

Registered Office
D.No. 8-2-120/113/3
4th Floor, Sanali Info Park
Road No 2, Banjara Hills
Hyderabad - 500033
Telangana, INDIA

T +91 40 40409333
F +91 40 40409444
E info@ilfsengg.com
W www.ilfsengg.com
CIN L45201AP1988PLC008624

15th Nov-2021

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: 532907

Scrip Code: IL&FSENGG

Dear Sir / Madam,

Sub:- Outcome of the Board Meeting dtd. 15th Nov-2021.

With reference to the Board Meeting notice issued on 8th Nov-2021, we would like to inform you that the Board of Directors of the Company at their meeting held on 15th Nov-2021, have interalia approved the Unaudited Financial both Standalone & Consolidated Results of the Company for the quarter & half year ended **Sept-2021**.

In terms of the above, we are enclosing herewith the following:

Unaudited Standalone financial results & consolidated financial results of the Company, its subsidiaries and associate for the quarter & half year ended **Sept-2021** under Ind AS, which have been approved and taken on record at a meeting of the Board of Directors of the Company held today.

Limited Review Report pursuant to Regulation 33 of the SEBI (LODR) Regulations, 2015, for Unaudited Financial Results (Consolidated & Standalone) for the quarter & half year ended **Sept-2021** from our Statutory Auditors.

The Board Meeting commenced at 11:00 AM and concluded at 3:10 PM.

Request you to take the same on record and oblige.

Thanking You

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

Sistla Srinivasa Kiran
Company Secretary & Compliance Officer

Encl: As above.



IL&FS Engineering and Construction Company Limited

CIN: L45201TG1988PLC008624

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Phone-040 40409333; Fax-040 40409444

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

Statement of Unaudited Standalone Financial Results for the Quarter and Six months ended September 30, 2021

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Mar-21
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income						
(a) Revenue from operations	10,479	5,847	6,949	16,326	10,282	33,274
(b) Other income	3,064	373	816	3,437	1,317	4,502
Total Income	13,543	6,220	7,765	19,763	11,599	37,776
2. Expenses						
(a) Cost of materials consumed	4,495	1,581	1,799	6,076	2,725	9,102
(b) Subcontracting expense	2,457	3,037	3,023	5,494	4,565	14,070
(c) Employee benefits expense	1,153	1,091	1,246	2,244	2,500	4,897
(d) Finance cost	1,187	791	384	1,978	887	4,270
(e) Depreciation and amortization	340	353	519	693	1,012	1,899
(f) Other expenses	3,366	667	960	4,033	4,148	3,816
(g) Expected credit loss and other provisions	1,200	-	2,392	1,200	-	23,528
Total expenses	14,198	7,520	10,323	21,718	15,837	61,582
3. Profit / (loss) before Exceptional Items and tax (1-2)	(655)	(1,300)	(2,558)	(1,955)	(4,238)	(23,806)
4. Exceptional items (net)	-	-	4,758	-	4,758	4,758
5. Profit/(Loss) before tax (3-4)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,564)
6. Tax (expense) / credit						
-Current Tax	-	-	-	-	-	-
-Deferred Tax	-	-	-	-	-	-
7. Net Profit /(loss) after Exceptional Items and tax (5+6)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,564)
8. Other Comprehensive Income/(expense)(net of tax)						
a) Remeasurements of the defined benefit plan	-	-	-	-	-	71
b) Income tax relating to the items that will not be reclassified to profit or loss	-	-	-	-	-	-
9. Total comprehensive income for the period (7+8)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,493)
10. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each)	13,112	13,112	13,112	13,112	13,112	13,112
11. Other equity as shown in the audited balance Sheet	-	-	-	-	-	(272,249)
12. Earnings per equity share (of Rs . 10/- each) (not annualised):						
a. Basic	(0.50)	(0.99)	(5.58)	(1.49)	(6.86)	(21.78)
b. Diluted	(0.50)	(0.99)	(5.58)	(1.49)	(6.86)	(21.78)
See accompanying notes to the Financial Results						



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Statement of Unaudited Consolidated Financial Results for the Quarter and six months ended September 30, 2021

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Mar-21
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income						
(a) Revenue from operations	10,479	5,847	6,949	16,326	10,282	33,274
(b) Other income	3,064	373	816	3,437	1,317	4,502
Total Income	13,543	6,220	7,765	19,763	11,599	37,776
2. Expenses						
(a) Cost of materials consumed	4,495	1,581	1,799	6,076	2,725	9,102
(b) Subcontracting expense	2,457	3,037	3,023	5,494	4,565	14,070
(c) Employee benefits expense	1,153	1,091	1,246	2,244	2,500	4,897
(d) Finance cost	1,187	791	384	1,978	887	4,270
(e) Depreciation and amortization	340	353	519	693	1,012	1,899
(f) Other expenses	3,366	667	960	4,033	4,148	3,817
(g) Expected credit loss and other provisions	1,200	-	2,392	1,200	-	23,528
Total expenses	14,198	7,520	10,323	21,718	15,837	61,583
3. Profit / (loss) before Exceptional Items and tax (1-2)	(655)	(1,300)	(2,558)	(1,955)	(4,238)	(23,807)
4. Exceptional items (net)	-	-	4,758	-	4,758	4,758
5. Profit/(Loss) before tax (3-4)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,565)
6. Tax (expense) / credit						
-Current Tax	-	-	-	-	-	-
-Deferred Tax	-	-	-	-	-	-
7. Share of profit in joint ventures accounted for using the equity method	-	-	-	-	-	63
8. Net Profit / (loss) after Exceptional Items and tax (5+6+7)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,502)
Attributable to:						
Shareholder of the Company	-	-	-	-	-	-
Non controlling interests	-	-	-	-	-	-
9. Other Comprehensive Income/(expense)(net of tax)						
Attributable to:						
Items that will be reclassified to profit or loss						
a) Remeasurements of the defined benefit plan	-	-	-	-	-	71
b) Income tax relating to the items that will not be reclassified to profit or loss						
Shareholder of the Company	-	-	-	-	-	71
Non controlling interests	-	-	-	-	-	-
10. Total comprehensive income for the period (8+9)	(655)	(1,300)	(7,316)	(1,955)	(8,996)	(28,431)
Attributable to:						
Shareholder of the Company	-	-	-	-	-	-
Non controlling interests	-	-	-	-	-	-
11. Paid-up equity share capital (Face Value Rs. 10/- each)	13,112	13,112	13,112	13,112	13,112	13,112
12. Other equity as shown in the audited Balance sheet						(272,700)
13. Earnings per equity share (of Rs . 10/- each) (not annualised):						
a. Basic	(0.50)	(0.99)	(5.58)	(1.49)	(6.86)	(21.74)
b. Diluted	(0.50)	(0.99)	(5.58)	(1.49)	(6.86)	(21.74)
See accompanying notes to the Financial Results						



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DN: cn=Subrata Kumar Atindra
Mitra, o=IL&FS Engineering and
Construction Company Limited,
ou=IL&FS Engineering and
Construction Company Limited,
c=IN, postalCode=400033,
serialNumber=814612747040409333,
email=cs@ilfsengg.com,
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Standalone and Consolidated Statement of assets and liabilities as at September 30, 2021

(Rs. In Lakhs, unless otherwise stated)

Particulars	Standalone as at		Consolidated as at	
	30-Sep-21	31-Mar-21	30-Sep-21	31-Mar-21
	(unaudited)	(audited)	(unaudited)	(audited)
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	6,359	7,185	6,359	7,185
(b) Right-of-use-assets	28	28	28	28
(d) Other Intangible assets	-	-	-	-
(e) Financial Assets				
(i) Investments	4,127	3,942	4,311	4,126
(ii) Trade receivables	2,588	2,733	2,588	2,733
(iii) Loans	2,201	2,007	2,201	2,007
(iv) Others financial assets	27,107	25,518	27,107	25,518
(f) Deferred tax assets (net)	24,299	24,299	24,299	24,299
(g) Current tax assets (Net)	6,629	6,775	6,629	6,775
(h) Other non-current assets	71,017	74,146	71,017	74,146
	144,354	146,632	144,538	146,816
Current assets				
(a) Inventories	3,088	3,772	3,088	3,772
(b) Financial Assets				
(i) Trade receivables	11,238	13,409	11,238	13,409
(ii) Cash and cash equivalents	8,759	6,694	8,762	6,697
(iii) Bank balances other than (ii) above	19,384	19,384	19,384	19,384
(iv) Loans	1,609	1,786	1,609	1,786
(v) Others financial assets	649	1,212	649	1,212
(c) Current tax assets (Net)	1,548	3,117	1,548	3,117
(d) Other current assets	45,996	47,669	45,996	47,669
	92,271	97,043	92,274	97,046
Total Assets	236,625	243,675	236,812	243,862
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	13,112	13,112	13,112	13,112
(b) Other Equity	(274,205)	(272,249)	(274,655)	(272,700)
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Lease Liability	-	-	-	-
(ii) Trade payables				
Dues to micro and small enterprises	-	-	-	-
Dues to other than micro and small enterprises	12,242	16,379	12,242	16,379
(iii) Other financial liabilities	5,105	5,616	5,105	5,616
(b) Provisions	4,491	9,949	4,491	9,949
	21,838	31,944	21,838	31,944
Current liabilities				
(a) Financial Liabilities				
(i) Lease Liability	29	29	29	29
(ii) Borrowings	266,897	266,915	266,897	266,915
(iii) Trade payables				
Dues to micro and small enterprises	274	691	274	691
Dues to other than micro and small enterprises	79,048	72,573	79,685	73,210
(iv) Other financial liabilities	101,376	100,946	101,376	100,946
(b) Provisions	7,230	5,493	7,230	5,493
(c) Other current liabilities	21,025	24,221	21,025	24,221
	475,880	470,868	476,516	471,505
Total Equity and Liabilities	236,625	243,675	236,812	243,862



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Statement of Standalone and Consolidated Cash flow Statement for the six months ended September 30, 2021

(Rs. In Lakhs, unless otherwise stated)

Particulars	Standalone as at		Consolidated as at	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
A. Cash flow from operating activities				
Profit/(Loss) before tax	(1,955)	(8,996)	(1,955)	(8,996)
Adjustment: Non cash adjustments to reconcile profit before tax to net cash flows				
Reversal for estimated future loss on projects	(3,819)	(183)	(3,819)	(183)
Depreciation and amortization expense	942	1,012	942	1,012
Provision for advances, trade receivables, other assets, future loss and impairment of property, plant and equipment	1,200	-	1,200	-
Bad debts recovered	(2,722)	-	(2,722)	-
Interest income from financial assets carried at amortised cost	(184)	(4)	(184)	(4)
Interest expense from financial liabilities carried at amortised cost	-	162	-	162
Interest expense	1,978	887	1,978	887
Interest income	(483)	(1,136)	(483)	(1,136)
Operating profit before working capital changes	(5,043)	(8,259)	(5,043)	(8,259)
Movement in working capital adjustments				
(Increase) / decrease in inventories	684	351	684	351
(Increase) / decrease in trade receivables	5,038	(236)	5,038	(236)
(Increase) / decrease in loans	(17)	12	(17)	12
(Increase) / decrease in other financial assets	(1,026)	165	(1,026)	165
(Increase) / decrease in other non financial assets	4,802	4,038	4,802	4,037
Increase / (decrease) in provision	(1,102)	4,760	(1,102)	4,760
Increase / (decrease) in trade payables	1,920	(1,819)	1,920	(1,818)
Increase / (decrease) in other financial liabilities	(2,119)	176	(2,119)	176
Increase / (decrease) in other liabilities	(3,196)	(46)	(3,196)	(46)
Cash (used in) / flow from operating activities	(59)	(858)	(59)	(858)
Income tax (refund) / paid (net)	1,715	2,907	1,715	2,907
Net cash (used in) / flow from operating activities (A)	1,656	2,049	1,656	2,049
B. Cash flows from investing activities				
Share of Profit in the joint ventures received	-	-	-	-
Proceeds from JV	-	(162)	-	(162)
Sale Proceeds from Fixed Assets	126	-	126	-
(Deposit) / proceeds from bank deposits (having original maturity of more than three months)	-	(991)	-	(991)
Interest received	1,046	1,136	1,046	1,136
Net cash (used in) / flow from investing activities (B)	1,172	(17)	1,172	(17)
Cash flow from financing activities				
Proceeds/Repayment from short-term borrowings (net)	(18)	(203)	(18)	(203)
Interest paid	(744)	(887)	(744)	(887)
Net cash flow from / (used in) financing activities (C)	(762)	(1,090)	(762)	(1,090)
Net increase (decrease) in cash and cash equivalents (A + B + C)	2,065	942	2,065	942
Cash and cash equivalents at the beginning of the period	6,694	6,693	6,697	6,696
Cash and cash equivalents at the end of the period (Refer below for break-up)	8,759	7,635	8,762	7,638
Components of Cash and cash equivalents				
Cash on hand	7	8	7	8
With banks - on current accounts	8,752	7,627	8,755	7,630
Total cash and cash equivalents	8,759	7,635	8,762	7,638



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Notes to the unaudited consolidated and standalone financial results for the quarter and half year ended September 30, 2021:

- (1) The above unaudited consolidated and 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 November 15, 2021.
- (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 unaudited consolidated and standalone 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) Investigations etc. by the Regulatory / Investigative Agencies:
Subsequent to adverse developments at Infrastructure Leasing and Financial Services Limited ("IL&FS") and IL&FS group level, as stated in earlier years, various regulatory and investigatory authorities are seeking information from the company as part of their investigations since 2018-19 onwards. Company and the present management are cooperating with the respective authorities and submitting the information as sought from time to time.

Further, as per the directions of the Reconstituted Board of IL&FS, forensic audit also has been initiated for select entities including this Company. The forensic auditors submitted their final reports during May 2021 detailing certain potential anomalies in the financial statements and operations of the Company. The report has been hosted on the Company's websites and also filed with stock exchanges, submitted to SFIO etc. Based on the said report SFIO is seeking additional information from the Company and also requested the statutory auditors of the Company past and present to submit their audit working files

- (5) Going Concern:

The Group or Company has incurred loss of Rs.1,955 Lakhs during the period ended September 30, 2021 (Year ended March 31, 2021 Rs.28,564 Lakhs). Company's net worth has been fully eroded and the current liabilities exceed its current assets as at the reporting date. A major portion of the existing projects being executed by the Company are nearing completion / or approaching their end of term, which is likely to result in significant reduction in the Company's operating revenue thereafter. During the current and earlier years, the Company has defaulted on various loans to the lenders of the Company, including borrowings from promoter group entities.

As indicated in Note No. 4 above, the Reconstituted Board of Directors of IL&FS filed various status reports to National Company Law Tribunal (NCLT) and in one of such reports, all the group entities of IL&FS have been categorized into Green/Amber/Red entities and the Company was categorized under the Group "Red" implying that the Company is unable to meet its contractual, statutory and debt obligations. The Company is currently not settling payments existing prior to the date of reconstitution of Board of Directors of IL&FS to its Financial Creditors and the Operational Creditors.

Adverse developments in promoter group entities impacted the operations of the company and also resulted in cancellation/ termination/suspension/foreclosure of certain contracts with customers. The accompanying consolidated and standalone financial results statements has been prepared on going concern basis based on cumulative impact of certain steps taken by the Reconstituted Board and the support received from NCLAT for bringing in a period of calm during the resolution process. Based on this, the business can be predicted to be operative for the following 12 months and there is no threat of liquidation or closure.

Further, the Reconstituted Board is in the process of finalizing a comprehensive approach to manage the current situation including sale of existing equity share holding by IL & FS Group. In this process, the Reconstituted Board, as part of resolution process for the Company, has invited expression of interest for acquiring the equity stake in the Company.

Based on the cumulative impact of above stated matters/factors and support received from NCLAT, the management prepared the financial statements on a going concern basis.



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serialNumber=01, cn=SUBRATA KUMAR ATINDRA MITRA
c=IN, email=SUBRATA.KUMAR@INDIA.NIFTA
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- (6) Interest Expense:
Consequent to the matters referred in Note no 4 and 5 above and in terms of the resolution framework process, the proposal made is that liabilities relating to the relevant IL&FS Group Entity, including interest, default interest, indemnity claims and additional charges, whether existing at or relating to a period after the Cut-Off Date (October 15, 2018) should not continue to accrue.

Ongoing resolution process is in line with the orders issued by Hon'ble National Company Law Tribunal Appellate Tribunal. The Company is in anticipation of obtaining necessary approval for concession/waivers from lenders has neither paid nor recognized interest, aggregating to Rs. 20,665 Lakhs approximately (excluding penal interest etc.) for period ended September 30, 2021.

Interest so far not recognized as payable as at September 30, 2021 aggregates to Rs 1,06,932 Lakhs approximately (excluding penal interest etc.)

- (7) Deferred Tax: amounting to Rs. 24,299 Lakhs as at September 30, 2021 (Rs. 24,299 Lakhs as at March 31, 2021), recognized by the Company in earlier years. The same is being retained as the Company is in the process of finalizing resolution plan which if approved and implemented is likely to generate enough profits in subsequent years which can set-off deferred tax asset.

- (8) Compliant lodged with the Commissioner of Police (Economic Offence Wing, Hyderabad)
The management of the Company has directed internal auditor of the Company to carry out a special audit relating to one of the projects being executed by the Company. Based on the report submitted by the internal auditor, the Board of Directors have instructed to lodge a complaint with Economic Offence Wing, Hyderabad for further investigation and to take appropriate actions against the persons involved causing loss if any to the Company.

- (9) Trade receivables and Contract assets (Retention Money and Project work in progress):
a) Balances under trade receivables, retention money and project work in progress (PWIP) include long pending dues relating to the completed /terminated / foreclosed projects, amounting to Rs 4,318 Lakhs, Rs 3,110 Lakhs and Rs 11,510 Lakhs respectively. Management is communicating and discussing with customers for recovery of these monies. Based on the internal assessment, the management is of the view that no further provision is required to be made.

b) Retention money as at September 30, 2021 Rs. 40,690 Lakhs. As per contractual terms, these retention monies can be receivable by the Company, primarily after completion of Defective Liability Period (DLP). The Company has not received any claims under defect liability clause and is confident of recovery of the carrying value of the same irrespective of termination/foreclosure/disputes, hence no further provision is required to be made.

c) PWIP include Rs 25,263 lakhs (including interest receivable, trade receivable and retention money recognized in earlier years thereon and net of mobilization advance and interest payable on mobilization advance) represents amounts receivable from a customer as per the arbitration award in favour of the Company. The customer has referred the matter further to High Court of Delhi.

- (10) Confirmations of balances relating to borrowings:
As at September 30, 2021, fund based borrowings availed by the Company aggregates to Rs 2,62,913 Lakhs. These include borrowings from group entities, aggregating to Rs 2,04,707 Lakhs. The Company neither serviced principal amounts and /or interest payments, wherever applicable. Further, Borrowings to the extent of Rs. 28,681 Lakhs were not confirmed by respective lenders. Adjustments to principal and interest, if any, will be recognized in the period of final settlement.

Also, the Company has not received confirmation of balances for amounts receivable from customers and from parties to whom advances have been made by the Company for supply of services/goods and trade payables. Further, the balances under these items are subject to reconciliation. The management is confident that the settlement of these balances will be made at the carrying amounts and no provision is required at present. Adjustments for variances, if any will be made in the year of settlement.



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KUMAR ATINDRA MITRA@IL&FS
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- (11) Default in redemption of preference shares and dividend thereon:
In the earlier years, the Company has issued 37,50,000, 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs 100 each, aggregating to Rs 3750 Lakhs were outstanding as on September 30, 2019. All these OCCRPS were purchased by ILFS Trust Company Limited (ITCL), now Vistara ITCL India Limited, being the trustee of Maytas Investment Trust. As per various agreements/extensions, all these OCCRPS were due for redemption as on September 30, 2019. The Company defaulted in the repayment of these OCCRPS. Further, the Company has also defaulted in repayment of dividend of Rs 1,579 Lakhs. Dividend payable defaulted in the books as on September 30, 2021, Rs 1,579 Lakhs.
- (12) The Company has not consolidated one subsidiary "Maytas Infra Saudi Arabia Company" in current year and previous year as the said subsidiary has ceased its operations for a period in excess of three years.
- (13) Statutory Auditors of the Company have qualified in their review reports on standalone financial results statements with regards to matters stated in paragraphs 6, 7 and in their review reports on consolidated financial results statements with regards to matters stated in paragraphs 6,7 and 12 above and drawn emphasis of matter with respect to matters stated in paragraphs 4,5,9 and 10 above in both standalone and consolidated financial results statement.
- (14) These consolidated and standalone 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

Director
DIN:
KAZIM RAZA KHAN
Digitally signed by KAZIM RAZA KHAN
Date: 2021.11.15
13:04:41 +05'30'
Kazim Raza Khan
Chief Executive Officer

Director
DIN:
NAVEEN KUMAR AGRAWAL
Digitally signed by NAVEEN KUMAR AGRAWAL
DN: cn=Naveen Kumar Agrawal, o=IL&FS Engineering and Construction Company Limited, email=Naveen.Kumar.Agrawal@ilfsengg.com, c=IN
Date: 2021.11.15
13:04:41 +05'30'
Naveen Kumar Agrawal
Chief Financial Officer

Place:
Date:

Place:
Date:

SUBRATA KUMAR ATINDRA MITRA
Digitally signed by SUBRATA KUMAR ATINDRA MITRA
DN: cn=Subrata Kumar Atindra Mitra, o=IL&FS Engineering and Construction Company Limited, email=Subrata.Kumar.Atindra.Mitra@ilfsengg.com, c=IN
Date: 2021.11.15 14:04:10 +05'30'



**Independent Auditor's Review Report on Unaudited Consolidated Financial Results of IL&FS
Engineering and Construction Company Limited for the quarter and six months ended
September 30, 2021**

**Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 as amended**

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

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of IL&FS Engineering and Construction Company Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter and six months ended September 30, 2021 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').
2. This Statement which is the responsibility of the Group's Management and approved by the Board of Directors of the Holding Company on November 15, 2021, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion:

We draw attention to the following notes to the statement:

4. Note 6 relating to non-recognition of interest expense for the period amounting to Rs. 20,665 Lakhs (excluding penal interest) on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.
 - a. Consequently, interest expense and loss for the period are understated by Rs. 20,665 Lakhs approximately and
 - b. Retained earnings (accumulated loss) and Interest payable as at September 30, 2021 is understated by Rs. 20,665 Lakhs.



5. Note 7: Deferred tax assets classified as a part of Non-current assets and forming part of Standalone annual Financial results amounting to Rs. 24,299 lakhs as at September 30, 2021 represents amounts recognised by the Company in earlier years. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. Consequently, deferred tax assets are overstated and loss for the period and retained earnings (accumulated loss) are understated by Rs. 24,299 Lakhs
6. Note 12: Regarding non consolidation of one foreign subsidiary which has ceased its operations for a period exceeding three years. We are unable to comment on the impact, if any, on the financial results for the respective periods in the absence of the financial information of the said foreign subsidiary.

Material uncertainty related to going Concern:

7. Attention is invited to Note 5 to financial results, regarding a significant reduction in the Company's income from operations, in the absence of new business orders, management's expectation of Company's inability to meet its obligations over the next 12 months out of its earnings and liquid assets. The Company's management represented to us that they are currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal / finalisation and approval of the resolution plan, which is not wholly within the control of the Company.

The Management of the Company has prepared these consolidated financial results on going concern basis based on their assessment of the successful outcome of the restructuring proposal / finalisation and approval of the resolution plan.

Our opinion is not modified in respect of this matter

Emphasis of Matter:

We draw attention to the following notes to the consolidated financial results:

8. Note 4 regarding ongoing investigations by Serious Fraud Investigation Office of Ministry of Company Affairs (SFIO), Enforcement Directorate (ED) and other regulators / agencies against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Holding Company'), and its subsidiaries (including the Company). The financial results of the Company for the year ended March 31,2021 do not include adjustments, if any, that may arise on account of the ongoing investigations by the investigating and other agencies and Regulatory Authorities, as the management, at this juncture, do not foresee any adjustments to be made in these financial results of the Company as a result of any such investigations.
9. Note 9 (a) regarding long pending trade receivables, retention money and contract assets (Project work in progress) from the completed projects, amounting to Rs 4318 Lakhs, Rs 3110 Lakhs and Rs 11510 Lakhs respectively. For the reasons stated in the relevant notes to the accompanying standalone financial results management, based on internal assessment, is of the opinion that the amounts carrying value of these balances are fully recoverable.



10. Note 10 regarding absence of confirmation of balances as at September 30, 2021 by certain lenders, customers and vendors.

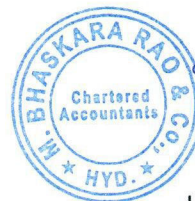
Amounts stated in Note 8, 9 and 10 cannot be presently determined and for the reasons stated in the relevant notes to the accompanying standalone annual financial statements. Accordingly, no adjustment has been made in the carrying value of the aforesaid assets.

Our opinion is not modified in respect of matters stated in paras 7 to 10.

Qualified Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects, in respect of the matters described in Paras 4, 5 and 6 under Basis for Qualified Conclusion, and read with Material uncertainty relating to the Going Concern and the matters in Paras 7 to 10 under Emphasis of Matter paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement..

for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S



V K Muralidhar

V K Muralidhar
Partner

Membership No.201570
UDIN: 21201570AAAAKA2122

November 15, 2021, Hyderabad

**Independent Auditor's Review Report on Statement of Unaudited Standalone Financial Results of
IL&FS Engineering and Construction Company Limited for the quarter and six months ended
September 30, 2021**

**Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 as amended**

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 of IL&FS Engineering and Construction Company Limited ('the Company') for the quarter and Six months ended September 30, 2021, ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors of the Company on November 15, 2021, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion:

We draw attention to the following notes to the statement:

4. Note 6 relating to non-recognition of interest expense for the period amounting to Rs. 20,665 Lakhs (excluding penal interest) on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.
 - a. Consequently, interest expense and loss for the period are understated by Rs. 20,665 Lakhs approximately and
 - b. Retained earnings (accumulated loss) and Interest payable as at September 30,2021 is understated by Rs. 20,665 Lakhs.



5. Note 7: Deferred tax assets classified as a part of Non-current assets and forming part of Standalone annual Financial results amounting to Rs. 24,299 lakhs as at September 30, 2021 represents amounts recognised by the Company in earlier years. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. Consequently, deferred tax assets are overstated and loss for the period and retained earnings (accumulated loss) are understated by Rs. 24,299 Lakhs.

Material uncertainty related to going Concern:

6. Attention is invited to Note 5 to financial results, regarding a significant reduction in the Company's income from operations, in the absence of new business orders, management's expectation of Company's inability to meet its obligations over the next 12 months out of its earnings and liquid assets. The Company's management represented to us that they are currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal / finalisation and approval of the resolution plan, which is not wholly within the control of the Company.

Emphasis of Matter:

We draw attention to the following notes to the financial results:

7. Note 4 regarding ongoing investigations by Serious Fraud Investigation Office of Ministry of Company Affairs (SFIO), Enforcement Directorate (ED) and other regulators / agencies against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Holding Company'), and its subsidiaries (including the Company). The financial results of the Company for the year ended March 31,2021 do not include adjustments, if any, that may arise on account of the ongoing investigations by the investigating and other agencies and Regulatory Authorities, as the management, at this juncture, do not foresee any adjustments to be made in these financial results of the Company as a result of any such investigations.
8. Note 9 (a) regarding long pending trade receivables, retention money and contract assets (Project work in progress) from the completed projects, amounting to Rs 4,318 Lakhs, Rs 3,110 Lakhs and Rs 11,510 Lakhs respectively. For the reasons stated in the relevant notes to the accompanying standalone financial results management, based on internal assessment, is of the opinion that the amounts carrying value of these balances are fully recoverable.
9. Note 10 regarding absence of confirmation of balances as at September 30, 2021 by certain lenders, customers and vendors.

Amounts stated in Note 7, 8 and 9 cannot be presently determined and for the reasons stated in the relevant notes to the accompanying standalone annual financial statements. Accordingly, no adjustment has been made in the carrying value of the aforesaid assets.

Our opinion is not modified in respect of matters stated in paras 6 to 9.



Qualified Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects, in respect of the matters described in Paras 4 and 5 under Basis for Qualified Conclusion, and read with Material uncertainty relating to the Going Concern and the matters in Paras 6 to 9 under Emphasis of Matter paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S



A handwritten signature in blue ink, appearing to read "V K Muralidhar", written over the circular stamp.

V K Muralidhar
Partner

Membership No.201570
UDIN: 21201570AAAAJY2966

November 15, 2021, Hyderabad