

To

The General Manager
BSE Limited
P. J. Towers, Dalal Street,
Mumbai – 400 001

Scrip Code: 532907

To

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

Dear Sir/Madam,

Sub: Unaudited Standalone Financial Results for the Quarter and Half-Year Ended September 30, 2018


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, 2018 as approved by the Board of Directors of the Company in its Meeting held on November 19, 2019 along with Limited Review Report thereon, issued by the Statutory Auditors, M Bhaskara Rao & Co.

The Meeting of Board of Directors of the Company commenced at 11.45 am continued till 01.00 pm and adjourned to 05.00 pm and concluded at 06.30 pm.

Thanking you,

Yours faithfully
For IL&FS Engineering and Construction Company Limited


J Veerraju
Company Secretary

Encl: as above.



IL&FS Engineering and Construction Company Limited
CIN: L45201TG1988PLC008624

Regd. Office : D No 8-2-120/113, Block- B 1st Floor, Sanali Info Park, Road No 2 , Banjara Hills, Hyderabad - 500033
Phone-040 40409333; Fax-040 40409444

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

Statement of Un-Audited standalone financial results for the Quarter and half year ended September 30, 2018

(Rs. In Lakhs, unless otherwise stated)

Particulars	Quarter ended			For the six months ended	
	30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
1. Revenue					
(a) Income from operations	25,397	49,731	34,084	75,128	80,562
(b) Other income	685	1,169	14,642	1,854	16,929
Total Revenue	26,082	50,900	48,726	76,982	97,491
2. Expenses					
(a) Cost of materials consumed	17,795	16,961	9,990	34,756	24,633
(b) Subcontracting expense	1,553	21,809	15,289	23,362	33,109
(c) Employee benefits expenses	3,952	4,318	3,572	8,270	6,707
(d) Finance cost	9,944	10,305	9,135	20,249	18,443
(e) Depreciation and amortization expenses	993	1,010	1,115	2,004	2,325
(f) Other expenses	2,576	9,895	5,726	12,471	12,212
Total expenses	36,814	64,298	44,827	1,01,112	97,429
3. Profit/(Loss) before tax and exceptional items (1-2)	(10,732)	(13,398)	3,899	(24,130)	62
4. Exceptional items (net) (refer note 12)	1,64,043	-	-	1,64,043	-
5. Profit/(Loss) before tax (3-4)	(1,74,774)	(13,398)	3,899	(1,88,173)	62
6. Tax expense/ (credit)	-	-	(47)	-	(47)
7. Share of profit from integrated joint ventures	-	55	68	55	200
8. Net Profit/(Loss) after tax (5+6+7)	(1,74,774)	(13,343)	4,014	(1,88,118)	309
9. Other Comprehensive Income/(expense)(net of tax)	57	57	10	114	(13)
10. Total comprehensive income for the period (8+9)	(1,74,717)	(13,286)	4,024	(1,88,003)	296
11. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each)	13,112	13,112	13,112	13,112	13,112
12. Earnings per equity share (of Rs . 10/- each) (not annualised):					
a. Basic	(133.29)	(10.18)	3.06	(143.47)	0.24
b. Diluted	(133.29)	(10.18)	3.01	(143.47)	0.13
See accompanying notes to the Financial Results					



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Standalone balance sheet as at September 30, 2018

(Rs. In Lakhs, unless otherwise stated)

Particulars	30-09-2018 (Reviewed)	31-03-2018 (Audited)
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	13,342	14,229
(b) Capital work-in-progress	375	243
(c) Other Intangible assets	65	3,799
(d) Financial Assets		
(i) Investments	5,655	35,228
(ii) Trade receivables	15,446	26,367
(iii) Loans	48,620	70,012
(vi) Others financial assets	25,532	50,501
(e) Deferred tax assets	25,343	25,343
(f) Non-current tax assets (Net)	8,388	3,815
(g) Other non-current assets	23,939	1,04,444
	1,66,705	3,33,981
Current assets		
(a) Inventories	11,166	1,01,813
(b) Financial Assets		
(i) Trade receivables	10,998	49,472
(ii) Cash and cash equivalents	870	1,393
(iii) Bank balances other than (ii) above	1,396	1,396
(iv) Loans	5,796	13,006
(v) Others financial assets	10,022	5,865
(c) Current tax assets (Net)	3,357	6,650
(d) Other current assets	1,21,913	17,707
	1,65,519	1,97,302
Total Assets	3,32,224	5,31,283
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	13,112	13,112
(b) Other Equity	(1,87,602)	401
LIABILITIES		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,05,506	1,20,490
(ii) Trade payables		
Dues to Micro and Small enterprises	-	-
Dues to other than Micro and Small enterprises	16,539	46,539
(iii) Other financial liabilities	20,078	42,751
(b) Provisions	917	1,638
(c) Other non-current liabilities	362	362
	1,43,402	2,11,780
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	66,397	75,649
(ii) Trade payables		
Dues to Micro & Small enterprises	1,887	1,731
Dues to other than micro& small enterprises	86,825	83,462
(iii) Other financial liabilities	1,83,293	1,20,590
(b) Provisions	5,273	5,082
(c) Other non-current liabilities	19,637	19,476
	3,63,313	3,05,900
Total Equity and Liabilities	3,32,224	5,31,283



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 November 19, 2019
- (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 financial results include the Company's share of profits (net) aggregating to Rs. 55 lakhs for the six months ended September 30, 2018 respectively 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 and six months ended September 30, 2018
- (5) 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), wherein the Company was also a contributory. Value of Investment in the PTC issued by the Company was Rs. 25,967 Lakhs. Further, the Company has receivables from the investee entities in the form of loans and advances and investments aggregating to Rs. 14,619 Lakhs

Based on the valuation reports furnished by external valuers, during the current quarter, the Company has recognized a impairment of Rs. 25,967 Lakhs towards diminution in the value of PTC. However, the Company is confident of recovery of the carrying value of the pass through certificates advances given to the investee entities

(6) Trade receivables and Contract assets:

a) Trade Receivables as at September 30, 2018 include:

(i) Certain dues from terminated / foreclosed projects, including retention money receivable. Management initiated discussion for recovery of the billed revenue upto the date of termination / foreclosure of the contracts. The respective customers have indicated based on a mutual evaluation of the contract, project dues (billed and unbilled) till the date of termination shall be paid to the Company. Accordingly, the Company has written off / provided which are considered as not realisable and retained the above amount as realisable

(ii) Certain receivables from promoter group entities, for which the Company obtained certifications for the works done / bills raised. No provisioning has been made for the said receivables as at September 30, 2018. Adjustments, if any, that may arise on ultimate realization will be made in the year in which the settlement is concluded

(iii) Certain retention money which can be received by the Company, primarily after completion of Defective Liability Period (DLP). As at September 30, 2018, the Company has not received any claims under defective liability clause and is confident of recovery of the carrying value of the same



b) Contract assets (project work in Progress) include:

(i) Certain amounts recoverable from the respective customers in respect of terminated / foreclosed / completed projects. The respective customers have indicated based on a mutual evaluation of the contract, project dues (billed and unbilled) till the date of termination shall be paid to the Company. Accordingly, the Company has written off / provided in the previous quarter which were considered as not realizable and retained the said amount as realizable

(ii) Amounts receivable from Group Company, Rs. 12,500, recognized based on the acknowledgment by said company. Adjustments, if any, that may arise on ultimate realization will be made in the year in which the settlement is concluded

- (7) Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 34,378 Lakhs. Of the foregoing, documentary evidences had been established that, for an amount of Rs 32,378 Lakhs, the then Satyam Computer Services Limited (SCSL) was the ultimate beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of Andhra Pradesh against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for the quarter and six months ended September 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 Statements. 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
- (8) The Company has prepared these financial results on a going concern basis despite accumulated losses; erosion of net worth; current liabilities exceeding current assets; uncertainty in recovery of certain receivables/ investments/contract assets. The Company is taking significant steps for revival and restoration of operations of the Company, which have been enumerated below:
- a. The reconstituted board is in the process of finalising a comprehensive approach to managing the current situation
 - b. The Company is in discussions with its lenders to restructure its borrowings and is committed to taking necessary steps to meet its financial commitments to the extent possible



(9) **Investigations etc by the Regulatory / Investigative Agencies:**

During the period under report, pursuant to the proceedings filed by the Union of India under Sections 241 and 242 of the Companies Act, 2013, on account of various grounds, inter alia, (i) mismanagement of public funds by the erstwhile board of directors of Infrastructure Leasing and Financial Services Limited ("IL&FS"); and (ii) affairs of IL&FS being conducted in a manner prejudicial to the public interest, the National Company Law Tribunal, Mumbai bench ("NCLT"), by way of an order dated October 1, 2018, suspended the erstwhile board of directors of IL&FS and re-constituted the same with persons proposed by the Union of India (such reconstituted board, referred to as the "Reconstituted Board") with the powers to supersede the Boards of all entities belonging to the IL&FS Group including this Company. Simultaneously, various inquiries have been initiated by the Registrar of Companies, Mumbai; Serious Fraud Investigations Office (SFIO); Enforcement Directorate (ED); Securities and Exchange Board of India (SEBI); Reserve Bank of India (RBI) etc. against IL&FS, IL&FS Financial Services Limited (IFIN), IL&FS Transport Networks Limited (ITNL) and its ex-directors who were dismissed by NCLT

As a part of their investigation into the affairs of the Promoter Group, SFIO and ED have been seeking information from the Company on an ongoing basis. Further, as per the directions of the reconstituted board, forensic audit also has been initiated for select entities including this Company. The investigations and forensic audit with respect to the Company are in progress and the Company is fully cooperating with the agencies

Additionally, the National Company Law Appellate Tribunal, New Delhi (the "NCLAT") has passed an order of moratorium on October 15, 2018 in respect of actions (as set out therein) that cannot be taken against IL&FS and its group companies (including the Company), which includes, amongst others, institution or continuation of suits or any other proceedings by any party or person or bank or company, etc. against 'IL&FS' and its group companies in any Court of Law or Tribunal and any action by any party or person or bank or company, etc. to foreclose, recover or enforce any security interest created the assets of 'IL&FS' and its group companies. This has been done taking into consideration the nature of the case, larger public interest and economy of the nation, and interest of IL&FS and its group companies. This moratorium has subsequently been modified by the NCLAT order dated January 11, 2019

Subsequently, the NCLT passed an order dated January 1, 2019 pursuant to an application filed by MCA under Section 130 of the Companies Act, 2013 permitting reopening and recasting of accounts of (a) IL&FS; (b) IFIN and (c) ITNL, for the past 5 financial years (i.e. Financial year 2013 to Financial year 2018), on the ground that there were mismanagement in the affairs of these companies

While the Company, based on its current understanding, believes that the above would not have a material impact on the financial statement, the implications, if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at September 30, 2018



- (10) During the year under report, the erstwhile management of the Company has paid an amount of Rs. 6500 Lakhs to a vendor as material supply advance against the purchase order for supply of cement within a period of two months from the date of issue of the said purchase order. For the said advance, the vendor had issued postdated cheques and personal guarantee of its promoter as security. Subsequently, the vendor has neither supplied the cement nor refunded the advances paid. Postdated cheques issued by the vendor were bounced when presented to the Bank. The Company has initiated legal proceedings against the vendor and its promoters. The management has, after considering the financial inability of the vendor, made a provision against said advances

The Management is of the opinion that the transaction is suspicious in nature with money flow from one promoter group entity paid as material advance for procurement of cement, the re-constituted board decided to initiate investigation in this matter by referring the same to Ministry of Corporate Affairs (MCA)

- (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 and six months ended September 30, 2018

(12) **Exceptional items**

Due to certain developments as detailed in Note 8 and 9 above, the company has undertaken comprehensive review of the account balances of the assets and the liabilities during the period based on guidelines received from time to time from the promotor group management. Further, during the year the company also has received settlement awards from arbitrations initiated in earlier years. Certain projects also were terminated / foreclosed

Based on the review the company has provided for/written off/adjusted for the balances under the contract assets (un billed revenue), trade receivables, investments, loans/advances, ICD, interest on claims recognized in earlier years and mining rights, considering the ability of parties to pay the dues, the probability of certification, the financial strength of the entities as assessed by the management and arbitration awards

Considering the impact for the year of said adjustments in aggregate, the amounts so adjusted has been reported as exceptional items. The details of amount so adjusted are as below:

Particulars	Amounts (Rs.)
Write off on account of Arbitration awards - Contract assets and interest	47,431
Write off of contract assets on account of Termination/foreclosure of projects	5,987
Impairment provision for contract assets on account of Termination/foreclosure of projects	43,241
Impairment loss of investment in overseas subsidiary, Pass Through Certificates and Company's share of profit in JV	29,891
Write off of Intercorporate deposits, loans, trade receivables and other advances	32,089
Provision for the diminutions in value of inventories	2,104
Write off of intangible asset (termination of mining rights)	3,299
	1,64,042



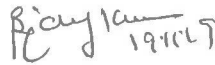
- (13) In terms of events, occurring subsequent to September 30, 2018 in relation to revenue recognition/contract assets impairment adjustments because of new litigations, termination of contracts and settlement of existing litigations by the Customers have been considered as adjusting events. Hence, the impact of the same has been given in the financial results
- (14) 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



Director
DIN:



Director
DIN:



Kazim Raza Khan
Chief Executive Officer



Naveen Kumar Agrawal
Chief Financial Officer

Place: Mumbai
Date: November 19, 2019

Independent Auditors' Review Report on Unaudited Financial Results of IL&FS Engineering and Construction Company Limited for the quarter and six months ended September 30, 2018

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 financial results ('the Statement') of IL&FS Engineering and Construction Company Limited ('the Company') for the quarter and six months ended September 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') as amended.
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 November 19, 2019. 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.

Basis for Qualified Conclusion:

4. Deferred tax assets classified as a part of Non-current assets and forming part of Standalone Financial results amounting to Rs.253.43 Crores as at September 30, 2018 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.253.43 Crores.
5. We draw attention to the Note 7 relating to Inter Corporate Deposits (ICDs) amounting to Rs. 323.78 Crores. These ICDs represent advances given by the Company to other entities, which as informed to us by the management, were ultimately given by these other entities to erstwhile Satyam Computer Services Ltd, which has since merged into Tech Mahindra Ltd. In the absence of adequate and sufficient audit evidence to establish the recoverability of said advances, we are unable to express an opinion on the recoverability of the said ICDs.
6. We draw attention to Note 9 relating to the provision for advance aggregating to Rs.65 Crores for purchase of cement paid during the period to a party, the Management is of the opinion that these transactions are suspicious in nature and the Board decided to initiate investigation by informing the Ministry of Corporate Affairs. In the absence of sufficient and appropriate audit



evidence, we are unable to opine on the appropriateness of the recognition of the transaction, pending result of the outcome of the investigation

Material uncertainty related to going Concern:

7. Attention is invited to Note 8 regarding a likely significant reduction in the Company's future 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 accordingly prepared these 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 conclusion is not modified in respect of this matter.

Emphasis of Matter:

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

8. Note 9 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 National Company Law Tribunal (NCLT) has issued an Order to re-open books of accounts of IL&FS and its two subsidiaries (other than this Company) for the past financial years. However, Hon'ble Supreme Court of India has stayed the Order of NCLT to reopen past books of IL&FS and its above referred two subsidiaries. The financial results of the Company for the period 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, cannot foresee any adjustments to be made in these financial results of the Company as a result of any such investigations.
9. Note 6 regarding recoverability of Trade Receivables and Contract assets respectively from the terminated / foreclosed / revived projects. Based on its internal assessment no adjustments have been made in the carrying the receivables / contract assets.
10. Loans classified as a part of Non-current assets and forming part of Standalone Financial results includes carrying value of loans / advances / interest accrued on such loans or advances to the investee entities aggregating to Rs.146.19 Crores. Recoverability of these investments / receivables / loans and advances is dependent upon recovery of capacity charges and supplies, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the ultimate investee entities.



11. Note 12 regarding exceptional items aggregating to Rs.1640.42 Crores comprising written off / provisions made and other adjustments made during the period based on comprehensive review / assessment carried out by the management during the period.

Our conclusion is not modified in respect of matters stated in paras 8 to 11.

Qualified Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects, if any, for the matters described in Paras 4 to 6 under Basis for Qualified Conclusion, and read with Material uncertainty relating to the Going Concern and the matters in Para 8 to 11 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 Regulation, read with the Circular, 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:

Mumbai, 19th November 2019
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