	46,478	35,687	80,562	76,379
(b) Other income	14,642	2,287	2,087	16,929	3,741
(c) Share of profit from integrated joint ventures	68	132	75	200	446
Total Revenue	48,794	48,897	37,849	97,691	80,566
2. Expenses					
(a) Cost of materials consumed	9,990	14,643	11,675	24,633	26,898
(b) Subcontracting expense	15,289	17,820	16,128	33,109	33,487
(c) Employee benefits expenses	3,572	3,135	3,031	6,707	5,990
(d) Finance cost	9,135	9,308	8,036	18,443	15,937
(e) Depreciation and amortization expenses	1,115	1,210	1,213	2,325	2,309
(f) Other expenses	5,726	6,486	5,925	12,212	10,864
Total expenses	44,827	52,602	46,008	97,429	95,485
3. Profit / (loss) before tax from ordinary activities (1-2)	3,967	(3,705)	(8,159)	262	(14,919)
4. Tax expense / (credit)	(47)	-	-	(47)	-
5. Net profit / (loss) after tax from ordinary activities (3-4)	4,014	(3,705)	(8,159)	309	(14,919)
6. Other Comprehensive Income/(expense)(net of tax)	10	(23)	(9)	(13)	-
7. Total comprehensive income for the period (5+6)	4,024	(3,728)	(8,168)	296	(14,919)
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	3.01	(2.88)	(6.87)	0.13	(12.59)
b. Diluted	3.01	(2.88)	(6.87)	0.13	(12.59)
See accompanying notes to the Financial Results					



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Notes to the financial results:

- (1) The above 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 28 November 2017
- (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 1 April 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 1 April 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 six months ended 30 September 2016, has 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 the Ind AS. This information has not been subject 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) The Company has opted to avail the relaxation provided by SEBI with respect to the requirements for submission of Ind AS compliant financial results for the previous year ended 31 March 2017 and balance sheet as at 31 March 2017. Accordingly, the figures for the financial results for the previous year ended 31 March 2017 and balance sheet as at 31 March 2017 have not been presented. Further, the reserves as per balance sheet as at 31 March 2017, not being mandatory, have not been presented. A reconciliation between the loss as reported under previous GAAP and Ind AS for the quarter and six months ended 30 September 2016 is given below:

Particulars	(Rs. in Lakhs)	
	Quarter ended 30 Sep 2016	Six months ended 30 Sep 2016
Loss reported under previous GAAP	(8,067)	(14,803)
Provision for expected credit loss on financial assets	(59)	(84)
Actuarial gain on defined benefit obligation recognized in other comprehensive income	9	-
Impact on account of discounting of financial liabilities	(90)	(126)
Effect of changes in fair value of investments	25	50
Recognition of financial income on loans given at concessional rates	22	44
Others	(10)	-
Net loss under Ind AS	(8,170)	(14,919)
Other comprehensive income (net of tax)	(9)	-
Total comprehensive income under Ind AS	(8,179)	(14,919)



- (7) As at 30 September, 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 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. 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 six months ended 30 September 2017
- (8) The financial results include the Company's share of profits (net) aggregating to Rs. 68 Lakhs and Rs. 200 Lakhs for the quarter and six months ended 30 September 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 financial information of the joint ventures. As the joint ventures do not present reviewed financial results on a quarterly basis, amount 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 six months ended 30 September 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 30 September 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. 16,872 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 six months ended 30 September 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 30 September, 2017 amounts to Rs. 37,691 Lakhs (net of amount payable to subcontractor against aforesaid balances) and interest of Rs. 33,324 Lakhs (including interest of Rs. 13,255 Lakhs and Rs. 14,466 Lakhs recognised during the quarter and six months ended 30 September 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



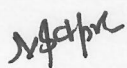
Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims including interest from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion 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 six months ended 30 September 2017

- (11) Prior to 1 April 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 period ended 30 September 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/or expert advice, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated 9 April 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 six months ended 30 September 2017

- (12) These financial results will be made available on the Company's Website viz., www.ilsengg.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


Mukund Sapre
Managing Director

Place: Mumbai
Date: 28 November 2017

