

2011 - 2012 Annual Report



Rapid Metro Rail Gurgaon (RMRG) Project, Gurgaon



Rapid Metro Rail Gurgaon (RMRG) Project, Gurgaon

Pune Solapur Road Project



Assam 17 (AS-17) Road Project, Assam

220/11KV Substation for Transmission Corporation of Andhra Pradesh Limited (AP Transco) at Thimmapuram in Kadapa district of Andhra Pradesh



220/11KV Substation for Transmission Corporation of Andhra Pradesh Limited (AP Transco) at Thimmapuram in Kadapa district of Andhra Pradesh

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Board of Directors

(As on December 22, 2012)

Ramchand K
Hari Sankaran
Saleh Mohammed Bin Laden
El Mouhtaz El Sawaf
Akberali Mohemedali Moawalla
Ahmad Mohamad Dabbous
Ved Kumar Jain
Anil Kumar Agarwal

Company Secretary

G. Venkateswar Reddy

Auditors

S.R. Batliboi & Associates
Chartered Accountants
Oval Office 18, I Labs Centre
Hitech City, Madhapur
Hyderabad – 500 081

Bankers

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

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
No. 17-24, Vittalrao Nagar, Madhapur
Hyderabad - 500 081
Telephone No. 040 - 44655000
Fax No. 040-23420814,
Email : einward.ris@karvy.com

Registered Office

6-3-1186/1&2, IL&FS Engineering House
Begumpet, Hyderabad - 500 016
Tel. +91 40 40409333/23408100
Fax No. +91 40 23401107 / 40409444
Web site: www.ilfsengg.com,
Email: info@ilfsengg.com

NOTICE

NOTICE is hereby given that the Twenty-Fourth **Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited and reduced** will be held on Friday, February 22, 2013 at 10.30 a.m. at KLN Prasad Auditorium, 3rd Floor, The Federation of Andhra Pradesh Chambers of Commerce and Industry, FAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at September 30, 2012, Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- (2) To declare dividend on Preference Shares for the years ended March 31, 2011 and September 30, 2012
- (3) To appoint a Director in place of Mr. Ramchand Karunakaran, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (4) To appoint a Director in place of Mr. Saleh Mohammed Bin Laden, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (5) To appoint a Director in place of Mr. El Mouhtaz El sawaf, who retires by rotation and, being eligible, offers himself, for re-appointment.
- (6) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s S R Batliboi & Associates, Chartered Accountants, Institute of Chartered Accountants of India, Registration Number 101049W, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Ved Kumar Jain who was appointed as an Additional Director by the Board of Directors on November 13, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
- (8) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Anil Kumar Agarwal who was appointed as an Additional Director by the Board of Directors on November 13, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT Mr. Hari Sankaran who was appointed as an Additional Director by the Board of Directors on December 11, 2012, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. G Venkateswar Reddy as the Manager of the Company for a period of 2 (two) years, with effect from November 14, 2011 on the terms and conditions including remuneration set out in the explanatory statement, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss, inadequacy of profits in any financial year during the currency of tenure of Mr. G Venkateswar Reddy, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him as minimum remuneration and perquisites, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- (11) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT the consent of the Equity Shareholders be and is hereby accorded to extend the redemption period of 4,50,000 6% Cumulative Redeemable Preference Shares

(CRPS) of Rs.100/- each, which were due for redemption on September 30, 2012, by three years with an early redemption right to the Company before the extended period of three years by giving 30 days notice period and the action of the Company of said extension of redemption period of said 4,50,000 CRPS be and is hereby ratified"

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

Place : Dubai

G. Venkateswar Reddy

Date : December 22, 2012

Company Secretary

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED.
- (2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
- (3) Details required under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting are incorporated at the end of this Notice.
- (4) Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
- (5) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- (6) Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during office hours between 11 a. m. and 5.00 p.m. on all working days prior to the date of the Annual General Meeting.
- (7) The Register of Members and Share Transfer Books of the Company will remain closed from February 18, 2013 to February 22, 2013 (both days inclusive) for the Annual General Meeting.
- (8) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the company i.e. Karvy Computershare Private Limited, Plot No. 17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 in respect of their physical share folios, if any.
- (9) Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
- (10) Members who hold shares in dematerialised form are

requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

- (11) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item Nos. 7 and 8:

Mr Ved Kumar Jain and Mr Anil Kumar Agarwal, Directors had served on the Board of the Company as Nominee Directors of Government of India during the period April 2009 to August 2011 and steered the Company during most difficult times in the history of the Company. They ceased to be the Directors of the Company pursuant to withdrawal of their nomination by the Government of India w.e.f. September 1, 2011 on expiry of their term. The Board felt that the extensive knowledge of Mr Ved Kumar Jain and Mr Anil Kumar Agarwal on the affairs of the Company and their rich experience would help the Company in carrying out its affairs more prudently and it would be helpful if they direct the Company in their capacity as Independent Directors on the Board of the Company.

Your directors recommend the said resolutions for your approval. None of the Directors of your Company except Mr. Ved Kumar Jain and Mr. Anil Kumar Agarwal is, in anyway, concerned or interested in these resolutions.

Item No. 9

Mr. Hari Sankaran, Vice Chairman & Managing Director of Infrastructure Leasing and Financial Services Limited, was appointed as Additional Director on the Board of the Company on December 11, 2012. Mr. Hari Sankaran has vast experience in handling various infrastructure projects.

Your directors recommend the said resolutions for your approval. None of the Directors of your Company other than Mr. Hari Sankaran is, in anyway, concerned or interested in these resolutions.

Item No. 10

Mr Vimal Kishore Kaushik stepped down as Managing Director and Chief Executive Officer of the Company on November 13, 2011 and consequently there was no Managerial person in the Company to comply with the provisions of the Companies Act 1956. Under Section 269 of the Companies Act, 1956 read with Rule 10A of General Rules and Forms, every Company having paid up share capital of Rs 5 Crores and more was required to appoint a Managing or Whole-time Director or a Manager. Accordingly, the Board appointed Mr. Gogireddy Venkateswar Reddy, Company Secretary of the Company as Manager of the Company under Section 269 of the Companies Act, 1956 on the terms set out below, subject to the approval of the Members in general meeting and the Central Government, if required.

Terms of appointment:

With reference to the resolution passed by the Board of Directors in their meeting held on November 13, 2011 with regard to appointment of Mr. Gogireddy Venkateswar Reddy as Manager

of the Company under Section 269 of the Companies Act, 1956, the following are the terms and conditions of appointment:

1. Mr. Gogireddy Venkateswar Reddy shall be the Manager of the Company within the meaning of Section 269 of the Companies Act, 1956 in addition to his position as Company Secretary.
2. Mr. Gogireddy Venkateswar Reddy shall be under direct supervision and control of Board of Directors of the Company in discharging his functions as Manager of the Company.
3. In the capacity as Manager, Mr. Gogireddy Venkateswar Reddy will perform all the functions as required under the provisions of the Companies Act, 1956 and assure the Board of Directors the compliances by the Company of various statutory and other obligations that are to be performed by the Company.
4. The term of appointment as a Manager is for a period of two years with effect from November 14, 2011 as decided by the Board of Directors in their meeting held on November 13, 2011.
5. The term of appointment as Manager shall come to an end on expiry of the term stipulated or on his ceasing to be an employee of the Company, whichever is earlier.
6. It is clarified that Mr. Gogireddy Venkateswar Reddy have dual responsibility as Manager and a company secretary.

The remuneration terms as on the date of appointment of Mr.G.Venkateswar Reddy as Manager are as follows:

- a. Basic Salary - Rs. 75,121/- per month in the scale of Rs 45,000 pm to 1,10,000 pm
- b. Other Allowances - Rs.97,407/- per month in the scale of Rs 67,000 pm to 1,40,000 pm.
- c. Position Pay - Rs 10,500/- per month in the scale of Rs 7,000/- pm to 16,000 pm.
- d. Other benefits such as Provident Fund, Gratuity, Encashment of Leave, LTA, Performance Pay, Group Medi-claim Insurance Policy Coverage, Personal Accident Insurance Coverage, Telephone reimbursement, etc., are as per the rules of the Company.

Accordingly, the Board recommends the resolution for your approval.

None of the directors of your Company is, in anyway, concerned or interested in this resolution.

Item No. 11

Under the Corporate Debt Restructuring Scheme sanctioned by 10 CDR Banks to the Company, the Company had allotted 15,00,000 6%-Cumulative Redeemable Preference Shares of Rs.100/- each (CRPS) as bonus shares on originally allotted 6%-Optionally Convertible Cumulative Redeemable Preference Shares.

Out of the above 15,00,000 6%-CRPS, 4,50,000 CRPS were due for redemption on September 30, 2012. To undertake the above redemption of Rs.4.50 Crores on September 30, 2012, the Company needed to have profit in its Profit & Loss Account as

Section 80 of the Companies Act 1956 prescribes that no preference shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

The Company had total accumulated losses of Rs.432 Crore as on March 31, 2011 and the Company had undertaken Capital Restructuring Scheme which was sanctioned by the Hon'ble High Court of Andhra Pradesh on October 17, 2012. In the absence of the sanction of the Scheme by the High Court as on September 30, 2012, the Company was not in a position to redeem the said CRPS from the Banks. The Company, therefore, resolved to extend the period of redemption of these shares by a period of three years with an early redemption right to the Company before the extended period of three years by giving 30 days notice period i.e. the new redemption date for these 4,50,000 CRPS shall be September 30, 2015 unless they are redeemed earlier by giving 30 days notice to the concerned shareholders. The Company noted that these shares were purchased by Maytas Investment Trust (Trust) on September 28, 2012 and the Trust had agreed to extend redemption period by three years with early redemption right to the Company. The Company is also in the process of obtaining the consent of other preference shareholders u/s.106 of the Companies Act 1956

The Equity Shareholders consent is also sought u/s.106 of the Companies Act 1956 under variation of class rights

Accordingly, the Board recommends the resolution for your approval.

None of the Directors of your Company is, in anyway, concerned or interested in this resolution.

Information of Directors seeking appointment/ re-appointment under Section 256 and Section 257 of the Companies Act, 1956 and under Clause 49 (IV) (G) of the Listing Agreement

Items 3,4 & 5 – Directors seeking re-appointment:

• Mr. Ramchand Karunakaran:

Mr. Ramchand Karunakaran has been appointed as Non-Executive Chairman of the Board of IL&FS Engineering and Construction Co Ltd., effective November 14, 2011. He is the Managing Director of IL&FS Transportation Networks Limited (ITNL). He holds a Bachelor's degree in Civil Engineering from Madras University and a Post Graduate Degree in Development Planning from the School of Planning, Ahmedabad and has over 28 years of experience in urban and transport infrastructure development sector. Mr Ramchand has been involved in a number of private infrastructure initiatives including the commissioning of various toll road projects in the country. He has been with the IL&FS Group for the past 17 years and is on the Board of Directors of various companies within the IL&FS Group. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. Ramchand Karunakaran:

(I). Managing Director of:

1. IL&FS Transportation Networks Limited

- Road Infrastructure Development Company of Rajasthan Limited

(II). Director of Public Limited Companies:

- Bengal Aerotropolis Projects Limited
- Gujarat Road and Infrastructure Company Limited
- Gujarat International Finance Tec-City Co.Ltd
- IL&FS Renewable Energy Limited
- IL&FS Maritime Infrastructure Company Ltd
- IL&FS Energy Development Company Ltd
- IL&FS Engineering and Construction Company Limited
- IL&FS Environmental Infrastructure & Services Limited
- IL&FS Water Limited
- IL&FS Township & Urban Assets Limited
- Noida Toll Bridge Company Limited
- Reliance Haryana SEZ Limited

(III). Director of Private Limited Companies :

- Gujarat Integrated Maritime Complex Private Limited
- Sealand Ports Private Limited

(IV). Director of Foreign Companies :

- IL&FS Maritime Offshore Pte. Ltd, Singapore
- Land Registration Systems Inc (LARES), Philippines
- Elsamex S.A, Spain
- ITNL International Pte Limited, Singapore
- ITNL Offshore Pte Limited, Singapore
- Maytas Infra Saudi Arabia Company, Dubai
- IL&FS Prime Terminals FZC, Dubai
- Chongqing YuHe Expressway Company Limited, China

(V). Trusteeship held in Trust :

- IL&FS Transportation Networks Limited-Superannuation Trust
- IL&FS Transportation Networks Limited-Group Gratuity Scheme
- IL&FS Employees Welfare Trust

• **Mr. Saleh Mohammed Bin Laden:**

Mr. Saleh Mohammed Bin Laden, born in Jeddah, Saudi Arabia in 1956. He studied abroad in Lebanon, United States and got his Bachelor's degree in Business Administration from Bournemouth International College UK. He is the Senior Vice President of the group Holding Company - Saudi BinLaden Group and has direct responsibilities for the management of Portfolio of property related investment of the group. Additionally he is operationally responsible for several key Saudi Government initiatives such as the development of the Jizan Economic City, Emaar Economic City, and the development of the new Mega Airport project

of Jeddah (King Abdul Aziz International Airport-KAIA) He is the chairman of Huta Hegerfeld Saudi Arabia, which is one of the largest dredging company in the Middle East. He is also the Chairman of Construction Products holding company (CPC), a holding company with the concept of a "One Stop Shop" facility for all construction needs. Due to its success, similar concepts were developed in Egypt, Syria and UAE, with Algeria, Qatar and India in near future. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Saleh Mohammed Bin Laden:

- Mohammed BinLaden Co. of Real Estate.
- Al Salem Group of Companies.
- Makkah Co. for Construction & Development
- Huta Hegerfeld Saudi Ltd, Co.
- Arrow Co. for Food & Distribution.
- International Food & Consumer Goods Co.
- Jizan Economic City Co.
- Knowledge Economic City Al-Madinah

Executive President of:

- Project Management & Development Co.

Chairman of the Board:

- Al-Khabeer Capital Co.
- Construction Products Holding Co

• **Mr. El Mouhtaz El Sawaf:**

Mr. El Mouhtaz El Sawaf holds a graduate degree in Architectural Engineering from the American University of Beirut. In 1986, he entered into a management agreement with Saudi BinLaden Group to manage many of their most prestigious and honored Design & Build construction projects in Saudi Arabia and abroad. In 2005, he consolidated all factories that are owned by Saudi BinLaden Group and formed the Construction Products Holding Company, (CPC) a holding company with the concept of a "One Stop Shop" facility for all construction needs.

In 2006 he co-founded BINTEL, which is part of Saudi BinLaden Group, specializing in acquiring and operating GSM licenses in Africa. He does not hold any shares in his name or as a beneficiary in IL&FS Engineering and Construction Company Limited.

Directorships of Mr. El Mouhtaz El Sawaf:

- Roots Group Company - Saudi Arabia
- CPC Holding Company- Saudi Arabia
- MIMAR INVEST Company- Saudi Arabia
- Byblos Bank Syria-Syria
- United Food Services Company- Lebanon

Items 7, 8 & 9 – Directors seeking appointment

• **Mr. Ved Jain:**

CA. Ved Jain, FCA, New Delhi, aged 58 years is triple

Bachelor's Degree Holder. He has done his bachelors of Science from Punjab University in 1973. A Fellow Member of ICAI with more than three decades of standing. He was elected as President of The Institute of Chartered Accountants of India for the year 2008-2009 on 5th February 2008. Ved Jain was elected to the Central Council of ICAI for the first time in 2004 and thereafter in 2007.

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

Directorships of Mr. Ved Jain:

1. Maytas Properties Limited
2. ICAI Accounting Research Foundation
3. PTC India Limited
4. National Aluminum Company Limited
5. PTC India Financial Services Limited

• **Mr. Anil K Agarwal:**

Mr. Anil K Agarwal was the president of ASSOCHAM. He heads the Cosmos Group which has business interests in fields such as Engineering & Electricals, Food & Agro technologies, Biotechnology, Power distribution equipments etc. He is a council member of Indian Institute of Chartered Accountants of India.

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

Directorships of Mr. Anil K Agarwal:

1. Vams Marketing Private Limited
2. Space Industries Limited
3. Space Capital Services Limited
4. Cosmos International Limited

• **Mr. Hari Sankaran:**

Mr Hari Sankaran, is the Vice Chairman of Infrastructure Leasing & Financial Services Limited (IL&FS), Mumbai, India. Prior to his current position, Mr Sankaran held a number of positions within the Organization including that of the Chief Economist, Head Northern Region and Executive Director.

Mr Hari Sankaran has been closely associated with all initiatives that have established IL&FS as India's leading Infrastructure and Financing Institution: the Institution has

spearheaded the concept of Public Private Partnerships (PPP) across a range of sectors in India including roads, power, telecom, water, ports, education, skill training, e-Governance, etc

Mr Hari Sankaran served as the Chairman of the Infrastructure Committee of the Federation of Indian Chamber of Commerce and Industry of India (FICCI) as well as on also several Governmental Committees tasked with the responsibility of recommending appropriate policy and regulatory interventions to support PPP.

Mr. Hari Sankaran is a post graduate from the London School of Economics & Political Science, and has worked with leading Multinational and Development Finance Institutions.

Directorships of Mr. Hari Sankaran:

1. Infrastructure Leasing & Financial Services Limited
2. IL&FS Energy Development Company Limited
3. IL&FS Technology Services Limited
4. IL&FS Environmental Infrastructure and Services Limited
5. IL&FS Financial Services Limited
6. IL&FS Infrastructure Development Corporation Limited
7. IL&FS Maritime Infrastructure Company Limited
8. IL&FS Renewable Energy Limited
9. IL&FS Transportation Networks Limited
10. Gujarat International Finance Tec-City Company Limited
11. Mangalore SEZ Limited
12. Road Infrastructure Development Company of Rajasthan Limited
13. Tamil Nadu Water Investment Company Limited

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

Place : Dubai
 Date : December 22, 2012

G. Venkateswar Reddy
 Company Secretary