



IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

31st
ANNUAL REPORT
2019-20

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Bankers

Indian Bank	Bank of India
Bank of Maharashtra	ICICI Bank Limited
IDBI Bank Limited	Indian Overseas Bank
Punjab National Bank	State Bank of India
Vijaya Bank (Now merged with Bank of Baroda)	

Registrar & Share Transfer Agent :

KFin Technologies Private Limited,
Selenium Building, Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally, Hyderabad - 500 032,
Telephone No. 040 - 6716 2222
Fax No. 040 – 2342 0814,
Email ID: einward.ris@karvy.com

Board of Directors :

Mr Chandra Shekhar Rajan

Mr Bijay Kumar

Mr Dilip Lalchand Bhatia

Chief Executive Officer

Mr Kazim Raza Khan

Chief Financial Officer

Mr Naveen Kumar Agrawal

Company Secretary

Mr Sistla Srinivasa Kiran

Auditors :

M. Bhaskara Rao & Co.

Chartered Accountants
ICAI Firm Regn No. : 000459S
5-D, Fifth Floor, "KAUTILYA"
6-3-652, Raj Bhavan Quarters Colony,
Somajiguda, Hyderabad- 500082

Registered Office :

CIN: L45201TG1988PLC008624
Door No.8-2-120/113, Block B,
1st Floor, Sanali Info Park, Road No.2,
Banjara Hills, Hyderabad - 500 034.
Tel: +91 40 40409333, Fax: +91 40 40409444
Website: www.ilfsengg.com
Email : cs@ilfsengg.com

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting (AGM) of the Members of IL&FS Engineering and Construction Company Limited will be held through Video Conference (VC) / Other Audio Visual Means (OAVM) on Wednesday, September 30, 2020 at 01.30 P.M. (IST) to transact the following business:

ORDINARY BUSINESS :

- (1) To consider and adopt:
 - (a) the audited financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon, and
 - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.

SPECIAL BUSINESS :

- (2) To consider and ratify the remuneration payable to Cost Auditors and for that purpose to pass, as an **Ordinary Resolution** the following:

Remuneration to Cost Auditors:

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the remuneration of Rs. 4,50,000/- (Rupees Four lacs Fifty Thousand only) plus applicable taxes and out of pocket expenses at actuals for travelling and boarding/lodging for the financial year ending March 31, 2021 to M/s Narasimha Murthy & Co., Cost Accountants (Regn. No. 00042), who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2020-21.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, to give effect to this resolution.”

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

Sistla Srinivasa Kiran

Company Secretary

(Membership No. A27444)

Place: Hyderabad

Date: September 3, 2020

Regd. Office:

IL&FS Engineering and Construction Company Limited

Door No: 8-2-120/113, Block B,

1st Floor, Sanali Info Park, Road No. 2,

Banjara Hills, Hyderabad – 500 034.

Website: www.ilfsengg.com

CIN : L45201TG1988PLC008624

NOTES:

- (1) **IN VIEW OF THE CONTINUING COVID-19 PANDEMIC, THE MINISTRY OF CORPORATE AFFAIRS (“MCA”) HAS VIDE ITS CIRCULAR DATED MAY 5, 2020 READ WITH CIRCULARS DATED APRIL 8, 2020 AND APRIL 13, 2020 (COLLECTIVELY REFERRED TO AS “MCA CIRCULARS”) PERMITTED THE HOLDING OF THE ANNUAL GENERAL MEETING (“AGM”) THROUGH VC / OAVM, WITHOUT THE PHYSICAL PRESENCE OF THE MEMBERS AT A COMMON VENUE. IN COMPLIANCE WITH THE**

PROVISIONS OF THE COMPANIES ACT, 2013 (“ACT”), SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (“SEBI LISTING REGULATIONS”) AND MCA CIRCULARS, THE AGM OF THE COMPANY IS BEING HELD THROUGH VC / OAVM.

- (2) **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC / OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**

3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to yravifcs@gmail.com with a copy marked to evoting@nsdl.co.in.
4. The Company has fixed Tuesday, September 22, 2020 as the 'Cut-off Date' for determining entitlement of members to e-voting at the 31st AGM.
5. Book closure for the purpose of 31st Annual General Meeting will be from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive)
6. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited (“KFinTech”) for assistance in this regard.
7. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with KFinTech in case the shares are held by them in physical form.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to

- their DPs in case the shares are held by them in electronic form and to KFintech in case the shares are held by them in physical form.
9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to KFintech in case the shares are held in physical form.
 10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFintech, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
 11. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 12. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 28, 2020 through email on cs@ilfsengg.com. The same will be replied by the Company suitably.
 13. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.
 14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.ilfsengg.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
 15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
 17. Instructions for e-voting and joining the AGM are as follows:
 - A. **Voting through electronic means**
 - i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
 - ii. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Tuesday, September 22, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
 - iii. The Board of Directors has appointed Mr. Y Ravi Prasada Reddy (Membership No. FCS 5783) of RPR & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
 - iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
 - v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
 - vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
 - vii. The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system.

Details on Step 1 are mentioned below:
How to Log-in to NSDL e-voting website?

 1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
 2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
A) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
B) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
C) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if EVEN is 123456 and folio number is 001*** then user ID is 123456001***

5. Your password details are given below:
 - a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form.

The .pdf file contains your 'User ID' and your 'initial password'.

- ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice.
6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, which is 114460
4. Now you are ready for e-voting as the Voting page opens
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to yravifcs@gmail.com with a copy marked to evoting@nsdl.co.in.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsd.com> to reset the password.
- In case of any grievances connected with facility for e-voting, please contact the Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.co.in/pallavid@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990
- Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate for receipt of dividend:

Physical Holding	<p>Send a request to the Registrar and Transfer Agents of the Company, KFinTech at einward.ris@karvy.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) for registering email address.</p> <p>Following additional details need to be provided in case of updating Bank Account Details:</p> <ol style="list-style-type: none"> Name and Branch of the Bank in which you wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions 9 digit MICR Code Number, and 11 digit IFSC Code <p>f) a scanned copy of the cancelled cheque bearing the name of the first shareholder</p>
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

B. Instructions for members for attending the AGM through VC / OAVM are as under:

- Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsd.com> by using their remote e-voting login credentials and

selecting the EVEN for Company's AGM.

- Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
- Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in/ 022-24994360 / +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at sagar.ghosalkar@nsdl.co.in/ 022-24994553/ +91 9326781467.
- Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at cs@ifsegg.com/ ss_kiran@ifsegg.com from September 22, 2020 (9:00 a.m. IST) to September 25, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other Instructions

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
 - The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.ifsegg.com and on the website of NSDL <https://www.evoting.nsd.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
18. Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under item no. 2 of the accompanying Notice dated September 3, 2020.

Item No. 2:

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules") the Company is required to appoint a cost auditor to audit the cost records of the Company, for products and services, specified under Rules issued in pursuance to the above section. On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants (Firm Registration No. 000042), as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2020-21, at a remuneration of Rs. 4,50,000 (Rupees Four Lacs Fifty Thousand only) plus applicable taxes and out of pocket expenses at actuals for travelling and boarding/ lodging.

M/s. Narasimha Murthy & Co., Cost Accountants, have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the cost auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for the aforesaid purpose.

The Directors recommend this resolution for approval of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 2.

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

Sistla Srinivasa Kiran

Company Secretary

(Membership No. A27444)

Place: Hyderabad

Date: September 3, 2020

Regd. Office:

IL&FS Engineering and Construction Company Limited

Door No: 8-2-120/113, Block B,

1st Floor, Sanali Info Park, Road No. 2,

Banjara Hills, Hyderabad – 500 034.

Website: www.ilfsengg.com

CIN : L45201TG1988PLC008624

DIRECTORS' REPORT

The Members

IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Thirty-first Annual Report along with the Audited Financial Statements for the Financial Year Ended March 31, 2020

(I) STANDALONE FINANCIAL RESULTS :

Your Company has adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Accordingly, the Standalone and Consolidated Financial Statements along with the comparatives for the year ended March 31, 2020 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with Rules made thereunder.

I. FINANCIAL RESULTS :

(Rs in Crore)

Particulars	STANDALONE	
	FY 2020	FY 2019
Revenue from Operations	562.39	1239.14
Other Income	45.50	22.08
Share of Profit in Joint Ventures accounted for using the equity method	-	1.01
Total Income	607.89	1262.23
Profit / (Loss) before Interest, Depreciation, Exceptional Items and Tax	51.49	(58.67)
Less: Finance Cost	26.11	290.18
Profit before Depreciation, Exceptional Items and Tax	25.38	(348.84)
Less: Depreciation and Amortization Expenses	32.19	36.75
Profit before Exceptional Items & Tax	(6.81)	(385.59)
Exceptional Item (Net)	399.45	1640.42
Profit Before Tax	(406.26)	(2026.01)
Provision for Tax	-	10.44
Profit After Tax	(406.26)	(2036.45)
Other comprehensive income/(loss) for the year	-	1.14
Total Comprehensive Income for the year	(406.26)	(2035.31)
Paid up Equity Capital	131.12	131.12
Earnings per share (in Rupees)		
- Basic	(30.98)	(155.31)
- Diluted	(30.98)	(155.31)

II. FINANCIAL PERFORMANCE REVIEW :

During the year ended March 31, 2020, your Company achieved a turnover of Rs 562.39 crore on standalone basis as against Rs 1,239.14 crore in FY 2019. The Net Profit/(Loss) for the year amounted to Rs. (406.26) crore as against Net Profit/(Loss) of Rs (2,036.45) crore in FY 2019.

III. DIVIDEND :

Due to accumulated losses of the Company from the previous years, your Directors express their inability to recommend any dividend for the year on Preference as well as on Equity Shares

IV. RESERVES :

No amount is recommended for transfer to Reserves of the Company for FY 2020.

V. THE STATE OF AFFAIRS OF THE COMPANY :

During the year under review, your Company has not bagged any orders. The Company already had orders worth Rs.1,615 crore (approx.) at the beginning of the year. Out of the total orders in hand, the unexecuted order value stands at Rs. 1370.22 crore (approx.) at the end of the year. The detailed position on the order book and financial performance of the Company was provided under Management Discussions & Analysis Report

IL&FS Engineering & Construction Co. Ltd. (IECCL) is part of the Infrastructure Leasing and Financial Services Limited ("IL&FS") group. The board of directors of IL&FS has been reconstituted pursuant to the orders passed by the National Company Law Tribunal, Mumbai Bench ("NCLT") in Company Petition No. 3638 of 2018 filed by the Union of India, acting through the Ministry of Corporate Affairs under Sections 241 and 242 of the Companies Act, 2013, as amended ("Companies Act") on the grounds

of mismanagement of public funds by the erstwhile board of IL&FS and the affairs of IL&FS being conducted in a manner prejudicial to the public interest.

Further, the National Company Law Appellate Tribunal ("NCLAT") by way of its order on October 15, 2018 ("Interim Order") in the Company Appeal (AT) 346 of 2018 by way of which the NCLAT, after 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 (including IECCL) has stayed certain coercive and precipitate actions against IL&FS and its group companies including IECCL. IL&FS and its group companies are currently undergoing resolution process under the aegis of the NCLAT and NCLT.

The developments at the IL&FS Group have had negative impact on IECCL and its brand equity. These developments severely impacted the ongoing projects and order book.

Your Company is having overseas Subsidiary, Maytas Infra Saudi Arabia (MISA), there being no employees at Saudi Arabia and the other partner being in the process of Government takeover, the accounts could not be finalized for the last 2 years.

The Board of Directors is hopeful of securing sizeable orders in the future and is confident of effective execution of the existing works in the order book, subject to approval of the Resolution Plan by all the stakeholders

Covid 19:

During March 2020, the COVID pandemic increased rapidly forcing Governments of most countries to enforce a lockdown of all activities. Heeding to the various guidelines issued in India by the Central and State Governments and abroad by various agencies on the Covid-19 pandemic, all establishments, offices & factories of the Company had shut down operations from March 25, 2020. Your Company immediately took several measures to ensure health and safety of its workers and other employees and thereafter, steps were taken to ensure business continuity of essential services including Security and IT lights-on operations. Special permissions were also taken for ensuring that very critical operations such as water supply business, dewatering in Metro projects, etc. continued with all the precautionary measures.. This response has reinforced customer confidence in IECCL and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

VI. SHARE CAPITAL :

During the year under review, there was no change in the share capital of the Company

Shares held by Directors :

None of the Directors of the Company holds any Shares or convertible instruments of the Company.

VII. DEPOSITS :

During the year under review, your Company had not accepted any deposit from public under Chapter V of the Companies Act, 2013

VIII. DIRECTORS :

The new Board members of Infrastructure Leasing and Financial Services Limited (IL&FS) with the powers to supersede the nominated board of IECCL, nominated the following as Directors on the Board of IECCL

SI.No.	Name of the Director	Date of Appointment
1.	Mr Chandra Shekhar Rajan	October 25, 2018
2.	Mr Bijay Kumar	April 4, 2019
3.	Mr Dilip Lalchand Bhatia	December 24, 2018

During the year, Mr. Bijay Kumar was appointed as Additional Director on April 04, 2019 and all the above mentioned directors were appointed (regularized) as Non-executive Non-Independent Director in the 30th AGM of the Company held on December 30, 2019.

None of the Directors of the Company are inter-se related to each other

Status on compliance of having Independent Directors and Women Directors on the Board of Directors of the Company

As you are aware that the newly appointed directors of IL&FS, who exercise control, directly or indirectly, over the Company have been appointed by the National Company Law Tribunal ("NCLT") on the recommendation of Central Government, and are performing function similar to that of the independent directors by discharging an important public duty of resolving the financial problems and other issues. Further, NCLT via order dated April 26, 2019 ("April Order") has granted dispensation in relation to the requirement for appointment of independent directors and women directors in light of the difficulties faced by the new board of IL&FS. Further, please note that in April Order, NCLT has observed that the new directors nominated by the Central Government/Tribunal are independent directors and there is no requirement to appoint independent director during the pendency of stay order granted on October 15, 2018 by National Company Law Appellate Tribunal ("NCLAT") on the institution or continuation of suits or any other proceedings by any party/person/bank/company etc. against 'IL&FS' and its group companies in any Court of Law/Tribunal/Arbitration Panel or Arbitration Authority ("October Order").

Accordingly furnishing the details of declarations by the Independent Directors and Familiarization programme of Independent Directors does not arise

Non-Executive Directors :

The Non-Executive Directors are entitled for sitting fee and the details of the same are as follows;

- | | | |
|-------|-------------------------------|---------------------------|
| (i) | Board Meeting | : Rs 15,000/- per meeting |
| (ii) | Audit Committee Meeting | : Rs 10,000/- per meeting |
| (iii) | Other Committees of the Board | : Rs 5,000/- per meeting |

Additionally, the actual out of pocket expenses incurred by the Non-Executive Directors for attending the meetings are also borne by the Company. Except as mentioned above, no other payments were made by the Company to Non-Executive Directors and the Company does not have any pecuniary relationship or transactions with the Non-Executive Directors. The details of amount paid to the Directors of the Company towards Sitting Fee are mentioned in the Form MGT-9 annexed to the Directors' Report as well as the Corporate Governance Section of this Annual Report

Performance Evaluation :

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors of the Company had in its Meeting held on November 10, 2014 approved the policy on Performance Evaluation of the Board of Directors, which laid down the criteria for performance evaluation of Board of Directors, its Committees, Executive Directors, Independent Directors and Non-Executive Directors. Further, in terms of the provisions of Section 178 of the Companies Act, 2013 read with Companies Amendment Act, 2017, the Nomination and Remuneration Committee of the Board had decided that the evaluation of performance of the Board, its Committees, individual directors and the Chairman will be carried out by the Board of Directors as per the parameters evolved from the policy on Performance Evaluation of the Board of Directors. **The Board of Directors** evaluated the performance of its own, all its Committees, and Individual Directors (excluding the Director being evaluated) as satisfactory. The policy on performance evaluation is available on the website of the Company at <http://www.ilfsengg.com/html/policies/PerformanceEvaluationPolicy.pdf>

Managerial Remuneration Policy :

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder and Regulation 19 of Listing Regulations, the Board of Directors of the Company had framed Managerial Remuneration Policy which includes the criteria for determining qualifications, positive attributes, independence of directors and other matters as specified under Section 178(3) of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of Listing Regulations. The policy is available on the website of the Company at <http://www.ilfsengg.com/html/policies.php>

IX. KEY MANAGERIAL PERSONNEL :

In terms of the provisions of Section 203 of the Companies Act, 2013, the Board of Directors have designated Mr Kazim Raza Khan, Chief Executive Officer, Mr Naveen Kumar Agrawal, Chief Financial Officer and Mr Srinivasa Kiran Sistla, Company Secretary as the Key Managerial Personnel of the Company.

During the year/period, the following Key Managerial Personnel have resigned from the Company and the details of the same are as follows;

Sl.No.	Name of the Key Managerial Personnel	Effective Date of Resignation
1.	Ms Saheli Banerjee – CS	August 16, 2019
2.	Mr J Veerajju – CS	January 20, 2020

During the year/period, the following Key Managerial Personnel were appointed and the details of the same are as follows;

Sl.No.	Name of the Key Managerial Personnel	Date of Appointment
1.	Mr Kazim Raza Khan – CEO	May 16, 2019*
2.	Mr J Veerajju – CS	September 5, 2019
3	Mr Sistla Srinivasa Kiran - CS	February 06, 2020

*Mr. Kazim Raza Khan who was initially appointed as Manager on December 24, 2018 was re- designated as CEO of the Company w.e.f. May 16, 2019.

(X) DIRECTORS RESPONSIBILITY STATEMENT :

In terms of Section 134 (5) of the Companies Act, 2013, the Board of Directors wish to state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis, however IL&FS and its group companies are currently undergoing resolution process under the aegis of the NCLAT and NCLT which will impact the going concern status of the Company;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

(XI) DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A)	Conservation of energy	
i)	The steps taken or impact on conservation of energy;	The conservation of energy in all the possible areas is undertaken by the Company as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis
ii)	The steps taken by the Company for utilizing alternate sources of energy;	NIL
iii)	The capital investment on energy conservation equipments;	NIL
B)	Technology absorption	
i)	the efforts made towards technology absorption;	Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated.
ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	NIL
iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -	NIL
	a) the details of technology imported;	
	b) the year of import;	
	c) whether the technology been fully absorbed	
	d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	NA
iv)	The expenditure incurred on Research and Development	Nil
(C)	FOREIGN EXCHANGE	
	Foreign Exchange earned in terms of actual inflows during the year	Nil
	Foreign Exchange Outgo during the year in terms of actual outflows	Nil

(XII) BOARD AND ITS COMMITTEES :

(a) Board of Directors :

During the year under review the Board of Directors of the Company met 7 (Seven) times on April 04, 2019, May 16, 2019, July 09, 2019, August 07, 2019, September 09, 2019, November 19, 2019 and February 06, 2020. The attendance, along with such other details as required, of each of the Directors is mentioned in the Corporate Governance Report section of this Annual Report

(b) Audit Committee :

The Audit Committee of the Board of Directors of the Company currently consists of three Members. During the year under review, there were changes in the composition of the Committee. The dates of meetings of Audit Committee held during FY 2020, attendance of Members in the Meetings and other details are mentioned in the Corporate Governance Report section of this Annual Report

During the year under review, all the recommendations of the Audit Committee were accepted by the Board of Directors. Further, the Committee comprises of Non-Executive Directors only (the nominees of the new Board of Promoter), all of whom have the ability to read and understand the Financial Statements

(c) Corporate Social Responsibility Committee :

The Board of Directors of the Company constituted Corporate Social Responsibility (CSR) Committee on March 18, 2014 and formulated a policy on CSR which is available on the website of the Company at http://www.ilfsengg.com/html/policies/CSR_Policy.pdf.

For details relating to composition of CSR Committee, number of meetings held during the year under review and other details, the Members are requested to refer the Corporate Governance Report which forms part of this Annual Report

As per Section 135(5) of the Companies Act, 2013, the Company was required to spend two percent of the average net profits calculated on the basis of preceding three financial years. However, no CSR activities have been conducted during the year due to negative average net profits of the Company for the preceding three financial years. The details of

CSR policy and other details as per Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 are enclosed as **Annexure 1** to this Report

(d) Other Committees :

The details of composition, number of Meetings and such other information as required regarding Nomination and Remuneration Committee, Stakeholders Relationship Committee and other Committees are mentioned in the Corporate Governance section of this Annual Report

(XIII) RISK MANAGEMENT :

The Board of Directors in its Meeting held on February 11, 2015 formulated a Risk Management Policy consisting of various elements of risk and mitigation measures

The Risk Management Committee of the Company is responsible for overseeing the implementation of the Policy. In the opinion of the Board, the policy on Risk Management addresses the risks associated with the business including identification of elements of risk which may threaten the existence of the Company. The Board of Directors/Audit Committee reviews the risk assessment and mitigation procedures across the entity from time to time. The critical enterprise level risks of the Company and the mitigation measures being taken are provided in the Management Discussion and Analysis Report.

(XIV) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES :

As per Section 129 (3) of the Companies Act, 2013 and Regulation 34 of the Listing Regulations, the Consolidated Financial Statements of the Company forms part of this Report. The copies of Audited Financial Statements of the Subsidiaries are available on the website of the Company at www.ilfsengg.com and a copy of the same will be provided upon written request to the Company Secretary

SUBSIDIARY ENTITIES :

Following are the Subsidiaries of your Company:

Angeerasa Greenfields Private Limited,
Ekadanta Greenfields Private Limited,
Saptaswara Agro-farms Private Limited,
Maytas Infra Assets Limited,
Maytas Metro Limited,
Maytas Vasishta Varadhi Limited; and
Maytas Infra Saudi Arabia Company (Foreign Subsidiary)

Investing party in respect of which the reporting enterprise is an associate

Infrastructure Leasing & Financial Services Limited
SBG Projects Investments Limited
IL and FS Financial Services Ltd

Joint Ventures (Association of Persons) :

NCC – Maytas (JV)
NEC – NCC – Maytas (JV)
Maytas – NCC (JV)
NCC – Maytas (JV) (Singapore Class Township)
Maytas – CTR (JV)
NCC – Maytas – ZVS (JV)
ITNL - IECCL JV

Associate :

Hill County Properties Limited

Joint Ventures (Jointly Controlled Operations) :

- Maytas KBL (JV)
- Maytas KCCPL Flow more (JV)
- Maytas MEIL KBL (JV)
- Maytas MEIL ABB AAG (JV)
- MEIL Maytas ABB AAG (JV)
- MEIL Maytas KBL (JV)
- MEIL Maytas WIPL (JV)
- MEIL Maytas AAG (JV)
- MEIL – SEW – Maytas – BHEL (JV)
- L&T KBL Maytas (JV)

- Maytas – Rithwik (JV)
- Maytas Sushee (JV)
- Maytas Gayatri (JV)
- IL&FS Engg – Kalindee (JV)
- AMR-Maytas-KBL-WEG (JV)
- ITDC-Maytas (JV)

Further, none of the entities have been associated / disassociated as Joint Ventures of your Company during the year under review. The performance and financial position of the Subsidiaries, Joint Venture and Associate Companies are enclosed as Annexure 2 to this Report

Note: Changes in the status of Hill County Properties Limited (HCPL) as associate is made based on the changes to group structure by the Infrastructure Leasing & Financial Services Limited, HCPL is considered as subsidiary of Infrastructure Leasing & Financial Services Limited and accordingly classified as fellow subsidiary of IECCL in the year current year.

(XV) HOLDING COMPANY :

During the year under review, in terms of the provisions of section 2 (81) (i) of the Companies Act, 2013 which says that subsidiary company means a company in which the holding company controls the composition of the Board of Directors, your Company became the subsidiary of M/s. Infrastructure Leasing & Financial Services Ltd.

(XVI) AUDITORS AND AUDITORS' REPORT :

(a) Statutory Auditors :

In terms of the provisions of the Companies Act, 2013 read with Rules made thereunder, the Members of the Company at their Annual General Meeting (AGM) held on August 28, 2017, appointed BSR & Associates, LLP and M Bhaskara Rao & Co., Chartered Accountants as Joint Statutory Auditors of the Company to hold office for a period of 5 years. However, M/s. BSR & Associates LLP, Chartered Accountants (Firm Registration Number: 116231W/W-100024) submitted resignation letter dated July 14, 2019

Accordingly, on recommendation of the Audit Committee and Board, the members accorded their approval for the appointment of M Bhaskara Rao & Co., Chartered Accountants, (Firm Registration Number 000459S) in the Extra-Ordinary General Meeting of the Company held on Monday, September 9, 2019, one of the Joint Statutory Auditors of the Company as Sole Statutory Auditor of the Company pursuant to the resignation of the other Joint Statutory Auditor, M/s. BSR & Associates LLP, Chartered Accountants (Firm Registration Number: 116231W/W-100024).

Pursuant to their appointment M/s. M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number: 000459S) have conducted Audit of the Company for the Financial Year 2019 and 2020.

The Board noted that there were following qualifications in the Auditor's Report for the Standalone and Consolidated Financial Statements for the Year Ended March 31, 2020:

Standalone Financial Statements :

- a. Note 52 relating to non-recognition of interest expense of Rs. 289.51 Crores (March 31,2019: Rs 144.99 Crores) for the year on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.
 - i. Consequently, interest expense and loss for the year are understated by Rs. 289.51 Crores (March 31,2019: Rs 144.99 Crores) approximately and
 - ii. Retained earnings (accumulated loss) and Interest Payable is understated by Rs. 434.50 Crores (March 31,2019: Rs 144.99 Crores) approximately.
- b. Note 56 relating to deferred tax asset amounting to Rs. 242.99 Crores 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 retained earnings (accumulated losses) are under stated by Rs. 242.99 Crores.

Consolidated Financial Statements :

Note 51 relating to non-recognition of interest expense of Rs. 289.51 Crores (March 31, 2019: Rs 144.99 Crores) for the year on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.

- i. Consequently, interest expense and loss for the year are understated by Rs. 289.51 Crores (March 31, 2019: Rs 144.99 Crores) approximately and
- ii. Retained earnings (accumulated loss) and Interest Payable is understated by Rs. 434.50 Crores (March 31, 2019: Rs 144.99 Crores) approximately

Note 55 relating to deferred tax asset amounting to Rs. 242.99 Crores 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, loss for the year and retained earnings (accumulated losses) are under stated by Rs. 242.99 Crores.

Internal Financial Controls :

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company's internal financial controls over financial reporting as at 31 March 2020 relating to certain operating effectiveness in some of controls in respect of assessment of deferred tax asset and procurement of materials,

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Board of Directors explanations on the aforementioned qualification are given below:

Qualification on Standalone Financial Statements :

1. Non-recognition of interest expense

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group. Further, the Hon'ble NCLAT had passed the order on March 12, 2020 that interim order will continue until further orders and cut-off date of October 15, 2018 has been approved for resolution.

In terms of the Resolution Framework Reports, 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 October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue to accrue.

Further, since a Resolution Plan in line with the above orders, is in process, the Company has neither paid nor recognized as interest payable, aggregating to Rs. 28,951 Lakhs (for the year March 31, 2019, Rs. 14,499 Lakhs) approximately (Excluding penal interest etc.) for year ended March 31, 2020, in anticipation of the approval of lenders for concession/waivers being sought by Company in the resolution plan. Such interest has not been recognized as payable as at March 31, 2020 aggregates to Rs 43,450 Lakhs (As at March 31, 2019, Rs 14,499 lakhs) approximately (excluding penal interest etc.).

Deferred Tax Assets

Deferred tax asset amounting to Rs. 242.99 Crores as at March 31, 2020, recognised by the Company in earlier years. The same is being retained as the Company is in the process of finalising resolution plan which if approved and implemented is likely to generate enough profits in subsequent years which can be set-off against deferred tax asset.

ii. Qualification on Consolidated Financial Statements :

Non-recognition of interest expense

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group. Further, the Hon'ble NCLAT had passed the order on March 12, 2020 that interim order will continue until further orders and cut-off date of October 15, 2018 has been approved for resolution.

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Further, since a Resolution Plan in line with the above orders, is in process, the Company has neither paid nor recognized as interest payable, aggregating to Rs. 28,951 Lakhs (for the year March 31, 2019, Rs. 14,499 Lakhs) approximately (Excluding penal interest etc.) for year ended March 31, 2020, in anticipation of the approval of lenders for concession/waivers being sought by Company in the resolution plan. Such interest has not been recognized as payable as at March 31, 2020 aggregates to Rs 43,450 Lakhs (As at March 31, 2019, Rs 14,499 lakhs) approximately (excluding penal interest etc.).

Deferred Tax Assets

Deferred tax asset amounting to Rs. 242.99 Crores as at March 31, 2020, recognised by the Company in earlier years. The same is being retained as the Company is in the process of finalising resolution plan which if approved and implemented is likely to generate enough profits in subsequent years which can be set-off against deferred tax asset.

iii. Internal Financial Controls :

The Company has institutionalized internal control in the form of standard operating procedures with an objective of orderly and efficient conduct of its business, safeguarding the Company's assets, prevention and detection of frauds, accuracy and completeness of accounting records and compliance with applicable statutory requirements. The Company is having Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions in an integrated way with complete audit trail.

The Company has also deployed an external firm of Chartered Accountants and the combined Internal Audit team consists of technical auditors (Engineers), Chartered Accountants and Cost Accountants.

(b) Cost Auditors :

In terms of the provisions of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended, Company maintains cost records and accounts in respect of the Roads and other infrastructure projects

The Board of Directors on the recommendation of Audit Committee appointed Narasimha Murthy & Co as the Cost Auditors of the Company for FY 2020 for conducting the Cost Audit of the Company at a remuneration of Rs.5,00,000/- was approved by the Members at the Thirtieth AGM of the Company held on December 30, 2019. The Cost Auditors submitted their report for FY 2020 to the Board of Directors.

Further, on the recommendation of Audit Committee, the Board of Directors in its Meeting held on September 03, 2020 re-appointed Narasimha Murthy & Co, Cost Accountants as the Cost Auditors of the Company for FY 2021 at a remuneration as may be determined by the Audit Committee in consultation with the Auditors. Necessary resolution for ratification of their remuneration in terms of the provisions of the Companies Act, 2013 read with Rules made there under is included in the Notice of AGM for the approval of the Members

(c) Secretarial Auditor :

In terms of the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed RPR & Associates, Company Secretaries to conduct the Secretarial Audit for FY 2020. The Secretarial Audit Report for the Financial Year Ended March 31, 2020 is enclosed as **Annexure 3** to this report. The Secretarial Audit Report contains the following qualifications and the replies thereon given below;

Qualification	Reply
Annual return on Foreign Liabilities and Assets (FLA) was not submitted within the due date for the F.Y. 2019-20 as on date of this report and	Company is putting efforts in getting the information from its foreign subsidiary and thereafter will submit to RBI
Annual Performance Report (APR) was not filed with RBI for the year 2018-19.	Company is putting efforts in getting the information from its foreign subsidiary and thereafter will submit to RBI

The Board of Directors of the Company had in its Meeting held on September 03, 2020, re-appointed RPR & Associates, Company Secretaries as the Secretarial Auditor of the Company for FY 2021.

(XVI) CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :

It is the endeavor of the Company to enter its contracts/arrangements/ transactions with the related parties in the ordinary course of business and on arms' length basis. In terms of the provisions of Section 188 of the Companies Act, 2013 read with Rules made thereunder, all transactions with Related Parties were in ordinary course of business and on arm's length basis. Accordingly, details of related party transactions as per section 188 of Companies Act, 2013 in Form AOC-2 is not required. All contracts / arrangements / transactions entered by the Company were in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. The details of related party transactions can be referred at Note No. 37 of Notes to accounts which is self explanatory and do not call for any further comments.

The Company had framed Related Party Transaction Policy for the purpose of approval and identification of Related Party Transactions. All Related Party Transactions entered into by the Company in terms of the Policy were placed before the Audit Committee for its review and approval from time to time. The Related Party Transaction Policy approved by the Board of Directors is uploaded on the website of the Company at www.ilfsengg.com.

XVII. EMPLOYEE STOCK OPTION SCHEME :

The Company's Employee Stock Option Scheme 2018 (ESOP Scheme 2018) had not been implemented as on date and hence no Certificate from the Statutory Auditors of the Company is required to be obtained for the FY 2020 as required by the SEBI Guidelines and the resolution passed by the Members.

The disclosure as required under SEBI (Share Based Employee Benefits) Regulations, 2014 relating to ESOP 2018 scheme of the Company is available on the website of the Company at www.ilfsengg.com.

XVIII. MANAGEMENT DISCUSSION AND ANALYSIS :

A separate section titled "Management Discussion and Analysis" consisting of details as required under Regulation 34 read with Schedule V of the Listing Regulations forms part of this Annual Report.

XIX. CORPORATE GOVERNANCE:

A separate section titled "Report on Corporate Governance" including a certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Listing Regulations is enclosed to the Report on Corporate Governance and forms part of this Annual Report

Further, the declaration signed by the Chief Executive Officer affirming the compliance with Code of Conduct for Board of Directors and Senior Management Personnel is also enclosed to the Report on Corporate Governance

XX) DISCLOSURES :

(a) Extract of Annual Return :

The extract of Annual Return as per Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure 4** to this Report

(b) Vigil Mechanism :

In terms of the provisions of the Section 177 of the Companies Act, 2013 and Listing Regulations, the Company had established a Vigil Mechanism through its Whistle Blower Policy for directors and employees to report concerns about unethical behavior, actual/suspected frauds and violation of Company's Code of Conduct. Please refer to the Corporate Governance section of the Annual Report for further details

(c) Policy on Prevention of Sexual Harassment :

In terms of the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. The Company from time to time conducts workshops or awareness programmes against sexual harassment at workplace

The Company had also constituted an Internal Committee comprising of employees of the Company and an Independent NGO representative. The scope of the Internal Committee encompasses all incidents / occurrences of sexual harassment which take place at the workplace and where either of the party (aggrieved / accused) is an employee of the Company. During the year under review, the Company has not received any complaints under the policy

Further, the Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. The Company follows Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Sexual Harassment Policy and Redressal Guidelines

(d) Particulars of Loans, guarantees or investments under Section 186 :

Your Company is into the business of providing Infrastructure Facilities. Accordingly, the provisions of Section 186 pertaining to providing Loan or Guarantee to other corporates are exempted. All information regarding Loans, Guarantees and Investments are mentioned in the notes to financial statements for FY 2020 which are self-explanatory

(e) Particulars of employees and related disclosures :

The disclosures relating ratio of remuneration of each directors to the median employee's remuneration and other details as per Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 5** to this Report

The disclosure pertaining to remuneration and other details as required under Section 197 (12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 6** to this Report

(f) Material changes and comments, if any, affecting the financial position of the Company : Due to the latest developments in the IL&FS Group and the Company, the debt burden has increased in a manner that is not commensurate with the size of its operations and there has been severe stress in terms of cash flows.

(g) Reporting of Fraud : The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.

(h) Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company : The National Company Law Appellate Tribunal ("NCLAT") by way of its order on October 15, 2018 ("Interim Order") in the Company Appeal (AT) 346 of 2018, after 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 (including IECCL) has stayed certain coercive and precipitate actions against IL&FS and its group companies including IECCL.

IL&FS and its group companies are currently undergoing resolution process under the aegis of the NCLAT and NCLT which will impact the going concern status of the Company.

(i) Details in respect of adequacy of internal financial controls : The details of internal financial controls and their adequacy is given in Management Discussion and Analysis Report

(j) Business Responsibility Report (BRR) : Since your company doesn't fall under the top 500 companies by market capitalization for the F.Y. ended March 31, 2020, it is not applicable to your company.

XIX. ACKNOWLEDGMENTS :

Your Directors place on record their gratitude to the Bankers, Media, Financial Institutions, various agencies of the State and the Central Government Authorities, Clients, Consultants, Suppliers, Sub-Contractors, Members and the Employees for their valuable support and co-operation and look forward to continued enriched relationships in the years to come.

By order of the Board
For IL&FS Engineering and Construction Company Ltd

Sd/-
Chandra Shekhar Rajan
Chairman
DIN 00126063

Sd/-
Bijay Kumar
Director
DIN: 07262627

Sd/-
Dilip Lalchand Bhatia
Director
DIN: 01825694

Place: Hyderabad
Date: September 03, 2020

ANNEXURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :

The CSR Policy of the Company is available on the website of the Company i.e. at <http://www.ilfsengg.com/html/policies.php>.

2. The Composition of CSR Committee as on April 4, 2019:

Mr Bijay Kumar - Member

Mr C S Rajan – Member

Mr Dilip Lalchand Bhatia – Member

3. Average Net Profit of the Company for last three financial years:-

(Rs in Crores)

Particulars	FY 2017-18 Audited	FY 2018-19 Audited	FY 2019-20 Audited
Profit/(Loss) before tax	3.21	(2026.01)	(406.26)
Less: Dividend Income	0.00	0.00	0.00
Less: Any profit arising from overseas branch	0.00	0.00	0.00
Total	3.21	(2026.01)	(406.26)
Average profit/(Loss) for three years	(3.21-2026.01-406.26/3) =		(809.69)
On this basis CSR expenditure works out = Nil			

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

Since the Average Net Profit of the Company is negative, the prescribed CSR expenditure is nil

5. Details of CSR spent during the financial year:

a. Total Amount to be spent for the financial year - Nil

b. Amount unspent, if any - Nil

6. In case the Company has failed to spend the 2% of the average net profit of the Last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

Since the Average Net Profit of the Company was negative, the Company was not required to spend any amount on CSR activities.

7. Responsibility Statement : The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Director
CSR Committee

Director
CSR Committee

FORM AOC - 1
PART - A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details						
		Angeerasa Greenfields Private Limited	Ekadanta Greenfields Private Limited	Saptaswara Agro-Farms Private Limited	Maytas Infra Assets Limited	Maytas Metro Limited	Maytas Vasishtha Varadhi Limited	Maytas Infra Saudi Arabia (MISA) ## (Un-audited)
1	Name of Subsidiary							
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2019 to March 31, 2020						
3	Date of acquiring subsidiary	28/02/2011	28/02/2011	28/02/2011	12/02/2008	09/09/2008	30/04/2008	11/07/2011
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Crore)						
5	Share capital	0.01	0.01	0.01	0.05	0.05	0.05	60.35
6	Reserves & Surplus	(0.05)	(0.06)	(0.29)	(14.86)	(75.26)	(3.04)	(346.41)
7	Total Assets	50.01	18.59	20.01	0.02	-	0.00	8.84
8	Total Liabilities	50.01	18.59	20.01	0.02	-	0.00	8.84
9	Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Turnover	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Profit before taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(9.25)
12	Provision for taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Profit after taxation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(9.25)
14	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	% of shareholding	100%	100%	100%	100%	100%	100%	55%

MISA is a foreign subsidiary and its Local currency is SAR. Exchange rate as on March 31, 2020 : Rs. 20.093/SAR 1

PART - B: ASSOCIATES AND JOINT VENTURES

(Rs In Crore)

S. No.	Name of Associates/Joint Ventures	NCC-Maytas (JV)	NEC-NCC-Maytas (JV)	Maytas-NCC (JV)	NCC-Maytas (JV) (Singapore Class Township)	Maytas - CTR (JV)	NCC - Maytas - ZVS (JV)
1	Latest Audited Balance Sheet Date						
2	Date of acquiring Associates and Joint Ventures	23/01/2002	04/11/2004	09/07/2004	14/02/2003	01/09/2007	10/05/2007
3.	Shares of Associate/Joint Ventures held by the Company on the year end						
	Number	NA	NA	NA	NA	NA	NA
	Amount of Investment in Associates/Joint Venture	0	0	4.42	0.74	3.22	0.05
	Extend of Holding %	50.00%	25.00%	50.00%	50.00%	70.00%	39.69%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
5	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	18.73	0	0.03	0.92	46.63	0.39
7	Profit/Loss for the year						
	i. Considered in Consolidation	1.15	0.00	0.00	0.00	0.00	0.06
	ii. Not Considered in Consolidation	0.00	0.00	0.00	0.00	0.00	0.00

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
M/s. IL&FS Engineering and Construction Company Limited
Door No: 8-2-120/113, Block B, 1st Floor, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500 034.

We have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. IL&FS Engineering and Construction Company Limited (hereinafter referred as the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the "Financial Year" ended March 31, 2020 (i.e. from April 1, 2019 to March 31, 2020) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2020 according to the provisions of:

- A. The Companies Act, 2013 (the "Act") and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

We observed that the

- 1) Annual return on Foreign Liabilities and Assets (FLA) was not submitted within the due date for the F.Y. 2019-20 as on date of this report and
- 2) Annual Performance Report (APR) was not filed with RBI for the year 2018-19.
- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; [The revised policy in compliance with amendment regulations 2018 was adopted in the board meeting held on June 29, 2020 and therefore there was delay in adoption and implementation]
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time [Not applicable to the Company during the financial year];
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the Company during the financial year]
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the Company during the financial year];
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not applicable to the Company during the financial year];
 - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines,

Standards, etc. mentioned above, except in respect of matters as specified in of Annexure-I which forms part of this report.

We further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the applicable laws, except in respect of matters as specified in of Annexure-I which forms part of this report.

We further report that:

As on 31.03.2020, the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director as required under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. However, the management informed that the requirement of independent directors and woman director was exempted by NCLT vide its order dated April 26, 2019.

Adequate notice is given to all Directors of the Board for the Board and Committee Meetings and the agenda & detailed notes on agenda were sent in advance as required.

During the period under review, resolutions were carried through majority. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

Based on the information, documents provided and the representations made by the Company and its officers during our audit process, in our opinion, there are adequate systems and processes exist in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws, labour laws, filing of periodical returns, maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals.

The following are the major events taken place during the audit period:

1. Appointment of Ms. Saheli Banerjee as Company Secretary of the Company on March 11, 2019.
2. Appointment of Mr. Bijay Kumar as Additional Director on April 04, 2019.
3. M/s. BSR & Associates LLP, Chartered Accountants, one of the joint statutory auditors of the Company on July 15, 2019.
4. Resignation of Ms. Saheli Banerjee as Company Secretary of the Company on August 16, 2019.
5. Appointment of Mr. J Veerajuu as Company Secretary of the Company on September 05, 2019.
6. Appointment of M/s. M Bhaskara Rao & Co, Chartered Accountants, one of the joint statutory auditors of the Company as sole statutory auditors of the Company in the EGM held on September 09, 2019.
7. Appointment (Regularisation) of Mr. Chandra Shekhar Rajan, Mr. Dilip Lalchand Bhatia and Mr. Bijay Kumar as Directors of the Company in the 30th AGM held on December 30, 2019.
8. Resignation of Mr. J Veerajuu as Company Secretary of the Company on January 20, 2020.
9. Appointment of Mr. Srinivasa Kiran Sistla as Company Secretary of the Company on February 06, 2020.
10. The Company has defaulted in redemption of preference shares of Rs. 39.75 Crore in favour of M/s. Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited) the trustee of Maytas Investment Trust. The due date for redemption was September 30, 2019. The default continues as on date.

Further

The audited financial statements for the year ended 31st March 2020 have not been approved by the Board of Directors within the due date as stipulated under the SEBI (LODR) Regulations, 2015. The quarterly results for the 1st, 2nd and 3rd quarters of the F.Y. 2019-20 were approved in the Board meeting held on June 29, 2020 which was beyond the due date(s) as stipulated under the SEBI (LODR) Regulations, 2015.

The Registrar of Companies (ROC), Hyderabad had granted the approval for conducting the AGM of the Company for the F.Y. 2018-19 on or before December 30, 2019 and the said AGM was conducted by the Company on December 30, 2019.

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor

FCS No. : 5783
C P No. : 5360

UDIN: F005783B000658589

Place: Hyderabad
Date: September 3, 2020

Sl. No.	Compliance Requirement	Deviations	Observations of the Secretarial Auditor
1	Submission of Financial Results under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)	Delay in submission of unaudited/audited financial results for the quarters ended June, 2019, Sep, 2019 and Dec, 2019 and for the year ended 31st March, 2020	The unaudited financial results for the quarters ended on June 30, 2019, September 30, 2019 and December 31, 2019 were approved in the board meeting held on June 29, 2020 and submitted with stock exchanges. Therefore there was a delay in compliance.
2	One woman director on the Board of Directors under Regulation 17 of SEBI LODR	Not appointed the Woman Director	The management informed that exemption was received from National Company Law Tribunal (NCLT) vide its order dated April 26, 2019.
3	Constitution and Composition of Audit Committee under Regulation 18 of SEBI LODR	All the Committees have been reconstituted on April 04, 2019 without independent directors.	The management informed that the requirement of independent directors was exempted by NCLT vide its order dated April 26, 2019.
4	Constitution and Composition of Nomination & Remuneration Committee under Regulations 19 of SEBI LODR		
5	Constitution and Composition of Stakeholders Relationship Committee under Regulation 20 of SEBI LODR		
6	Appointment of Independent Directors under Regulation 17 of SEBI LODR	Independent directors were not appointed.	The management informed that exemption was received from National Company Law Tribunal (NCLT) vide its order dated April 26, 2019.
7	The board of directors of the top 2000 listed entities (w.e.f. April 01, 2020) shall comprise of not less than six directors under Regulation 17 of SEBI LODR	As on date only three non-executive non-independent directors were there on the Board.	The management informed that exemption was received from National Company Law Tribunal (NCLT) vide its order dated April 26, 2019 with respect of appointment of required two independent directors and one woman director.
8	The listed entity shall maintain a functional website containing the basic information about the listed entity under Regulation 46 of the SEBI LODR	Not updated with respect to quarterly corporate governance reports, subsidiaries financial statements, quarterly financial results and the share holding pattern.	The website of the Company is not up to date with respect to the requirements of Regulation 46 of SEBI LODR
9	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Amendment Regulations, 2018 was adopted in the Board Meeting held on June 29, 2020. There was delay in compliance and implementation.	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Amendment Regulations, 2018 was adopted in the Board Meeting held on June 29, 2020 for adopting with retrospective effect from April 01, 2019.
10	Submission of Annual return on Foreign Liabilities and Assets (FLA) and Annual Performance Report (APR) as notified under FEMA 1999	The FLA Return and APR Return were not submitted within the due date for the F.Y. 2019-20 as on date of this report.	The FLA Return and APR Return were not submitted with RBI within the due date for the F.Y. 2019-20 as on date of this report.

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor

FCS No. : 5783
C P No. : 5360

UDIN: F005783B000658589

Place: Hyderabad
Date: September 3, 2020

This Report is to be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.

To
The Members,

M/s. IL&FS Engineering and Construction Company Limited

Door No: 8-2-120/113, Block B, 1st Floor, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500 034.

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. .

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor
FCS No. : 5783
C P No. : 5360

UDIN: F005783B000658589

Place: Hyderabad
Date: September 3, 2020

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
MARCH 31, 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L45201TG1988PLC008624																																	
ii)	Registration Date	May 6, 1988																																	
iii)	Name of the Company	IL&FS Engineering and Construction Company Limited																																	
iv)	Category [Pl. Tick]	Public Company <input checked="" type="checkbox"/> Private Company																																	
v)	Sub-Category of the Company	<table border="1"> <tr><td>1.</td><td>Government company</td><td></td></tr> <tr><td>2.</td><td>Small Company</td><td></td></tr> <tr><td>3.</td><td>One Person Company</td><td></td></tr> <tr><td>4.</td><td>Subsidiary of Foreign Company</td><td></td></tr> <tr><td>5.</td><td>NBFC</td><td></td></tr> <tr><td>6.</td><td>Guarantee Company</td><td></td></tr> <tr><td>7.</td><td>Limited by Shares</td><td align="center"><input checked="" type="checkbox"/></td></tr> <tr><td>8.</td><td>Unlimited Company</td><td></td></tr> <tr><td>9.</td><td>Company having share capital</td><td align="center"><input checked="" type="checkbox"/></td></tr> <tr><td>10.</td><td>Company not having share capital</td><td></td></tr> <tr><td>11.</td><td>Company Registered under Section 8</td><td></td></tr> </table>	1.	Government company		2.	Small Company		3.	One Person Company		4.	Subsidiary of Foreign Company		5.	NBFC		6.	Guarantee Company		7.	Limited by Shares	<input checked="" type="checkbox"/>	8.	Unlimited Company		9.	Company having share capital	<input checked="" type="checkbox"/>	10.	Company not having share capital		11.	Company Registered under Section 8	
1.	Government company																																		
2.	Small Company																																		
3.	One Person Company																																		
4.	Subsidiary of Foreign Company																																		
5.	NBFC																																		
6.	Guarantee Company																																		
7.	Limited by Shares	<input checked="" type="checkbox"/>																																	
8.	Unlimited Company																																		
9.	Company having share capital	<input checked="" type="checkbox"/>																																	
10.	Company not having share capital																																		
11.	Company Registered under Section 8																																		
vi)	Address of the Registered office and contact details	Door No: 8-2-120/113, Block B, 1st Floor, Sanali Info Park, Road No. 2, Banjara Hills, Hyderabad – 500 034. 040-40409333 cs@ilfsengg.com																																	
vii)	Whether listed company	Yes																																	
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Building, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 040-6716 2222																																	

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Civil Works and Contracts	Serial No.C-5, Division 50, Group 501 to 505 and others as applicable	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section under Companies Act, 2013
1.	Angeerasa Greenfields Private Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U01119TG2008PTC057703	Subsidiary	100%	2 (87)
2.	Ekadanta Greenfields Private Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U01403TG2008PTC060184	Subsidiary	100%	2 (87)
3.	Saptaswara Agro-Farms Private Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U01111TG2008PTC059106	Subsidiary	100%	2 (87)
4.	Maytas Infra Assets Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U45200AP2008PLC057554	Subsidiary	100%	2 (87)
5.	Maytas Metro Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U74900AP2008PLC060919	Subsidiary	99.99%	2 (87)
6.	Maytas Vasishta Varadhi Limited Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033	U45200TG2008PLC058925	Subsidiary	100%	2 (87)
7.	Maytas Infra Saudi Arabia Company* 5th floor, Wessal Building-7575, Madinah Road, Jeddah- 21593, Post Box- 53707	NA	Subsidiary	55%	2(87)
8.	Hill County Properties Ltd. Hill county, Bachupally, At the end of Nizampet Rd After Kesineni Bus Depot, Hyderabad, Telangana - 500090	U45200AP2005PLC046307	Associate Company	32%	2(6)

*Subsidiary incorporated outside India

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on March 31, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	55,400,884	0	55,400,884	42.25	55,400,884	0	55,400,884	42.25	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	55,400,884	0	55,400,884	42.25	55,400,884	0	55,400,884	42.25	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	7,787,947	0	7,787,947	5.94	6,201,921	0	6,201,921	4.73	0
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00

d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
l)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)		7,787,947	0	7,787,947	5.94	6,201,921	0	6,201,921	4.73	(1.21)
2.	Non Institutions									
a)	Bodies Corp.									
	(i) Indian	12,712,376	0	12,712,376	9.70	12,190,402	0	12,190,402	9.30	(0.40)
	(ii) Overseas	36,538,477	0	36,538,477	27.87	36,538,477	0	36,538,477	27.87	0
b)	Individuals									
	(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	12,206,212	1,231	12,207,443	9.31	13,293,144	1,231	13,294,375	10.14	0.83
	(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	3,561,978	2,812,000	6,373,978	4.86	4,958,809	2,812,000	7,770,809	5.93	1.07
c)	Others (Specify)									
	Clearing Members	105,044	0	105,044	0.08	67,788	0	67,788	0.05	(0.03)
	Non Resident Indians	392,471	0	392,471	0.30	385,843	0	385,843	0.29	(0.01)
	Non Resident Indian- Non Repatriation	121,560	0	121,560	0.09	101,975	0	101,975	0.08	(0.01)
	Trusts	1,000	0	1,000	0.00	1,000	0	1,000	0	0
	NBFCs Registered with RBI	1,872	0	1,872	0.00	0	0	0	0	0
Sub-total (B)(2)		65,119,016	2,813,231	67,932,247	51.80	66,705,042	2,813,231	69,518,273	53.01	1.21
Total Public Shareholding (B)=(B)(1)+(B)(2)		72,906,963	2,813,231	75,720,194	57.75	72,906,963	2,813,231	75,720,194	57.75	0
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)		128,307,847	2,813,231	131,121,078	100.00	128,307,847	2,813,231	131,121,078	100.00	0

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe red to total shares	
1	Infrastructure Leasing and Financial Services Limited	27,486,243	20.96	0.00	27,486,243	20.96	0.00	0.00
2	IL&FS Financial Services Limited	27,914,641	21.29	0.00	27,914,641	21.29	0.00	0.00
	Total	55,400,884	42.25	0.00	55,400,884	42.25	0.00	0.00

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Date of change in shareholding	Increase/ Decrease in shareholding	Reason for Increase/ Decrease	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
At the beginning of the year	55,400,884	42.25	NA	Nil	NA	55,400,884	42.25
At the End of the year	55,400,884	42.25	NA	Nil	NA	55,400,884	42.25

iv. Shareholding Pattern of top ten Shareholders (other than Directors, promoters and holders of GDRs and ADRs)

Sr. No.	Name of the Shareholders	Shareholding at the beginning and at the end of the year		Date of change in share holding	Increase/Decrease in share holding	Reason for increase/Decrease	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	SBG Projects Investments Limited							
	At the beginning of the year	36,538,477	27.87	-	-	-	36,538,477	27.87
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	36,538,477	27.87	-	-	-	36,538,477	27.87
2.	SNR Investments Private Limited							
	At the beginning of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
3.	VeeYes Investments Private Limited							
	At the beginning of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	5,250,000	4.00	-	-	-	5,250,000	4.00
4.	State Bank of India							
	At the beginning of the year	3,307,428	2.52	-	-	-	3,307,428	2.52
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	3,307,428	2.52	-	-	-	3,307,428	2.52
5.	Allahabad Bank							
	At the beginning of the year	1,179,042	0.90	-	-	-	1,179,042	0.90
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	1,179,042	0.90	-	-	-	1,179,042	0.90
6.	ICICI Bank Ltd							
	At the beginning of the year	577,350	0.44	-	-	-	577,350	0.44
	Date wise increase/decrease in shareholding during the year	-	-	29/11/2019	21,010	Purchase	598,360	0.45
		-	-	06/03/2020	-10,212	Sale	588,148	0.44
		-	-	20/03/2020	-7,234	Sale	580,914	0.44
	At the End of the year	580,914	20.02	31/03/2020	-	-	580,914	0.44
7.	Bank of Maharashtra							
	At the beginning of the year	501,680	0.38	-	-	-	501,680	0.38
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	501,680	0.38	-	-	-	501,680	0.38
8.	Bank of India							
	At the beginning of the year	406,442	0.31	-	-	-	406,442	0.31
	Date wise increase/decrease in shareholding during the year	-	-	-	-	-	-	-
	At the End of the year	406,442	0.31	-	-	-	406,442	0.31
9.	B. Ramalinga Raju HUF							
	At the beginning of the year	-	-	-	-	-	-	-
	Date wise increase/decrease in shareholding during the year	274,500	0.21	-	-	-	274,500	0.21
	At the End of the year	-	-	-	-	-	-	
	At the End of the year	274,500	0.21	-	-	-	274,500	0.21
10.	B. Ramalinga Raju							
	At the beginning of the year	-	-	-	-	-	-	-
	Date wise increase/decrease in shareholding during the year	251,185	0.19	-	-	-	251,185	0.19
	At the End of the year	-	-	-	-	-	-	
	At the End of the year	251,185	0.19	-	-	-	251,185	0.19

v. Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Date of change in shareholding	Increase / Decrease in shareholding	Reason for increase / Decrease	Cumulative Shareholding during the year	
		No. of shares	% of Total Shares of the Company				No. of shares	% of Total Shares of the Company
1.	Chandra Shekar Rajan							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
2.	Dilip Lalchand Bhatia							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
3.	Naveen Kumar Agarwal							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
4.	Kazim Raza Khan							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
5.	Mr. Bijay Kumar							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
4.	Mr. Srinivasa Kiran Sistla							
	At the beginning of the year	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-

V. Indebtedness of the Company including interest outstanding/accrued but not due for payment Rs in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
(i) Principal Amount	1,463.74	1188.56	-	2,652.30
(ii) Interest due but not paid	93.18	-	-	93.18
(iii) Interest accrued but not due	454.89	-	-	454.89
Total (i+ii+iii)	2,011.81	1,188.56	-	3,200.37
Change in Indebtedness during the Financial year				
Addition - Principal	-	-	-	-
Reduction - Principal	20.37	-	-	20.37
Addition - Interest	-	121.29	-	121.29
Reduction - Interest	93.18	-	-	93.18
Net Change	(73.81)	121.29	-	7.74
Indebtedness at the end of Financial year				
(i) Principal Amount	1,443.37	1188.56	-	2,631.93
(ii) Interest due but not paid	454.89	121.29	-	576.18
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,898.26	1309.85	-	3208.11

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Nil	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit - others, specify	-	-
5.	Others		
	Sitting Fees	Nil	Nil
6.	Total (A)	315,000	3,15,000
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors			Total
		Mr. C S Rajan	Mr. Bijay Kumar	Mr. Dilip Lalchand Bhatia	
1	Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify	- - -	- - -	- - -	- - -
	Total (1)	-	-	-	-
2	Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify	170000 - -	155000 - -	150000 - -	475000 - -
	Total (2)	170000	155000	150000	475000
	Total Managerial Remuneration (1+2)	170000	155000	150000	475000
	Overall Ceiling as per the Act	NA			

C. Remuneration to Key Managerial Personnel Other Than MD /Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount (in Rs.)
		Chief Executive Officer	Chief Financial Officer	Company Secretary			
1.	Gross salary						
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5654338	5104162	188709	305747	1343373	12596329
	b. Value of perquisites u/s 17(2) Income - Tax Act, 1961	2555136	-	-	-	-	2555136
	c. Profits in lieu of salary under section 17(3) Income - Tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of profit - LTA	- -	- 34247	- -	- 28233	- -	- 62480
5.	Others : Gratuity & Leave Encashment Sitting Fee	147457 -	192308 -	- -	- -	- -	345535 -
	Total	8356931	5330717	188709	333980	1343373	15559480

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

By order of the Board
For IL&FS Engineering and Construction Company Ltd

Sd/-
Chandra Shekhar Rajan
Chairman
DIN 00126063

Sd/-
Bijay Kumar
Director
DIN: 07262627

Sd/-
Dilip Lalchand Bhatia
Director
DIN: 01825694

Place: Hyderabad
Date: September 03, 2020

The ratio of the remuneration of each directors to the median employee's remuneration and other details in terms of sub-section (12) of the Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Sl.No.	Requirements	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	NA
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year	Managing Director – Nil Chief Executive Officer – 5% Chief Financial Officer – 5% Company Secretary - Nil (Saheli Banjarjee) Company Secretary - 5% (J Veerraju) Company Secretary - Nil (Srinivasa Kirana S)
3.	The percentage increase in the median remuneration of employees in the financial year	NA
4.	The number of permanent employees on the rolls of the Company	There were 406 employees on the Permanent rolls of the Company as on March 31, 2020
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	NA
6.	Affirmation that the remuneration is as per the managerial remuneration policy of the Company	Affirmed

DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DURING FY 2019-20 (Including Employer contribution to PF)

S. No	Full Name	Designation	Level	Total Remuneration received 01-April-2019 to 31-March-2020	Employee Type	Qualification/Experience	Age of employee in year	Date of Joining	Date of Exit of employment	Last Employment held before joining	No. of equity shared held	Whether relative of Director
1	Mr. Kazim Raza Khan	CEO	L-15	*5654338	Permanent	BE CIVIL, MBA Finance and International Trade /30	52	16-May-19		IL&FS Transportation Networks Limited	No	No
2	Mr. Pradeep Kumar Bhattacharya	Senior Vice President	L-13	5943468	Permanent	BE MECH/34	57	08-Nov-10		Punjyoyd Limited	No	No
3	Mr. Ajay Ratan	Senior Vice President	L-13	5720539	Permanent	BE ELECTRONICS- LLB/33	56	15-Jul-15		Kalpataru Power Transmission Limited	No	No
4	Mr. Naveen Kumar Agrawal	Senior Vice President	L-13	5138409	Permanent	CA-BCOM /27	48	16-Jan-18		Shriram Fortune Solutions Limited	No	No
5	Mr. Gangavarapu Venkateswar Rao	Senior Vice President	L-13	5249258	Permanent	BE CIVIL/35	55	13-Jul-12		Lancohills Tech. Limited.	No	No
6	Mr. Pradeep Kumar Goyal	Senior Vice President	L-13	5231120	Permanent	MBA/27	52	10-Jan-11		Punjyoyd Limited	No	No
7	Mr. Kawaljeet Singh	Vice President	L-12	5151529	Permanent	BE CIVIL/34	56	27-Jun-11		Punjyoyd Limited	No	No
8	Mr. Umang Mohan	Vice President	L-12	5125008	Permanent	Cost Accountant ICWAI/25	52	05-Mar-18		GMFR Infra., Ltd	No	No
9	Mr. Anoop Kumar Aggawal	President	L-15	5083256	Permanent	BE Mechanical/36	59	01-Aug-19		KSS Limited.	No	No

THE REMUNERATION IS INCLUDING GST

* Mr. K R KHAN (only CTC mentioned, not added the perks)

MANAGEMENT DISCUSSION AND ANALYSIS

The pandemic and the nationwide lockdown that it triggered has dealt both demand and supply shocks to the economy, with wide ramifications on revenue collections and economic growth. It is likely to take quite some time for the consequent stress in the economy to be relieved and for growth to revive. The crisis has prompted the Government to announce a series of monetary and fiscal relief packages designed to inject liquidity into the system and provide relief to stressed sectors. While these stimulus measures will provide relief to the affected people and some industries, the slowdown in economic activity is expected to significantly lower India's GDP growth in FY 2020-21.

Global supply chains have also been threatened by the pandemic. Governments around the world have been quick to respond to the crisis by implementing meaningful stimulus measures through a combination of fiscal and monetary easing, increased health spending and direct support to cover losses in incomes and revenues. Sustained efforts from Governments, focused on these measures could soften the economic impact of the Coronavirus.

Against this backdrop, the Company has undertaken a series of measures to mitigate the crisis, which includes securing the safety and livelihood of its staff and subcontracted labour working at project sites, curtailing and reducing overheads at all operating levels, enhancing liquidity on its Balance Sheet through increased market borrowings and controlling working capital requirements through a mix of judicious cashflow planning and measured project execution.

(1) INTRODUCTION:

IL&FS Engineering and Construction Company Ltd (IECCL) has more than three decades of experience in the engineering and construction business with capabilities in providing integrated Engineering, Procurement and Construction (EPC) services. With engineering experience, trained and qualified manpower, IECCL is primarily executing infrastructure projects across India. IECCL has been delivering projects in the sectors of Power, Oil and Gas, Roads, Railways and Metros, Water and Irrigation, and Buildings & Structures.

(2) Global and Indian Economy:

The year 2019 was challenging for the global economy and Indian economy as well. The world economy growth rates for 2019 is estimated to be 2.9% down from 3.6% in 2018. The ongoing trade war between US and China, geopolitical tensions between US and Iran leading to increase in crude oil prices and Brexit affected world growth rate. This is mainly due to slowdown in the manufacturing sector and demands for consumption. The year 2020 is also estimated to be a difficult year due to outbreak of covid 19 virus and the global economy is projected to contract by 3% in 2020.

In 2019-20, the Indian economy grew by 4.2% against 6.1% expansion in 2018-19. Economic growth slowed to an 11-year low of 4.2% in 2019-20. The decline is mainly due to slowdown in all the sectors of the economy, especially manufacturing sector.

The growth outlook for 2020-21 for India is weak due to the coronavirus outbreak and the subsequent lockdown that created significant hurdles for manufacturing, supply and distribution channels. According to S&P Global Ratings, India's GDP is expected to shrink by 5% in FY20-21 owing to the current situation.

However, GDP growth is expected to pick up to 8.5% in the following fiscal Year 2021-22. It is expected that India's GDP to recover in the five years beginning fiscal 2021 (2020-21 to 2024-25). The growth will be supported by the following factors:

- With the clean-up of financial sector balance sheets, banks and financial institutions will be in a much better position to provide credit
- With the end of deleveraging phase, the corporates will start leveraging and this will push growth up. The corporate tax cut is allowing the companies to de-leverage faster and they will be primed up for undertaking investments when the economic cycle turns
- Payoff from reforms like Goods and Services Tax and Insolvency and Bankruptcy Code, 2016 are work in progress and once streamlined they will create possibility of an 'efficiency-led' spurt of growth over the medium run
- Capacity utilisation will catch up and result in an improvement in the investment cycle
- Infrastructure thrust by the Government of India through creating the NIP

With constant efforts to improve the economy, India has moved to 14 to be 63rd among 190 nations in the World Bank's Ease of Doing Business Report 2020. India also ranked second in the 2019 Agility Emerging Markets Logistics Index, next to dominant China.

(3) Indian Infrastructure Sector

The Infrastructure and Construction industry, being the 2nd largest economic activity in India next to agriculture sector, is the growth enabler and key driver in Indian economy. Infrastructure sector includes power, bridges, dams, roads, ports, airports, railways and urban infrastructure development.

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested investment of Rs 5,00,000 crore (US\$ 750 billion) for railways infrastructure between 2018-2030.

India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

India's construction industry was valued at US\$ 505.7 Billion in 2018 and it is expected to grow at a CAGR of 6.44% from 2019-2023, to reach US\$ 690.9 Billion by 2023.

The government launched the National Infrastructure Pipeline (NIP), an investment plan unveiled by the Central Government for enhancing infrastructure in identified sectors for providing world-class infrastructure across the country and improve the quality of life for all citizens. NIP will enable a forward outlook on both economic and social infrastructure projects, which will create jobs, improve ease of living and provide equitable access to infrastructure for all, thereby making growth more inclusive. It is envisaged that during the FY 20-25, sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) would amount to ~71% of the projected infrastructure investments in India, with a total capital expenditure projected at Rs 111 lakh crore. The Centre(39%) and states (40%) are expected to have an almost equal share in implementing the NIP in India, followed by the private sector (21%).

(Source: India Union Budget, Report of the task force of National Infrastructure Pipeline, India Brand Equity Foundation Analysis Reports, News Reports etc).

(4) Performance during the year :

1. Business Performance :

As in the past, your company is executing various EPC and Item Rate projects with both Government and Private clients in the sectors of Power, Oil & Gas, Railways & Metros, Water & Irrigation, Buildings & Structures and Roads situated pan India.

The Sector wise Order Book of the Company is as follows:

(Rs. In Crores)

Sector	On hand as on 31-3-2020	On hand as on 31-3-2019
Roads	595	593
Railways & Metros	136	214
Buildings	-	48
Irrigation	268	223
Power	311	390
Oil & Gas	60	148
Ports	-	-
Total	1370	1615

2. Developments at IL&FS and its adverse impact on IECCL:

While IECCL was progressing satisfactorily in its projects' execution, certain entities of the IL&FS Group began to default on their debt obligations during the second quarter of FY 2019. Considering the impact IL&FS defaults were having on the financial system in India, the Government of India (GoI) petitioned the National Company Law Tribunal (NCLT) to replace the IL&FS Board of Directors. In its order on October 1, 2018, NCLT superseded the Board of IL&FS with a new Board, with members nominated by Government of India. Further, the Government of India also initiated an investigation into the affairs of IL&FS through the Serious Fraud Investigation Office (SFIO) and Enforcement Directorate (ED).

The development at the IL&FS Group has had an adverse impact on IECCL. The immediate and direct impact was stopping payments to financial creditors till NCLT order is released. Payments against liabilities to operational creditors prior to prior to 1st October 2018 are also deferred till NCLT order is issued. IL&FS Group support to IECCL in the form of Corporate Guarantees/ Bank

Guarantees are also are also stopped. Because of all these deferment of Payments / support, subcontractors and suppliers stopped supply of their services / materials which affected the projects progress and Projects came to stand still for three months. Evidencing no progress in the Projects and news about IL&FS group defaults, several clients issued termination issues and a few clients terminated the Projects.

The new Board of Directors appointed a new Chief Executive Officer (CEO) for streamlining the business of the Company by coordinating with clients, lenders, subcontractors, suppliers, government bodies and employees.

(5) Discussion on Financial Performance:

The adverse developments at the IL&FS Group and Covid 19 have significant direct impact on IECCL's business plans for revenue and profit growth. This has significant impact on its present revenue and future order book.

In order to contain the adverse impact, IECCL has effected stringent cost rationalization measures. These measures included manpower rationalization, skill enhancements for facilitating inter-function transfers and special efforts for early realization of long pending claims and receivables.

Overall Financial Performance:

	2019-20	2018-19	Explanation for significant changes (i.e 25% or more as compared to immediately previous financial year)
Revenue	562.39	1239.14	Change in revenue numbers due to foreclosure, completion of projects
EBITDA	51.49	(58.67)	Same as above
PAT	(406.26)	(2036.45)	Includes exceptional items of Rs.399 Cr
EPS	(30.98)	(155.310)	Same as above
Share Capital	170.87	170.87	
Debt	2671.66	2692.05	
Net Worth	(2306.44)	(1900.18)	Major change due to exceptional items
Fixed Assets	523.59	531.11	(Gross Block – Acquisition value of Assets)
Inventory	52.22	89.79	Major change in inventory due to impairment
Debt Equity Ratio	16.78	29.73	
Current Ratio	0.28	0.37	
Return on Equity	3.29	7.25	
Interest Coverage Ratio	1.98	(0.33)	

(6) Outlook on the performance of FY 2020-21: Risks and Concerns:

There are adequate opportunities for infrastructure and construction business in the coming years. The government plans to invest Rs 15 lakh crore (US\$ 214.62 billion) in the next five years. The government has given a massive push to the infrastructure sector by allocating huge funds to infrastructure in the Budget for 2020-21 such as Rs.1,69,637 crore (US\$ 24.27 billion) for the transport infrastructure, Rs. 91,823 crore (US\$ 13.14 billion) to the MoRTH, Rs 19,500 crore (US\$ 2.79 billion) under the Pradhan Mantri Gram Sadak Yojana (PMGSY). An accelerated development of highways to include development of 2,500 kms access control highways,9,000 kms of economic corridors, 2,000 kms of coastal and land port roads, and 2,000 kms of strategic highways.

Highlights of the Budget for 2020-21 for infrastructure are:

- National Logistics Policy to be launched soon
- Roads: Accelerated development of Highways.
- Railways: Four station redevelopment projects
- 150 passenger trains through PPP mode.
- More Tejas type trains for tourist destinations.
- Port: Corporatizing at least one major port.
- Air: 100 more airports to be developed under UDAAN.
- Power: Efforts to replace conventional energy meters by prepaid smart meters.
- Gas Grid: Expand National Gas Grid to 27,000 km
- Infrastructure Financing: Rs. 103 lakh crore National infrastructure Pipeline projects announced.
- An international bullion exchange to be set up at GIFT City
- Proposal to monetise at least 12 lots of highway bundles of over 6,000 kms before 2024.

IECCL is seeing the good opportunities in the sectors of Power, Oil & Gas, Metros, Roads and Housing. However, the Company is unable to bid for any new projects due to negative net worth and other financial constraints such as Bank Guarantees. The adverse developments at IL&FS Group have significantly impinged on IECCL's business plans for revenue growth. The newly constituted Board has been working on a resolution plan for IL&FS Group and this would enable IECCL to resume its bidding, win new projects and continue its business operations as earlier.

The period of business realignment is expected to take 12 more months, during which period the Company would have to deal with a large degree of uncertainties. However, IECCL has the ability to undergo this metamorphosis.

It has been a challenging year, and more challenges ahead. The aforementioned strengths are expected to stand IECCL in good stead as it endeavours to overcome the setbacks and once again rebuild its business model

Risk Management:

IECCL has an integrated Enterprise Risk Management (ERM) framework in place for identification, assessment, mitigation and reporting of risks. Risk Management Committee / the Audit Committee/ the Board of Directors oversee the function by periodically reviewing the Critical Risks of the Business and its mitigation plans.

The critical enterprise level risks of the Company and the mitigation measures being taken are submitted below:

Liquidity Risk:

The debt burden has increased in a manner that is not commensurate with the size of its operations and there has been severe stress in terms of cash flows. Your company is in discussion with its bank consortium for assessment of debt restructuring and incremental working capital requirement to support growth in business. Your Company is also in discussion with Vendors for extending credit period support in execution of current projects

Order Book Risk:

IECCL has not won any new works for the last three years. The Company cannot bid new projects at present due to negative net worth and inadequate fund and non-fund support from Banks. Your Company is in discussion with Banks Consortium for extending the Company fund and non-fund support for bidding new Projects. Your Company is also in discussion with other financially sound contracting agencies to form Joint Ventures for bidding for new works

Reputation and Brand Risk:

The overburdened debt of IL&FS group, its default in debt servicing and discussion of its corporate governance practices in public affect the impact of IL&FS group companies including IECCL. This negative Reputation will affect IECCL in winning new EPC Projects, in getting new borrowings at lower interest rate and in getting project services from vendors with credit facility. Your Company, with its proven track record in providing qualitative delivery of EPC Projects and making timely payments as per the contract terms, will rebuild confidence in clients and vendors

Operational Risks:

In order to mitigate operational risks in Project execution, due care is exercised in the preparation of design and drawings, selection of sub-contractors, selection of suppliers, recruitment of technical and non-technical staff, utilization of resources, insurance coverage etc. The Company has documented and implemented Standard Operating Procedures for all important operations of the Company, Delegation of Authority, periodical business monitoring mechanism and risk identification and mitigation mechanism

Political Risk:

Your Company is operating in multiple Indian States with different political environments and consequently subject to Political risks. Appropriate and adequate mitigation strategies are in place to mitigate these risks. The Company is spreading its operations in all major sectors of Infrastructure and in various States avoiding business concentration in same region

Contractual Risks:

The Company is exposed to several contractual risks with clients, subcontractors, suppliers and lenders in its day to day operations. In order to mitigate these risks, the Company has an exclusive Contracts and Claims Department to oversee contract documentation, major claims and arbitrations.

Subcontractors Risk and Joint Venture Risks:

The Company associated with several subcontractors and joint ventures for executive of their projects. Their non-performance may affect the revenue and profitability of the Company. The Company has a robust system for selection of back-to-back subcontractors and Joint Venture Partners and monitor their performance regularly.

7. Internal Control System and their Adequacy:

The Company's internal financial control framework, established in accordance with the COSO framework, is commensurate with the size and operations of the business and is in line with requirements of the Companies Act 2013. Internal Audit's main objective is to provide to the Audit Committee, an independent,

objective and reasonable assurance of the Company's risk management, control and governance processes

The Company has institutionalized internal controls in the form of Delegation of Authority (DoA) and standard operating procedures (SOP) with an objective of orderly and efficient conduct of its business, safeguarding the Company's assets, prevention and detection of frauds, accuracy and completeness of accounting records and compliance with applicable statutory requirements. The Company is having Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions in an integrated way with complete audit trail

The Company has also deployed an external firm of Chartered Accountants and the combined Internal Audit team consists of technical auditors (Engineers), Chartered Accountants and Cost Accountants.

8. Human Resources & Industrial Relations:

For the Management, safety and health of its employees is foremost thing. During this pandemic, the IECCL Management is taking all steps for the health and hygiene by following guidelines laid down by Central and respective State Governments for well-being of its employees. Human Resource (HR) Department, periodically, updates its policies in line with best practices in the Industry. It circulates renewed policies to all its Employees through email and trainings.

IECCL continues to maintain harmonious relations with all its employees across all its Project Sites and Offices in India and as on March 31, 2020, the Company had 353 Employees on rolls.

9. Cautionary Statement:

Statements in this Annual Report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied. Several other factors could make significant difference Company's operations which includes economic conditions affecting demand and supply, Government Regulations, taxation, natural calamities and so on, over which the Company does not have any control.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance is essentially a system, which brings about sustained corporate growth and long-term benefits for stakeholders. Empowerment, accountability & control, is the philosophy of the Company on corporate governance. Good governance is a moral stance of the Management, which is committed to create value for all stakeholders on ethical principles. The Company endeavors to implement the code of Corporate Governance in its true spirit

2. BOARD OF DIRECTORS :

Composition :

The Board had no optimum combination of Executive and Non-Executive Directors including Woman Director during the FY 2019-20.

The Ministry of Corporate Affairs (MCA) through National Company Law Tribunal (NCLT) nominated the Directors on the Board of the promoter of the Company (IECCL), Infrastructure Leasing and Financial Services Limited (IL&FS) with powers to supersede all other Boards of its group Companies. Subsequently, due to the abovementioned developments at IL&FS, the Board of the promoter nominated the following as Directors on the Board IECCL

Sl.No.	Name of the Director	Date of Appointment
1.	Mr Chandra Shekhar Rajan	October 25, 2018
2.	Mr Dilip Lalchand Bhatia	December 24, 2018
3.	Mr Bijay Kumar	April 4, 2019

All the present Directors on the Board are professionals, having expertise in their respective functional areas. None of the Directors on the Board is a member of more than ten committees or Chairperson of more than five Committees across all the companies in which they are a director. As required under Regulation 26 of SEBI (Listing Obligations of Disclosure Requirements) Regulations, 2015 (Listing Regulations), necessary disclosures regarding Committee positions have been received from all the Directors

Board Meetings :

During FY 2020, the Board of Directors met 7 times on the following dates: April 04, 2019, May 16, 2019, July 09, 2019, August 07, 2019, September 09, 2019, November 19, 2019 and February 06, 2020.

Attendance, Directorships, Memberships / Chairmanships of Committees :

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during FY 2020 along with the number of directorships and committee memberships held by them in other Companies as on March 31, 2020 are given below:

S. No.	Name of the Director	Category of Directorship	Board Meetings held during the period of Directorships		Number of Directorships in other Companies ¹	Number of Committee positions held in other public companies ²		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1	Mr Chandra Sekhar Rajan	Non-Executive Director	7	7	39	1	1	Yes
2	Mr Bijay Kumar	Non-Executive Director	7	7	26	12	1	Yes
3	Mr Dilip Lalchand Bhatia	Non-Executive Director	7	6	18	10	03	No

¹Directorships in Companies means Companies registered under the Companies Act, 2013 and excludes section 8 Companies and Companies registered outside India

²Chairmanship/Membership of the Committees include memberships of Audit and Stakeholders' Relationship Committees

No Directors of the Company are related to any other Director of the Company

None of the Directors hold any shares or convertible instruments of the Company

The details of the familiarization programme imparted to the Directors is available on the website of the Company at the link: <http://www.ilfsg.com/Document/FamiliarizationProgramme.pdf>

Directors' Compensation and Disclosures :

i. The Non-Executive Directors were paid sitting fees as mentioned in the table below:

Sl No	Name of the Director	Sitting Fees paid during FY 2020 (amount in Rs.)
1.	Mr Chandra Sekhar Rajan	1,70,000
2.	Mr. Bijay Kumar	1,55,000
3.	Mr Dilip Lalchand Bhatia	1,50,000

Apart from the abovementioned, reimbursement of the actual travel and out of pocket expenses incurred (if any) for attending Meetings of the Board of Directors and/or Committee thereof have been made to the Directors

3. COMMITTEES OF THE BOARD OF DIRECTORS:

a. AUDIT COMMITTEE:

The Audit Committee has not been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 18 read with Part C of Schedule II of Listing Regulations due to the developments at IL&FS, all the independent directors resigned/ceased to be the Directors and the board of the promoter of the Company (IECCL), Infrastructure Leasing and Financial Services Limited (IL&FS), nominated the existing Board of IECCL who were being appointed as members of the Audit committee whose constitution is not in accordance with the provisions of Companies Act and/or SEBI LODR Regulations.

During the year under review, 4 meetings were held on the following dates: (i) April 16, 2019, (ii) October 15, 2019, (iii) November 19, 2019 and (iv) December 17, 2019. The composition of the Audit Committee, category of Members and attendance at the meetings held during the year are given below:

S. No.	Name of the Director	Designation	Category of Director	No. of Meetings held during the period of Membership	
				Held	Attended
1	Mr. Bijay Kumar	Chairman	Non- Executive	4	4
2	Mr. Chandra Sekhar Rajan	Member	Non- Executive	4	4
3	Mr. Dilip Lalchand Bhatia	Member	Non- Executive	4	4

Apart from the terms of reference, the Audit Committee shall mandatorily review management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, appointment, removal and terms of remuneration of the Chief Internal Auditors, etc

b. NOMINATION AND REMUNERATION COMMITTEE:

Composition and Attendance:

The Board has not constituted the Nomination and Remuneration Committee (NRC) in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 19 of the Listing Regulations due to the developments at IL&FS, all the independent directors resigned/ceased to be the Directors and the board of the promoter of the Company (IECCL), Infrastructure Leasing and Financial Services Limited (IL&FS), nominated the existing Board of IECCL who were being appointed as members of the committee whose constitution is not in accordance with the provisions of Companies Act and/or SEBI LODR Regulations.

Three meetings of the Committee were held during FY 2020 on May 16, 2019 and November 19, 2019 and February, 06, 2020. The composition of the Committee, category of Members and attendance at the meetings held during the year are given below :

S. No.	Name of the Director	Designation	Category of Director	No. of Meetings held during the period of Membership	
				Held	Attended
1	Mr. Chandra Sekhar Rajan	Chairman	Non- Executive	4	4
2	Mr. Bijay Kumar	Member	Non- Executive	4	4
3	Mr. Dilip Lalchand Bhatia	Member	Non- Executive	4	4

Performance Evaluation Criteria for Independent Directors

The Company has adopted the Schedule IV of the Companies Act, 2013 as the Code for Independent Directors based on which the performance evaluation of the Independent Directors was carried out by the entire Board of Directors and in the evaluation process the Directors who were subject to evaluation have not participated. The directors expressed their satisfaction on the performance of the Independent Directors. Further, the Policy on performance evaluation of Board of Directors is available on the website of the Company at www.ilfsengg.com

Terms of Reference:

The terms of reference, powers, quorum and other matters in relation to the Nomination and Remuneration Committee are as per of the Regulation 19 read with Part D of Schedule II of Listing Regulations, Section 178 of the Companies Act, 2013 and in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended.

Further, in terms of the provisions of the Amended Listing Regulations, 2018, the Board of Directors of the Company in its Meeting held on July 31, 2018, amended the terms of reference of the Committee.

c) REMUNERATION OF DIRECTORS :

i) Managerial Remuneration Policy :

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder and Regulation 19 of Listing Regulations, the Board of Directors of the Company had framed Managerial Remuneration Policy which includes the criteria for determining qualifications, positive attributes, independence of directors and other matters as specified under Section 178(3) of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of Listing Regulations. The policy is available on the website of the Company at <http://www.ilfsengg.com/html/policies.php> and the policy is uploaded in the "Investor Relations" section of the website of the Company at www.ilfsengg.com/html/policies

ii) Disclosure on remuneration of Managing Director :

- Details of remuneration of Managing Director : Nil
- Details of fixed component and performance linked incentives, along with the performance criteria : Nil
- Service contracts, notice period, severance fees : Nil.
- Stock option details, if any and whether

issued at a discount as well as the period over which accrued and over which exercisable : Nil.

d. STAKEHOLDERS RELATIONSHIP COMMITTEE :

Composition:

The Stakeholders' Relationship Committee was not constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Rules framed thereunder and Regulation 20 of the Listing Regulations due to the developments at IL&FS, all the independent directors resigned/ ceased to be the Directors and the board of the promoter of the Company (IECCL), Infrastructure Leasing and Financial Services Limited (IL&FS), nominated the existing Board of IECCL who were being appointed as members of the committee whose constitution is not in accordance with the provisions of Companies Act and/or SEBI LODR Regulations.

The Committee has been constituted to resolve the grievances of the security holders including those related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends

The Composition of the Committee and the category of its Members and are given below:

S. No.	Name of the Members*	Designation	Category
1	Mr. Bijay Kumar	Chairman	Non- Executive
2	Mr. Chandra Sekhar Rajan	Member	Non- Executive
3	Mr. Dilip Lalchand Bhatia	Member	Non- Executive

Compliance Officer :

Mr. Srinivasa Kiran Sistla, Company Secretary is the Compliance Officer of the Company

The Company has received Nil complaints from the shareholders during the year and Nil complaints were redressed. Hence, as on March 31, 2020, no complaints were outstanding

Terms of Reference :

The terms of reference of SRC was framed in terms of the provisions of the Companies Act, 2013 and Listing Regulations.

e. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :

The Corporate Social Responsibility (CSR) Committee was not constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder, to oversee and advise on the activities to be carried out under the CSR Policy adopted by the Company due to the developments at IL&FS, all the independent directors resigned/ceased to be the Directors and the board of the promoter of the Company (IECCL), Infrastructure Leasing and Financial Services Limited (IL&FS), nominated the existing Board of IECCL who were being appointed as members of the committee whose constitution is not in accordance with the provisions of Companies Act and/or SEBI LODR Regulations.

f. INDEPENDENT DIRECTORS' MEETING

During the year, there were no Independent Directors and hence no independent directors meeting was held, iner alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as whole
- Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably performs its duties

4. GENERAL BODY MEETINGS

a) Annual General Meetings (AGMs):

i) Venue, date and time of the Annual General Meetings held during the preceding 3 Financial Years are as follows:

Financial Year : 2018-19
Date, Time and Venue : December 30, 2019 at 11.30 a.m.
KLN Prasad Auditorium,
3rd Floor, FAPCCI House,
11-6-841, Red Hills,
Hyderabad – 500 004

No Special Resolution was passed:

Financial Year : 2017-18
Date, Time and Venue : September 17, 2018 at 11.30 a.m
KLN Prasad Auditorium,
3rd Floor, FAPCCI House,
11-6-841, Red Hills,
Hyderabad – 500 004

Following Special Resolution was passed:

ESOP Scheme – 2018 and Grant of Options to the Employees of the Company.

Financial Year : 2016-17
Date, Time and Venue : August 28, 2017 at 2.30 p.m.
KLN Prasad Auditorium,
3rd Floor, FAPCCI House,
11-6-841, Red Hills,
Hyderabad – 500 004

Following Special Resolution was passed:

- i. Issuance of Non-Convertible Debentures for an amount up to Rs 3000 million.

5. MEANS OF COMMUNICATION:

- (a) Quarterly/Half Yearly/Yearly Financial Results are not published in News papers because the results for the all quarters of the F.Y 2019-20 were being approved by the board in the meeting held on June 29, 2020 (first three quarters and) and September 03, 2020 (4th quarter). In view of the continuing lockdown and the resultant bottlenecks relating to print versions of newspapers, SEBI granted exemptions from publication of advertisements in newspapers for all events scheduled till June 30, 2020..

- (b) Official news releases are displayed on the Company's website www.ilfsengg.com Official media releases are also sent to the Stock Exchanges

- (c) The Company's website www.ilfsengg.com contains a separate section dedicated to 'Investor Relations' where Members' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form
- (d) Annual Report containing, inter alia, Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.
- (e) Presentations made to investors/analysts are uploaded on the Company's website from time to time
- (f) The Company has designated the cs@ilfsengg.com email-id exclusively for investor services

6. MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

MDA forms part of the Directors' Report and is presented in the Annual Report under a separate heading

7. GENERAL INFORMATION TO SHAREHOLDERS :

(a) Date, time and Venue of the 31st Annual General Meeting for the Financial year 2019-20 :

Date: Wednesday, September 30, 2020 at 1:30 PM

Venue: through Video Conference (VC)/ Other Audio Visual Means (OAVM)

The venue will be deemed to be registered office of the Company.

(b) Book Closure Date :

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 23, 2020 to Monday, September 28, 2020 (both days inclusive) for the purpose of 31st Annual General Meeting

(c) Financial Calendar:

Financial year of the Company shall be from April 1, 2020 to March 31, 2021. The tentative calendar for consideration of financial results for the Financial Year 2020-21 is given below:

Particulars	Tentative/Due Date*
Results for quarter ending June 30, 2020	on or before Aug 14, 2020
Results for quarter ending September 30, 2020	on or before Nov 14, 2020
Results for quarter ending December 31, 2020	on or before Feb 14, 2021
Results for quarter/year ending March 31, 2021	on or before May 30, 2021

(d) Listing on Stock Exchanges :

The Company's Equity Shares were listed on the following Stock Exchanges with effect from October 25, 2007

Name and Address of Stock Exchanges	Scrip Code
The National Stock Exchange of India Limited (NSE) 5th Floor, "Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	IL&FS ENGG
BSE Limited (BSE) Department of Corporate Services, P.J.Towers, Dalal Street, Mumbai – 400 001	532907

The Company has paid the listing fees payable to the BSE and NSE for the Financial Year 2020-21. The Company has also paid Annual Custodial Fees for the year 2020-21 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(e) Share Transfer Procedure :

The share transfers which are received in physical form are processed and the share certificates are returned to the respective shareholders within the statutory time limit, subject to the documents being valid and complete in all respects. The Company obtains half yearly certificates from a Company Secretary in practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Regulation 40 of the Listing Regulations.

(f) Prevention of Insider Trading :

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code of Conduct for Prevention of Insider Trading has replaced the Company's earlier Code on Insider Trading as framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company has taken measures to create awareness about the code among its employees and has implemented a system of reporting details of trading in the securities of the Company by the Designated Persons to the Audit Committee at the periodic levels.

(g) Distribution of shareholding as on March 31, 2019 :

Category (Amount)	No. of Shareholders	% of total shareholders	Total Shares	Amount (in Rs.)	% of Amount
1-5000	30,681	86.25	2,727,522	27,275,220	2.08
5001 – 10000	2,203	6.19	1,879,228	18,792,280	1.43
10001 – 20000	1,195	3.36	1,874,667	18,746,670	1.43
20001 – 30000	451	1.27	1,168,584	11,685,840	0.89
30001 – 40000	238	0.67	867,274	8,672,740	0.66
40001 – 50000	191	0.54	913,206	9,132,060	0.70
50001 – 100000	343	0.96	2,559,258	25,592,580	1.95
100001 & Above	270	0.76	119,131,339	1,191,313,390	91.06
TOTAL	35,572	100.00	131,121,078	1,311,210,780	100.00

(h) Dematerialization of shares and liquidity:

The Company's shares are available for dematerialization in both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 97.85% of equity shares have been dematerialized as on March 31, 2020. All the Preference Shares of the Company are dematerialized. The summary of shareholdings in category wise is as under:

Summary of Shareholding as on March 31, 2020 :

Category	No. of Holders	Total Shares	% of Equity
EQUITY SHARES OF RS. 10/- EACH			
ISIN: INE369I01014			
PHYSICAL	16	2,813,231	2.15%
N S D L	22,114	120,521,370	91.92%
C D S L	13,977	7,786,477	5.94%
Total	36,107	131,121,078	100.00%

Category	No. of Holders	Total Shares	%
6% OCCRPS# OF Rs. 100/- EACH			
ISIN: INE369I03028			
PHYSICAL	0	0	0.00%
N S D L	1	3,750,000	100.00%
C D S L	0	0	0
Total	1	3,750,000	100.00%

Category	No. of Holders	Total Shares	%
6% CRPS ^ OF Rs. 100/- EACH			
ISIN: INE369I04034			
PHYSICAL	0	0	0.00%
N S D L	1	225,000	100.00%
C D S L	0	0	0
Total	1	225,000	100.00%

OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

^ CRPS: Cumulative Redeemable Preference Shares

(i) Reconciliation of Share Capital Audit:

As stipulated by SEBI, a Practicing Company Secretary carries out the reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the Board of Directors. The audit, inter alia confirms that the total listed and paid up equity capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and total no. of shares in physical form

(j) Investor Safeguards :

Investors may note the following to avoid risks while dealing in securities:

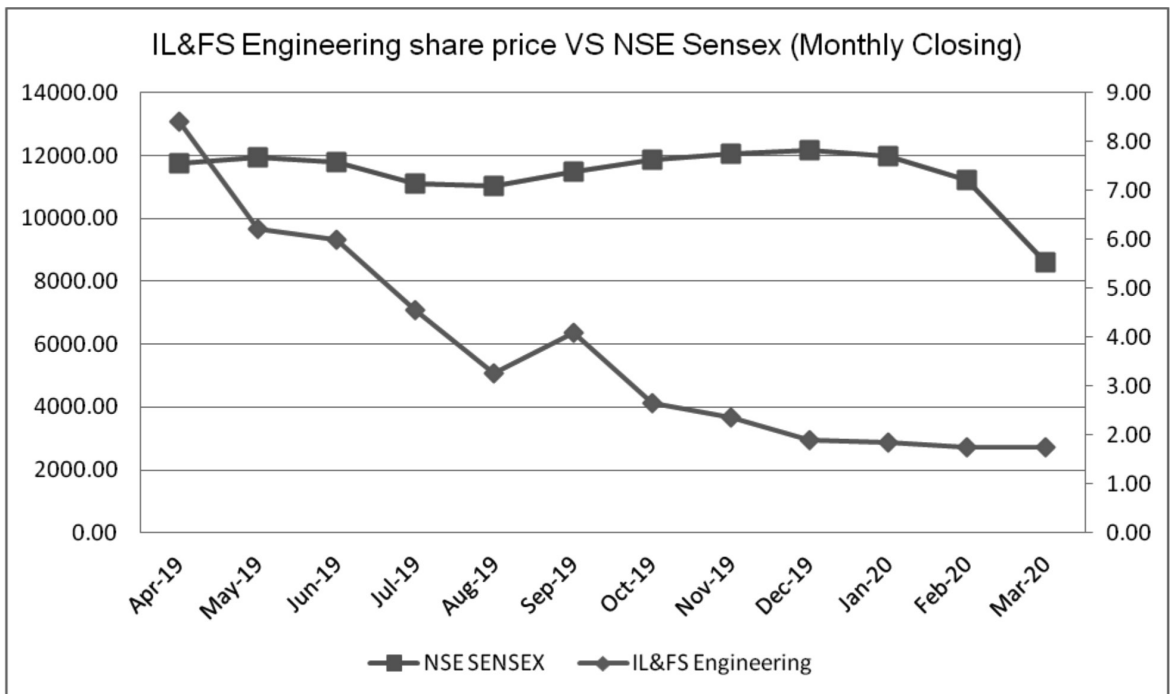
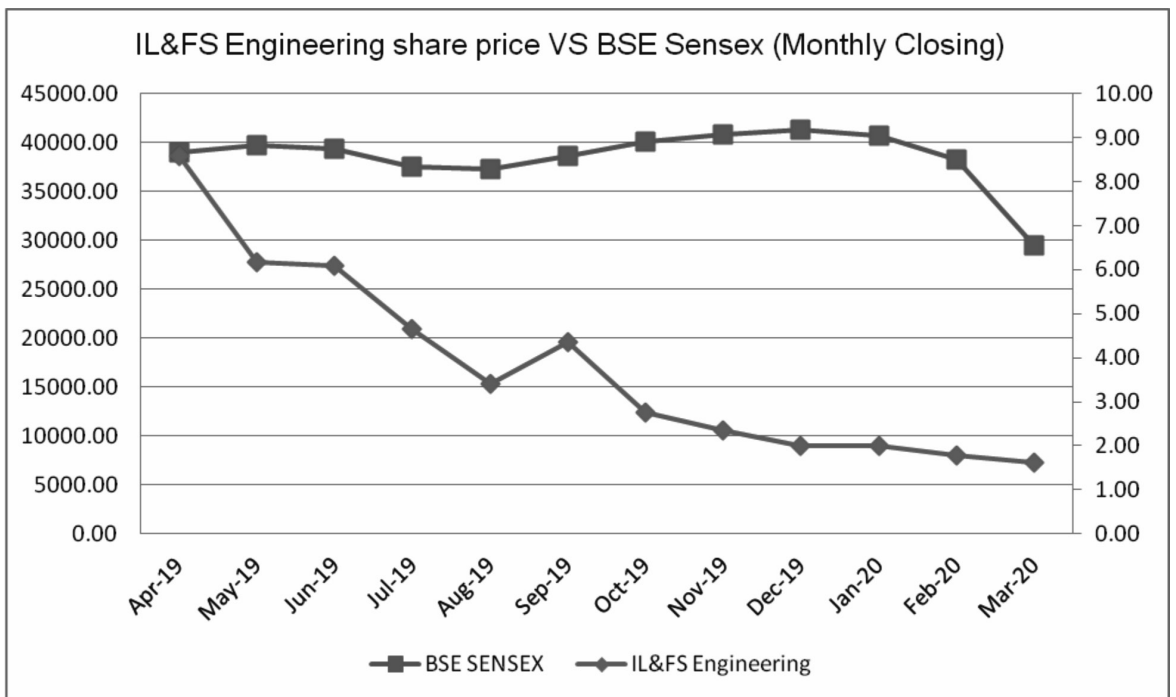
- (i) Electronic Clearing Services (ECS) mandate
ECS helps in quick remittances of dividend without possible loss / delivery in postal transit. Members may register their ECS details with their respective DPs
- (ii) Encash Dividends in time
Encash your dividends promptly to avoid hassles of revalidation
- (iii) Register Nominations
To enable successors to get the shares transmitted in their favour without hassle, the members may register their nominations directly with their respective DPs
- (iv) Confidentiality of Security Details
Do not hand over signed blank transfer deed / delivery instruction slips to any unknown person
- (v) Dealing of Securities with Registered Intermediaries
Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/ sub-broker, within 24 hours of execution of trade and it should be ensured that the contract note / confirmation memo contains order no., trade time, quantity, price and brokerage

(k) Shareholding Pattern as on March 31, 2020:

Category	No. of Holders	No of Shares Held	% Holding
Promoter - Infrastructure Leasing and Financial Services Limited	1	27,486,243	20.96
Promoter Group - IL&FS Financial Services Limited	1	27,914,641	21.29
Banks	10	6,201,921	4.73
Bodies Corporates	220	11,358,006	8.66
Clearing Members	16	67,788	0.05
Foreign Corporate Bodies - SBG Projects Investments Ltd.	1	36,538,477	27.87
H U F	0	0	0.00
Indian Financial Institutions	0	0	0.00
NBFC	0	0	0.00
Non Resident Indians Non Repatriable	117	101,975	0.08
Non Resident Indians	225	385,843	0.29
Resident Individuals	34,980	21,065,184	16.07
Trusts	1	1,000	0.00
Total	35,572	131,121,078	100.00

(l) Market Price Data:

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
Apr-19	9.39	8.23	173157	8.6	8.4	226331
May-19	9	5.51	213254	6.55	6	285531
Jun-19	7.23	5.3	155846	6.05	5.65	260835
Jul-19	6.09	4.62	63837	4.75	4.55	216952
Aug-19	4.65	3.08	95820	3.4	3.1	173255
Sep-19	4.76	3.09	102103	4.3	3.9	230238
Oct-19	4.23	2.76	199970	2.7	2.65	608787
Nov-19	2.76	2.15	289366	2.35	2.25	1150481
Dec-19	2.45	1.84	295596	2	1.9	604344
Jan-20	2.1	1.78	427546	1.95	1.85	405299
Feb-20	1.99	1.71	303724	1.85	1.75	338371
Mar-20	1.9	1.47	338988	1.8	1.7	391457



(m) The Company has not issued any GDRs or ADRs or Warrants or Convertible Instruments in the Current Financial year

(n) **Compliance Certificate of the Auditors:**

A Certificate from Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is annexed with the report

(o) **Registrar & Transfer Agents (RTA) :**

KFin Technologies Private Limited,
Selenium Building, Tower B,
Plot No. 31-32, Gachibowli, Financial District,
Nanakramguda, Serilingampally, Hyderabad-500 032,
Telephone No. 040 - 6716 2222
Fax No. 040 – 2342 0814,
Email ID: einward.ris@karvy.com

(p) **Investor Correspondence:**

Registered Office Address:

D.No. 8-2-120/113, Block-B, 1st Floor,
Sanali Info Park, Road No.2,
Banjara Hills, Hyderabad - 500 033
Tel. +91 40 40409333
Fax No. +91 40 40409444
Web site: www.ilfsengg.com

Company Secretary & Compliance Officer:

Mr. Sistla Srinivasa Kiran
D.No. 8-2-120/113/3, Block-B, 1st Floor
Sanali Info Park, Road No.2,
Banjara Hills, Hyderabad - 500 033
Tel. +91 40 40409333
Fax No. +91 40 40409444
E-mail id: cs@ilfsengg.com

8. DISCLOSURES:

- (a) During the year under review, certain transactions have been entered into with related parties. The details thereof have been given under the Notes on Accounts. None of these transactions are having potential conflict with the interests of the Company at large. The policy on dealing with related party transactions is available on the Company's website at <http://www.ilfsengg.com/html/policies.php>
- (b) During the last three years, there has not been any occasion of non-compliance related to capital market by the Company
- (c) The Company has established well documented Risk Management Framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis
- (d) The company applies equity method of accounting (as per the IND AS 28) to the investments which involves reflecting the Company's share of results of the Associate companies operations
- (f) The requisite details of Subsidiary Companies are disclosed in the Directors' Report
- (g) **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company has an established mechanism for employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. The existence of the mechanism is appropriately communicated within the organization

It is further affirmed that the policy is available to Employees and Directors of the Company and personnel access to the Whistle Blower Investigating Committee (WBIC) has not been denied and that protection is provided to whistle

blower from adverse personnel action. The Policy have been uploaded in the "Investor Relations" section of our Website here: <http://www.ilfsengg.com/html/policies.php>

(h) **Details of compliance with mandatory requirements and adoption of non-mandatory requirements:**

The Company complies with all the applicable mandatory requirements and with also the following non mandatory requirements as specified in Part E of Schedule II of Listing Regulations:

The Board:

The Chairman of the Company is a Non-Executive Director and is entitled to sitting fees for attending the meeting apart from the out of pocket travelling expenses incurred for attending the meeting

Shareholder Rights:

The quarterly, half yearly and annual financial results of the Company are published in a leading daily newspapers and are also posted on the Company's website. Significant press releases are also posted on the website of the Company

Separate post of Chairperson and Chief Executive Officer:

The Company has appointed separate persons to the post of Chairperson and Chief Executive Officer

Reporting of Internal Auditor

The internal auditor of the Company submits its reports directly to the Audit Committee of the Board. The internal auditor is an invitee of the Audit Committee and attends the meeting as and when required

(h) **Web link where policy for determining 'material' subsidiaries is disclosed:**

Policy on material subsidiary has been uploaded on the website of the Company at <http://www.ilfsengg.com/html/policies.php>

(i) **Code of Conduct:**

The Board of Directors of the Company have approved a code of conduct for Board of Directors and Senior Management, which is posted on the website of the Company at http://www.ilfsengg.com/html/code_of_conduct.pdf

In respect of the financial year 2019-20, all Senior Management and Board of Directors of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management and declaration to this effect signed by CEO is enclosed at the end of this report

j) **The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:**

Regulation	Particulars of Regulation	Compliance Status (Yes/ No/NA)
17	Board of Directors	No

18	Audit Committee	No
19	Nomination and Remuneration Committee	No
20	Stakeholders Relationship Committee	No
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to subsidiaries of listed entity	Yes
25	Obligations with respect to Independent Directors	No
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to(i)	Disclosure on website	Yes

(j) Credit Rating:

CARE Rating has revised the credit rating to BBB- Under Credit Watch with Negative Implications for long term and CARE A3 under Credit Watch with Negative Implications for short term borrowings of the Company from banks.

(k) Confirmation by the Board of Directors regarding acceptance of recommendations of all Committees:

In terms of the amendments made to the Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from all its Committees.

(l) PCS Certificate:

A certificate has been received from RPR & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

(m) Statutory Auditor Remuneration:

M Bhaskara Rao & Co., Chartered Accountants (Firm Registration No. 000459S) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis are given below:

Particulars	Amount in Rs
Statutory Audit Fee	5,900,000/- *
Tax Audit	
GST Audit	

* Excluding GST

9. UNCLAIMED SUSPENSE ACCOUNT :

Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details

of unclaimed shares held by shareholders which were outstanding in the Company's Unclaimed Suspense Account as on March 31, 2020, are as follows:

Particulars	Number of Share holders	Number of outstanding Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	24	432
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	0	0
Number of shareholders to whom shares were transferred from suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	24	432

Voting rights on shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares

Sd/- Chandra Shekhar Rajan Chairman DIN 00126063	Sd/- Bijay Kumar Director DIN: 07262627	Sd/- Dilip Lalchand Bhatia Director DIN: 01825694
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Place: Hyderabad

Date: September 03, 2020

Declaration on Compliance with the Code of Conduct for the Board of Directors and Senior Management of the Company:

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of the Board of Directors and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the Year Ended March 31, 2020.

By order of the Board
For IL&FS Engineering and Construction Company Ltd

Sd/- Chandra Shekhar Rajan Chairman DIN 00126063	Sd/- Bijay Kumar Director DIN: 07262627	Sd/- Dilip Lalchand Bhatia Director DIN: 01825694
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Place : Hyderabad

Date: September 03, 2020

COMPLIANCE CERTIFICATE BY CEO & CFO

The Chief Executive Officer and Chief Financial Officer Certification:

We, Mr. Kazim Raza Khan, Chief Executive Officer and Mr. Naveen Kumar Agrawal, Chief Financial officer of IL&FS Engineering and Construction Company Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year under review and certify that:
 - i. These statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that
 - i. There are no significant changes in internal control over financial reporting during the year
 - ii. There are no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
 - iii. There are no frauds of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system.

Place : Hyderabad
Date : 03.09.2020

Sd/-
Kazim Raza Khan
Chief Executive Officer

Sd/-
Naveen Kumar Agrawal
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
M/s. IL&FS Engineering and Construction Company Limited
Door No: 8-2-120/113, Block B, 1st Floor, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500 034.

We have examined the compliance conditions of Corporate Governance by M/s. IL&FS Engineering and Construction Company Limited for the financial year ended March 31, 2020, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”] and the Uniform Listing Agreement entered between the Company & Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015 and the Uniform Listing Agreement except in respect of matters specified in our secretarial audit report dated 03.09.2020 for the financial year ended March 31, 2020.

further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor
FCS No. : 5783
C P No. : 5360

Place: Hyderabad
Date: September 3, 2020
UDIN: F005783B000658622

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
M/s. IL&FS Engineering and Construction Company Limited
Door No: 8-2-120/113, Block B, 1st Floor,
Sanali Info Park, Road No. 2, Banjara Hills,
Hyderabad – 500 034.

We have examined and verified the books, papers, minute books, forms and returns filed and other records maintained by M/s. IL&FS Engineering and Construction Company Limited (hereinafter referred to as the “Company”) having its registered office at Door No: 8-2-120/113, Block B, 1st Floor, Sanali Info Park, Road No. 2, Banjara Hills, Hyderabad – 500 034 and the information provided by the Company and its directors and also based on the information available at the websites of Ministry of Corporate Affairs (i.e. www.mca.gov.in) and Securities and Exchange Board of India (i.e. www.sebi.gov.in), we hereby certify that as on the date of this certificate, none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority. However one of the directors Mr. Dilip Lalchand Bhatia is a nominee director in following other companies whose status as per MCA is Active Non-Compliant.

CIN: U45201MH2015PLC267727	M/s. Amravati Chikhli Expressway Limited
CIN: U45201MH2015PLC267730	M/s. Fagne Songadh Expressway Limited
CIN: U45203JH2008PLC013085	M/s. Jharkhand Accelerated Road Development Company Limited

Sd/-

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor
FCS No. : 5783
C P No. : 5360

Place: Hyderabad
Date: September 3, 2020
UDIN: F005783B000658622

ANNUAL SECRETARIAL COMPLIANCE REPORT

M/s. IL&FS Engineering and Construction Company Limited for the year ended 31.03.2020

(Pursuant to circular dated 8th February, 2019 issued by SEBI)

We, M/s. RPR and Associates, Company Secretaries, Hyderabad, have examined:

- all the documents and records made available to us and explanation provided by M/s. IL&FS Engineering and Construction Company Limited (IECCL) (CIN:L45201TG1988PLC008624) having its registered office at 8-2-120/113, Block B, 1st Floor, Sanali Info Park, Road No. 2, Banjara Hills, Hyderabad – 500 034, (“the listed entity”);
- the filings/ submissions made by the listed entity to the stock exchanges;
- website of the listed entity; and
- any other document/ filing, as may be relevant, which has been relied upon to make this certification/report,

for the year ended 31st March, 2020 (“Review Period”) in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR);
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not applicable during the period under review;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable during the period under review;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable during the period under review;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the period under review;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; the revised policy in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 was adopted in the board meeting held on 29th June, 2020. Therefore there was a delay in adoption and implementation.

and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/ Circulars / Guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Submission of Financial Results under Regulation 33 of SEBI LODR	Delay in submission of the unaudited financial results for the quarters ended June, 2019, Sept, 2019 and Dec, 2019. The audited financial statements for the year ended March 31, 2020 are yet to be approved and submitted to stock exchanges as on the date of this report.	The Unaudited Financial Results for the quarters ended June, 2019, Sept, 2019 and Dec, 2019 were approved in the board meeting held on June 29, 2020 and submitted with stock exchanges. Therefore there was a delay in compliance. The audited financial statements for the year ended as on 31st March, 2020 are yet to be approved as on the date of this report.
2	One Woman Director on the Board of Directors under Regulation 17 of SEBI LODR	Not appointed the Woman Director	Exemption Received from National Company Law Tribunal (NCLT) vide its order dated 26.04.2019
3	Constitution and Composition of Audit Committee under Regulation 18 of SEBI LODR	All the Committees have been reconstituted on April 4, 2019 without independent directors.	However, the requirement of appointment of independent directors was exempted by NCLT vide its order dated 26.04.2019
4	Constitution and Composition of Nomination & Remuneration Committee under Regulation 19 of SEBI LODR		
5	Constitution and Composition of Stakeholders Relationship Committee under Regulation 20 of SEBI LODR		

6	Appointment of Independent Directors under Regulation 17 of SEBI LODR	Independent directors were not appointed from October, 2018 onwards	Exemption Received from NCLT vide order dated 26.04.2019
7	The board of directors of the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors under Regulation 17(1)(c) of SEBI LODR	As on date only three Non-executive Non-independent directors were on Board.	Exemption Received from NCLT vide order dated 26.04.2019 with respect to appointment of required two independent directors and one woman director.
8	The listed entity shall maintain a functional website containing the basic information about the listed entity under Regulation 46 of SEBI LODR	Not updated with respect to Corporate Governance Reports, Subsidiaries Financial Statements, Quarterly Financial Results, Quarterly Share Holding Pattern	The Website of the Company is not up to date with respect to the requirements of Regulation 46 of SEBI LODR.
9	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 was adopted in board meeting held on June 29, 2020. There was delay in adoption and implementation.	The revised policy on SEBI (PIT) Regulations, 2015 in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 was approved by the board in its meeting held on June 29, 2020 for adopting with retrospective effect from 01 April, 2019.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from our examination of those records;

(c) During the Review Period, no actions has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder except levying penalties for delay in submissions as required under SEBI (LODR) Regulations, 2015.

However, the Government of India initiated an investigation into the affairs of IL&FS group through the Serious Fraud Investigation Office and the Enforcement Directorate during the year 2019 which is ongoing.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports

Sl. No	Observations of the Practicing Company Secretary In the previous reports	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	Submission of Financial Results under Regulation 33 of SEBI LODR - Not submitted the unaudited financial results for the quarters ended Sept, 2018, Dec, 2018 and March, 2019.	The Audited Financial Statements for the quarter and year ended as on 31st March, 2019 and the Unaudited Financial results for the quarter ended on 30th September, 2018 and December, 2018 were approved by the Board in its Meeting held on 19th November, 2019 with delay.	Delay in approving financial results as required under SEBI (LODR) Regulations, 2015.
2	One Woman Director on the Board of Directors under Regulation 17 of SEBI LODR - Not appointed the Woman Director	Not appointed the Woman Director	Exemption Received from National Company Law Tribunal (NCLT) vide its order dated 26.04.2019
3	Constitution and Composition of Audit Committee under Regulation 18 of SEBI LODR	All the Committees have been reconstituted on April 4, 2019 without independent directors.	However, the requirement of appointment of independent directors was exempted by NCLT vide its order dated 26.04.2019
4	Constitution and Composition of Nomination & Remuneration Committee under Regulation 19 of SEBI LODR		
5	Constitution and Composition of Stakeholders Relationship Committee under Regulation 20 of SEBI LODR		
6	Appointment of Independent Directors under Regulation 17 of SEBI LODR	Independent directors were not appointed from October, 2018 onwards	Exemption Received from NCLT vide order dated 26.04.2019

(e) The listed entity has revised the terms of appointment of the Statutory Auditors in accordance with the requirements specified in the SEBI Circular No. CIR/CFD/CMD1/ 114/2019 dated 18th October, 2019.

Sd/-

For RPR & ASSOCIATES
Company Secretaries

Y. Ravi Prasada Reddy
Proprietor
FCS No. : 5783

Place: Hyderabad
Date: September 3, 2020
UDIN: F005783B000404852

INDEPENDENT AUDITOR'S REPORT

To the Members of IL&FS Engineering and Construction Company Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion:

We have audited the standalone financial statements of IL&FS Engineering and Construction Company Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' paragraph below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion:

We draw attention to the following notes to the standalone financial statements:

Note 52 relating to non-recognition of interest expense of Rs. 289.51 Crores (March 31, 2019: Rs 144.99 Crores) for the year on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.

Consequently, interest expense and loss for the year are understated by Rs. 289.51 Crores approximately and

Retained earnings (accumulated loss) and Interest Payable is understated by Rs. 434.50 Crores approximately.

Note 56 relating to deferred tax asset amounting to Rs. 242.99 Crores 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 retained earnings (accumulated losses) are under stated by Rs. 242.99 Crores.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going Concern:

Attention is invited to Note 30 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 financial results on going concern basis based on their assessment of the successful outcome of the restructuring proposal, pending 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 standalone financial statements:

Note 31 (vii) 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 some of its subsidiaries (including the Company). The financial statements of the Company for the year 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 statements of the Company as a result of any such investigations.

Note 48 (a) and (b) regarding recoverability of trade Receivables, retention money and contract assets (Project work in progress) from the terminated / foreclosed /disputed/inactive projects, aggregating to Rs 60.37 Crores, Rs 140.12 Crores and Rs 141.69 Crores respectively and Rs 377.00 Crores (net) in respect of a project for which arbitration award was received in favour of the Company. Based on its internal assessment, no adjustments have been made by the Company in the carrying value of the receivables / contract assets/ retention money.

Note 8 and 12 which include carrying value of loans and advances and interest accrued on such loans to the ultimate investee entities aggregating to Rs. 101.20 Crores. Based on its internal assessment, no adjustments have been made by the Company in the carrying value of the loans and advances including interest accrued on such loans.

Note 51 regarding non receipt of confirmation of balances for outstanding borrowings to the extent of Rs 193.24 Crores and for the carrying value of advances to and payable to vendors for supply of materials or services.

The ultimate outcome of the matters stated in para 'a' to 'd' above cannot presently be determined, pending approvals / acceptances / conclusion of legal proceedings / favourable settlement of claims / receivables / retention money / confirmations etc. for the reasons stated in the relevant notes to the accompanying standalone Ind AS financial statements

referred above. Accordingly, no adjustment has been made in the carrying value of the aforesaid assets.

Note 54 regarding exceptional items aggregating to Rs. 399.45 Crores comprising written off / provisions made and other adjustments made during the year based on comprehensive review / assessment carried out by the management during the year.

Note 50 regarding default in redemption of optionally convertible cumulative redeemable preference shares (OCCRPS) and dividend thereon. These OCCRPS were due for redemption as on September 30, 2019 and the Company defaulted in repayment of preference shares and dividend thereon, Rs 37.50 Crores and Rs 15.79 Crores respectively.

Note 53 regarding advance of Rs. 65 Crores given to one vendor for purchase of cement, during the previous year. The management of the Company felt that the transaction was a case of fraud instituted by the Group Entity in collusion with certain erstwhile Director/(s) of the Company and another Group Entity. The Company has referred the matter to Ministry of Corporate Affairs (MCA) to initiate investigation. Also, the Company has written to the said Group Entity and demanded that the said receivables of the Company should be transferred by way of an assignment back to the same Group Entity as a set-off against the loans payable to that Group Entity.

Note 55 which explains the uncertainty and the management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and conditions related to Covid 2019 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of the aforementioned matters.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Estimated Cost to complete the Project:	
Refer note 3 (a) to the standalone financial statements	
The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard (IND AS)-115 – Revenue from contract with customers. Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: <ol style="list-style-type: none"> Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. Verified the contracts with customers on test check basis and the actual cost incurred and terms and condition related to the variation of the cost. Obtained and relied on the internal assessments supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.
Trade receivables and Contract Assets	
Refer Note: 7 and 12 to the standalone financial statements	
Trade receivables, retention money and contract assets amounting to Rs 219.88 Crores Rs. 506. 26 Crores and Rs 733.69 Crores respectively, represents approximately 50.92 % of the total assets of the Company as at March 31, 2020. In assessing the recoverability of the aforesaid balances, management's judgement involves consideration of aging status, evaluation of litigations and the likelihood of collection based on the terms of the contract. Management estimation is required in the measurement of work completed during the period for recognition of unbilled revenue. We considered this as key audit matter due to the materiality of the amounts and significant estimates and judgements as stated above.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> We understood and tested on a sample basis the design and operating effectiveness of management control over the recognition and the recoverability of the trade receivables and contract assets. We performed test of details and tested relevant contracts, documents and subsequent settlements for material trade receivable balances and amounts included in contract assets that are due on performance of future obligations. We tested the aging of trade receivables at year end. We performed test of details and tested relevant contracts and documents with specific focus on measurement of work completed during the period for material unbilled revenue balances included in contract asset. We performed additional procedures, in respect of material over-due trade receivables and long outstanding contract assets, i.e. tested historical payment records, correspondence with customers. We assessed the allowance for impairment made by management.

Advances to Subcontractors and Suppliers	
Refer note 12 to the standalone financial statements	
<p>The Company has recoverable advances (in cash or in kind) of Rs. 179.70 Crores.</p> <p>Management's assessment of recoverable amounts, in cash or in kind has been identified as key audit matter due to the significance of the balances as at March 31, 2020.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> ● We understood and tested on a sample basis the design and operating effectiveness of management control over disbursing the advance and the recoverability of the advances to vendors – for supply of goods and services. ● We performed test of details and tested relevant contracts, documents and subsequent settlements for material balances outstanding for recovery either in cash or kind as at March 31, 2020. ● We tested the aging of these advances as at the year end. ● We assessed the allowance for provisioning made by management.
Provisions and Contingent Liabilities:	
Refer note 3 (p) to the standalone financial statements	
<p>The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of Board and subcommittee, to confirm the operating effectiveness of these controls. 3. Review of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Consideration of recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

Information Other than the standalone financial statements and Auditors' Report Thereon:

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report, Annual Report on CSR activities but does not include the standalone and consolidated financial statements and our auditor's reports there on.

Our opinion on the consolidated and standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

We have nothing to report in this regard.

Management's Responsibility for the standalone financial statements:

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone financial statements:

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and regulatory requirements:

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. Except for the matters stated in the "Basis for qualified opinion" paragraph hereinabove, we have obtained all the information and explanations which we had sought and to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e. The matter relating to going concern described under Material Uncertainty Related to Going Concern paragraph above, and the matters stated at paragraphs 6 (a) to (h) under Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- i. With respect to the matter to be included in the Auditors' Report under section 197 (16), according to the information and explanations given to us, the company has not paid any remuneration to its directors during the current year except sitting fee paid to the non- executive / independent directors. The same is in accordance with the applicable provisions of the Companies Act, 2013.
- j. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements (Refer Note – 31 to the Standalone Financial Statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number: 000459S

V K Muralidhar
Partner
Membership Number: 201570
UDIN: 20201570AAAAFU9640

Place : Hyderabad
Date: September 03, 2020

“Annexure A” to the Independent Auditors’ report on the standalone financial statements

Annexure A referred to in paragraph (1) of Report on other Legal and regulatory requirements of our Report of even date to the members of IL&FS Engineering and Construction Company Limited on the standalone financial statements for the year ended March 31, 2020.

- i. With respect to fixed assets:
 - a. According to the information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to the information and explanation given to us, major fixed assets have been physically verified by the management during the year and the Company has a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noted on such verification were not material and have been properly dealt with in the books of account.
 - e. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management the title deeds of immovable properties included in fixed assets are held in the name of the Company. In this regard, we were informed that the title deeds have been lodged with bankers as Security. However, confirmation from the respective bankers was not furnished to us.
- ii. The management has conducted physical verification of inventories at reasonable intervals during the year. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and Section 186 of the Companies Act, 2013 are applicable and hence not commented upon
- v. The Company has not accepted any deposits from the public.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction industry and construction of roads and other infrastructure projects, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. With respect to statutory dues:
 - a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not regularly deposited undisputed statutory dues including Provident fund, Employees’ state insurance, Income-tax, Sales tax, Service tax, Duty of custom, Duty of excise, Value added tax, Goods and Service tax, Cess and other material statutory dues with the appropriate authorities.
 - b. There were arrears in respect of undisputed amounts payable in respect of Provident fund, Employees’ state insurance, Income-tax, Service tax, Sales-tax, Duty of custom, Duty of excise, Value added tax, Goods and Service tax, Cess and other material statutory dues as at March 31, 2020 for a period of more than six months from the date the same became payable are as follow:

Name of the Statute	Nature of dues	Amount (Rs in Crore)	Period to which the amount relates	Due Date	Date of subsequent payment
Income Tax Act, 1961	Tax Deducted at Source	20.03	2018-19	Various dates	Not Paid
GST Act	GST	18.71	2017-18	Various dates	Not Paid
GST Act	GST	91.25	2018-19	Various dates	Not Paid

- c. According to the records of the Company, the amounts disputed by the Company and not deposited in respect of Income tax, Sales tax, Service tax, Duty of custom, Duty of excise, Value added tax and Cess , are as follows:

Name of the Statute	Nature of dues	Amount demanded (Rs in Crore)	Paid under protest (Rs in Crore)	Period to which the amount relates (Assessment years)	Forum where dispute is pending
AP Value Added Tax, 2005	Sales Tax and Penalty	1.13	0.32	2005-06, 2006-07 and 2007-08	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax, 2005	Penalty on Sales Tax	0.36	0.18	2007-08	Appellate Deputy Commissioner, Hyderabad
AP Value Added Tax, 2005	Sales Tax	27.06	-	2007-08	High Court of Judicature at Hyderabad for the states of Andhra Pradesh and Telangana
Central Sales Tax Act, 1956	Penalty for Sales Tax	0.50	0.12	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Penalty on Sales Tax	0.70	0.20	2007-08	Appellate Deputy Commissioner, Chhattisgarh

Finance Act, 1994	Service Tax	9.70	-	2007-08 and 2008-09	Commissioner of Customs & Central Excise, Hyderabad
West Bengal Vat Act, 2003	Sales Tax	0.06	-	2009-10	Joint Commissioner of Commercial Taxes, Behrampore
West Bengal Vat Act, 2003	Sales Tax	1.52	-	2008-09	West Bengal Appellate & Revisional Board
AP Value Added Tax, 2005	Sales Tax	0.92	0.51	2008-09	Appellate Deputy Commissioner, Hyderabad
AP Value Added Tax, 2005	Sales Tax	1.85	-	2005-06, 2006-07, 2007-08, 2008-09 and 2009-10	Commercial Tax Officer, Hyderabad
AP Value Added Tax, 2005	Sales Tax	4.12	-	2009-10, 2010-11, 2011-12 and 2012-13	Assistant Commissioner of Sales Tax (Enforcement), Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.21	0.03	2014-15	Appellate Deputy Commissioner, Visakhapatnam
MP Entry Tax Act 1976	Entry Tax	0.27	0.03	2013-14	Asst. Commissioner Commercial tax Officer (Audit), Jabalpur, MP
Orissa Entry Tax Act, 1999	Entry Tax	0.21	0.07	April, 1 2010 to March 31, 2014	Joint Commissioner of Sales Tax, Cuttack
West Bengal Vat Act, 2003	Sales Tax	0.11	-	2011-12	Senior Joint Commissioner, West Bengal
West Bengal Vat Act, 2003	Sales Tax	1.36	0.20	2012-13	Senior Joint Commissioner, West Bengal
Finance Act, 1994	Service Tax	3.47	0.26	October 2010 to March 2015	Principal commissioner of service tax, Hyderabad
AP Value Added Tax, 2005	Sales Tax	0.11	-	2012-13	Commercial Tax Officer, Hyderabad
Central Excise Act, 1944	Excise Duty	12.04	0.50	February 2012 to February 2016	Commissioner of Central Excise, Gurgaon
Maharashtra Vat Act, 2002	Sales tax	0.35	0.02	2011-12	Sales Tax Appeals Kolhapur Maharashtra
Odisha Vat Act, 2004	Sales tax	0.14	-	April 2014 to September 2015	Joint Commissioner of commercial tax, Cuttack
The Odisha Entry tax Act, 1999	Entry tax	0.03	-	April 2014 to September 2015	Joint Commissioner of commercial tax, Cuttack
Maharashtra Vat Act, 2002	Sales Tax and interest	0.71	0.02	2013-14	Deputy Commissioner of sales tax (Appeals), Kolhapur
Central Sales Tax Act, 1956	Interest on CST	1.28	-	2002-03 and 2003-04	Sales Tax Appellate Tribunal, Hyderabad
U P VAT Act, 2008	VAT Assessment (Experte)	44.31	-	2015-16	Deputy Commissioner, Commercial Taxes
VAT Haryana	VAT	13.98	-	2015-16	Deputy Commissioner, Panchkula
VAT Haryana	VAT	0.09	-	2016-17	
Telangana VAT	VAT	0.51	-	2014-15	Asst Commissioner (Audit) , Punjagutta
Income Tax Act, 1961	Income Tax	39.82	39.21	2007-08 to 2011-12	Commissioner of Income Tax (Appeals), Hyderabad

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of loans or borrowings to banks as at March 31, 2020. The Company has not taken any loan from the Government and not issued any debentures during the year.

Details of default in repayment of borrowings from Banks as on March 31, 2020 are given below:

Particulars	Amount of Default (Rs. Crores)	Period of Default (No of days)
ICICI Bank	10.25	547
	11.85	455
	11.85	366
	14.34	276
SBI (including SBH)	6.45	366
	2.77	276
Bank of Maharashtra	1.67	547
	1.67	455
	1.67	366
	0.90	276
IDBI Bank	1.49	547
	1.73	455
	1.73	366

Bank of India	0.39	455
	0.39	366
Punjab National Bank	0.80	547
	0.80	455
	0.80	366
Vijaya Bank	0.54	547
	1.03	455
	1.03	366
	1.22	276
Indian Overseas Bank	1.09	547
	1.09	455
	1.09	366
Allahabad Bank	2.84	547
	2.84	455
	2.84	366
	1.73	1

Details of Interest Defaults to Banks as at March 31, 2020 are as follows:

Particulars	Amount of Default (Rs. Crores)	Period of Default (No of days)
ICICI Bank	5.45	Due date for interest is on various dates on monthly basis.
SBI (including SBH)	7.96	
Bank of Maharashtra	1.74	
Bank of India	0.83	
IDBI Bank	1.66	
Punjab National Bank	3.12	
Vijaya Bank	1.98	
Indian Overseas Bank	2.41	
Allahabad Bank	4.20	

Details of default in repayment of borrowings from Financial Institutions (Promoter Group entities) as on March 31, 2020 are given below:

Particulars	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	39.70	549
	30.00	522
	181.80	262
	84.00	404
	20.10	256
	16.50	256
	40.00	280
	64.10	185
	7.00	124
	35.00	95
	50.00	40
	40.00	39
	237.90	35
	45.00	3
IL&FS Financial Services Limited	80.40	560
	48.00	13
IL&FS Transportation Networks Limited	25.00	419
	3.00	397
	5.00	392
Tierra Enviro Limited	4.40	672
	35.00	729
IL&FS Cluster Development Initiative Limited	15.00	366
Sabarmati Capital One Limited	4.60	581
	7.00	577
IL&FS Airport Ltd	30.60	94
	7.00	281
Rohtas Bio Energy Limited	62.00	188
RIDCOR	20.00	1

Details of Interest Defaults to Financial Institutions (Promoter Group entities) as on March 31, 2020 are given below:

Particulars	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	41.34	Due date for interest is on various dates on monthly basis.
IL&FS Financial Services Limited	11.29	
IL&FS Transportation Networks Limited	2.98	
Tierra Enviro Limited	1.62	
IL&FS Cluster Development Initiative Limited	0.63	
Sabarmati Capital One Limited	0.48	
IL&FS Airports Ltd	1.58	
Rohtas Bio Energy Limited	2.17	
RIDCOR Infra Projects Limited	1.74	

The above details of Interest Defaults to Banks and Financial Institutions is exclusive of Rs. 289.51 Crores.

- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year and term loans. Thus, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year under report except:
- in respect of transactions relating to advances of Rs.65 Crores paid to a vendor in the previous year, for which the reconstituted Board decided to initiate investigation by informing the Ministry of Corporate Affairs (MCA) (Refer Note 6 (g) of the main report); and
 - theft of materials at sites aggregating to Rs. 4.99 Crores in respect of which complaints have been lodged by the Company with the respective police stations.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has neither paid nor provided for managerial remuneration. Thus paragraph 3 (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Standalone financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or allotted fully or partly convertible debentures during the year. Thus, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or person connected with him. Thus, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable to the Company.

For M. Bhaskara Rao & Co.
Chartered Accountants
ICAI Firm Registration Number: 000459S

V K Muralidhar
Partner
Membership Number: 201570
UDIN: 20201570AAAAFU9640

Place : Hyderabad
Date: September 03, 2020

Annexure B referred to in paragraph 2 (h) of Report on other Legal and regulatory requirements of our Report of even date to the members of IL&FS Engineering and Construction Company Limited

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited ('the Company') as of March 31, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company's internal financial controls over financial reporting as at 31 March 2020 relating to certain operating effectiveness in some of controls in respect of assessment of deferred tax asset , interest expenses recognition and procurement of materials.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2020 and these material weaknesses have affected our opinion on the said standalone financial statements of the Company.

For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S

V K Muralidhar

Partner

Membership Number: 201570

UDIN: 20201570AAAAFU9640

Place : Hyderabad

Date: September 03, 2020

Balance Sheet as at March 31, 2020

(All amounts in Rs. Crore except for share data or as otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	88.22	119.21
Right-of-use-assets	44	0.94	-
Capital work-in-progress	4	-	1.00
Intangible assets	5	0.01	0.60
Financial assets			
Investments	6	36.07	59.58
Trade receivables	7	13.49	100.84
Loans	8	26.51	403.79
Other financial assets	9	281.52	283.97
Deferred tax assets, net	13	242.99	242.99
Income tax assets, net	13	80.41	90.22
Other non-current assets	12	725.51	438.96
		1,495.66	1,741.16
Current assets			
Inventories	11	52.22	89.79
Financial assets			
Trade receivables	7	206.39	155.25
Cash and cash equivalents	10	66.93	15.49
Bank balances other than cash and cash equivalents	10	193.84	13.84
Loans	8	11.07	12.07
Other financial assets	9	15.16	88.74
Current tax assets, net	13	31.17	33.57
Other current assets	12	794.46	1,101.24
		1,371.24	1,509.98
		2,866.91	3,251.14
Total assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	131.12	131.12
Other equity	15	(2,437.56)	(2,031.30)
Total equity		(2,306.44)	(1,900.18)
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	44	0.29	-
Long-term borrowings	16	-	668.09
Trade payables	18	-	-
Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
Total outstanding dues of Creditors otherthan Micro Enterprises and Small Enterprises		207.07	165.24
Other financial liabilities	19	55.43	181.84
Provisions	20	39.54	59.75
Other non-current liabilities	21	-	3.62
		302.33	1,078.54
Current liabilities			
Financial liabilities			
Lease liability	44	0.57	-
Short-term borrowings	17	656.69	670.76
Trade payables	18	-	-
Total outstanding dues of Micro Enterprises and Small Enterprises		5.76	11.00
Total outstanding dues of Creditors otherthan Micro Enterprises and Small Enterprises		755.67	747.85
Other financial liabilities	19	3,093.60	2,296.83
Provisions	20	73.74	64.97
Other current liabilities	21	284.98	281.36
		4,871.01	4,072.77
Total equity and liabilities		2,866.91	3,251.14

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

V K Muralidhar

Partner

Membership No: 201570

Place : Hyderabad

Date : September 03, 2020

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in Rs. Crore except for share data or as otherwise stated)

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Income			
Revenue from operations	22	562.39	1,239.14
Other income	23	45.50	22.08
Share of profit in joint ventures accounted for using the equity method		-	1.01
Total revenue (I)		607.89	1,262.23
Expenses			
Cost of materials consumed	24	141.79	437.78
Employee benefits expenses	25	66.81	142.84
Subcontract expenses		243.51	492.82
Finance costs	26	26.11	290.18
Depreciation and amortization expenses	27	32.19	36.75
Other expenses	28	104.29	247.45
Total expenses (II)		614.70	1,647.82
Profit Before Exceptional Items and Tax		(6.81)	(385.59)
Exceptional Items (Net)	54	399.45	1,640.42
Profit/(Loss) before tax (I-II)		(406.26)	(2,026.01)
Tax expense	13		
Current tax		-	-
Deferred tax		-	10.44
Total tax expense		-	10.44
Profit/(Loss) for the year		(406.26)	(2,036.45)
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurements of the net defined benefit liability/asset		-	1.14
Other comprehensive income, net of tax		-	1.14
Total comprehensive income for the year		(406.26)	(2,035.31)
Earnings per equity share [Nominal value of share Rs. 10 (March 31, 2019 : Rs. 10)]	29		
Basic and diluted		(30.98)	(155.31)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Place : Hyderabad

Date : September 03, 2020

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
A. Cash flow from operating activities		
Loss before tax	(406.26)	(2,026.01)
Adjustment: Non cash adjustments to reconcile loss before tax to net cash flows		
Company's share of profit from integrated joint ventures	-	(1.01)
Liabilities no longer required written back	(4.18)	(1.52)
(Reversal) / provision for estimated future loss on projects	(11.29)	54.18
(Profit)/ loss on sale/discard/write off of fixed assets (net)	-	0.67
(Reversal) / provision for retirement benefits	-	3.17
Depreciation and amortization expense	31.81	36.75
Stocks written-off	14.39	21.04
Expected credit loss provisions on trade receivable and contract assets	29.50	-
Impairment provision/write off of contract assets balances	-	998.63
Impairment provision/write off of Intangible assets	-	32.99
Impairment provision of Inter Corporate Assets	323.78	20.00
Loans and Other assets provision/ written off	58.54	271.63
Trade Receivables written off	-	71.19
Other Assets written off	-	224.94
Interest income from financial assets carried at amortised cost	(0.07)	(2.57)
Interest expense from financial liabilities carried at amortised cost	3.16	-
Interest expense	26.11	290.18
Interest income	(36.21)	(9.82)
Operating profit before working capital changes	29.28	(15.56)
Movement in working capital adjustments		
(Increase) / decrease in inventories	23.19	103.27
(Increase) / decrease in trade receivables	4.86	1.98
(Increase) / decrease in loans	(4.04)	14.70
(Increase) / decrease in other financial assets	76.10	180.42
(Increase) / decrease in other non financial assets	20.22	167.14
Increase / (decrease) in provision	(0.15)	0.18
Increase / (decrease) in trade payables	48.27	(391.69)
Increase / (decrease) in other financial liabilities	7.43	(10.04)
Increase / (decrease) in other liabilities	0.00	14.65
Cash generated (used in) / from operating activities	205.17	65.05
Income tax (paid) / refunded (net)	12.21	(19.14)
Net cash (used in) / from operating activities (A)	217.38	45.91
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	1.00	(10.72)
Proceeds from sale of fixed assets	-	1.95
Share of profit in the joint ventures received	-	1.01
Proceeds from JV	25.35	-
Refund of advances from subsidiaries	-	7.70
(Deposit) / proceeds from bank deposits (having original maturity of more than three months)	(180.00)	0.72
Interest received	36.21	12.39
Net cash (used in) / flow from investing activities (B)	(117.44)	13.04

Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
C. Cash flow from financing activities		
Proceeds/Repayment from long-term borrowings (net)	(8.32)	265.01
Proceeds/Repayment from short-term borrowings (net)	(14.07)	(85.73)
Interest paid/BG commission	(26.11)	(236.69)
Net cash flow from / (used in) financing activities (C)	(48.50)	(57.41)
Net increase / (decrease) in cash and cash equivalents (A + B + C + D)	51.44	1.56
Cash and cash equivalents at the beginning of the year	15.49	13.93
Cash and cash equivalents at the end of the year (Refer below for break-up)	66.93	15.49
Components of Cash and cash equivalents		
	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand	0.11	0.10
With banks - on current accounts	66.82	15.39
Deposits with original maturity for less than 3 months	-	-
Total Cash and cash equivalents (as per Ind AS 7)	66.93	15.49

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Place : Hyderabad

Date : September 03, 2020

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Statement of changes in equity for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

A. Equity share capital	Notes	Number of shares	Amount
Balance as at March 31, 2018		13,11,21,078	131.12
Changes in equity share capital during 2018-19	14	-	-
Balance as at March 31, 2019		13,11,21,078	131.12
Changes in equity share capital during 2019-20		-	-
Balance as at March 31, 2020		13,11,21,078	131.12

B. Other equity

	Reserves and Surplus		Items of Other Comprehensive Income (OCI)		Non-controlling interest	Total
	Securities premium account	Retained earnings	Foreign currency translation reserve	Other items of OCI		
Balance as at March 31, 2018	282.28	(279.55)	-	1.28	-	4.01
Loss for the year	-	(2,036.45)	-	-	-	(2,036.45)
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	-	1.14	-	1.14
Balance as at March 31, 2019	282.28	(2,316.00)	-	2.42	-	(2,031.30)
Loss for the year	-	(406.26)	-	-	-	(406.26)
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	-	-	-	-
Balance as at March 31, 2020	282.28	(2,722.25)	-	2.42	-	(2,437.56)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

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Place : Hyderabad

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Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

1. Corporate information:

IL&FS Engineering and Construction Company Limited ("IECCL" or "the Company") is a public company domiciled in India. The Company is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants, power transmission & distribution lines including rural electrification and development of ports. The equity shares of the Company are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

2. Basis for preparation of financial statements:

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors at its meeting held on September 03, 2020.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest crores, unless otherwise indicated.

C. Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note 35 - measurement of defined benefit obligations: key actuarial assumptions;
- Notes 13, 20 and 31 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4 - useful life and depreciation of property, plant and equipment
- Note 5 - useful life and amortisation of intangible assets.
- Note 6 to 9 - impairment of financial assets.
- Note 3(a), 22, 34, and 12 - Revenue recognition, cost to complete, profit margin
- Note 44 - Leases - Estimating the incremental borrowing rate

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 12 and 22 – The Company uses the percentage-of-completion method (POCM) in accounting for its long term construction contracts. Use of POCM requires the Company to estimate the contract revenue and total cost to complete a contract. Changes in the factors underlying the estimation of the contract revenue and total contract cost could affect the amount of revenue recognized.
- Note 13 – Deferred tax assets are recognized for unused unabsorbed depreciation to the extent it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- Note 44 - Determining the lease term of contracts with renewal and termination options – Company as lessee.
- Note 7, 8, 9 11 and 12 – Determining the amount of expected credit loss on financial assets (including trade receivables, loans and Contract assets).

E. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principle market for the asset or liability or
- In the absence of a principal market, in most advantageous market for the asset or liability

The Principal or the most advantageous market must be accessible by the Company.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financials statement are categories within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable .
- Level 3: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in the measuring fair values is included in the note 47 on financial instruments.

3. Significant accounting policies

(a) Revenue Recognition

Revenue from construction contracts

Contract Revenue is recognised under 'percentage-of-completion method'. Use of the 'percentage-of-completion method' requires the Company to measure the efforts or costs expended to date to the satisfaction of a performance obligation as a proportion of the total expected efforts or costs to be expended to the satisfaction of that performance obligation over the time. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Costs

incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Further, the Company uses significant judgements while determining the transaction price allocated to performance obligation using the expected cost plus margin approach.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and are capable of being reliably measured.

Revenue from design and consultancy services

Revenue from the design and consultancy services is recognized as and when services are rendered in accordance with the terms of the agreement with the customers.

Revenue from hire charges

Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers.

Interest

Interest income is accrued on a time basis, by reference to the principal amount using the effective interest rate applicable.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

(b) Property, plant and equipment:

- (i) Property, plant and equipment and capital work in progress are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

- (iv) Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.
- (v) The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.
- (vi) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (vii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower.
- (viii) Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (ix) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (x) Capital work in progress includes the cost of property, plant and equipments that are not ready for their intended use at the balance sheet date.

Depreciation on property, plant and equipment

- (i) Depreciation on property, plant and equipment other than those mentioned in S.no.(ii) below, is calculated on straight-line basis using the rates arrived at, based on useful lives estimated by the management which coincides with rates prescribed under Schedule II of the Companies Act, 2013.
- (ii) Depreciation on the following property, plant and equipment is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management, which are different from the general rates prescribed under Schedule II of the Companies, Act 2013,

Category of asset	Estimated useful life
Plant and Machinery	
- construction equipment consisting of shuttering /scaffolding material and equipment given on hire	6 years
- shuttering / scaffolding material at project sites	6 years
Temporary erections – site offices	over the expected life of the respective project

Leasehold improvements	over the period of lease or useful life whichever is lower
Site infrastructure	6 years
Tools and implements	Fully in the year of purchase

- (iii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.
- (iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) Intangible assets:

Software - Computer software license cost is expensed in the year of purchase as there is no expected future economic benefit, except for enterprise wide/project based software license cost which is amortized over the period of license or six years, whichever is lower.

Mining rights – Mining rights are amortized in the proportion of material extracted during a year that bears to total estimated extraction over the contractual period.

(d) Investments:

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non-current investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investments in subsidiaries, associates and joint ventures:

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

(e) Inventories:

Project materials at site are valued at the lower of cost and net realisable value. Cost is determined on weighted

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

average basis. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

(f) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service at the undiscounted amount of the benefits expected to be paid.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or

the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

Compensated absences is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the balance sheet date, carried out by a qualified independent actuary. Actuarial gains and losses arising during the year are immediately recognised in the statement of profit and loss. Remeasurement of defined benefit plans in respect of post employment are charged to other comprehensive income.

(g) Income taxes:

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current tax:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax:

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(h) Foreign currency transactions and translations:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(i) Leases:

Policy applicable before April 01, 2019

Where the Company is a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance costs in the Statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

Where the Company is a Lessor

Assets under operating leases are included in property, plant and equipment. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Policy applicable after April 01, 2019

Effective April 01, 2018, the Company has adopted Ind AS 116, Leases with modified retrospective approach. The application of Ind AS 116 does not have any significant impact on the retained earnings as at April 1, 2019 and financial statement of the Company.

Where the Company is a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following

- Fixed payments, including in-substance Fixed payment
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value asset

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are charged in the year they occur.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

(k) Accounting for Joint Ventures:

Accounting for joint ventures undertaken by the Company has been done in accordance with the requirements of Ind AS – 28 “Investments in Associates and Joint Ventures” notified under section 133 of the Companies Act, 2013, and as follows:

Joint Operations:

In respect of joint venture contracts which are executed under work sharing arrangements, the Company's share of revenues, expenses, assets and liabilities are included in the separate financial statements as revenues, expenses, assets and liabilities respectively. In case of certain construction contracts in the irrigation sector, the share of work executed by the Company has been determined on the basis of certification by lead partner.

(l) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

(m) Impairment:

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial

recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Company is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii) Non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Financial instruments:

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit & Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in debt instruments is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Company does not have investment in any debt securities classified as FVTOCI.

On initial recognition of an investment in Equity Instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

A prepayment feature is consistent with solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Company

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.
Financial assets at FVTOCI	These assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in the OCI
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but

retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains or losses (including impairment gains or losses) or interest.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments Refer note 33.

(p) Provisions and contingent liabilities:

i. General

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(q) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of three months or less.

(r) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(s) Current and non-current classification:

The schedule 3 to the Act requires assets and liabilities to be classified as current or non-current.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting year; or
- It is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Accordingly, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(t) Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

4. Property, Plant and Equipment Reconciliation of carrying amount

	Land	Temporary erections - site offices	Plant, and machinery -construction equipment*	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total - tangible assets	Capital work-in-progress
Cost or deemed cost										
Balance as at March 31, 2018	4.78	45.40	156.69	3.50	2.76	2.37	2.47	4.46	222.43	2.43
Additions	-	0.49	14.50	0.02	0.06	0.03	0.06	-	15.15	-
Disposals/adjustment	-	-	(1.89)	-	-	-	-	(1.17)	(3.06)	(1.43)
Balance as at March 31, 2019	4.78	45.89	169.30	3.52	2.82	2.40	2.53	3.29	234.52	1.00
Additions	-	-	-	-	-	-	-	-	-	-
Disposals/adjustment	-	-	-	-	-	-	-	-	-	(1.00)
Balance as at March 31, 2020	4.78	45.89	169.30	3.52	2.82	2.40	2.53	3.29	234.52	-
Accumulated depreciation										
Balance as at March 31, 2018	-	26.84	45.41	1.51	2.76	1.30	1.05	1.27	80.14	-
Charge for the year	-	9.48	24.20	0.60	0.01	0.35	0.31	0.66	35.61	-
Disposals during the year	-	-	(0.32)	-	-	-	-	(0.12)	(0.44)	-
Balance as at March 31, 2019	-	36.32	69.29	2.11	2.77	1.65	1.36	1.81	115.31	-
Charge for the year	-	6.69	23.10	0.50	-	0.30	0.25	0.39	31.22	-
Other adjustments	-	(0.23)	-	-	-	-	-	-	(0.23)	-
Balance as at March 31, 2020	-	42.78	92.39	2.61	2.77	1.95	1.61	2.20	146.30	-
Carrying amounts (net)										
As at March 31, 2019	4.78	9.57	100.01	1.41	0.05	0.75	1.17	1.48	119.21	1.00
As at March 31, 2020	4.78	3.11	76.91	0.91	0.05	0.45	0.92	1.09	88.22	-

*Plant and machinery - construction equipment :

1. Plant and machinery - construction equipment includes shuttering and scaffolding material [Rs. 55.39 (March 31, 2019 : Rs. 55.39)]. Net block value of this shuttering and scaffolding material is Rs.10.91 (March 31, 2019; Rs. 22.09).

Also refer to note 16, 17 and 44

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(All amounts in Rs Crore except for share data or as otherwise stated)

5. Intangible assets

	Mining rights	Computer software	Total intangible assets
Cost or deemed cost (gross carrying amount)			
As at March 31, 2018	41.89	1.19	43.08
Additions	-	-	-
Disposals (Note 54)	35.79	-	35.79
As at March 31, 2019	6.10	1.19	7.29
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	6.10	1.19	7.29
Accumulated amortization			
As at March 31, 2018	4.00	1.09	5.09
Charge for the year	1.53	0.07	1.60
Disposal during the year	-	-	-
As at March 31, 2019	5.53	1.16	6.69
Charge for the year	0.57	0.02	0.59
Disposal during the year	-	-	-
As at March 31, 2020	6.10	1.18	7.28
Carrying amounts (net)			
At March 31, 2019	0.57	0.03	0.60
At March 31, 2020	-	0.01	0.01

6. Investments

	As at March 31, 2020	As at March 31, 2019
A. At cost less provision other than temporary impairment (Unquoted investments)		
(i) Investment in subsidiaries - equity shares (fully paid-up)		
50,000 (March 31, 2019 : 50,000) of Rs. 10 each in Maytas Infra Assets Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
50,000 (March 31, 2019 : 50,000) of Rs. 10 each in Maytas Vasishta Varadhi Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
49,995 (March 31, 2019: 49,995) of Rs. 10 each in Maytas Metro Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
1,000 (March 31, 2019: 1,000) of Rs. 100 each in Angeerasa Greenfields Private Limited(at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
1,000 (March 31, 2019 : 1,000) of Rs. 100 each in Saptaswara Agro - Farms Private Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
1,000 (March 31, 2019: 1,000) of Rs. 100 each in Ekadanta Greenfields Private Limited(at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2019 : Rs. 0.05))	-	-
27,500 (March 31, 2019 : 27,500) of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company, Limited Liability Company (at cost less provision for other than temporary diminution in value Rs. 33.19 (March 31, 2019: Rs. 33.19) @	-	-
(ii) Investment in fellow subsidiary - equity shares (fully paid-up)\$		
7,750 (March 31, 2019: 7,750) of Rs. 100 each in Hill County Properties Limited (at cost less provision for other than temporary diminution in value Rs. 0.08 (March 31, 2019 : Rs. 0.08))	-	-
(iii) Investment in association of persons#		
Maytas NCC JV	11.83	38.39
NCC – Maytas (JV) Pocharam [net of provision of Rs. 0.92 (March 31, 2019: Rs. 0.92)]	-	-
Maytas – CTR (JV) (note 54)	-	-
NCC – Maytas – ZVS (JV)	0.25	0.33

\$ Change in status of Hill County Properties Limited ("HPCL") is made based on the changes to group structure by the Infrastructure Leasing & Financial Services Limited (the Holding Company), previously the Investment in HPCL was disclosed as Investment in Associate.

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	As at March 31, 2020	As at March 31, 2019
B. At amortised cost (Unquoted investments)		
Investment in other entities		
(a) In preference shares (fully paid-up)		
4,550,000 (March 31, 2019: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2019: 4.55))	-	-
2,441,850 (March 31, 2019: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Private Limited*	12.75	11.13
(b) In debentures (fully paid-up)		
25,370,630 (March 31, 2019: 25,370,630) 0.001% Non-convertible debentures of Rs. 10 each in Bangalore Elevated Tollway Private Limited	11.25	9.72
C. At fair value through profit and loss (Unquoted investments)		
Investment in other entities		
(a) In equity shares (fully paid-up)		
4,000,000 (March 31, 2019) of Rs.10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2019: Rs. 4.00))	-	-
2,600 (March 31, 2019) of Rs. 10 each in Gulbarga Airport Developers Private Limited	-	-
2,600 (March 31, 2019) of Rs. 10 each in Shimoga Airport Developers Private Limited	-	-
(b) In Pass Through Certificates (refer note 46 and 54)		
2,596,675.29 (March 31, 2019: 2,596,675.29) of Rs. 1,000 each in Maytas Investment Trust* (at cost less provision for other than temporary diminution in value Rs. 259.67 (March 31, 2019: Rs. 259.67))	-	-
	36.07	59.58

Aggregate amount of provision for diminution in value of investments is Rs. 303.85 (March 31, 2019: Rs. 302.59)

*Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited

7. Trade receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good*	219.88	256.09
Doubtful	177.74	153.96
	397.63	410.05
Less: Allowance		
For Expected credit loss and for doubtful debts	(177.74)	(153.96)
	(177.74)	(153.96)
Net trade receivables	219.88	256.09
Non current trade receivables	13.49	100.84
Current trade receivables	206.39	155.25

The Company's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 47.

*Includes receivables from related parties (Refer note 37).

8. Loans

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Deposits (others)				
Unsecured, considered good#	7.50	11.07	12.01	12.07
Considered doubtful	5.56	-	0.23	-
	13.06	11.07	12.24	12.07
Provision for doubtful deposits (others)	(5.56)	-	(0.23)	-
	7.50	11.07	12.01	12.07
Loans to related parties (Refer note 37)				
Unsecured, considered good	0.15	-	0.15	-
Considered doubtful	192.94	-	192.94	-
	193.09	-	193.10	-
Provision for doubtful advances	(192.94)	-	(192.94)	-
	0.15	-	0.15	-

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Loan to other companies				
Secured, considered good	18.86	-	26.65	-
Unsecured, considered good	-	-	41.20	-
Considered doubtful	45.23	-	-	-
Inter-corporate deposits* (Refer note 49 and 54)				
Unsecured, considered good	-	-	323.78	-
Considered doubtful	323.78	-	-	-
Provision for doubtful advances	387.87	-	391.63	-
	(369.01)	-	-	-
	18.86	-	391.63	-
Total	26.51	11.07	403.79	12.07

* includes Inter-corporate deposits to Angeerasa Greenfields Private Limited (a subsidiary of the Company) Rs. 50 (March 31, 2019 : Rs. 50) (Refer note 37).

#Security deposit (current) for the year includes Rs. 11.63 (March 31, 2019: 11.63) of short-term deposits placed with related parties (Refer note 37).

9. Financial assets - other financial assets

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Interest accrued on deposits and others				
Considered good	242.77	6.26	239.68	62.10
Considered doubtful	55.99	-	45.24	-
	298.76	6.26	284.92	62.10
Provision for doubtful interest accrued	(55.99)	-	(45.24)	-
	242.77	6.26	239.68	62.10
Claim for performance bank guarantee				
Considered good	13.05	-	29.18	-
Considered doubtful	21.12	-	21.12	-
	34.17	-	50.30	-
Provision for doubtful bank guarantee	(21.12)	-	(21.12)	-
	13.05	-	29.18	-
Other receivables				
Considered good	14.55	8.90	4.66	26.64
Considered doubtful	4.32	-	1.98	-
	18.87	8.90	6.64	26.64
Provision for doubtful other receivables	(4.32)	-	(1.98)	-
	14.55	8.90	4.66	26.64
Non-current bank balances (Refer note 10)	11.16	-	10.45	-
Total	281.52	15.16	283.97	88.74

10. Cash and bank balances

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Cash and cash equivalents				
Cash on hand	-	0.11	-	0.10
Balances with banks:				
On current accounts	-	66.82	-	15.39
	-	66.93	-	15.49
Other bank balances				
Deposits account due to mature of more than 12 months of reporting date *	0.78	180.00	1.16	-
Margin money deposits **	10.38	13.84	9.29	13.84
	11.16	193.84	10.45	13.84
Amount disclosed under non-current financial assets (Refer note 9)	(11.16)	-	(10.45)	-
Total	-	260.77	-	29.33

* Deposits under lien

** Lodged with authorities

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

11. Inventories (Refer note 3(e) for mode of valuation of inventories)

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Project materials	-	52.22	-	89.79
Total	-	52.22	-	89.79

12. Other assets

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Capital advances				
Unsecured, considered good	0.31	-	-	-
Advances other than capital advances & prepaid expense				
Unsecured, considered good	71.91	107.79	77.32	76.29
Considered doubtful	81.85	-	73.13	-
	153.76	107.79	150.45	76.29
Provision for doubtful advances	(81.85)	-	(73.13)	-
	71.91	107.79	77.32	76.29
Balances with statutory/government authorities	36.96	63.05	-	71.93
Contract assets				
Retention money (Refer note 34 and 48)				
Considered good	388.33	117.93	356.95	143.37
Considered - Doubtful	44.32	-	44.32	-
	432.65	117.93	401.27	143.37
Provision for doubtful	(44.32)	-	(44.32)	-
	388.33	117.93	356.95	143.37
Project work-in-progress (Refer note 34, 48 and 54)				
Considered good	228.00	505.69	4.69	809.64
Considered - Doubtful	432.41	-	432.41	-
	660.41	505.69	437.10	809.64
Provision for doubtful	(432.41)	-	(432.41)	-
	228.00	505.69	4.69	809.64
Total	725.51	794.46	438.96	1,101.24

13. Income tax

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax assets / (liabilities), net as at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unabsorbed depreciation	109.86	109.86	-	-	109.86	109.86
Provision for doubtful debts, financial and other assets	90.09	90.09	-	-	90.09	90.09
Property, plant and equipment	5.16	5.16	-	-	5.16	5.16
Provisions for future losses and liquidated damages	29.28	29.28	-	-	29.28	29.28
Other items	8.60	8.60	-	-	8.60	8.60
Total	242.99	242.99	-	-	242.99	242.99

(b) Movement in temporary differences

	As at April 1, 2018	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2019
Unabsorbed depreciation	132.18	(22.32)	-	-	-	109.86
Provision for doubtful debts, financial and other assets	103.52	(13.43)	-	-	-	90.09
Property, plant and equipment	(10.03)	15.19	-	-	-	5.16
Provisions for future losses and liquidated damages	19.16	10.12	-	-	-	29.28
Other items	8.60	-	-	-	-	8.60
Total	253.43	(10.44)	-	-	-	242.99

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	As at April 1, 2019	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2020
Unabsorbed depreciation	109.86	-	-	-	-	109.86
Provision for doubtful debts, financial and other assets	90.09	-	-	-	-	90.09
Property, plant and equipment	5.16	-	-	-	-	5.16
Provisions for future losses and liquidated damages	29.28	-	-	-	-	29.28
Other items	8.60	-	-	-	-	8.60
Total	242.99	-	-	-	-	242.99

(c) The following table provides the details of income tax assets and income tax liabilities as of March 31, 2019 and March 31, 2020

	As at March 31, 2020	As at March 31, 2019
Income tax assets (net) - current	31.17	33.57
Income tax assets (net) - non-current	80.41	90.22
Current tax liabilities (net)	-	-
Net income tax asset / (liability) at the end of the year	111.58	123.79

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2020 and March 31, 2019 is as follows:

	For the year ended	
	March 31, 2020	March 31, 2019
Net income tax asset / (liability) at the beginning of the year	123.79	104.65
Income tax paid (net of refund)	(12.21)	19.14
Current income tax expense	-	-
Income tax on other comprehensive income and others	-	-
Net income tax asset / (liability) at the end of the year	111.58	123.79

	For the year ended	
	March 31, 2020	March 31, 2019
(d) Amounts recognised in Statement of profit and loss		
Current tax	-	-
Deferred tax		
Attributable to origination and temporary differences	-	10.44
Tax expense for the year	-	10.44
(e) Reconciliation of effective tax rate		
Profit / (loss) before tax	(406.26)	(2,026.01)
Tax using the Company's domestic rate (March 31, 2020 : 25.63%, March 31, 2019: 25.75%)	(104.61)	(521.70)
Tax effect of:		
Non-deductible expenses	-	(11.88)
Gain of foreign entities not chargeable to tax as per the local laws of foreign entity	-	0.31
Current year losses for which no deferred tax assets is recognised	(104.61)	(518.64)
Losses of foreign entities on which tax credit not eligible		10.44
Other items		(1.93)
	(104.61)	(521.70)

14. Share capital

Authorized shares	As at March 31, 2020	As at March 31, 2019
350,000,000 (March 31, 2019 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
35,000,000 (March 31, 2019 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
Issued, subscribed and paid up		
131,121,078 (March 31, 2019 : 131,121,078) equity shares of Rs. 10 each fully paid-up	131.12	131.12
Total	131.12	131.12

All issued shares are fully paid up

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	13,11,21,078	131.12	13,11,21,078	131.12
Issued during the year	-	-	-	-
At the end of the year	13,11,21,078	131.12	13,11,21,078	131.12

225,000 (March 31, 2019 : 225,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up total face value of Rs. 2.25 (March 31, 2019 : Rs. 2.25) are classified as financial liability (Refer note 16)

3,750,000 (March 31, 2019 : 3,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up total face value of Rs. 37.50 (March 31, 2019 : Rs. 37.50) are classified as financial liability (Refer note 16)

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders.

(c) Restrictions attached to equity shares

(i) As at March 31, 2020, 9,962,407 (March 31, 2019: 9,962,407) equity shares held by the Promoters of the Company are under lock-in in terms of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The details of equity shares of the Company which are locked-in is given below:

- Lock-in created on April 8, 2015 for 9,795,846 equity shares upto April 29, 2018;
- Lock-in created on October 05, 2015 for 8,900,000 equity shares upto October 10, 2018; and
- Lock-in created on April 13, 2017 for 9,962,407 equity shares upto April 12, 2020

(ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's shareholding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated September 30, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

(d) Terms of preference shares

For rights, preferences and restrictions attached to 6% Cumulative Redeemable Preference Shares (CRPS) and 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 100 each, classified as financial liability (refer note 16).

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The Company declares and pays dividends in Indian Rupees. The holder of preference shares are entitled to one vote per share only on resolutions placed before the Company which directly affect their rights attached to the preference shares. In the event of liquidation of the Company during the existence of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(e) There were no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

(f) List of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	3,65,38,477	27.87%	3,65,38,477	27.87%
IL&FS Financial Services Limited	2,79,14,641	21.29%	2,79,14,641	21.29%
Infrastructure Leasing and Financial Services Limited	2,74,86,243	20.96%	2,74,86,243	20.96%

6% Cumulative redeemable preference shares (CRPS) of Rs. 100 each, fully paid

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vistra ITCL (India) Ltd. (c/o Maytas Investment Trust)	2,25,000	100.00%	2,25,000	100.00%

6% Optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vistra ITCL (India) Ltd. (c/o Maytas Investment Trust)	37,50,000	100.00%	37,50,000	100.00%

As per the records of the Company, including its register of shareholders / members, the above shareholding represents legal ownership of the shares.

15. Other equity

	As at March 31, 2020	As at March 31, 2019
Securities premium account		
Balance at the commencement of the year	282.28	282.28
Closing balance (A)	282.28	282.28
Deficit in the statement of profit and loss		
Balance at the commencement of the year	(2,316.00)	(279.55)
Profit/(Loss) from the Statement of profit and loss	(406.26)	(2,036.45)
Net deficit in the statement of profit and loss (B)	(2,722.26)	(2,316.00)
Other comprehensive income		
Balance at the commencement of the year	2.42	1.28
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	1.14
Closing balance (C)	2.42	2.42
Total closing balance (A+B+C)	(2,437.56)	(2,031.30)

Nature and purpose of other reserves

Securities premium account

Securities premium is used to record the premium received on issue of shares. Premium received is utilised in accordance with the provisions of the Companies Act, 2013.

16. Long-term borrowings

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Term loans (secured) (At amortised cost)				
From banks				
Indian rupee term loans	-	78.99	-	83.81
From others (At amortised cost)				
From related party (secured) (Refer note 37)	-	880.32	212.58	667.75
From related party (unsecured) (Refer note 37)	-	1,015.75	454.75	561.00
From other parties (unsecured)	-	-	-	-
Vehicle loans	-	0.16	0.09	0.89
Finance lease obligation	-	-	0.67	-
Unsecured (At amortised cost)				
6% Cumulative redeemable preference shares (Refer Note 50)	-	2.25	-	2.25
6% Optionally convertible cumulative redeemable preference shares (Refer Note 50)	-	37.50	-	37.50
Total	-	2,014.97	668.09	1,353.20

(a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10.

(b) Indian rupee Term loans from banks to the extent of Rs. 38.81 (March 31, 2019: Rs. 38.43) carries an interest @ 11% p.a. The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Further, Indian rupee term loans to an extent of Rs. 45.08 (March 31, 2019: Rs. 45.37) carry an interest rate of : 9.85 % to 10.50 % p.a. (March 31, 2019 : 9.85 % to 10.50 % p.a.). These loans are repayable in 4 years as per the schedule given below:

Particulars	%	Due dates
FY 2016-17	15	September 30, 2016, December 31 2016 and March 31, 2017
FY 2017-18	35	Quarterly instalments due on June 30, September 30, December 31 and March 31 every year.
FY 2018-19	40	
FY 2019-20	10	

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally covered by letter of comfort/undertaking support from Infrastructure Leasing and Financial Services Limited. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above term loans.

- (c) Vehicle loans from Non-Banking Financial Companies carry interest @ 13.50% to 16.48% p.a. (March 31, 2019 : 13.50% to 16.48% p.a.). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- (d) Secured loans from Infrastructure Leasing and Financial Services Limited, related party amounting to Rs. 721.31 (March 31, 2019: Rs. 721.31) carry interest @ 12% to 13% p.a. These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company.

Out of the above, loan to the extent of Rs. 334.79 (March 31, 2019 Rs. 334.79) is repayable in three annual installments of 30%, 30% and 40% after 60 months from the date of first disbursement and is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust with IL&FS Financial Services Limited and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Out of the above, loan of Rs. 153.07 (March 31, 2019 : Rs. 153.07) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs. 266.00 (March 31, 2019 : 266.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 196.00 (March 31, 2019 : 196.00) is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.00.

Loan to the extent of Rs. 40.00 (March 31, 2019 : Rs. 40.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

Loan to the extent of Rs. 80.52 (March 31, 2019 : Rs. 80.52) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 38.50 (March 31, 2019 : Rs. 38.50) is additionally secured by way of second charge on fixed assets of the Company. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans.

- (e) Secured loans from IL&FS Financial Services Limited, related party amounting to Rs. 128.40 (March 31, 2019 : Rs. 128.40) the terms of which are as follows:
- (i) Loan to the extent of Rs. 80.40 (March 31, 2019 : Rs. 80.40) carries interest @ 13% p.a. compounded on an annual basis and also carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. Loan is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement.
- (ii) Loan to the extent of Rs. 48.00 (March 31, 2019 : Rs. 48.00) carries interest @ 13% p.a. linked to variation in IFIN benchmark rate of 16% p.a. and is repayable at the end of 36 months from the date of first disbursement.

Loan of Rs. 80.40 (March 31, 2019 : Rs. 80.40) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with Infrastructure Leasing and Financial

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Further, Rs. 48.00 carries same security for which charge is yet to be created. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans.

- (f) Secured Loan from IL&FS Airports Limited (w.e.f June 19, 2018 assigned from Bhopal e-Governance Limited), related party of Rs. 30.60 (March 31, 2019 : Rs. 30.60) carries interest @ IFIN benchmark rate (16% p.a. currently) + 0.25% p.a. This loan is repayable at the end of 36 months from the date of first disbursement and is secured by Second Pari Passu charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility. During the previous year, as per the Assignment and Novation Agreement dated June 19, 2018, loans from Bhopal e-Governance Limited has been has unconditionally and irrevocably transferred, assigned and conveyed to IL&FS Airports Limited with all the right, title and interest together with all its security interest in the above loan facility. During the year, the Company has defaulted in payment of interest.
- (g) Unsecured loan from Infrastructure Leasing and Financial Services Limited, related party of Rs. 933.75 (March 31, 2019 : Rs. 933.75) carries interest @ 12% p.a. which is payable quarterly in arrears. Loan is to be repaid at end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans.
- (h) Unsecured loan from Rohtas Bio Energy Limited, related party of Rs. 62.00 (March 31, 2019 : Rs. 62.00) carries interest at prevailing IFIN Benchmarking rate which is currently 16% p.a. which is payable quarterly in arrears. Loan is to be repaid at the end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest.
- (i) Unsecured loan from RIDCOR Infra Projects Limited of Rs. 20.00 (March 31, 2019 : Rs. 20.00) carries interest ranging from @ 16% p.a. which is payable quarterly in arrears and the interest rate, as stated above, will be linked to IFIN Benchmark rate (IBMR) which is currently at 16% p.a., i.e., at prevailing IBMR, and would vary to the extent of variation in IBMR. Loan is to be repaid at the end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest.
- (j) Finance lease obligation was secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 4 years.

(k) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers. CRPS carry cumulative dividend of 6% p.a. The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011. The aforesaid CRPS were redeemed on the due date i.e., March 31, 2015.

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust (MIT), on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by ITCL being the Trustee of MIT, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (225,000 CRPS of Rs.100 each) which were due for redemption on September 30, 2015, have been redeemed on due date. The 20% bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2016 were redeemed by the Company on March 28, 2017, within the extended period for redemption granted by CRPS holders. The Company has defaulted in the redemption of these CRPS to the extent of 225,000 CRPS of Rs. 100 each which were due for redemption on September 30, 2019 (refer Note 50).

(l) Terms of 6% optionally convertible cumulative redeemable preference shares

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of Rs. 100 each fully paid as per the terms of MRA entered with bankers. OCCRPS carry cumulative dividend of 6%. Out of total 25,000,000 OCCRPS of Rs. 100 each, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA. There is no further conversion option attached to these OCCRPS. The balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016.

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(All amounts in Rs Crore except for share data or as otherwise stated)

The schedule of redemption is as below:

Date of redemption	Number of shares to be redeemed	Amount to be redeemed
30-Sep-13 *	3,750,000	37.50
30-Sep-14 #	5,000,000	50.00
30-Sep-15 ^	3,750,000	37.50
30-Sep-16 @	5,000,000	50.00
Total	17,500,000	175.00

* The OCCRPS which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The Company has defaulted in the redemption of these OCCRPS to the extent of 3,750,000 OCCRPS of Rs. 100 each which were due for redemption on September 30, 2019 (refer Note 50)

The OCCRPS were redeemed on March 23, 2015, as per the terms of the issue, as amended.

^ The OCCRPS were redeemed on due date, as per the terms of the issue.

@ The OCCRPS were redeemed on March 28, 2017, within the extended period for redemption granted by OCCRPS holders.

The Company's exposure to liquidity risks related to borrowings is disclosed in Note 47.

Details of default in repayment of borrowings from Banks as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default	Period of Default (No of days)	Amount of Default	Period of Default (No of days)
ICICI Bank	10.25	547	10.25	182
	11.85	455	11.85	90
	11.85	366	11.85	1
	14.34	276		
SBI (including SBH)	6.45	366	6.45	1
	2.77	276		
Bank of Maharashtra	1.67	547	1.67	182
	1.67	455	1.67	90
	1.67	366	1.67	1
	0.90	276		
IDBI Bank	1.49	547	1.49	182
	1.73	455	1.73	90
	1.73	366	1.73	1
Bank of India	0.39	455	0.39	90
	0.39	366	0.39	1
Punjab National Bank	0.80	547	0.80	182
	0.80	455	0.80	90
	0.80	366	0.80	1
Vijaya Bank	0.54	547	0.54	182
	1.03	455	1.03	90
	1.03	366	1.03	1
	1.22	276		
Indian Overseas Bank	1.09	547	1.09	182
	1.09	455	1.09	90
	1.09	366	1.09	1
Allahabad Bank	2.84	547	2.84	182
	2.84	455	2.84	90
	2.84	366	2.84	1
	1.73	1		

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(All amounts in Rs Crore except for share data or as otherwise stated)

Details of Interest Defaults to Banks as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
ICICI Bank	5.45	Due date for interest is on various dates on monthly basis.	5.45	Due date for interest is on various dates on monthly basis.
SBI (including SBH)	7.96		7.96	
Bank of Maharashtra	1.74		1.74	
Bank of India	0.83		0.83	
IDBI Bank	1.66		1.66	
Punjab National Bank	3.12		3.12	
Vijaya Bank	1.98		1.98	
Indian Overseas Bank	2.41		2.41	
Allahabad Bank	4.20		4.20	

Details of default in repayment of borrowings from Financial Institutions (Promoter Group entities) as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	39.70	549	39.70	184
	30.00	522	30.00	157
	84.00	404	84.00	39
	181.80	262		
	20.10	256		
	16.50	256		
	40.00	280		
	64.10	185		
	7.00	124		
	35.00	95		
	50.00	40		
	40.00	39		
	237.90	35		
	45.00	3		
IL&FS Financial Services Limited	80.40	560	80.40	195
	48.00	13		
IL&FS Transportation Networks Limited	25.00	419	25.00	54
	3.00	397	3.00	32
	5.00	392	5.00	27
Tierra Enviro Limited	4.40	672	4.40	307
	35.00	729	35.00	364
IL&FS Cluster Development Initiative Limited	15.00	366	15.00	1
Sabarmati Capital One Limited	4.60	581	4.60	216
	7.00	577	7.00	212
IL&FS Airport Ltd	30.60	94		
	7.00	281		
Rohtas Bio Energy Limited	62.00	188		
Ridcor	20.00	1		

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Details of Interest Defaults to Financial Institutions (Promoter Group entities) as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	41.34	Due date for interest is on various dates on monthly basis.	41.34	Due date for interest is on various dates on monthly basis.
IL&FS Financial Services Limited	11.29		11.29	
IL&FS Transportation Networks Limited	2.98		2.98	
Tierra Enviro Limited	1.62		1.62	
IL&FS Cluster Development Initiative Limited	0.63		0.63	
Sabarmati Capital One Limited	0.48		0.48	
IL&FS Airports Ltd	1.58		1.58	
Rohtas Bio Energy Limited	2.17		2.17	
RIDCOR Infra Projects Limited	1.74		1.74	

17. Short-term borrowings

	As at March 31, 2020	As at March 31, 2019
Cash credit facilities from banks (secured)	505.69	519.76
Loans related party (unsecured) (Refer note 37)	151.00	151.00
Total	656.69	670.76

(a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 13.80% p.a. (March 31, 2019: 9% p.a. to 13.80% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Loans aggregating to Rs. 254.64 (March 31, 2019 : Rs. 262.30) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to Rs. 251.06 (March 31, 2019 : Rs. 257.46) additionally carry letter of comfort/support undertaking from Infrastructure Leasing and Financial Services Limited.

(b) Unsecured loan from related parties Rs. 150.99 (March 31, 2019 : Rs. 150.99) carries interest ranging from @ 15.50% p.a. to 16.50% p.a. (March 31, 2019: @ 15.50% p.a. to 16.50% p.a) which is payable quarterly in arrears. Loan is to be repaid at the end of 12 months from the date of first disbursement.

The Company's' exposure to liquidity risks related to borrowings is disclosed in Note 47.

18. Trade payables

	As at March 31, 2020	As at March 31, 2019
Dues to micro and small enterprises	5.76	11.00
Dues to other than micro and small enterprises	962.74	913.10
Total	968.50	924.10
Non-current [includes retention money payable of Rs. 206.97 (March 31, 2019: Rs. 160.53)]	207.07	165.24
Current [includes retention money payable of Rs. 57.95 (March 31, 2019: Rs. 97.68)]	761.43	758.85

The Company's exposure to liquidity risks related to trade payables is disclosed in note 47.

19. Other financial liabilities

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Current maturities of long-term borrowings (refer note 16)	-	2,014.97	-	1,353.20
Interest accrued and due on borrowings and mobilisation advance*	-	576.18	-	93.18
Interest accrued but not due on borrowings	-	-	40.51	414.38
Liability component of financial instruments (refer note 50)	-	15.79	-	15.79
Contract liabilities - mobilization advance (refer note 34)	55.43	486.65	141.33	416.81
Capital creditors	-	-	-	3.46
Total	55.43	3,093.60	181.84	2,296.83

*Includes interest of Rs. Nil (March 31, 2019 : 29.35) not debited by bankers in the cash credit accounts.

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in note 47.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

20. Provisions

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Provisions for employee benefits				
Gratuity (Refer note 35)	3.63	0.24	3.97	0.24
Compensated absences	-	4.35	-	4.16
Total provisions for employee benefits (A)	3.63	4.59	3.97	4.40
Other provisions				
Provision for estimated future loss on projects	35.91	55.39	55.78	46.81
Provision for liquidated damages	-	13.76	-	13.76
Total other provisions (B)	35.91	69.15	55.78	60.57
Total provisions (A+B)	39.54	73.74	59.75	64.97

Movements in other provisions	Estimated future loss on projects	Liquidated damages	Total
Balance as at April 1, 2018	48.24	13.76	62.00
Provisions made during the year	65.45	-	65.45
Provisions utilised during the year	(11.10)	-	-11.10
Balance as at March 31, 2019	102.59	13.76	116.35
Balance as at April 1, 2019	102.59	13.76	116.35
Provisions made during the year	-	-	-
Provisions utilised during the year	(11.29)	-	(11.29)
Balance as at 31 March 2020	91.30	13.76	105.06

A. Provision for Estimated future loss on projects

The projects in progress as at March 31, 2020 have been evaluated for future loss, if any, based on estimates relating to cost-to complete the same. Based on such evaluation, the Company has provided for estimated future losses to an extent of Rs. 91.30 (March 31, 2019: Rs. 102.59).

B. Provision for Liquidated damages

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc.

21. Other liabilities

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Contract liabilities - Advance from customers	-	80.85	-	74.36
Contract liabilities - Advance billing from customers	-	66.40	-	78.16
Statutory dues (net of input tax credit on Goods and Services tax)	-	136.36	3.62	127.41
Interest payable to micro and small enterprises (Refer note 36)	-	1.37	-	1.43
	-	284.98	3.62	281.36

	For the year ended	
	March 31, 2020	March 31, 2019
22. Revenue from contracts with customers		
Revenue from contracts	545.71	1,234.83
Revenue from equipment hiring services	5.39	4.31
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 20)	11.29	-
	562.39	1,239.14
23. Other income		
Interest income on		
Bank deposits	10.60	1.67
Inter corporate deposits and others	20.97	7.86
Income tax refunds	4.64	0.29
Interest income from financial assets carried at amortised cost	3.16	2.57
Liabilities no longer required written back	4.18	1.52
Profit on sale of fixed assets (net)	-	(0.67)
Other non-operating income	1.95	8.85
	45.50	22.08

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
24. Cost of materials consumed		
Opening stock	89.79	134.17
Add: Purchases during the year	118.61	414.44
	208.40	548.61
Less: Stocks written-off	14.39	21.04
	194.01	527.57
Less: Closing stock	52.22	89.79
	141.79	437.78
25. Employee benefits expenses		
Salaries, wages and bonus	56.88	123.14
Contribution to provident fund and other funds (Refer note 35)	4.19	9.35
Gratuity (Refer note 35)	2.99	2.45
Compensated absences	1.76	4.68
Staff welfare expenses	0.99	3.22
	66.81	142.84
26. Finance costs		
Interest expense		
Long-term loans	-	132.05
Cash credit and other working capital loans	14.04	121.96
Interest cost from financial liabilities carried at amortised cost	0.07	-
Bank charges (including BG commission)	12.00	36.17
	26.11	290.18
27. Depreciation and amortization expense		
Depreciation expense	31.23	35.15
Amortization expense	0.58	1.60
Depreciation on Right of use assets (Refer note 44)	0.38	-
	32.19	36.75
28. Other expenses		
Rent (Refer note 44)	8.41	12.06
Rates and taxes	3.10	6.32
Office maintenance	3.30	6.09
Communication expenses	0.60	1.00
Printing and stationery	0.34	0.78
Legal and professional charges	5.70	17.95
Sitting fees	0.05	0.17
Travelling and conveyance	5.50	15.01
Business promotion	0.73	0.34
Auditor's remuneration (Refer note 42)	0.59	0.59
Loss on exchange fluctuation (net)	-	-0.01
Loss on sale/discard/write off of fixed assets (net)	-	-0.01
Fixed assets/capital work in progress written off	-	-
Site expenses	11.40	22.13
Hire charges	28.90	84.79
Freight and transportation	0.89	14.24
Insurance	3.32	5.37
Power and fuel	1.11	3.93
Repairs		
Plant and machinery	0.40	0.93
Buildings	0.01	-
Others	0.44	1.58
Expected credit loss for trade receivables and contract assets	29.50	-
Provision for future loss (net) (Refer note 20)	-	54.18
	104.29	247.45

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

29. Earnings per share

The following reflects the profit/loss and share data used in the basic and diluted EPS computation :

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Net profit/(loss) after tax attributable to equity shareholders	(406.26)	(2,036.45)
Shares		
Total number of shares outstanding at the commencement of the year	13,11,21,078	13,11,21,078
Add: Shares issued during the year	-	-
Total number of shares outstanding at the end of the year	13,11,21,078	13,11,21,078
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	13,11,21,078	13,11,21,078
Nominal value of equity shares	10	10
Basic and diluted earnings per share	(30.98)	(155.31)

30. Going Concern

The Company has accumulated loss of Rs. 2722.25 as at March 31, 2020 (as at March 31, 2019 : Rs. 2,316.00). The Company has incurred loss of Rs. 406.26 during the year ended March 31, 2020 primarily due to impairment/write offs/provision made by the management on the basis stated in Note 54 to the financial statements. Company's net worth has been fully eroded and the current liabilities exceed its current assets as at the balance sheet date by Rs. 3499.77 (March 31, 2019: Rs. 2,562.79). There are uncertainties on recovery of carrying value of trade receivable, retention money, contract assets and loans given to ultimate investee entities. A major portion of the existing projects being executed by the Company are nearing completion / or approaching their end of term over next fifteen months, which is likely to result in significant reduction in the Company's operating revenue thereafter. During the current and previous year, the Company has defaulted on various loans to the lenders of the Company, including borrowings from promoter group entities.

As indicated in Note 31 (vii), 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 making payments to its Financial Creditors and the Operational Creditors existing prior to the date of reconstitution of Board of Directors of IL&FS.

These adverse developments in promoter group entities impacted the operations of the company and also resulted in cancellation/ termination/suspension of certain contracts with customers. The accompanying financial statements have 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 Company is taking following steps for revival and restoration of operations of the Company:

1. The reconstituted board is in the process of finalising a comprehensive approach to manage the current situation.
2. 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.

31. Contingent liability

(a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Claims against the Group not acknowledged as debts (interest, if any, not ascertainable after date of order)	24.66	24.66
(ii)	Direct taxes under dispute*	39.82	39.82
(iii)	Indirect taxes under dispute**#	120.66	120.66

*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt by the Company, disallowance of expenditure incurred towards extra works/Labour cost on projects, disallowance of expenditure on which TDS is not deducted or short deducted, etc.

**The demands raised by the Sales Tax authorities and Central Excise and Service Tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

#Excludes Rs. 6.52 (March 31, 2019: Rs. 6.52) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations and in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board (CLB) during the year ended March 31, 2016 and the Company had paid Rs. 0.08 as fee for compounding towards the same. SFIO has filed appeal against the compounding order in the High Court of Hyderabad and the Company has also filed their reply against the said order. During the previous year, the High Court of Hyderabad has passed an order in favour of Company and dismissed the appeal filed by SFIO.
- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the year ended March 31, 2016, SEBI had passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with simple interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its counter and the Company had filed its rejoinder. During the previous year, SAT has passed an order in favour of Company and quashed and set aside the disgorgement order passed by SEBI.
- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work had been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which was dismissed. No appeal has been filed by client so far.

(vii) Investigations etc by the Regulatory / Investigative Agencies:

During the previous year, 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 Transportation Networks India 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 in 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 was 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.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

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 March 31, 2020.

(b) Other contingent liabilities

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	261.82	253.29
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Consolidating entities towards performance obligations	594.10	729.12
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	645.29	568.01
(iv)	Liquidated damages	7.89	22.25

32. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. Nil (March 31, 2019: Nil).

(b) Other Commitments:

- The Company has made a commitment to make additional investment of Rs. 49.64 (March 31, 2019: Rs. 49.64) in Maytas Infra Saudi Arabia Company Limited Liability Company. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable.

As the Company has not received any communication to meet any potential obligation to share further liability of the said subsidiary no provisions have been made in the books. On receipt of any communication in this regard, the Company will engage with the other shareholder of the subsidiary for a final settlement.

- Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 279.83 (March 31, 2019: Rs. 279.83)

33. Segment reporting :

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and in accordance with Ind AS 108 - Operating Segments, segment information with respect to geographical segment has been given in the consolidated financial statements of the Company, therefore no separate disclosure on segment information is given in these financial statements.

34. Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers"

(a) Disaggregation of revenue:

The Company recognises revenue from contracts with customers which includes Government and Non-Government customers, for construction / project activities over a period of time. During the year substantial part of the Company's business has been carried out in India. Geographical disaggregation has been given in the financial statements of the Company.

(b) Contract balances

(i) Opening and closing balances of contract balances

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Trade receivables	219.88	256.09
(ii)	Contract assets - Project Work in progress	733.69	814.33
(iii)	Contract assets - Retention money	506.27	500.32
(iv)	Provision for estimated future losses on projects and liquidated damages	105.06	116.36
(v)	Contract liabilities	689.33	710.66

The credit period towards trade receivables generally ranges between 30 to 180 days. Further the customer retains certain amounts as per the contractual terms which usually fall due on the completion of defect liability period (DLP) of contract. These retentions are made to protect the customer from the Company failing to adequately complete all or some of its obligations under the contract.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Contract assets are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet technical requirements as well as various milestones as set out in the contract with customers. Upon fulfilling the said requirements and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received advance payments from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the consideration received. Contract liabilities include advances received from customers towards mobilisation of resources, purchase of materials, etc. and advance billing.

Impairment losses recognised on contract assets and trade receivables have been disclosed in note 7

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to Rs. 90.70

(c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss for the current year. There is no significant revenue recognised in the current year from performance obligations satisfied in previous periods.

(d) Performance obligation

The transaction price allocated to the remaining performance obligations is Rs. 1,370.22, which will be recognised as revenue over the respective project durations. Generally the project duration of contracts with customers is be 2 to 5 years.

35. Retirement benefits

(a) Disclosures related to defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employees' State Insurance contribution (ESI), which are defined contribution plans. The contribution are charged to the Statement of profit and loss as they accrue. During the year, the Company has recognised Rs. 1.91 (March 31, 2019: Rs. 9.35) towards Provident fund and Employees' State Insurance contribution (ESI) contributions.

(b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

I. Reconciliation of net defined benefit asset/ (liability)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
(i) Reconciliation of present value of defined benefit obligation		
Opening defined benefit obligation	3.61	4.28
Current service cost	0.48	0.56
Interest cost on benefit obligation	0.25	0.31
Benefits paid	-	(1.30)
Actuarial (gain)/loss on obligation	(1.06)	(0.24)
Closing defined benefit obligation	3.28	3.61
(ii) Reconciliation of present value of plan asset:		
Opening fair value of plan assets	0.42	1.23
Expected return on plan assets	(0.06)	0.06
Expenses	(0.01)	(0.07)
Contributions by employer	2.29	0.49
Benefits paid	-	(1.30)
Closing fair value of plan assets	2.63	0.42
(iii) Reconciliation of net defined benefit asset/(liability):		
Present value of defined benefit obligation	(3.28)	(3.61)
Fair value of plan assets	2.63	0.42
Additional Provision*	(3.22)	-
Plan liability	(3.87)	(3.19)

* Provision for gratuity as per management estimates.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

II. Expenses recognised in the statement of profit and loss under employee benefit expense		
Current service cost	0.48	0.56
Interest cost on benefit obligation	0.08	0.31
Expenses	-	(0.07)
Expected return on plan assets	-	-
Net benefit expense	0.56	0.80
III. Remeasurements recognised in statement of other comprehensive income		
Net actuarial (gain)/ loss recognized in the year	(1.06)	(0.24)
Return on plan assets excluding interest income	0.14	0.03
Loss recognised in statement of other comprehensive income	(0.92)	(0.21)
IV. Amount recognised in the balance sheet:		
Defined benefit obligation	3.28	3.61
Fair value of plan assets	(2.63)	(0.41)
Additional Provision*	3.22	
Closing liability	3.87	3.20

*Additional Provision made by the management

V. Experience adjustment

	For the year ended				
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
On plan liabilities loss	3.28	3.61	4.28	4.23	4.36
On plan assets (gain) / loss	2.63	0.42	1.23	0.51	0.14
Surplus / (deficit)	(0.65)	(3.19)	(3.05)	(3.72)	(4.22)
Experience gain on obligation	-	-	-	-	-

VI. The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Insurance fund		
(%) of total plan assets	100%	100%

VII. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.80%	7.65%
Increase in compensation cost	5.00%	5.00%
Attrition rate	5.00%	5.00%
Estimated rate of return on plan assets	6.80%	8.00%
Retirement age (in years)	60	60
Mortality rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

Notes :

- The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets and Company's policy for plan asset management.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VIII A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	(increase)/ decrease in defined benefit obligation		
	Sensitivity level	As at March 31, 2020	As at March 31, 2019
Discount rate	1% increase	3.07	3.11
	1% decrease	3.53	3.57
Salary escalation rate	1% increase	3.77	3.86
	1% decrease	2.88	2.88
Attrition rate	1% increase	3.42	3.48
	1% decrease	3.15	3.15

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

36. Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
	Principal amount due to micro and small enterprises	5.76	11.00
	Interest due on above	1.37	1.43
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	1.37	1.43
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors.

37. Related party disclosures:

I. Names of related parties and relationship with the Company (as per the Ind AS 24 – “Related Party Disclosures”):

A Subsidiaries

- 1 Maytas Infra Assets Limited
- 2 Maytas Vasishta Varadhi Limited
- 3 Maytas Metro Limited
- 4 Angeerasa Greenfields Private limited
- 5 Saptaswara Agro - Farms Private Limited
- 6 Ekadanta Greenfields Private Limited
- 7 Maytas Infra Saudi Arabia Company (Limited Liability Company), Saudi Arabia

B Holding Company

- 1 Infrastructure Leasing & Financial Services Limited \$

C Joint ventures (JV)

- 1 NCC – Maytas (JV)
- 2 NEC – NCC – Maytas (JV)
- 3 Maytas – NCC (JV)
- 4 NCC – Maytas (JV) (Singapore Class Township)
- 5 Maytas – CTR (JV)
- 6 NCC – Maytas – ZVS (JV)
- 7 ITNL - IECCL JV

D Investing party in respect of which the reporting enterprise is an associate

- 1 SBG Projects Investments Limited

E One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).

- 1 IL&FS Transportation Networks India Limited
- 2 Rohtas Bio Energy Limited
- 3 Bhopal E-Governance Limited
- 4 Tierra Enviro Limited
- 5 IL&FS Cluster Development Initiative Limited
- 6 Sabarmati Capital One Limited
- 7 IL&FS Township & Urban Assets Limited
- 8 Skill Training Assessment Management Partners Limited

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- 9 Elsamex Maintenance Services Limited
- 10 RIDCOR Infra Projects Limited
- 11 IL&FS Airports Limited
- 12 IL&FS Securities Services Limited
- 13 Hill County Properties Limited \$
- 14 IL&FS Financial Services Ltd \$

F Key management personnel

- 1 Mr. Chandra Shekhar Rajan, Director (w.e.f October 25, 2018)
- 2 Mr. Dilip Lalchand Bhatia, Director (w.e.f December 24, 2018)
- 3 Mr. Bijay Kumar, Director (w.e.f April 04, 2019)
- 4 Mr. Kazim Raza Khan, Chief Executive officer (w.e.f May 16, 2019)
- 5 Mr. Naveen Kumar Agrawal, Chief Financial Officer (w.e.f January 01, 2019)
- 6 Mr. Srinivasa Kiran Sistla, Company Secretary (w.e.f February 06, 2020)
- 7 Mr. J Veeraj, Company Secretary (till January 20 2020)
- 8 Miss. Saheli Banerjee, Company Secretary (from March 11, 2019 to August 16, 2019)
- 9 Mr. Sushil Dudeja, Company Secretary (till January 31, 2019)
- 10 Dr. S N Mukherjee, Chief Financial Officer (till December 31, 2018)
- 11 Mr. Mukund Sapre, Managing Director (till November 02, 2018)

\$ Changes in the status of related party is made based on the changes to group structure by the Infrastructure Leasing & Financial Services Limited Pursuant Rules 8(5) of the Companies (Accounts) Rules 2014 and as per published financial statement of Infrastructure Leasing & Financial Services Limited for the year ending March 31, 2019.

II. Transactions with related parties during the year# :

Particulars		For the year ended	
		March 31, 2020	March 31, 2019
A	Subsidiaries		
1	Maytas Infra Assets Limited		
	Expenses incurred on behalf of the party	0.00	0.00
2	Maytas Vasishta Varadhi Limited		
	Expenses incurred on behalf of the party	0.00	0.00
3	Maytas Metro Limited		
	Expenses incurred on behalf of the party	0.00	0.00
4	Angeerasa Greenfields Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00
5	Saptaswara Agro - Farms Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00
6	Ekadanta Greenfields Private Limited		
	Expenses incurred on behalf of the party	0.00	0.00
7	Maytas Infra Saudi Arabia Company (Limited Liability Company), Saudi Arabia		
	Loan and advances repaid	0.00	(0.05)
B	Holding Company		
I	Infrastructure Leasing & Financial Services Limited		
	Interest expenditure (including bank guarantee charges)	(0.23)	(127.87)
	Loan taken	-	(494.85)
	Loan repaid	-	188.28
	Rent expense	(1.33)	(0.87)
	Short-term deposits repaid	-	(50.00)
	Expenditure incurred on behalf of Company	(0.02)	(7.29)
C	Joint Ventures (JV)		
1	Maytas – NCC (JV)		
	Share of profit / (loss) from joint venture	1.15	0.86
	Receipt of joint venture	25.38	-
	Provision for doubtful advances	1.18	-
2	NCC – Maytas (JV) (Singapore Class Township)		
	Share of profit / (loss) from joint venture	0.06	0.14
	Provision for doubtful advances	0.08	-

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
D One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).	-	
1 IL&FS Transportation Networks Limited		
Contract revenue (excluding project work-in-progress)	-	73.34
Lease rental charges	20.49	22.52
Loan taken	-	(45.00)
Professional and consultancy charges	-	0.24
Interest expenditure	-	(6.02)
2 Rohtas Bio Energy Limited		
Interest expenditure	-	(4.91)
3 Bhopal E-Governance Limited		
Assignment of loans to IL&FS Airports Limited	-	30.60
4 IL&FS Airports Limited		
Interest expenditure	-	(2.96)
Loan taken	-	(7.00)
Assignment of loans from Bhopal E-Governance	-	(30.60)
5 Tierra Enviro Limited		
Interest expenditure	-	(3.32)
6 IL&FS Cluster Development Initiative Limited		
Interest expenditure	-	(1.30)
7 Sabarmati Capital One Limited		
Interest expenditure	-	(0.98)
8 IL&FS Township & Urban Assets Limited		
Professional Services	-	0.01
9 RIDCOR Infra Projects Limited		
Interest expenditure	-	1.74
10 Elsamex Maintenance Services Limited		
Subcontract expenses	-	(38.06)
Expenditure incurred on behalf of party	-	0.15
Hire income	-	1.80
11 IL&FS Financial Services Limited		
Interest expenditure	-	(16.24)
Interest income	-	-
Payments made on behalf of the Company	-	0.01
E Key management personnel		
1 Mr. Kazim Raza Khan		
Remuneration (including perquisites)	0.82	-
2 Mr. Naveen Kumar Agrawal		
Remuneration	0.56	0.13
3 Mr. Sistla Srinivasa Kiran		
Remuneration	0.03	-
4 Mr. J Veerraju		
Remuneration	0.12	-
5 Miss. Saheli Banerjee		
Remuneration	0.03	0.00
6 Mr. Sushil Dudeja		
Remuneration	-	0.28
7 Dr. S N Mukherjee		
Professional charges	-	0.64
8 Mr. Mukund Sapre		
Professional charges	-	0.59

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

III Balances outstanding debit / (credit) @:

		As at March 31, 2020	As at March 31, 2019
A	Subsidiaries (gross)		
1	Maytas Infra Assets Limited	14.83	14.83
2	Maytas Vasishta Varadhi Limited	2.89	2.89
3	Maytas Metro Limited	0.10	0.10
4	Angeerasa Greenfields Private Limited	56.45	56.45
5	Saptaswara Agro - Farms Private Limited	0.29	0.29
6	Ekadanta Greenfields Private Limited	0.05	0.05
7	Maytas Infra Saudi Arabia Company	35.72	35.72
<p>#Excluding corporate guarantee of Rs. 206.73 (March 31, 2019: Rs. 178.91) given by the Company on behalf of the MISA for loan of Rs 129.45 (March 31, 2019: Rs. 112.03) taken by the subsidiary. Further, Company has a commitment to make additional investment of Rs.49.64 (March 31,2019: Rs. 49.64) in Maytas Infra Saudi Arabia Company Limited Liability Company. The movement in Corporate guarantee and MISA loan balances compared to previous year is purely on account of foreign exchange fluctuation</p>			
B	Holding Company		
1	Infrastructure Leasing & Financial Services Limited*		
	Long-term secured loan	(721.32)	(721.32)
	Long-term unsecured loan	(933.75)	(933.75)
	Short-term deposits	11.64	11.64
	Interest accrued and not due	-	(382.18)
	Interest accrued and due	(382.18)	-
	Trade payables	(2.34)	(2.09)
<p>**Excluding bank guarantee/letter of credits of Rs. 494.34 (March 31, 2019: Rs. 494.34) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 424.69 (March 31, 2019: Rs. 424.69). The Company had also given corporate guarantee of Rs. 125 (March 31, 2019: Rs. 125) for availing Letter of Credit facilities from its bankers.</p> <p>Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 251.05 (March 31, 2019: Rs. 257.46).</p>			
C	Joint ventures		
1	NEC – NCC – Maytas (JV)	-	-
2	Maytas – NCC (JV)	17.58	43.94
3	NCC – Maytas (JV)	0.03	0.03
4	NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92
5	Maytas – CTR- JV	46.63	46.63
6	NCC – Maytas – ZVS	0.33	0.51
D	One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
		As at March 31, 2020	As at March 31, 2019
1	IL&FS Transportation Networks Limited		
	Short-term unsecured loan	(78.00)	(78.00)
	Trade receivables (including retention money)	45.67	45.67
	Advance from customer	(135.77)	(135.77)
	Other receivables	13.54	24.89
	Lease rental payable	(31.50)	(24.55)
	Interest accrued	6.67	6.67
	Other payables	-	(0.95)
2	Rohtas Bio Energy Limited		
	Long-term unsecured loan	(62.00)	(62.00)
	Interest accrued and not due	-	(4.91)
	Interest accrued and due	(4.91)	-

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
3 IL&FS Airports Limited		
Long-term secured loan (Including assigned from Bhopal E- Governance Limited Rs. 30.60)	(37.60)	(37.60)
Interest accrued and not due	-	(2.96)
Interest accrued and due	(2.96)	-
4 Tierra Enviro Limited		
Short-term unsecured loan	(39.40)	(39.40)
Interest accrued and not due	-	(3.32)
Interest accrued and due	(3.32)	-
5 IL&FS Cluster Development Initiative Limited		
Short-term unsecured loan	(15.00)	(15.00)
Interest accrued and not due	-	(1.30)
Interest accrued and due	(1.30)	-
6 Sabarmati Capital One Limited		
Short-term unsecured loan	(11.60)	(11.60)
Interest accrued and not due	-	(0.98)
Interest accrued and due	(0.98)	-
7 IL&FS Township & Urban Assets Limited		
Operating expenses	(0.05)	(0.05)
8 Skill Training Assessment Management Partners Limited		
Professional Services	(0.01)	(0.01)
9 Elsamex Maintenance Services Limited		
Trade payable	(5.47)	(13.90)
Mobilisation advance receivable	2.17	16.69
Other receivables (hire charges)	3.30	-
10 IL&FS Financial Services Limited		
Long-term secured loan	(128.40)	(128.40)
Interest accrued	(79.67)	(79.67)
11 Hill County Properties Limited		
Inter corporate deposits (Unsecured)	135.83	135.83
Interest accrued	11.17	11.17
Trade receivables (including retention money)	0.31	0.31
Investment	0.08	0.08
12 RIDCOR Infra Projects Limited		
Short term unsecured loan	(20.00)	(20.00)
Interest accrued	(1.56)	(1.56)
F Key Management Personnel		
1 Mr. Kazim Raza Khan		
Remuneration	(0.12)	-
2 Mr. Naveen Kumar Agrawal		
Remuneration	(0.09)	(0.04)
3 Mr.Sistla Srinivasa Kiran		
Remuneration	(0.01)	-
4 Miss. Saheli Banerjee		
Remuneration	-	(0.00)
5 Mr. Sushil Dudeja		
Remuneration	(0.14)	(0.14)
6 Dr. S N Mukherjee		
Professional charges	(0.14)	(0.14)

@ Subject to confirmations and reconciliations with group companies. In view of the present ongoing investigations and uncertainties etc., including restructuring proposals envisaged, no provisioning / adjustments were made to these balances. The same will be made in the year in which the final settlements take place / restructuring proposals are approved.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

IV Provisions against balances outstanding:

A	Subsidiaries		
1	Maytas Infra Assets Limited	(11.62)	(11.62)
2	Maytas Metro Limited	(0.09)	(0.09)
3	Saptaswara Agro- Farms Private Limited	0.28	0.28
4	Maytas Vasishtha Varadhi Limited	(2.89)	(2.89)
5	Ekadanta Greenfields Private Limited	(0.04)	(0.04)
6	Angeerasa Greenfields Private Limited	(6.44)	(6.44)
7	Maytas Infra Saudi Arabia Company (Limited Liability Company)	(35.72)	(35.72)
B	Joint Ventures		
1	Maytas - NCC (JV)	(3.00)	(1.82)
2	Maytas - CTR JV	(48.38)	(48.38)
3	NCC – Maytas (JV) (Singapore Class Township)	(0.92)	(0.92)
4	NCC – Maytas - U1 (JV)	(0.03)	(0.03)
5	NCC – Maytas – ZVS (JV)	(0.08)	-
C	One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
1	Hill County Properties Limited	(135.88)	(135.88)

V Maximum amount outstanding during the year in respect of loans and advances in the nature of loans given to subsidiaries, joint ventures and associate in which directors are interested

		As at March 31, 2020	As at March 31, 2019
A	Subsidiaries		
1	Maytas Infra Assets Limited	11.62	15.33
2	Maytas Metro Limited	0.09	0.10
3	Saptaswara Agro- Farms Private Limited	0.28	0.29
4	Maytas Vasishtha Varadhi Limited	2.89	2.89
5	Ekadanta Greenfields Private Limited	0.04	0.05
6	Angeerasa Greenfields Private Limited	6.44	56.45
7	Maytas Infra Saudi Arabia Company (Limited Liability Company)	35.72	35.77
B	Joint Ventures		
1	Maytas NCC JV - Irrigation	44.14	43.94
2	NCC Maytas JV - U1	0.03	0.03
3	Maytas - CTR JV	0.92	46.63
4	NCC – Maytas – ZVS (JV)	0.41	0.51
5	NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92
C	One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year)		
1	Hill County Properties Limited	135.88	135.88

The repayment schedule is not beyond 7 year.

38. Interest in joint ventures:

Company's financial interest in jointly controlled entities is as follows:

Sl. No.	Name of joint venture	Share	Assets	Liabilities	Income	Expenditure	Tax	Profit/(loss) after tax
1	Maytas - NCC JV							
	March 31, 2020	50%	35.00	29.33	7.68	5.07	1.46	1.15
	March 31, 2019	50%	65.37	35.12	18.77	17.33	0.59	0.86
2	NEC – NCC – Maytas JV							
	March 31, 2020	25%	0.49	0.17	-	-	-	-
	March 31, 2019	25%	0.49	0.17	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

3	NCC – Maytas JV							
	March 31, 2020	50%	0.03	0.03	-	-	-	-
	March 31, 2019	50%	0.03	0.03	-	-	-	-
4	NCC – Maytas JV (Singapore Class Township)							
	March 31, 2020	50%	1.01	0.15	-	-	-	-
	March 31, 2019	50%	1.01	0.15	-	-	-	-
5	Maytas – CTR JV							
	March 31, 2020	70%	35.72	7.35	-	-	-	-
	March 31, 2019	70%	35.72	7.35	-	-	-	-
6	NCC – Maytas – ZVS JV							
	March 31, 2020	39.69%	7.64	7.40	1.70	1.61	0.03	0.06
	March 31, 2019	39.69%	5.86	5.66	4.03	3.81	0.08	0.14

a) The above joint ventures do not have any contingent liability and capital commitment as at March 31, 2020 and March 31, 2019 except in Maytas – NCC JV amounting to Rs. 16.27 (March 31, 2019: Rs. 16.27).

39. The Company has the following joint ventures, which are in the nature of jointly operations:

- Maytas KBL (JV)
- Maytas KCCPL Flow more (JV)
- Maytas MEIL KBL (JV)
- Maytas MEIL ABB AAG (JV)
- MEIL Maytas ABB AAG (JV)
- MEIL Maytas KBL (JV)
- MEIL Maytas WIPL (JV)
- MEIL Maytas AAG (JV)
- MEIL – SEW – Maytas – BHEL (JV)
- L&T KBL Maytas (JV)
- Maytas – Rithwik (JV)
- Maytas Sushee (JV)
- Maytas Gayatri (JV)
- IL&FS Engg – Kalindee (JV)
- AMR-Maytas-KBL-WEG (JV)
- ITDC-Maytas (JV)

The Company's share in assets, liabilities, income and expenditure are duly accounted for in the accounts of the Company in accordance with such division of work as per the work sharing arrangements and therefore does not require separate disclosures. However, joint venture partners are jointly and severally liable to clients for any claims in these projects.

40. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Subcontract expense	-	2.75
Material consumed	-	2.60
Travelling and conveyance	-	0.00
Others	-	0.61
	-	5.96

41. Imported and indigenous materials consumed:

Particulars	For the year ended			
	March 31, 2020		March 31, 2019	
	%	Value	%	Value
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	141.79	100.00%	437.78
Total	100%	141.79	100%	437.78

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

42. Auditor's remuneration (excluding Taxes):

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Statutory audit	0.22	0.22
Limited review	0.25	0.25
Certification and other services	0.09	0.09
Audit fees for consolidated financial statements	0.03	0.03
	0.59	0.59

43. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Trade receivables (including retention money)	-	-	-	-
Advances given	EURO 0.005	0.42	AED 0.005	0.09
Advances given	USD 0.001	0.04	USD 0.04	2.65
Other receivables	-	-	USD 0.15	11.00
Bank balances	-	-	AED 0.09	0.09
Trade payables	SGD 0.040	2.11	SGD 0.04	2.11
Trade payables	-	-	USD 0.002	0.16
Security deposit payable	SGD 0.007	0.39	SGD 0.01	0.39
Advance billing	-	-	-	-

44. Leases:

The Company has entered into a lease agreement for its Head Office at Sanali Info Park(1st Floor) on 01st Sep 2019, for a period of three years having Lockin period of 2 years. The Impact on account of implementation of Ind AS 116 on this lease arrangement is summarised as below. The Company also has certain leases of temporary site offices, guest houses and plant and machinery with lease terms of 12 months or less and leases of temporary site offices with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Category of ROU Asset (Office premises)	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	-
Additions	1.32	-
Depreciation expense	(0.38)	-
Balance as on March 31, 2020	0.94	-
The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.		
The following is the break-up of current and non-current lease liability		
Current lease liabilities	0.57	-
Non-current lease liabilities	0.29	-
Total	0.86	-
The following is the movement in lease liability		
Balance at Beginning	-	-
Additions	1.25	-
Finance cost	0.07	-
Payments of lease liabilities	(0.46)	-
Total	0.86	-
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:		
Minimum Lease Payments		
Not later than one year	0.64	-
Later than one year but not later than five years	0.30	-
Later than five years	-	-
	0.94	-

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
The effective interest rate for lease liabilities is 12%, with maturity in the year 2021
The table below provides details regarding the amounts recognised in profit or loss.

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Interest and depreciation on lease liabilities	0.45	-
Expenses relating to short-term leases	8.41	-
The table below provides details regarding the amounts recognised in the statement of cash flows.		
Total cash outflow for leases	(0.46)	-

45. Capital management

Refer Note No. 30 and 31(vii) which states the normal business operation of the Group as they existed under the previous years have ceased and the reconstituted board is undertaking steps for revival and restoration of operation of company. The Group has defaulted in respect of several of its loan obligations. The company remained over leveraged and is in discussion with its lenders to restructure its borrowings and is committed to taking necessary steps to meet its repayment obligations.

The capital structure of the company consist of Net Debt of Rs. 2,604.73 (March 31 2019: Rs. 2,676.56) and total equity of Rs. (2,306.44) (March 31, 2019: Rs. (1,900.18))

As the networth of the group is negative, the net debt to total equity ratio has not been disclosed.

Particulars	As at March 31, 2020	As at March 31, 2019
Interest bearing loans and borrowings	2,671.66	2,692.05
Less: cash and cash equivalents	(66.93)	(15.49)
Adjusted net debt	2,604.73	2,676.56

46. 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. 259.67. Further, the Company has receivables from the investee entities in the form of loans and advances and investments aggregating to Rs. 101.20.

Based on the valuation reports furnished by external valuers, during the previous year, the Company has recognised an impairment of Rs. 259.67 towards diminution in the value of PTC. During the year, due to certain developments that occurred in the said ultimate investee entity, the Company has recognised an impairment of Rs. 46.11 towards diminution in the value of loans and advances including interest. However, the Company is confident of recovery of the carrying value of balance advances given to the investee entities.

47. Financial instruments- fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2020, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	-	-	36.07	36.07	-	-	-	-
Loans	8	-	-	37.58	37.58	-	-	-	-
Trade receivables	7	-	-	219.88	219.88	-	-	-	-
Cash and cash equivalents	10	-	-	66.93	66.93	-	-	-	-
Other bank balances	10	-	-	205.00	205.00	-	-	-	-
Other financial assets	9	-	-	285.53	285.53	-	-	-	-
Total financial assets		-	-	850.98	850.98	-	-	-	-
Borrowings	16, 17 & 19	-	-	2,671.66	2,671.66	-	-	-	-
Trade payable	18	-	-	968.50	968.50	-	-	-	-
Other financial liabilities	19	-	-	1,134.05	1,134.05	-	-	-	-
Total financial liabilities		-	-	4,774.22	4,774.22	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2019, including their levels in the fair value hierarchy.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I) (Refer note 46)	6	-	-	59.58	59.58	-	-	-	-
Loans	8	-	-	527.03	527.03	-	-	-	-
Trade receivables	7	-	-	256.09	256.09	-	-	-	-
Cash and cash equivalents	10	-	-	15.49	15.49	-	-	-	-
Other bank balances	10	-	-	24.29	24.29	-	-	-	-
Other financial assets	9	-	-	362.26	362.26	-	-	-	-
Total financial assets		-	-	1,244.74	1,244.74	-	-	-	-
Borrowings	16, 17 & 19	-	-	2,692.05	2,692.05	-	-	-	-
Trade payable	18	-	-	924.09	924.09	-	-	-	-
Other financial liabilities	19	-	-	1,125.47	1,125.47	-	-	-	-
Total financial liabilities		-	-	4,741.61	4,741.61	-	-	-	-

Note I: Investments in associate and joint venture have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than associates and joint ventures have been designated as FVTPL.

B. Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

(ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial risk management objective

Refer Note No. 30 and 31(vii) which states the normal business operation of the company as they existed under the previous years have ceased and the reconstituted board is undertaking steps for revival and restoration of operation of company. Accordingly, the company is in process of setting up mechanism to address risk including market risk, credit risk, liquidity risk, interest rate risk

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to the credit risk from companies' receivables from customers, contract assets (Unbilled revenue) and loans and advances given.

Due to development outline in note no. 31(vii) and note no. 54 the receivable, contract asset and loans given by the company have been substantially impaired/written off.

Liquidity risk

During the current year and previous year, the company has defaulted in its interest and principal obligations. Accordingly in terms of loan agreements, all long term liabilities on account of interest and principal is classified as current liabilities.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2020:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	968.50	761.43	207.07	-	968.50
Borrowings and interest thereon	2,671.66	2,671.66	-	-	2,671.66
Other financial liabilities	1,134.05	1,134.05	-	-	1,134.05
Total	4,774.22	4,567.15	207.07	-	4,774.22

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

The below table provides details of financial assets as at March 31, 2020:

Particulars	Carrying amount
Trade receivables	219.88
Loans	37.58
Other financial assets	296.68
Total	554.14

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	924.09	758.85	165.24	-	924.09
Borrowings and interest thereon	3,146.93	2,438.33	708.60	-	3,146.93
Other financial liabilities	670.59	529.26	141.33	-	670.59
Total	4,741.61	3,726.44	1,015.17	-	4,741.61

The below table provides details of financial assets as at March 31, 2019::

Particulars	Carrying amount
Trade receivables	256.09
Loans	527.03
Other financial assets	372.71
Total	1,155.83

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Interest rate risk

The company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Due to the matters discussed in note no. 52, the company has not accrued interest expense post October, 2018. Accordingly, interest rate sensitivity analysis is not disclosed. The average interest rate on short-term bank deposits during the year was 6.40% (March 31, 2019: 6.40%).

The Company's exposure to interest rates on financial instruments is detailed below:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Cash and bank balances	66.93	15.49
Total interest rate dependent financial assets	66.93	15.49
Financial liabilities		
Borrowings	2,671.66	2,692.05
Other financial liabilities	542.08	558.14
Total interest rate dependent financial liabilities	3,213.74	3,250.19

The amounts included above for interest rate dependent financial assets are fixed interest bearing financial assets.

• Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's presentation currency is the Indian Rupees. The Company's exposure to foreign currency arises in part when the Company holds financial assets and liabilities denominated in a currency different from the functional currency of the entity.

48 Trade receivables and Contract assets:

a) Trade Receivables as at March 31, 2020 include:

- Dues from terminated / foreclosed/ completed/ inactive /disputed projects, Rs 60.37 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 considered these receivable as realisable.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (ii) Receivables from promoter group entities, Rs 33.54 for which the Company obtained certifications for the works done / bills raised. No provisioning has been made for the said receivables as at March 31, 2020. Adjustments, if any, that may arise on ultimate realizations will be made in the year in which the settlement is concluded.
- b) Retention money of Rs 140.12 (including relating to terminated/foreclosed projects), which can be received by the Company, primarily after completion of Defective Liability Period (DLP). As at March 31, 2020, the Company has not received any claims under defect liability clause and is confident of recovery of the carrying value of the same.
- c) Contract assets (project work in Progress) include:
 - (i) Rs 377.01 (net of mobilization advance and interest payable on mobilization advance) including interest, trade receivable and retention money recognized in earlier years thereon represents amounts receivable from a customer as per the arbitration award in favor of the Company. The customer has referred the matter further to High Court of Delhi, pending final disposal, no adjustments have been carried out in this regard.
 - (ii) Rs. 141.69, represents recoverable from the respective customers from terminated / foreclosed / completed / inactive projects. The respective customers have indicated based on a mutual evaluation of the contract, project dues (unbilled) till the date of termination shall be paid to the Company. Accordingly, the Company has considered and retained the said amounts as realizable.
 - (iii) Amounts receivable from Group company, Rs. 125, 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.

49. Inter-Corporate Deposits:

Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 343.78. Of the foregoing, documentary evidences had been established that, for an amount of Rs 323.78, 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 year ended March 31, 2020 continued to disclose as "Suspense Account (Net) Rs. 1,230.40" 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. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 continues to subsist with SCSL. During the current year, the Company has recognised an impairment of Rs. 323.78 towards diminution in the value of these ICD Considering the uncertainty in recovering the ICDs in future.

50. 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 37.50 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 15.79. Dividend payable defaulted in the books as on March 31, 2020, Rs 15.79.

51. Confirmation of Balances:

As at March 31, 2020, fund based borrowings availed by the Company aggregates to Rs 2631.91. These include borrowings from promoter group entities, aggregating to Rs 2047.32. The Company neither serviced principal amounts and /or interest payments, wherever applicable. Further, borrowings to the extent of Rs.193.24 were not conformed by 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 from parties to whom advances have been made by the Company for supply of services/goods (Advances other than capital goods, Mobilization Advances to Sub Contractors (included in note no 12)) and trade payables (note no 18). 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.

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

52. Interest Expense:

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group. Further, the Hon'ble NCLAT had passed the order on March 12, 2020 that interim order will continue until further orders and cut-off date of October 15, 2018 has been approved for resolution. In terms of the Resolution Framework Reports, 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 October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue to accrue. Further, since a Resolution Plan in line with the above orders, is in process, the Company has neither paid nor recognized as interest payable, aggregating to Rs. 289.51 (for the year March 31, 2019, Rs 144.99) approximately (Excluding penal interest etc.) for year ended March 31, 2020, in anticipation of the approval of lenders for concession/waivers being sought by Company in the resolution plan. Such interest has not been recognized as payable as at March 31, 2020 aggregates to Rs 434.50 (As at March 31, 2019, Rs 144.99) approximately (excluding penal interest etc.).

53. During the previous year, the erstwhile management of the Company has paid an amount of Rs. 65 to a vendor as material supply advance against the a 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 post-dated cheques and personal guarantee of its promoter as security. Subsequently, the vendor had neither supplied the cement nor refunded the advances paid. Post-dated cheques issued by the vendor were bounced when presented to the Bank. The Company had initiated legal proceedings against the vendor and its promoters. The management had, after considering the financial inability of the vendor, made a provision against said advances in previous year.

The transactions carried out by the Company are found to be done at the behest of a Group Company, which was funded by way of cash flow from two other Group Companies.

The Audit Committee of the Company is of the opinion that the complete circle of the transaction originated from a Group Entity and ended with the same Group Entity. The Committee felt that the transaction was a case of fraud instituted by the Group Entity in collusion with certain erstwhile Director of the Company and another Group Entity. The Company has referred the matter to Ministry of Corporate Affairs (MCA) to initiate investigation. Also, the Company has written to the said Group Entity and demanded that the said receivables of the Company should be transferred by way of an assignment back to the same Group Entity as a set-off against the loans payable to that Group Entity.

54. Exceptional item

Due to certain developments as detailed in note no. 31 (vii) the company has undertaken comprehensive review of the account balances of the assets and the liabilities during the previous year based on guidelines received from time to time from the promotor group management. Further, during the previous 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 had 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 in the previous year.

In the earlier years, the Company has given advances in the nature of promoter debt to an ultimate investee entity aggregating to Rs 46.11. During the year, due to certain developments that occurred in the said ultimate investee entity, the Company has made a provision for the same amount.

In the earlier years, erstwhile promoters of the Company had given Inter corporate deposits (ICDs), amounting to Rs 323.78 to various companies. Considering the uncertainty in recovering the ICDs in future, the Company has provided the ICDs during the year. During the year the Company had made provision for diminution in the carrying value of inventory to the extent of Rs. 14.39 in respect of terminated / foreclosed projects and based on the review the company had provided for/written off/adjusted for the balances under the contract assets(un billed revenue), trade receivables, investments, JV balances.

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	As at March 31, 2020	As at March 31, 2019
Write off on account of Arbitration awards - Contract assets and interest	-	474.31
Write off of contract assets on account of Termination/foreclosure of projects	-	59.87
Impairment provision for contract assets on account of Termination/foreclosure and modification in contractual terms of projects	1.48	432.41

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Impairment provision of investment in overseas subsidiary, JV Balance, Pass Through Certificates and Company's share of profit in JV	1.26	298.91
Write off of Intercompany deposits, loans, trade receivables and other advances	-	55.27
Impairment provision in value of Intercompany deposits, loans, trade receivables and other advances (Refer note 46 and 49 for current year)	382.32	265.62
Provision for the diminution in value of inventories	14.39	21.04
Write off of intangible asset (termination of mining rights)	-	32.99
	399.45	1,640.42

55. The SARS –CoV-2 virus responsible for Covid - 19 continues to spread across the globe and India, which has contributed to a significant decline in global and local economic activities. The extent to which the Covid 19 pandemic will impact the company's results will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid 19 pandemic and any action to contain its spread or mitigate its impact whether government – mandated or elected by the Company.
56. Deferred Tax: amounting to Rs. 242.99 as at March 31, 2020 (Rs. 242.99 Lakhs as at March 31, 2019), 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.
57. In terms of events occurring subsequent to March 31, 2019 in relation to revenue recognition, contract assets/advances/ investments write off adjustments on account of settlement of existing litigations/termination of contracts by the Customers have been considered as adjusting events. Hence the impact of the same has been given in the financial statements for the year ending March 31, 2019.
58. Figures for the previous year have been regrouped/reclassified to confirm to the figures of the current year.
59. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Place : Hyderabad

Date : September 03, 2020

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

INDEPENDENT REPORT

AUDITOR'S

To the Members of IL&FS Engineering and Construction Company Limited

Report on the Audit of Consolidated Ind AS Financial Statements

Qualified opinion

We have audited the accompanying consolidated Ind AS financial statements of IL & FS Engineering and Construction Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports on separate financial statements and the other financial information of the subsidiaries, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the following notes to the consolidated Ind AS financial statements:

Note 51 relating to non-recognition of interest expense of Rs. 289.51 Crores (March 31, 2019: Rs 144.99 Crores) for the year on the borrowings availed by the Company considering the process initiated for submission of a resolution proposal to lenders for restructuring of existing debt.

- i. Consequently, interest expense and loss for the year are understated by Rs. 289.51 Crores (March 31, 2019: Rs 144.99 Crores) approximately and
- ii. Retained earnings (accumulated loss) and Interest Payable is understated by Rs. 434.50 Crores (March 31, 2019: Rs 144.99 Crores) approximately

Note 55 relating to deferred tax asset amounting to Rs. 242.99 Crores 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, loss for the year and retained earnings (accumulated losses) are under stated by Rs. 242.99 Crores.

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 statements for the respective periods in the absence of the financial information of the said foreign subsidiary.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going Concern:

Attention is invited to Note 30 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 financial statements 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 statements:

- a. Note 31 (vii) 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 some of its subsidiaries (including the Company). The financial statements of the Company for the year 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 statements of the Company as a result of any such investigations.
- b. Note 47(a) and (b) regarding recoverability of trade receivables, retention money and contract assets (Project work in progress) from the terminated / foreclosed /disputed/inactive projects, aggregating to Rs 60.37 Crores, Rs 140.12 Crores and Rs 141.69 Crores respectively and Rs 377.00 Crores (net) in respect of a project for which arbitration award was received in favour of the Company. Based on its internal assessment, no adjustments have been made by the Company in the carrying value of the receivables / contract assets/ retention money.

- c. Note 8 and Note 9 which include carrying value of loans and advances and interest accrued on such loans to the ultimate investee entities aggregating to Rs. 101.20 Crores. Based on its internal assessment, no adjustments have been made by the Company in the carrying value of the loans and advances including interest accrued on such loans.
- d. Note 50 regarding non receipt of confirmation of balances for outstanding borrowings to the extent of Rs 193.24 Crores and for the carrying value of advances to and payable to vendors for supply of materials or services.

The ultimate outcome of the matters stated in para 'a' to 'd' above cannot presently be determined, pending approvals / acceptances / conclusion of legal proceedings / favourable settlement of claims / receivables / retention money / confirmations etc. for the reasons stated in the relevant notes to the accompanying consolidated Ind AS financial statements referred above. Accordingly, no adjustment has been made in the carrying value of the aforesaid assets.

- e. Note 53 regarding exceptional items aggregating to Rs. 399.45 Crores comprising written off / provisions made and other adjustments made during the year based on comprehensive review / assessment carried out by the management during the year.
- f. Note 49 regarding default in redemption of optionally convertible cumulative redeemable preference shares (OCCRPS) and dividend thereon. These OCCRPS were due for redemption as on September 30,2019 and the Company defaulted in repayment of preference shares and dividend thereon, Rs 37.50 Crores and Rs 15.79 Crores respectively.
- g. Note 52 regarding advance of Rs. 65 Crores given to one vendor for purchase of cement, during the previous year. The management of the Company felt that the transaction was a case of fraud instituted by the Group Entity in collusion with certain erstwhile Director/(s) of the Company and another Group Entity. The Company has referred the matter to Ministry of Corporate Affairs (MCA) to initiate investigation. Also, the Company has written to the said Group Entity and demanded that the said receivables of the Company should be transferred by way of an assignment back to the same Group Entity as a set-off against the loans payable to that Group Entity
- h. Note 54 which explains the uncertainty and the management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and conditions related to Covid 2019 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of the aforementioned matters.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Estimated Cost to complete the Project:	
Refer note 3 (c) to the consolidated financial statements	
The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard (IND AS)-115 – Revenue from contract with customers. Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis and the actual cost incurred and terms and condition related to the variation of the cost. 3. Obtained and relied on the internal assessments supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.
Trade receivables and Contract Assets	
Refer Note: 7 and 12 to the consolidated financial statements	
Trade receivables, retention money and contract assets amounting to Rs 219.88 Crores Rs. 506.26 Crores and Rs 733.69 Crores respectively, represents approximately 50.92 % of the total assets of the Company as at March 31, 2020. In assessing the recoverability of the aforesaid balances, management's judgement involves consideration of aging status, evaluation of litigations and the likelihood of collection based on the terms of the contract. Management estimation is required in the measurement of work completed during the period for recognition of unbilled revenue. We considered this as key audit matter due to the materiality of the amounts and significant estimates and judgements as stated above.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> • We understood and tested on a sample basis the design and operating effectiveness of management control over the recognition and the recoverability of the trade receivables and contract assets. • We performed test of details and tested relevant contracts, documents and subsequent settlements for material trade receivable balances and amounts included in contract assets that are due on performance of future obligations. • We tested the aging of trade receivables at year end. • We performed test of details and tested relevant contracts and documents with specific focus on measurement of work completed during the period for material unbilled revenue balances included in contract asset. • We performed additional procedures, in respect of material over-due trade receivables and long outstanding contract assets, i.e. tested historical payment records, correspondence with customers. • We assessed the allowance for impairment made by management.

Advances to Subcontractors and Suppliers	
Refer note 12 to the consolidated financial statements	
<p>The Company has recoverable advances (in cash or in kind) of Rs. 179.70 Crores.</p> <p>Management's assessment of recoverable amounts, in cash or in kind has been identified as key audit matter due to the significance of the balances as at March 31, 2020.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • We understood and tested on a sample basis the design and operating effectiveness of management control over disbursing the advance and the recoverability of the advances to vendors – for supply of goods and services. • We performed test of details and tested relevant contracts, documents and subsequent settlements for material balances outstanding for recovery either in cash or kind as at March 31, 2020. • We tested the aging of these advances as at the year end. • We assessed the allowance for provisioning made by management..
Provisions and Contingent Liabilities:	
Refer note 3 (q) to the consolidated financial statements	
<p>The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of Board and subcommittee, to confirm the operating effectiveness of these controls. 3. Review of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Consideration of recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures..

Information Other than the consolidated financial statements and Auditors' Report Thereon:

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report, Annual Report on CSR activities but does not include the standalone and consolidated financial statements and our auditor's reports there on.

Our opinion on the consolidated and standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

We have nothing to report in this regard.

Management's Responsibility for the consolidated financial statements:

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

The consolidated Ind AS financial statements also include group's share of net profit/ (loss) (including other Comprehensive Income) of Rs. 1.21 Crores for the year ended March 31, 2020, as considered in the Consolidated Ind AS financial statements, in respect of Maytas-NCC, NCC- Maytas- ZVS joint ventures, whose financial statements / financial information have not been audited by us. This financial statements / financial information has been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint ventures is based solely on the reports furnished by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a. Except for the matters stated in the "Basis for qualified opinion" paragraph hereinabove, we have obtained all the information and explanations which we had sought and to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Consolidated balance sheet, the Consolidated statement of profit and loss (including other comprehensive income), the Consolidated statement of changes in equity and the Consolidated statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.
 - e. The matter relating to going concern described under Material Uncertainty Related to Going Concern paragraph above, and the matters stated at paragraphs 5 to 11 under Emphasis of Matter paragraph above, in our opinion, may have an

adverse effect on the functioning of the Company.

- f. On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h. With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- i. With respect to the matter to be included in the Auditors' Report under section 197 (16), according to the information and explanations given to us, the company has not paid any remuneration to its directors during the current year except sitting fee paid to the non- executive / independent directors. The same is in accordance with the applicable provisions of the Companies Act, 2013.
- j. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements (Refer Note – 31 to the consolidated Ind AS financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

For M. Bhaskara Rao & Co.

Chartered Accountants
ICAI Firm Registration Number: 000459S

V K Muralidhar

Partner
Membership Number: 201570
UDIN: 20201570AAAAFV5522

Place : Hyderabad
Date : September 03, 2020

Annexure A to the Independent Auditors' Report on the consolidated Ind AS financial statements

Annexure A referred to in paragraph 1(h) of our Report of even date to the members of IL&FS Engineering and Construction Company Limited on the consolidated Ind AS financial statements

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated Ind AS financial statement of IL&FS Engineering and Construction Company Limited ('the Company') as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited ('hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiaries companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary company, which are incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls,. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Holding Company's and its subsidiary internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company's internal financial controls over financial reporting as at 31 March 2020 relating to certain operating effectiveness in some of controls in respect of assessment of deferred tax asset, interest recognition and procurement of materials.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives

of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company for the year ended March 31, 2020 and these material weaknesses have affected our opinion on the said consolidated Ind AS financial statements of the Company.

For M. Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm Registration Number: 000459S

V K Muralidhar

Partner

Membership Number: 201570

UDIN: 20201570AAAAFV5522

Place : Hyderabad

Date : September 03, 2020

Consolidated Balance sheet as at March 31, 2020

(All amounts in Rs. Crore except for share data or as otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	88.22	119.21
Right-of-use-assets	42	0.94	
Capital work-in-progress	4		1.00
Intangible assets	5	0.01	0.60
Financial assets			
Investments	6	37.28	59.58
Trade receivables	7	13.49	100.84
Loans	8	26.51	472.38
Other financial assets	9	281.52	283.97
Deferred tax assets, net	13	242.99	242.99
Income tax assets, net	13	80.41	90.22
Other non-current assets	12	725.51	438.96
		1,496.87	1,809.75
Current assets			
Inventories	11	52.22	89.79
Financial assets			
Trade receivables	7	206.39	155.25
Cash and cash equivalents	10	66.96	15.52
Bank balances other than cash and cash equivalents	10	193.84	13.84
Loans	8	11.07	12.07
Other financial assets	9	15.16	88.74
Current tax assets, net	13	31.17	33.57
Other current assets	12	794.46	1,101.24
		1,371.27	1,510.01
		2,868.15	3,319.76
Total assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	131.12	131.12
Other equity	15	(2,442.69)	(1,969.04)
		(2,311.57)	(1,837.92)
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	42	0.29	
Long-term borrowings	16	-	668.10
Trade payables	18	207.07	165.24
Other financial liabilities	19	55.43	181.84
Provisions	20	39.54	59.75
Other non-current liabilities	21	-	3.62
		302.33	1,078.55
Current liabilities			
Financial liabilities			
Lease liability	42	0.57	
Short-term borrowings	17	656.69	670.76
Trade payables	18	767.80	765.21
Other financial liabilities	19	3,093.60	2,296.83
Provisions	20	73.74	64.97
Other current liabilities	21	284.98	281.36
		4,877.38	4,079.13
		2,868.15	3,319.76
Total equity and liabilities			

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Place : Hyderabad

Date : September 03, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in Rs. Crore except for share data or as otherwise stated)

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Income			
Revenue from operations	22	562.39	1,239.14
Other income	23	45.50	22.08
Total revenue		607.89	1,261.22
Expenses			
Cost of materials consumed	24	141.79	437.78
Employee benefits expenses	25	66.81	142.84
Subcontract expense		243.51	492.82
Finance costs	26	26.11	290.18
Depreciation and amortization expense	27	32.19	36.75
Other expenses	28	104.30	253.78
Total expenses		614.71	1,654.15
Profit/(Loss) Before Exceptional Items and Tax		(6.81)	(392.93)
Exceptional Items (Net)	53	399.45	1,640.42
Profit/(Loss) before tax (I-II)		(406.26)	(2,033.35)
Tax expense	13		
Current tax		-	-
Deferred tax		-	10.44
Total tax expense		-	10.44
Loss for the year before share of profits of joint ventures (net) and non-controlling interest		(406.26)	(2,043.79)
Share of profit in joint ventures accounted for using the equity method		1.21	1.01
Share of profit of equity accounted investees (net of income tax)		1.21	1.01
Loss for the year		(405.05)	(2,042.78)
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurements of the net defined benefit liability/asset		-	1.14
Other comprehensive income, net of tax		-	1.14
Profit/(loss) attributable to:			
Owners of the Company		(405.05)	(2,042.78)
Non controlling interests		-	-
Profit/(loss) for the year		(405.05)	(2,042.78)
Other comprehensive income attributable to:			
Owners of the Company		-	1.14
Non controlling interests		-	-
Other comprehensive income for the year		-	1.14
Total comprehensive income attributable to:			
Owners of the Company		(405.05)	(2,041.64)
Non controlling interests		-	-
Total comprehensive income for the year		(405.05)	(2,041.64)
Earnings per equity share [Nominal value of share Rs. 10 (March 31, 2019 : Rs. 10)]	29		
Basic and diluted		(30.89)	(155.79)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Place : Hyderabad
Date : September 03, 2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
A. Cash flow from operating activities		
Loss before tax	(406.26)	(2,033.35)
Adjustment: Non cash adjustments to reconcile loss before tax to net cash flows		
Company's share of profit from integrated joint ventures	(1.21)	(1.01)
Liabilities no longer required written back	(4.18)	(1.52)
(Reversal) / provision for estimated future loss on projects	(11.29)	54.18
(Profit)/ loss on sale/discard/write off of fixed assets (net)	-	0.67
(Reversal) / provision for retirement benefits	-	3.17
Depreciation and amortization expense	31.81	36.75
Stocks written-off	14.39	21.04
Expected credit loss provisions on trade receivable and contract assets	29.50	6.31
Impairment provision/write off of contract assets balances	-	998.63
Impairment provision/write off of Intangible assets	-	32.99
Impairment provision of Inter Corporate Assets	323.78	20.00
Loans and Other assets provision/ written off	58.54	271.63
Other Assets written off	-	296.13
Interest income from financial assets carried at amortised cost	(0.07)	(2.57)
Interest expense from financial liabilities carried at amortised cost	3.16	-
Interest expense	26.11	290.18
Interest income	(36.21)	(9.82)
Operating profit before working capital changes	28.06	(16.59)
Movement in working capital adjustments		
(Increase) / decrease in inventories	23.19	105.92
(Increase) / decrease in trade receivables	4.86	5.04
(Increase) / decrease in loans	(4.04)	252.11
(Increase) / decrease in other financial assets	76.10	180.27
(Increase) / decrease in other non financial assets	20.22	168.16
Increase / (decrease) in provision	(0.15)	54.36
Increase / (decrease) in trade payables	48.28	(496.04)
Increase / (decrease) in other financial liabilities	7.43	(10.04)
Increase / (decrease) in other liabilities	0.00	5.46
Cash generated (used in) / from operating activities	203.97	248.65
Income tax (paid) / refunded (net)	12.21	(19.82)
Net cash (used in) / from operating activities (A)	216.17	228.83
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	1.00	(12.14)
Proceeds from sale of fixed assets	-	1.95
Share of profit in the joint ventures received	1.21	1.01
Proceeds from JV	25.35	
Refund of advances from subsidiaries	-	(25.67)
(Deposit) / proceeds from bank deposits (having original maturity of more than three months)	(180.00)	0.72
Interest received	36.21	12.39
Net cash (used in) / flow from investing activities (B)	(116.23)	(21.75)

Consolidated Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
C. Cash flow from financing activities		
Proceeds/Repayment from long-term borrowings (net)	(8.32)	265.02
Proceeds/Repayment from short-term borrowings (net)	(14.07)	(216.35)
Interest paid/BG commission	(26.11)	(254.75)
Net cash flow from / (used in) financing activities (C)	(48.50)	(206.08)
Net increase / (decrease) in cash and cash equivalents (A + B + C + D)	51.44	1.00
Cash and cash equivalents at the beginning of the year	15.52	14.52
Cash and cash equivalents at the end of the year (Refer below for break-up)	66.96	15.52
Components of Cash and cash equivalents		
	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand	0.11	0.13
With banks - on current accounts	66.85	15.39
Deposits with original maturity for less than 3 months	-	-
Total Cash and cash equivalents (as per Ind AS 7)	66.96	15.52

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Place : Hyderabad

Date : September 03, 2020

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Statement of changes in equity for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

A. Equity share capital	Notes	Number of shares	Amount
Balance as at March 31, 2018		13,11,21,078	131.12
Changes in equity share capital during 2018-19	14	-	-
Balance as at March 31, 2019		13,11,21,078	131.12
Changes in equity share capital during 2019-20	14	-	-
Balance as at March 31, 2020		13,11,21,078	131.12

B. Other equity

	Reserves and Surplus		Items of Other Comprehensive Income (OCI)		Non-controlling interest	Total
	Securities premium account	Retained earnings	Foreign currency translation reserve	Other items of OCI		
Balance as at March 31, 2018	282.28	(461.30)	15.28	1.28	(107.79)	(270.25)
Loss for the year	-	(2,042.78)	-	-	-	(2,042.78)
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	-	1.14	-	1.14
Other Adjustments	-	-	-	-	-	342.85
Balance as at March 31, 2019	282.28	(2,504.08)	15.28	2.42	(107.79)	(1,969.04)
Profit/(loss) for the year	-	(405.05)	-	-	-	(405.05)
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	(68.59)
Balance as at March 31, 2020	282.28	(2,909.13)	15.28	2.42	(107.79)	(2,442.68)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

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Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

1. Corporate information:

IL&FS Engineering and Construction Company Limited ("IECC" or "the Company") is a public company domiciled in India. The Company along with its subsidiaries (collectively termed as "the Group") and its associate and jointly controlled entities (collectively termed as "the Consolidated entities") is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants, power transmission & distribution lines including rural electrification and development of ports. The equity shares of the Company are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

2. Basis for preparation of financial statements:

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Company's Board of Directors at its meeting held on September 03, 2020.

Details of the Group's Accounting policies are included in Note 3..

B. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest crores, unless otherwise indicated.

C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation

uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note 35 - measurement of defined benefit obligations: key actuarial assumptions
- Notes 13, 20 and 31 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4 - useful life and depreciation of property, plant and equipment;
- Note 5 - useful life and amortisation of intangible assets; and
- Note 6 to 9 - impairment of financial assets.
- Note 3(c), 22, 34, and 12 - Revenue recognition, cost to complete, profit margin
- Note 42 - Leases - Estimating the incremental borrowing rate

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 11,12 and 22 - The Group uses the percentage-of-completion method (POCM) in accounting for its long term construction contracts. Use of POCM requires the Group to estimate the contract revenue and total cost to complete a contract. Changes in the factors underlying the estimation of the contract revenue and total contract cost could affect the amount of revenue recognized.
- Note 13 - Deferred tax assets are recognized for unused unabsorbed depreciation to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- Note 7, 8, 9, 11 and 12 - Determining the amount of expected credit loss on financial assets (including trade receivables, loans and unbilled revenue).
- Note 3(a) - Identification of whether the Group has significant control over Trust where the Trust is managed Independently by a third party.
- Note 33 - Identification of reportable operating segments.
- Note 42 - Leases - Estimating the incremental borrowing rate.

E. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- In the principal market for the asset or liability or
- In the absence of a principal market, in most advantageous market for the asset or liability.

The Principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financials statement are categories within in the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External values are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in the measuring fair values is included in the following notes: Note 45 - financial instruments.

3. Significant accounting policies

(a) Basis of consolidation:

i. Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii. Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

v. Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

- vi. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended March 31, 2020.
- vii. The consolidated financial statements for the year ended March 31, 2020 have been prepared on the basis of the financial statements of the following subsidiaries, associate and joint venture:

Name of the consolidated entities	Country of Incorporation	% of Interest as at	
		March 31, 2020	March 31, 2019
Subsidiaries			
Maytas Infra Assets Limited	India	100%	100%
Maytas Metro Limited	India	100%	100%
Maytas Vashista Varadhi Limited	India	100%	100%
Angeerasa Greenfields Private limited	India	100%	100%
Saptaswara Agro-Farms Private Limited	India	100%	100%
Ekadanta Greenfields Private Limited	India	100%	100%
Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA) (Note 2)	Saudi Arabia	55%	55%
Joint Ventures (AOPs)			
NCC-Maytas (JV)	India	50%	50%
NEC-NCC-Maytas(JV)	India	25%	25%
Maytas-NCC (JV)	India	50%	50%
NCC-Maytas (JV) (Singapore Class Township)	India	50%	50%
Maytas-CTR (JV)	India	70%	70%
NCC-Maytas-ZVS (JV)	India	40%	40%
Associate			
Hill County Properties Limited (Refer note I)	India	31%	31%

Note I:

During the year 2010-11, the Company had invested Rs. 0.10 in equity shares of Hill County Properties Limited (HCPL) constituting 40% of the post issue paid up share capital of HCPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS Group (consisting of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and the Company) to be the new promoters of HCPL. During the earlier year, the Company had sold Rs. 0.02 in equity shares (2,250 Equity Shares of Rs. 100 each) of HCPL constituting 9% of the paid up share capital of HCPL to Infrastructure Leasing and Financial Services Limited. HCPL was under the direct supervision of the Company Law Board (CLB), represented by a nominee director and hence was operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. Hence, the investment in HCPL was accounted in accordance with Ind AS 27 "Separate Financial Statements" instead of applying equity method in accounting for investments. During the earlier year, the term of the CLB nominee director had expired and

HCPL ceased to operate under severe long-term restrictions. However, such acquisition of shares does not form part of a strategy to acquire and retain long term assets / investments. Hence the investment in HCPL is continued to be accounted in accordance with Ind AS 27 "Separate Financial Statements". Further, if the Group had accounted the investment in HCPL under equity method of accounting, the impact would not be have been material on the consolidated financial statements.

Note I:

The Group has not consolidated one subsidiary "Maytas Infra Saudi Arabia Company" in current as the said subsidiary has ceased its operations for a period in excess of three years.

(b) Current and non-current classification:

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting year; or
- It is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Accordingly, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(c) Revenue recognition: -

Revenue from construction contracts

Contract Revenue is recognised under 'percentage-of-completion method'. Use of the 'percentage-of-completion method' requires the Group to measure the efforts or costs expended to date to the satisfaction

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

of a performance obligation as a proportion of the total expected efforts or costs to be expended to the satisfaction of that performance obligation over the time. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Further, the Group uses significant judgements while determining the transaction price allocated to performance obligation using the expected cost plus margin approach.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and are capable of being reliably measured.

Revenue from design and consultancy services

Revenue from the design and consultancy services is recognized as and when services are rendered in accordance with the terms of the agreement with the customers.

Revenue from hire charges -

Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers.

Interest

Interest income is accrued on a time basis, by reference to the principal amount using the effective interest rate applicable.

Dividend

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

(d) Property, plant and equipment:

- (i) Property, plant, and equipment and capital work in progress are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on

their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

- (iv) Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.
- (v) The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.
- (vi) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- (vii) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower.
- (viii) Gains or losses arising from derecognition of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (ix) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (x) Capital work in progress includes the cost of property, plant and equipments that are not ready for their intended use at the balance sheet date.

Depreciation on property, plant and equipment

- (i) Depreciation on property, plant and equipment other than those mentioned in S.no.(ii) below, is calculated on straight-line basis using the rates arrived at, based on useful lives estimated by the management which coincides with rates prescribed under Schedule II of the Companies Act, 2013.
- (ii) Depreciation on the following property, plant and equipment is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management, which are different from the general rates prescribed under Schedule II of the Companies, Act 2013:

Category of asset	Estimated useful life
Plant and Machinery	
- construction equipment consisting of shuttering / scaffolding material and equipment given on hire	6 years
- shuttering/scaffolding material at project sites	6 years

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Temporary erections – site offices	over the expected life of the respective project
Leasehold improvements	over the period of lease or useful life whichever is lower
Site infrastructure	6 years
Tools and implements	Fully in the year of purchase

- (iii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase.
- (iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Intangible assets:

Software - Computer software license cost is expensed in the year of purchase as there is no expected future economic benefit, except for enterprise wide/project based software license cost which is amortized over the period of license or six years, whichever is lower.

(f) Investments:

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories:

- (i) Project materials at site are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

(h) Retirement and other employee benefits:

Short-term employee benefits -

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses

in the period in which the employee renders the related service at the undiscounted amount of benefits expected to be paid.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences -

Compensated absences is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the balance sheet date, carried out by a qualified independent actuary. Actuarial gains and losses arising during the year are immediately recognised in the statement of profit and loss. Remeasurements of defined benefit plans in respect

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

of post employment are charged to other comprehensive income.

(i) Segment reporting:

Identification of segments

The Group operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepare its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

(j) Income taxes:

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current tax:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is

realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(k) Foreign currency transactions and translations:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(l) Leases:

Policy applicable before April 01, 2019

Where the Group is a Lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance costs in the Statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Where the Group is a Lessor

Assets under operating leases are included in property, plant and equipment. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Policy applicable after April 01, 2019

Effective April 01, 2018, the Company has adopted Ind AS 116, Leases with modified retrospective approach. The application of Ind AS 116 does not have any significant impact on the retained earnings as at April 1, 2019 and financial statement of the Company.

Where the Group is a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following

Fixed payments, including in-substance Fixed payment

Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

Amounts expected to be payable under a residual value guarantee; and

The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under

a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value asset

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are charged in the year they occur.

(n) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results are anti dilutive.

(o) Impairment:

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost is creditimpaired. A financial asset is 'creditimpaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is creditimpaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the writeoff. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

(ii) Non-financial assets -

The Group non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Financial instruments -

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit & Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Group does not have investment in any debt securities classified as FVTOCI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest -

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the

prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Group

Subsequent measurement and gains and losses for financial assets held by the Group	
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.
Financial assets at FVTOCI	These assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in the OCI
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised on its balance

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains or losses (including impairment gains or losses) or interest.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(q) Provisions and contingent liabilities:

i. General

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities -

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(r) Cash Flow Statement: -

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

(s) Cash and cash equivalents: -

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of three months or less.

(t) Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

4. Property, Plant and Equipment

	Land	Buildings	Temporary erections - site offices	Leasehold improvements	Plant, and machinery - construction equipment*	Office equipment	Tools and implements	Data processing equipments	Furniture and fixtures	Vehicles	Total - tangible assets	Capital work-in-progress
Cost or deemed cost (gross carrying amount)												
Balance as at March 31, 2018	4.78	0.01	45.40	0.03	157.68	2.01	2.76	2.42	2.52	4.06	221.67	2.98
Additions	-	-	0.49	-	14.50	0.02	0.06	0.03	0.06	-	15.15	-
Disposals/adjustment	-	-	-	-	(1.89)	-	-	-	-	(1.17)	(3.06)	(1.98)
Balance as at March 31, 2019	4.78	0.01	45.89	0.03	170.29	2.03	2.82	2.45	2.58	2.89	233.76	1.00
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	(1.00)
Balance as at March 31, 2020	4.78	0.01	45.89	0.03	170.29	2.03	2.82	2.45	2.58	2.89	233.76	-
Accumulated depreciation												
Balance as at March 31, 2018	-	-	26.84	-	45.42	1.24	2.76	1.28	1.05	0.79	79.38	-
Charge for the year	-	-	9.48	-	24.20	0.60	0.01	0.35	0.31	0.66	35.61	-
Disposals during the year	-	-	-	-	(0.32)	-	-	-	-	(0.12)	(0.44)	-
Balance as at March 31, 2019	-	-	36.32	-	69.30	1.84	2.77	1.63	1.36	1.33	114.55	-
Charge for the year	-	-	6.69	-	23.10	0.50	-	0.30	0.25	0.39	31.22	-
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	(0.23)	-	-	-	-	-	-	-	(0.23)	-
Balance as at March 31, 2020	-	-	42.78	-	92.40	2.34	2.77	1.93	1.61	1.72	145.54	-
Carrying amounts (net)												
As at March 31, 2019	4.78	0.01	9.57	0.03	100.99	0.19	0.05	0.82	1.22	1.56	119.21	1.00
As at March 31, 2020	4.78	0.01	3.11	0.03	77.89	(0.31)	0.05	0.52	0.97	1.17	88.22	-

*Plant and machinery - construction equipment:

- Plant and machinery - construction equipment includes shuttering and scaffolding material [Rs. 55.39 (March 31, 2019 ; Rs. 55.39)].
Net block value of this shuttering and scaffolding material is Rs.10.91 (March 31, 2019; Rs. 22.09).

Also refer to note 16, 17 and 42

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(All amounts in Rs Crore except for share data or as otherwise stated)

5. Intangible assets

	Mining rights	Computer software	Total intangible assets
Cost or deemed cost (gross carrying amount)			
As at March 31, 2018	41.89	1.19	43.08
Additions	-	-	-
Disposals (Note 53)	35.79	-	35.79
As at March 31, 2019	6.10	1.19	7.29
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	6.10	1.19	7.29
Accumulated amortization			
As at March 31, 2018	4.00	1.09	5.09
Charge for the year	1.53	0.07	1.60
Disposal during the year	-	-	-
As at March 31, 2019	5.53	1.16	6.69
Charge for the year	0.57	0.02	0.59
Disposal during the year	-	-	-
As at March 31, 2020	6.10	1.18	7.28
Carrying amounts (net)			
At March 31, 2019	0.57	0.03	0.60
At March 31, 2020	-	0.01	0.01

6. Non-current investments

	As at March 31, 2020	As at March 31, 2019
A. At cost less provision other than temporary impairment (Unquoted investments)		
(i) Investment in subsidiaries - equity shares (fully paid-up)		
7,750 (March 31, 2019: 7,750) of Rs. 100 each in Hill County Properties Limited (at cost less provision for other than temporary diminution in value Rs. 0.08 (March 31, 2019 : 0.08))	-	-
(ii) Investment in association of persons#		
Maytas NCC JV	12.98	38.39
NCC – Maytas (JV) Pocharam	-	-
Maytas – CTR (JV)	-	-
NCC – Maytas – ZVS (JV)	0.31	0.33
B. At amortised cost (Unquoted investments)		
Investment in other entities		
(a) In preference shares (fully paid-up)		
4,550,000 (March 31, 2019) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2019: 4.55))	-	-
2,441,850 (March 31, 2019) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Private Limited*	12.75	11.13
(b) In debentures (fully paid-up)		
25,370,630 (March 31, 2019) 0.001% Non-convertible debentures of Rs. 10 each in Bangalore Elevated Tollway Private Limited**	11.25	9.72
C. At fair value through profit and loss (Unquoted investments)		
Investment in other entities		
(a) In equity shares (fully paid-up)		
4,000,000 (March 31, 2019) of Rs.10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2019: 4.00))	-	-
2,600 (March 31, 2019) of Rs. 10 each in Gulbarga Airport Developers Private Limited	-	-
2,600 (March 31, 2019) of Rs. 10 each in Shimoga Airport Developers Private Limited	-	-
(b) In Pass Through Certificates (refer note 45 and 53)		
2,596,675.29 (March 31, 2019: 2,596,675.29) of Rs. 1,000 each in Maytas Investment Trust* (at cost less provision for other than temporary diminution in value Rs. 259.67 (March 31, 2019: Rs. 259.67))	-	-
	37.28	59.58

Aggregate amount of provision for diminution in value of investments is Rs. 270.40 (March 31, 2019: Rs. 269.14)

Includes Company's share of profit in such entities

*Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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7. Trade receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good*	219.88	256.09
Doubtful	177.74	153.96
	397.63	410.05
Less: Allowance		
For Expected credit loss and for doubtful debts	(177.74)	(153.96)
Net trade receivables	219.88	256.09
Non current trade receivables	13.49	100.84
Current trade receivables	206.39	155.25

The Group's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 45.

* Includes receivables from related parties (Refer note 37).

8. Loans

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Deposits (others)#				
Unsecured, considered good	7.50	11.07	12.01	12.07
Considered doubtful	5.56	-	0.23	-
	13.06	11.07	12.24	12.07
Provision for doubtful deposits (others)	(5.56)	-	(0.23)	-
	7.50	11.07	12.01	12.07
Loans to related parties (Refer note 37)				
Unsecured, considered good	0.15	-	0.15	-
Considered doubtful	192.94	-	192.94	-
	193.09	-	193.10	-
Provision for doubtful advances	(192.94)	-	(192.94)	-
	0.15	-	0.15	-
Loan to other companies				
Secured, considered good	-	-	52.18	-
Unsecured, considered good	68.97	-	65.78	-
Considered doubtful	45.23	-	-	-
Inter-corporate deposits* (Refer note 48 and 53)				
Unsecured, considered good	-	-	342.26	-
Considered doubtful	342.26	-	-	-
	456.46	-	460.22	-
Provision for doubtful advances	(437.60)	-	-	-
	18.86	-	460.22	-
Total	26.51	11.07	472.38	12.07

#Security deposit (current) for the year includes Rs. 11.63 (March 31, 2019: 11.63) of short-term deposits placed with related parties (Refer note 37).

9. Financial assets - other financial assets

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Interest accrued on deposits and others				
Considered good	242.77	6.26	239.68	62.10
Considered doubtful	55.99	-	45.24	-
	298.76	6.26	284.92	62.10
Provision for doubtful interest accrued	(55.99)	-	(45.24)	-
	242.77	6.26	239.68	62.10
Claim for performance bank guarantee				
Considered good	13.05	-	29.18	-
Considered doubtful	21.12	-	21.12	-
	34.17	-	50.30	-
Provision for doubtful bank guarantee	(21.12)	-	(21.12)	-
	13.05	-	29.18	-
Other receivables				
Considered good	14.55	8.90	4.66	26.64

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Considered doubtful	4.32	-	1.98	-
	18.87	8.90	6.64	26.64
Provision for doubtful other receivables	(4.32)	-	(1.98)	-
	14.55	8.90	4.66	26.64
Non-current bank balances (Refer note 10)	11.16	-	10.45	-
Total	281.52	15.16	283.97	88.74

10. Cash and bank balances

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Cash and cash equivalents				
Cash on hand	-	0.11	-	0.13
Balances with banks:				
On current accounts	-	66.85	-	15.39
	-	66.96	-	15.52
Other bank balances				
Deposits account due to mature of more than 12 months of reporting date *	0.78	180.00	1.16	-
Margin money deposits **	10.38	13.84	9.29	13.84
	11.16	193.84	10.45	13.84
Amount disclosed under non-current financial assets (Refer note 9)	(11.16)	-	(10.45)	-
Total	-	260.80	-	29.36

* Deposits under lien

** Lodged with authorities

11. Inventories (Refer note 3(g) for mode of valuation of inventories)

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Project materials	-	52.22	-	89.79
Total	-	52.22	-	89.79

12. Other assets

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Capital advances				
Unsecured, considered good	0.31	-	-	-
Advances to vendor (other than capital advances) and prepaid expense				
Unsecured, considered good	71.91	107.79	77.32	76.29
Considered doubtful	81.85	-	73.13	-
	153.76	107.79	150.45	76.29
Provision for doubtful advances	(81.85)	-	(73.13)	-
	71.91	107.79	77.32	76.29
Balances with statutory/government authorities	36.96	63.05	-	71.93
Contract assets				
Retention money (Refer note 34 and 47)				
Considered good	388.33	117.93	356.95	143.37
Considered - Doubtful	44.32	-	44.32	-
	432.65	117.93	401.27	143.37
Provision for doubtful	(44.32)	-	(44.32)	-
	388.33	117.93	356.95	143.37
Project work-in-progress (Refer note 34, 47 and 53)				
Considered good	228.00	505.69	4.69	809.64
Considered - Doubtful	432.41	-	432.41	-
	660.41	505.69	437.10	809.64
Provision for doubtful	(432.41)	-	(432.41)	-
	228.00	505.69	4.69	809.64
Non current inventories (refer note 11)	-	-	-	-
Total	725.51	794.46	438.96	1,101.24

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

13. Income tax

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax assets / (liabilities), net as at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unabsorbed depreciation	109.86	109.86	-	-	109.86	109.86
Provision for doubtful debts, financial and other assets	90.09	90.09	-	-	90.09	90.09
Property, plant and equipment	5.16	5.16	-	-	5.16	5.16
Provisions for future losses and liquidated damages	29.28	29.28	-	-	29.28	29.28
Other items	8.60	8.60	-	-	8.60	8.60
Total	242.99	242.99	-	-	242.99	242.99

(b) Movement in temporary differences

	As at April 1, 2018	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2019
Unabsorbed depreciation	132.18	(22.32)	-	-	-	109.86
Provision for doubtful debts, financial and other assets	103.52	(13.43)	-	-	-	90.09
Property, plant and equipment	(10.03)	15.19	-	-	-	5.16
Provisions for future losses and liquidated damages	19.16	10.12	-	-	-	29.28
Other items	8.60	-	-	-	-	8.60
Total	253.43	(10.44)	-	-	-	242.99

	As at April 1, 2019	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at March 31, 2020
Unabsorbed depreciation	109.86	-	-	-	-	109.86
Provision for doubtful debts, financial and other assets	90.09	-	-	-	-	90.09
Property, plant and equipment	5.16	-	-	-	-	5.16
Provisions for future losses and liquidated damages	29.28	-	-	-	-	29.28
Other items	8.60	-	-	-	-	8.60
Total	242.99	-	-	-	-	242.99

(c) The following table provides the details of income tax assets and income tax liabilities as of March 31, 2019 and March 31, 2020

	As at March 31, 2020	As at March 31, 2019
Income tax assets (net) - current	31.17	33.57
Income tax assets (net) - non-current	80.41	90.22
Current tax liabilities (net)	-	-
Net income tax asset / (liability) at the end of the year	111.58	123.79

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2020 and March 31, 2019 is as follows:

	For the year ended	
	March 31, 2020	March 31, 2019
Net income tax asset / (liability) at the beginning of the year	123.79	104.65
Income tax paid (net of refund)	(12.21)	19.14
Current income tax expense	-	-
Income tax on other comprehensive income and others	-	-
Net income tax asset / (liability) at the end of the year	111.58	123.79

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
(d) Amounts recognised in Statement of profit and loss		
Current tax	-	-
Deferred tax	-	-
Attributable to origination and temporary differences	-	10.44
Tax expense for the year	-	10.44
	For the year ended	
	March 31, 2020	March 31, 2019
(e) Reconciliation of effective tax rate		
Profit / (loss) before tax	(406.26)	(2,033.35)
Tax using the Company's domestic rate (March 31, 2020 : 25.63%, March 31, 2019: 25.75%)	(104.61)	(523.59)
Tax effect of:		
Non-deductible expenses	-	11.88
Gain of foreign entities not chargeable to tax as per the local laws of foreign entity	-	0.31
Current year losses for which no deferred tax assets is recognised	(104.61)	(526.65)
Losses of foreign entities on which tax credit not eligible		10.44
Other items		(7.69)
	(104.61)	(523.59)

14. Share capital

Authorized shares	As at March 31, 2020	As at March 31, 2019
350,000,000 (March 31, 2019 : 350,000,000) equity shares of Rs. 10 each	350.00	350.00
35,000,000 (March 31, 2019 : 35,000,000) preference shares of Rs. 100 each	350.00	350.00
Issued, subscribed and paid up		
131,121,078 (March 31, 2019 : 131,121,078) equity shares of Rs. 10 each fully paid-up	131.12	131.12
Total	131.12	131.12

All issued shares are fully paid up

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	13,11,21,078	131.12	13,11,21,078	131.12
Issued during the year	-	-	-	-
At the end of the year	13,11,21,078	131.12	13,11,21,078	131.12

225,000 (March 31, 2019 : 225,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up total face value of Rs. 2.25 (March 31, 2019 : Rs. 2.25) are classified as financial liability (Refer note 16)

3,750,000 (March 31, 2019 : 3,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up total face value of Rs. 37.50 (March 31, 2019 : Rs. 37.50) are classified as financial liability (Refer note 16)

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders.

(c) Restrictions attached to equity shares

(i) As at March 31, 2020, 9,962,407 (March 31, 2019: 9,962,407) equity shares held by the Promoters of the Company are under lock-in in terms of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The details of equity shares of the Company which are locked-in is given below:

- Lock-in created on April 8, 2015 for 9,795,846 equity shares upto April 29, 2018;
- Lock-in created on October 05, 2015 for 8,900,000 equity shares upto October 10, 2018; and
- Lock-in created on April 13, 2017 for 9,962,407 equity shares upto April 12, 2020

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's shareholding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated September 30, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company.

(d) Terms of preference shares

For rights, preferences and restrictions attached to 6% Cumulative Redeemable Preference Shares (CRPS) and 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 100 each, classified as financial liability (refer note 16).

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The Company declares and pays dividends in Indian Rupees. The holder of preference shares are entitled to one vote per share only on resolutions placed before the Company which directly affect their rights attached to the preference shares. In the event of liquidation of the Company during the existence of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

- (e) There were no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

(f) List of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
SBG Projects Investments Limited	3,65,38,477	27.87%	3,65,38,477	27.87%
IL&FS Financial Services Limited	2,79,14,641	21.29%	2,79,14,641	21.29%
Infrastructure Leasing and Financial Services Limited	2,74,86,243	20.96%	2,74,86,243	20.96%

6% Cumulative redeemable preference shares (CRPS) of Rs. 100 each, fully paid

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vistra ITCL (India) Ltd. (c/o Maytas Investment Trust)	2,25,000	100.00%	2,25,000	100.00%

6% Optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 10 each, fully paid

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vistra ITCL (India) Ltd. (c/o Maytas Investment Trust)	37,50,000	100.00%	37,50,000	100.00%

As per the records of the Company, including its register of shareholders / members, the above shareholding represents legal ownership of the shares.

15. Other equity

	As at March 31, 2020	As at March 31, 2019
Securities premium account		
Balance at the commencement of the year	282.28	282.28
Add: Premium on issue of equity shares	-	-
Closing balance (A)	282.28	282.28
Deficit in the statement of profit and loss		
Balance at the commencement of the year	(2,504.08)	(461.30)
Profit/(Loss) from the Statement of profit and loss	(405.05)	(2,042.78)
Consolidation adjustments	(68.59)	-
Net deficit in the statement of profit and loss (B)	(2,977.72)	(2,504.08)
Other comprehensive income		
Balance at the commencement of the year	2.42	1.28
Remeasurement of the net defined benefit liability / assets, net of tax effect	-	1.14
Balance at the end of the year	2.42	2.42

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Foreign currency translation reserve		
Balance at the commencement of the year	15.28	15.28
Add: Foreign currency translation reserve for the current year	-	-
Balance at the end of the year	15.28	15.28
Closing balance (C)	17.70	17.70
Non-controlling interest		
Equity held by others		
Balance at the commencement of the year	(107.79)	(107.79)
Share of other comprehensive income attributable to non-controlling interest holders	-	-
Share of loss attributable to non-controlling interest holders	-	-
Closing balance (D)	(107.79)	(107.79)
Other Adjustments*	342.85	342.85
Total closing balance (A+B+C+D)	(2,442.69)	(1,969.04)

*Rs.154.81 being the adjustment relating to write off of balances payable by the subsidiary companies to Holding company. The said amounts were adjusted in the standalone financial statements of Holding Company and Rs.188.04 being impact of non-consolidation of Maytas Infra Saudi Arabia and the related adjustments arising therefrom.

Nature and rpose of other reserves

Securities premium account

- Foreign currency translation reserve is used to recognise the impact of restatement of assets and liabilities of non-integral operations of the Group.
- Securities premium is used to record the premium received on issue of shares. Premium received is utilised in accordance with the provisions of the Companies Act, 2013.

16. Long-term borrowings

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Term loans (secured) (At amortised cost)				
From banks				
Indian rupee term loans	-	78.99	-	83.81
From others (At amortised cost)				
From related party (secured) (Refer note 37)	-	880.32	212.58	667.75
From related party (unsecured) (Refer note 37)	-	1,015.75	454.75	561.00
From other parties (unsecured)	-	-	-	-
Vehicle loans	-	0.16	0.09	0.89
Finance lease obligation	-	-	0.67	-
Unsecured (At amortised cost)				
6% Cumulative redeemable preference shares (Refer note 49)	-	2.25	-	2.25
6% Optionally convertible cumulative redeemable preference shares (Refer note 49)	-	37.50	-	37.50
Total	-	2,014.97	668.09	1,353.20

- The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10.
- Indian rupee Term loans from banks to the extent of Rs. 38.81 (March 31, 2019: Rs. 38.43) carries an interest @ 11% p.a. The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others.

Further, Indian rupee term loans to an extent of Rs. 45.08 (March 31, 2019: Rs. 45.37) carry an interest rate of : 9.85 % to 10.50 % p.a. (March 31, 2019 : 9.85 % to 10.50 % p.a.). These loans are repayable in 4 years as per the schedule given below:

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Particulars	%	Due dates
FY 2016-17	15	September 30, 2016, December 31 2016 and March 31, 2017
FY 2017-18	35	Quarterly instalments due on June 30, September 30, December 31 and March 31 every year.
FY 2018-19	40	
FY 2019-20	10	

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally covered by letter of comfort/undertaking support from Infrastructure Leasing and Financial Services Limited. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above term loans.

- (c) Vehicle loans from Non-Banking Financial Companies carry interest @ 13.50% to 16.48% p.a. (March 31, 2019 : 13.50% to 16.48% p.a). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken.
- (d) Secured loans from Infrastructure Leasing and Financial Services Limited, related party amounting to Rs. 721.31 (March 31, 2019: Rs. 721.31) carry interest @ 12% to 13% p.a. These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company.

Out of the above, loan to the extent of Rs. 334.79 (March 31, 2019 Rs. 334.79) is repayable in three annual installments of 30%, 30% and 40% after 60 months from the date of first disbursement and is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust with IL&FS Financial Services Limited and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Out of the above, loan of Rs. 153.07 (March 31, 2019 : Rs. 153.07) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon.

Loan to the extent of Rs. 266.00 (March 31, 2019 : 266.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 196.00 (March 31, 2019 : 196.00) is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40.00.

Loan to the extent of Rs. 40.00 (March 31, 2019 : Rs. 40.00) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company).

Loan to the extent of Rs. 80.52 (March 31, 2019 : Rs. 80.52) is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement and secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 38.50 (March 31, 2019 : Rs. 38.50) is additionally secured by way of second charge on fixed assets of the Company. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans."

- (e) Secured loans from IL&FS Financial Services Limited, related party amounting to Rs. 128.40 (March 31, 2019 : Rs. 128.40) the terms of which are as follows:
- Loan to the extent of Rs. 80.40 (March 31, 2019 : Rs. 80.40) carries interest @ 13% p.a. compounded on an annual basis and also carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. Loan is repayable in three annual installments of 30%, 30% and 40% after 36 months from the date of first disbursement.
 - Loan to the extent of Rs. 48.00 (March 31, 2019 : Rs. 48.00) carries interest @ 13% p.a linked to variation in IFIN benchmark rate of 16% p.a. and is repayable at the end of 36 months from the date of first disbursement.

Loan of Rs. 80.40 (March 31, 2019 : Rs. 80.40) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Further, Rs. 48.00 carries same security for which charge is yet to be created. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans."

- (f) Secured Loan from Bhopal e-Governance Limited (w.e.f June 19, 2018 assigned to IL&FS Airports Limited), related party of Rs. 30.60 (March 31, 2019 : Rs. 30.60) carries interest @ IFIN benchmark rate (16% p.a. currently) + 0.25% p.a. This loan is repayable at the end of 36 months from the date of first disbursement and is secured by Second Pari Passu

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility. During the year, as per the Assignment and Novation Agreement dated June 19, 2018, loans from Bhopal e-Governance Limited has been unconditionally and irrevocably transferred, assigned and conveyed to IL&FS Airports Limited with all the right, title and interest together with all its security interest in the above loan facility. During the year, the Company has defaulted in payment of interest.

- (g) Unsecured loan from Infrastructure Leasing and Financial Services Limited, related party of Rs. 933.75 (March 31, 2019 : Rs. 933.75) carries interest @ 12% p.a. which is payable quarterly in arrears. Loan is to be repaid at end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest and repayment of principal installment for above loans.
- (h) Unsecured loan from Rohtas Bio Energy Limited, related party of Rs. 62.00 (March 31, 2019 : Rs. 62.00) carries interest at prevailing IFIN Benchmarking rate which is currently 16% p.a. which is payable quarterly in arrears. Loan is to be repaid at the end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest.
- (i) Unsecured loan from RIDCOR Infra Projects Limited of Rs. 20.00 (March 31, 2019 : Rs. 20.00) carries interest ranging from @ 16% p.a. which is payable quarterly in arrears and the interest rate, as stated above, will be linked to IFIN Benchmark rate (IBMR) which is currently at 16% p.a., i.e., at prevailing IBMR, and would vary to the extent of variation in IBMR. Loan is to be repaid at the end of 24 months from the date of first disbursement. During the year, the Company has defaulted in payment of interest.
- (j) Finance lease obligation is secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 4 years.

(k) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers. CRPS carry cumulative dividend of 6% p.a. The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011. The aforesaid CRPS were redeemed on the due date i.e., March 31, 2015.

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Trust Company Limited (ITCL), now Vistra ITCL (India) Ltd being the Trustee of Maytas Investment Trust (MIT), on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by ITCL being the Trustee of MIT, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (225,000 CRPS of Rs.100 each) which were due for redemption on September 30, 2015, have been redeemed on due date. The 20% bonus CRPS (300,000 CRPS of RS. 100 each) which were due for redemption on September 30, 2016 were redeemed by the Company on March 28, 2017, within the extended period for redemption granted by CRPS holders. Subsequent to year end, the Company has defaulted in the redemption of these CRPS to the extent of 225,000 CRPS of Rs. 100 each which were due for redemption on September 30, 2019."

(l) Terms of 6% optionally convertible cumulative redeemable preference shares

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of Rs. 100 each fully paid as per the terms of MRA entered with bankers. OCCRPS carry cumulative dividend of 6%. Out of total 25,000,000 OCCRPS of Rs. 100 each, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA. There is no further conversion option attached to these OCCRPS. The balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016. The schedule of redemption is as below::

Date of redemption	Number of shares to be redeemed	Amount to be redeemed
30-Sep-13 *	3,750,000	37.50
30-Sep-14 #	5,000,000	50.00
30-Sep-15 ^	3,750,000	37.50
30-Sep-16 @	5,000,000	50.00
Total	17,500,000	175.00

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* The OCCRPS which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited (ITCL), now Vistra ITCL (India) Ltd being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. Subsequent to year end, the Company has defaulted in the redemption of these OCCRPS to the extent of 3,750,000 OCCRPS of Rs. 100 each which were due for redemption on September 30, 2019.

#The OCCRPS were redeemed on March 23, 2015, as per the terms of the issue, as amended.

^ The OCCRPS were redeemed on due date, as per the terms of the issue.

@The OCCRPS were redeemed on March 28, 2017, within the extended period for redemption granted by OCCRPS holders.

The Groups' exposure to liquidity risks related to borrowings is disclosed in Note 45.

Details of default in repayment of borrowings from Banks as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default	Period of Default (No of days)	Amount of Default	Period of Default (No of days)
ICICI Bank	10.25	547	10.25	182
	11.85	455	11.85	90
	11.85	366	11.85	1
	14.34	276		
SBI (including SBH)	6.45	366	6.45	1
	2.77	276		
Bank of Maharashtra	1.67	547	1.67	182
	1.67	455	1.67	90
	1.67	366	1.67	1
	0.90	276		
IDBI Bank	1.49	547	1.49	182
	1.73	455	1.73	90
	1.73	366	1.73	1
Bank of India	0.39	455	0.39	90
	0.39	366	0.39	1
Punjab National Bank	0.80	547	0.80	182
	0.80	455	0.80	90
	0.80	366	0.80	1
Vijaya Bank	0.54	547	0.54	182
	1.03	455	1.03	90
	1.03	366	1.03	1
	1.22	276		
Indian Overseas Bank	1.09	547	1.09	182
	1.09	455	1.09	90
	1.09	366	1.09	1
Allahabad Bank	2.84	547	2.84	182
	2.84	455	2.84	90
	2.84	366	2.84	1
	1.73	1		

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Details of Interest Defaults to Banks as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
ICICI Bank	5.45	Due date for interest is on various dates on monthly basis.	5.45	Due date for interest is on various dates on monthly basis.
SBI (including SBH)	7.96		7.96	
Bank of Maharashtra	1.74		1.74	
Bank of India	0.83		0.83	
IDBI Bank	1.66		1.66	
Punjab National Bank	3.12		3.12	
Vijaya Bank	1.98		1.98	
Indian Overseas Bank	2.41		2.41	
Allahabad Bank	4.20		4.20	

Details of default in repayment of borrowings from Financial Institutions (Promoter Group entities) as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	39.70	549	39.70	184
	30.00	522	30.00	157
	84.00	404	84.00	39
	181.80	262		
	20.10	256		
	16.50	256		
	40.00	280		
	64.10	185		
	7.00	124		
	35.00	95		
	50.00	40		
	40.00	39		
	237.90	35		
	45.00	3		
IL&FS Financial Services Limited	80.40	560	80.40	195
	48.00	13		
IL&FS Transportation Networks Limited	25.00	419	25.00	54
	3.00	397	3.00	32
	5.00	392	5.00	27
Tierra Enviro Limited	4.40	672	4.40	307
	35.00	729	35.00	364
IL&FS Cluster Development Initiative Limited	15.00	366	15.00	1
Sabarmati Capital One Limited	4.60	581	4.60	216
	7.00	577	7.00	212
IL&FS Airport Ltd	30.60	94		
	7.00	281		
Rohtas Bio Energy Limited	62.00	188		
Ridcor	20.00	1		

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Details of Interest Defaults to Financial Institutions (Promoter Group entities) as on March 31, 2020 and March 31, 2019 are given below:

Particulars	March 31, 2020		March 31, 2019	
	Amount of Default (Rs. Crores)	Period of Default (No of days)	Amount of Default (Rs. Crores)	Period of Default (No of days)
Infrastructure Leasing & Financial Services Ltd	41.34	Due date for interest is on various dates on monthly basis.	41.34	Due date for interest is on various dates on monthly basis.
IL&FS Financial Services Limited	11.29		11.29	
IL&FS Transportation Networks Limited	2.98		2.98	
Tierra Enviro Limited	1.62		1.62	
IL&FS Cluster Development Initiative Limited	0.63		0.63	
Sabarmati Capital One Limited	0.48		0.48	
IL&FS Airports Ltd	1.58		1.58	
Rohtas Bio Energy Limited	2.17		2.17	
RIDCOR Infra Projects Limited	1.74		1.74	

17. Short-term borrowings

	As at March 31, 2020	As at March 31, 2019
Cash credit facilities from banks (secured)	505.69	519.76
Loans related party (unsecured) (Refer note 37)	151.00	151.00
Total	656.69	670.76

(a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 13.80% p.a. (March 31, 2019: 9% p.a. to 13.80% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. Loans aggregating to Rs. 254.64 (March 31, 2019 : Rs. 262.30) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju.

Loans aggregating to Rs. 251.06 (March 31, 2019 : Rs. 257.46) additionally carry letter of comfort/support undertaking from Infrastructure Leasing and Financial Services Limited.

(b) Unsecured loan from related parties Rs. 150.99 (March 31, 2019 : Rs. 150.99) carries interest ranging from @ 15.50% p.a. to 16.50% p.a. (March 31, 2019: @ 15.50% p.a. to 16.50% p.a) which is payable quarterly in arrears. Loan is to be repaid at the end of 12 months from the date of first disbursement.

The Groups' exposure to liquidity risks related to borrowings is disclosed in Note 45.

18. Trade payables

	As at March 31, 2020	As at March 31, 2019
Dues to micro and small enterprises	5.76	11.00
Dues to other than micro and small enterprises	969.11	919.44
Total	974.87	930.44
Non-current [includes retention money payable of Rs. 160.53 (March 31, 2019: Rs. 160.53)]	207.07	165.24
Current [includes retention money payable of Rs. 97.68 (March 31, 2019: Rs. 97.68)]	767.80	765.21

The Group's exposure to liquidity risks related to trade payables is disclosed in note 45.

19. Other financial liabilities

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Current maturities of long-term borrowings (Refer note 16)	-	2,014.97	-	1,353.20
Interest accrued and due on borrowings and mobilization advance*	-	576.18	-	93.18
Interest accrued but not due on borrowings	-	-	40.51	414.38
Liability component of financial instruments (refer note 49)	-	15.79	-	15.79
Contract liabilities - Mobilization advance (refer note 34)	55.43	486.65	141.33	416.81
Capital creditors	-	-	-	3.46
Dues to joint venture	-	-	-	-
Total	55.43	3,093.60	181.84	2,296.83

*Includes interest of Rs. Nil (March 31, 2019 : 29.35) not debited by bankers in the cash credit accounts.

The Group's exposure to liquidity risks related to above financial liabilities is disclosed in note 45.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

20. Provisions

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Provisions for employee benefits				
Gratuity (Refer note 35)	3.63	0.24	3.97	0.24
Compensated absences	-	4.35	-	4.16
Total provisions for employee benefits (A)	3.63	4.59	3.97	4.40
Other provisions				
Provision for estimated future loss on projects	35.91	55.39	55.78	46.81
Provision for liquidated damages	-	13.76	-	13.76
Total other provisions (B)	35.91	69.15	55.78	60.57
Total provisions (A+B)	39.54	73.74	59.75	64.97

Movements in other provisions	Estimated future loss on projects	Liquidated damages	Total
Balance as at April 1, 2018	48.24	13.76	62.00
Provisions made during the year	65.45	-	65.45
Provisions utilised during the year	(11.10)	-	-11.10
Balance as at March 31, 2019	102.59	13.76	116.35
Balance as at April 1, 2019	102.59	13.76	116.35
Provisions made during the year	-	-	-
Provisions utilised during the year	(11.29)	-	(11.29)
Balance as at 31 March 2020	91.30	13.76	105.06

A. Provision for Estimated future loss on projects

The projects in progress as at March 31, 2020 have been evaluated for future loss, if any, based on estimates relating to cost-to complete the same. Based on such evaluation, the Company has provided for estimated future losses to an extent of Rs. 102.42 (March 31, 2019: Rs. 102.42).

B. Provision for Liquidated damages

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc.

21. Other liabilities

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Contract liabilities - Advance from customers	-	80.85	-	74.36
Contract liabilities - Advance billing from customers	-	66.40	-	78.16
Statutory dues (net of input tax credit on Goods and Services tax)	-	136.36	3.62	127.41
Interest payable to micro and small enterprises (Refer note 36)	-	1.37	-	1.43
	-	284.98	3.62	281.36

	For the year ended	
	March 31, 2020	March 31, 2019
22. Revenue from contracts with customers		
Revenue from contracts	545.71	1,234.83
Revenue from equipment hiring services	5.39	4.31
Other operating revenue		
Reversal of provision for estimated future loss on projects (net) (Refer note 20)	11.29	-
	562.39	1,239.14
23. Other income		
Interest income on		
Bank deposits	10.60	1.67
Inter corporate deposits and others	20.97	7.86
Income tax refunds	4.64	0.29
Interest income from financial assets carried at amortised cost	3.16	2.57
Liabilities no longer required written back	4.18	1.52
Profit on sale of fixed assets (net)	-	(0.67)
Other non-operating income	1.95	8.85
	45.50	22.08

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
24. Cost of materials consumed		
Opening stock	89.79	134.17
Add: Purchases during the year	118.61	414.44
	208.40	548.61
Less: Stocks written-off	14.39	21.04
	194.01	527.57
Less: Closing stock	52.22	89.79
	141.79	437.78
25. Employee benefits expenses		
Salaries, wages and bonus	56.88	123.14
Contribution to provident fund and other funds (Refer note 35)	4.19	9.35
Gratuity (Refer note 35)	2.99	2.45
Compensated absences	1.76	4.68
Staff welfare expenses	0.99	3.22
	66.81	142.84
26. Finance costs		
Interest expense		
Long-term loans	-	132.05
Cash credit and other working capital loans	14.04	121.96
Interest cost from financial liabilities carried at amortised cost	0.07	-
Bank charges (including BG commission)	12.00	36.17
	26.11	290.18
27. Depreciation and amortization expense		
Depreciation expense	31.23	35.15
Amortization expense	0.58	1.60
Depreciation on Right of use assets (Refer note 42)	0.38	-
	32.19	36.75
28. Other expenses		
Rent (Refer note 42)	8.41	12.06
Rates and taxes	3.10	6.32
Office maintenance	3.30	6.09
Communication expenses	0.60	1.00
Printing and stationery	0.34	0.78
Legal and professional charges	5.70	17.95
Sitting fees	0.05	0.17
Travelling and conveyance	5.50	15.01
Business promotion	0.73	0.34
Donation	-	0.01
Auditor's remuneration (Refer note 40)	0.60	0.61
Loss on exchange fluctuation (net)	-	-0.0
Loss on sale/discard/write off of fixed assets (net)	-	-0.0
Hire charges	28.90	84.79
Freight and transportation	0.89	14.24
Insurance	3.32	5.37
Power and fuel	1.11	3.93
Repairs		
Plant and machinery	0.40	0.93
Buildings	0.01	-
Others	0.44	1.58
Expected credit loss for trade receivables and contract assets	29.50	6.31
Provision for future loss (net) (Refer note 20)	-	54.18
	104.30	253.78

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

29. Earnings per share

The following reflects the profit/loss and share data used in the basic and diluted EPS computation :

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Net profit/(loss) after tax attributable to equity shareholders	(405.05)	(2,042.78)
Shares		
Total number of shares outstanding at the commencement of the year	13,11,21,078	13,11,21,078
Add: Shares issued during the year	-	-
Total number of shares outstanding at the end of the year	13,11,21,078	13,11,21,078
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	13,11,21,078	13,11,21,078
Nominal value of equity shares	10	10
Basic and diluted earnings per share	(30.89)	(155.79)

30. Going Concern

The Company has accumulated loss of Rs. 2909.13 as at March 31, 2020 (as at March 31, 2019 : Rs. 2,504.08). The Company has incurred loss of Rs. 405.05 during the year ended March 31, 2020 primarily due to impairment/write offs/provision made by the management on the basis stated in Note 53 to the financial statements. Company's net worth has been fully eroded and the current liabilities exceed its current assets as at the balance sheet date by Rs. 3506.11 (March 31, 2019: Rs. 2,569.13). There are uncertainties on recovery of carrying value of trade receivable, retention money, contract assets and loans given to ultimate investee entities. A major portion of the existing projects being executed by the Company are nearing completion / or approaching their end of term over next fifteen months, which is likely to result in significant reduction in the Company's operating revenue thereafter. During the current and previous year, the Company has defaulted on various loans to the lenders of the Company, including borrowings from promoter group entities.

As indicated in Note 31(vii), 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 making payments to its Financial Creditors and the Operational Creditors existing prior to the date of reconstitution of Board of Directors of IL&FS.

These adverse developments in promoter group entities impacted the operations of the company and also resulted in cancellation/ termination/suspension of certain contracts with customers. The accompanying financial statements have 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 Company is taking following steps for revival and restoration of operations of the Company:

1. The reconstituted board is in the process of finalising a comprehensive approach to manage the current situation.
2. 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.

31. Contingent liability

(a) Contingent liabilities on account of pending litigations

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Claims against the Group not acknowledged as debts (interest, if any, not ascertainable after date of order)	24.66	24.66
(ii)	Direct taxes under dispute*	39.82	39.82
(iii)	Indirect taxes under dispute**#	136.93	136.93

*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt by the Company, disallowance of expenditure incurred towards extra works/Labour cost on projects, disallowance of expenditure on which TDS is not deducted or short deducted, etc.

**The demands raised by the Sales Tax authorities and Central Excise and Service Tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

#Excludes Rs. 6.52 (March 31, 2019: Rs. 6.52) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations and in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board (CLB) during the year ended March 31, 2016 and the Company had paid Rs. 0.08 as fee for compounding towards the same. SFIO has filed appeal against the compounding order in the High Court of Hyderabad and the Company has also filed their reply against the said order. During the current year, the High Court of Hyderabad has passed an order in favour of Company and dismissed the appeal filed by SFIO.
- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the year ended March 31, 2016, SEBI had passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with simple interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its counter and the Company had filed its rejoinder. During the current year, SAT has passed an order in favour of Company and quashed and set aside the disgorgement order passed by SEBI.
- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work had been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which was dismissed. No appeal has been filed by client so far.

(vii) Investigations etc by the Regulatory / Investigative Agencies:

During the year 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 Transportation Networks India 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

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 March 31, 2020.

(b) Other contingent liabilities

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Guarantees issued by bankers and financial institution (excluding performance obligations)	261.82	253.29
(ii)	Guarantees issued by bankers and financial institutions on behalf of the Consolidating entities towards performance obligations	594.10	729.12
(iii)	Corporate guarantees (including guarantees towards performance obligations of the Company)	645.29	568.01
(iv)	Liquidated damages	7.89	22.25

32. Commitments:

(a) Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. Nil (March 31, 2019: Nil).

(b) Other Commitments:

- The Company has made a commitment to make additional investment of Rs. 49.64 (March 31, 2019: Rs. 49.64) in Maytas Infra Saudi Arabia Company Limited Liability Company. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2018, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable.

As the Company has not received any communication to meet any potential obligation to share further liability of the said subsidiary no provisions have been made in the books. On receipt of any communication in this regard, the Company will engage with the other shareholder of the subsidiary for a final settlement.

- Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 279.83 (March 31, 2019: Rs. 279.83)

33. Segment reporting :

The Consolidating entities operations fall into a single business segment "Construction and Infrastructure Development" and in accordance with Ind AS 108 - Operating Segments, segment information with respect to geographical segment has been given in the consolidated financial statements of the Company, therefore no separate disclosure on segment information is given in these financial statements.

Geographical segments:

Although the Consolidated entities major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country, and rest of the world.

Segment	Segment revenue		Segment non-current assets*	
	For the year ended		As At	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
India	562.39	1,239.14	895.09	649.99
Rest of world	-	-	-	-
Total	562.39	1,239.14	895.09	649.99

* Non current assets are excluding financial instruments and deferred tax assets.

34. Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers"

(a) Disaggregation of revenue:

The Group recognises revenue from contracts with customers which includes Government and Non-Government customers, for construction / project activities over a period of time. During the year substantial part of the Company's business has been carried out in India. Geographical disaggregation has been given in the consolidated financial statements of the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

(b) Contract balances

(i) Opening and closing balances of contract balances

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Trade receivables	219.88	256.09
(ii)	Contract assets - Project Work in progress	733.69	814.33
(iii)	Contract assets - Retention money	506.27	500.32
(iv)	Provision for estimated future losses on projects and liquidated damages	105.06	116.36
(v)	Contract liabilities	689.33	710.66

The credit period towards trade receivables generally ranges between 30 to 180 days. Further the customer retains certain amounts as per the contractual terms which usually fall due on the completion of defect liability period (DLP) of contract. These retentions are made to protect the customer from the Company failing to adequately complete all or some of its obligations under the contract.

Contract assets are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet technical requirements as well as various milestones as set out in the contract with customers. Upon fulfilling the said requirements and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received advance payments from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the consideration received. Contract liabilities include advances received from customers towards mobilisation of resources, purchase of materials, etc. and advance billing. Impairment losses recognised on contract assets and trade receivables have been disclosed in note 7

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to Rs. 90.70

(c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss for the current year. There is no significant revenue recognised in the current year from performance obligations satisfied in previous periods.

(d) Performance obligation

The transaction price allocated to the remaining performance obligations is Rs. 1,370.22, which will be recognised as revenue over the respective project durations. Generally the project duration of contracts with customers is be 2 to 5 years.

35. Retirement benefits

(a) Disclosures related to defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employees' State Insurance contribution (ESI), which are defined contribution plans. The contribution are charged to the Statement of profit and loss as they accrue. During the year, the Company has recognised Rs. 1.91 (March 31, 2019: Rs. 9.35) towards Provident fund and Employees' State Insurance contribution (ESI) contributions.

(b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

I. Reconciliation of net defined benefit asset/ (liability)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
(i) Reconciliation of present value of defined benefit obligation		
Opening defined benefit obligation	3.61	4.28
Current service cost	0.48	0.56
Interest cost on benefit obligation	0.25	0.31
Benefits paid	-	(1.30)
Actuarial (gain)/loss on obligation	(1.06)	(0.24)
Closing defined benefit obligation	3.28	3.61

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

(ii) Reconciliation of present value of plan asset:		
Opening fair value of plan assets	0.41	1.23
Expected return on plan assets	(0.06)	0.06
Expenses	(0.01)	(0.07)
Contributions by employer	2.29	0.49
Benefits paid	-	(1.30)
Others	-	-
Closing fair value of plan assets	2.62	0.41
(iii) Reconciliation of net defined benefit asset/(liability):		
Present value of defined benefit obligation	(3.28)	(3.61)
Fair value of plan assets	2.62	0.41
Additional Provision*	(3.22)	
Plan liability	(3.88)	(3.20)

* Provision for gratuity as per management estimates.

II. Expenses recognised in the statement of profit and loss under employee benefit expense		
Current service cost	0.48	0.56
Interest cost on benefit obligation	0.08	0.31
Expenses	(0.01)	(0.07)
Expected return on plan assets	-	-
Net benefit expense	0.55	0.80
III. Remeasurements recognised in statement of other comprehensive income		
Net actuarial (gain)/ loss recognized in the year	(1.06)	(0.24)
Return on plan assets excluding interest income	0.14	0.03
Loss recognised in statement of other comprehensive income	(0.92)	(0.21)
IV. Amount recognised in the balance sheet:		
Defined benefit obligation	3.28	3.61
Fair value of plan assets	(2.62)	(0.41)
Additional Provision*	3.22	
Closing liability	3.88	3.20

V. Experience adjustment

	For the year ended				
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
On plan liabilities loss	3.28	3.61	4.28	4.23	4.36
On plan assets (gain) / loss	2.62	0.41	1.23	0.51	0.14
Surplus / (deficit)	(0.66)	(3.20)	(3.05)	(3.72)	(4.22)
Experience gain on obligation	-	-	-	-	-

VI. The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Insurance fund		
(%) of total plan assets	100%	100%

VII. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.80%	7.65%
Increase in compensation cost	5.00%	5.00%
Attrition rate	5.00%	5.00%
Estimated rate of return on plan assets	6.80%	8.00%
Retirement age (in years)	60	60
Mortality rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

Notes :

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets and Company's policy for plan asset management.
- (iii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VIII A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	(increase)/ decrease in defined benefit obligation		
	Sensitivity level	As at March 31, 2020	As at March 31, 2019
Discount rate	1% increase	3.07	3.11
	1% decrease	3.53	3.57
Salary escalation rate	1% increase	3.77	3.86
	1% decrease	2.88	2.88
Attrition rate	1% increase	3.42	3.48
	1% decrease	3.15	3.15

36. The consolidated financial statements include aggregate assets amounting of Rs. Nil (March 31, 2019: Nil) aggregate revenue (including other income) of Rs. Nil (March 31, 2019 Nil) and net cash inflows of Rs. Nil (March 31, 2019: Nil) of an overseas subsidiary consolidated based on its unaudited financial statements. Management is of the view that adjustment, if any, that may have been required had the audited financial statements of the subsidiaries been made available would not be material.

37. Related party disclosures:

I. Names of related parties and relationship with the Company (as per the Ind AS 24 – “Related Party Disclosures”):

A Holding Company

- 1 Infrastructure Leasing & Financial Services Limited \$

B Joint ventures (JV)

- 1 NCC – Maytas (JV)
- 2 NEC – NCC – Maytas (JV)
- 3 Maytas – NCC (JV)
- 4 NCC – Maytas (JV) (Singapore Class Township)
- 5 Maytas – CTR (JV)
- 6 NCC – Maytas – ZVS (JV)
- 7 ITNL - IECC JV

C Investing party in respect of which the reporting enterprise is an associate

- 1 SBG Projects Investments Limited

D One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).

- 1 IL&FS Transportation Networks India Limited
- 2 Rohtas Bio Energy Limited
- 3 Bhopal E-Governance Limited
- 4 Tierra Enviro Limited
- 5 IL&FS Cluster Development Initiative Limited
- 6 Sabarmati Capital One Limited
- 7 IL&FS Township & Urban Assets Limited
- 8 Skill Training Assessment Management Partners Limited
- 9 Elsamex Maintenance Services Limited
- 10 RIDCOR Infra Projects Limited
- 11 IL&FS Airports Limited
- 12 IL&FS Securities Services Limited
- 13 Hill County Properties Limited \$
14. IL&FS Financial Services Ltd \$

E Key management personnel

- 1 Mr. Chandra Shekhar Rajan, Director (w.e.f October 25, 2018)

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- 2 Mr. Dilip Lalchand Bhatia, Director (w.e.f December 24, 2018)
- 3 Mr. Bijay Kumar, Director (w.e.f April 04, 2019)
- 4 Mr. Kazim Raza Khan, Chief Executive officer (w.e.f May 16, 2019)
- 5 Mr. Naveen Kumar Agrawal, Chief Financial Officer (w.e.f January 01, 2019)
- 6 Mr. Srinivasa Kiran Sistla, Company Secretary (w.e.f February 06, 2020)
- 7 Mr. J Veerajju, Company Secretary (till January 20 2020)
- 8 Miss. Saheli Banerjee, Company Secretary (from March 11, 2019 to August 16, 2019)
- 9 Mr. Sushil Dudgeja, Company Secretary (till January 31, 2019)
- 10 Dr. S N Mukherjee, Chief Financial Officer (till December 31, 2018)
- 11 Mr. Mukund Sapre, Managing Director (till November 02, 2018)

\$ Changes in the status of related party is made based on the changes to group structure by the Infrastructure Leasing & Financial Services Limited Pursuant Rules 8(5) of the Companies (Accounts) Rules 2014 and as per published financial statement of Infrastructure Leasing & Financial Services Limited for the year ending March 31, 2019.

II. Transactions with related parties during the year# :

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
A Holding Company		
I Infrastructure Leasing & Financial Services Limited		
Interest expenditure (including bank guarantee charges)	(0.23)	(127.87)
Loan taken	-	(494.85)
Loan repaid	-	188.28
Rent expense	(1.33)	(0.87)
Short-term deposits repaid	-	(50.00)
Expenditure incurred on behalf of Company	(0.02)	(7.29)
B Joint Ventures (JV)		
1 Maytas – NCC (JV)		
Receipt of joint venture	25.38	-
Provision for doubtful advances	1.18	-
Share of profit / (loss) from joint venture	1.15	0.86
2 NCC – Maytas (JV) (Singapore Class Township)		
Share of profit / (loss) from joint venture	0.06	0.14
Provision for doubtful advances	0.08	-
C One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
1 IL&FS Transportation Networks Limited		
Contract revenue (excluding project work-in-progress)	-	73.34
Lease rental charges	20.49	22.52
Loan taken	-	(45.00)
Professional and consultancy charges	-	0.24
Interest expenditure	-	(6.02)
2 Rohtas Bio Energy Limited		
Interest expenditure	-	(4.91)
3 Bhopal E-Governance Limited		
Assignment of loans to IL&FS Airports Limited	-	30.60
4 IL&FS Airports Limited		
Interest expenditure	-	(2.96)
Loan taken	-	(7.00)
Assignment of loans from Bhopal E-Governance	-	(30.60)
5 Tierra Enviro Limited		
Interest expenditure	-	(3.32)

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Particulars		For the year ended	
		March 31, 2020	March 31, 2019
6	IL&FS Cluster Development Initiative Limited		
	Interest expenditure	-	(1.30)
7	Sabarmati Capital One Limited		
	Interest expenditure	-	(0.98)
8	IL&FS Township & Urban Assets Limited		
	Professional Services	-	(0.01)
9	RIDCOR Infra Projects Limited		
	Interest expenditure	-	1.74
10	Elsamex Maintenance Services Limited		
	Subcontract expenses	-	(38.06)
	Expenditure incurred on behalf of party	-	0.15
	Hire income	-	1.80
11	IL&FS Financial Services Limited		
	Interest expenditure	-	(16.24)
	Interest income	-	0.01
	Payments made on behalf of the Company	-	(20.00)
D	Key management personnel		
1	Mr. Kazim Raza Khan		
	Remuneration (including perquisites)	0.82	-
2	Mr. Naveen Kumar Agrawal		
	Remuneration	0.56	0.13
3	Mr.Sistla Srinivasa Kiran		
	Remuneration	0.03	-
4	Mr. J Veeraj		
	Remuneration	0.12	-
5	Miss. Saheli Banerjee		
	Remuneration	0.03	0.00
6	Mr. Sushil Dudeja		
	Remuneration	-	0.28
7	Dr. S N Mukherjee		
	Professional charges	-	0.64
8	Mr. Mukund Sapre		
	Professional charges	-	0.59

III Balances outstanding debit / (credit) @:

		As at March 31, 2020	As at March 31, 2019
A	Holding Company		
1	Infrastructure Leasing & Financial Services Limited*		
	Long-term secured loan	(721.32)	(721.32)
	Long-term unsecured loan	(933.75)	(933.75)
	Short-term deposits	11.64	11.64
	Interest accrued and not due	-	(382.18)
	Interest accrued and due	(382.18)	-
	Trade payables	(2.34)	(2.09)

**Excluding bank guarantee/letter of credits of Rs. 494.34 (March 31, 2019: Rs. 494.34) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 424.69 (March 31, 2019: Rs. 424.69). The Company had also given corporate guarantee of Rs. 125 (March 31, 2019: Rs. 125) for availing Letter of Credit facilities from its bankers.

Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 257.46 (March 31, 2019: Rs. 257.46).

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
B Joint ventures		
1 NEC – NCC – Maytas (JV)	-	-
2 Maytas – NCC (JV)	18.73	43.94
3 NCC – Maytas (JV)	0.03	0.03
4 NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92
5 Maytas – CTR- JV	46.63	46.63
6 NCC – Maytas – ZVS	0.39	0.51
C One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
1 IL&FS Transportation Networks Limited		
Short-term unsecured loan	(78.00)	(78.00)
Trade receivables (including retention money)	45.67	45.67
Advance from customer	(135.77)	(135.77)
Other receivables	13.54	24.89
Lease rental payable	(31.50)	(24.55)
Interest accrued	6.67	6.67
Other payables	-	(0.95)
2 Rohtas Bio Energy Limited		
Long-term unsecured loan	(62.00)	(62.00)
Interest accrued and not due	-	(4.91)
Interest accrued and due	(4.91)	-
3 IL&FS Airports Limited		
Long-term secured loan (Including assigned from Bhopal E- Governance Limited Rs. 30.60)	(37.60)	(37.60)
Interest accrued and not due	-	(2.96)
Interest accrued and due	(2.96)	-
4 Tierra Enviro Limited		
Short-term unsecured loan	(37.60)	(39.40)
Interest accrued and not due	-	(3.32)
Interest accrued and due	(2.96)	-
5 IL&FS Cluster Development Initiative Limited		
Short-term unsecured loan	(15.00)	(15.00)
Interest accrued and not due	-	(1.30)
Interest accrued and due	(1.30)	-
6 Sabarmati Capital One Limited		
Short-term unsecured loan	(11.60)	(11.60)
Interest accrued and not due	-	(0.98)
Interest accrued and due	(0.98)	-
7 IL&FS Township & Urban Assets Limited		
Operating expenses	(0.05)	(0.05)
8 Skill Training Assessment Management Partners Limited		
Professional Services	(0.01)	(0.01)
9 Elsamex Maintenance Services Limited		
Trade payable	(5.47)	(13.90)
Mobilisation advance receivable	2.17	16.69
10 Hill County Properties Limited		
Inter corporate deposits (Unsecured)	135.83	135.83
Interest accrued	11.17	11.17
Trade receivables (including retention money)	0.31	0.31
Investment	0.08	0.08
11 IL&FS Financial Services Limited		
Long-term secured loan	(128.40)	(128.40)
Interest accrued	(79.67)	(79.67)
Short-term deposits	-	-
12 RIDCOR Infra Projects Limited		
Short term unsecured loan	(20.00)	(20.00)
Interest accrued	(1.56)	(1.56)

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

		As at March 31, 2020	As at March 31, 2019
D	Key Management Personnel		
1	Mr. Kazim Raza Khan Remuneration	(0.12)	-
2	Mr. Naveen Kumar Agrawal Remuneration	(0.09)	(0.04)
3	Mr. Sista Srinivasa Kiran Remuneration	(0.01)	-
4	Miss. Saheli Banerjee Remuneration	-	(0.00)
5	Mr. Sushil Dudeja Remuneration	(0.14)	(0.14)
6	Dr. S N Mukherjee Professional charges	(0.14)	(0.14)

@ Subject to confirmations and reconciliations with group companies. In view of the present ongoing investigations and uncertainties etc., including restructuring proposals envisaged, no provisioning / adjustments were made to these balances. The same will be made in the year in which the final settlements take place / restructuring proposals are approved.

IV Provisions against balances outstanding:

A	Joint Ventures		
1	Maytas - NCC (JV)	(3.00)	(1.82)
2	Maytas - CTR JV	(48.38)	(48.38)
3	NCC – Maytas (JV) (Singapore Class Township)	(0.92)	(0.92)
4	NCC – Maytas - U1 (JV)	(0.03)	(0.03)
5	NCC – Maytas – ZVS (JV)	(0.08)	-
B	One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
1	Hill County Properties Limited	(135.88)	(135.88)

V Maximum amount outstanding during the year in respect of loans and advances in the nature of loans given to subsidiaries, joint ventures and associate in which directors are interested

		As at March 31, 2019	As at March 31, 2018
A	Joint Ventures		
1	Maytas NCC JV - Irrigation	44.14	43.94
2	NCC Maytas JV - U1	0.03	0.03
3	Maytas - CTR JV	0.92	46.63
4	NCC – Maytas – ZVS (JV)	0.41	0.51
5	NCC – Maytas (JV) (Singapore Class Township)	0.92	0.92
B	One entity is an Associate or fellow subsidiaries of Infrastructure Leasing & Financial Services Limited (Holding Company) or Joint Venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) (with whom the Company has either transactions during the year or balance outstanding at the end of the year).		
1	Hill County Properties Limited	135.88	135.88

The repayment schedule is not beyond 7 year.

38. Expenditure in foreign currency (accrual basis):

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Subcontract expense	-	2.75
Material consumed	-	2.60
Travelling and conveyance	-	0.00
Others	-	0.61
	-	5.96

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

39. Imported and indigenous materials consumed:

Particulars	For the year ended			
	March 31, 2020		March 31, 2019	
	%	Value	%	Value
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	141.79	100.00%	437.78
Total	100%	141.79	100%	437.78

40. Auditor's remuneration (excluding Taxes):

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Statutory audit	0.22	0.22
Limited review	0.25	0.25
Certification and other services	0.09	0.09
Audit fees for consolidated financial statements	0.03	0.03
	0.59	0.59

41. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure are detailed below at the exchange rate prevailing at the reporting date:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Trade receivables (including retention money)	-	-	-	-
Advances given	EURO 0.005	0.42	AED 0.005	0.09
Advances given	USD 0.001	0.04	USD 0.04	2.65
Other receivables	-	-	USD 0.15	11.00
Bank balances	-	-	AED 0.09	0.09
Trade payables	SGD 0.040	2.11	SGD 0.04	2.11
Trade payables	-	-	USD 0.002	0.16
Security deposit payable	SGD 0.007	0.39	SGD 0.01	0.39
Advance billing	-	-	-	-

42. Leases:

The Group has entered into a lease agreement for its Head Office at Sanali Info Park(1st Floor) on 01st Sep 2019, for a period of three years having Lockin period of 2 years. The Impact on account of implementation of Ind AS 116 on this lease arrangement is summarised as below. The Company also has certain leases of temporary site offices, guest houses and plant and machinery with lease terms of 12 months or less and leases of temporary site offices with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Category of ROU Asset (Office premises)	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	-
Additions	1.32	-
Depreciation expense	(0.38)	-
Balance as on March 31, 2020	0.94	-
The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.		
The following is the break-up of current and non-current lease liability		
Current lease liabilities	0.57	-
Non-current lease liabilities	0.29	-
Total	0.86	-
The following is the movement in lease liability		
Balance at Beginning	-	-
Additions	1.25	-
Finance cost	0.07	-
Payments of lease liabilities	(0.46)	-
Total	0.86	-

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:		
Minimum Lease Payments		
Not later than one year	0.64	-
Later than one year but not later than five years	0.30	-
Later than five years	-	-
	0.94	-
The effective interest rate for lease liabilities is 12%, with maturity in the year 2021		
The table below provides details regarding the amounts recognised in profit or loss.		
Interest and depreciation on lease liabilities	0.45	-
Expenses relating to short-term leases	8.41	-
The table below provides details regarding the amounts recognised in the statement of cash flows.		
Total cash outflow for leases	(0.46)	-

43. Capital management

Refer Note No. 30 and 31(vii) which states the normal business operation of the company as they existed under the previous years have ceased and the reconstituted board is undertaking steps for revival and restoration of operation of company. The company has defaulted in respect of several of its loan obligations. The company remained over leveraged and is in discussion with its lenders to restructure its borrowings and is committed to taking necessary steps to meet its repayment obligations.

The capital structure of the company consist of Net Debt of Rs. 2,604.70 (March 31 2019: Rs. 2,676.56) and total equity of Rs. (2,242.98) (March 31, 2019: Rs. (1,808.66)) As the networth of the company is negative, the net debt to total equity ratio has not been disclosed.

Particulars	As at March 31, 2020	As at March 31, 2019
Interest bearing loans and borrowings	2,671.66	2,692.05
Less: cash and cash equivalents	(66.96)	(15.49)
Adjusted net debt	2,604.70	2,676.56

44. 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. 259.67. Further, the Company has receivables from the investee entities in the form of loans and advances and investments aggregating to Rs. 101.20.

Based on the valuation reports furnished by external valuers, during the previous year, the Company has recognised an impairment of Rs. 259.67 towards diminution in the value of PTC. During the year, due to certain developments that occurred in the said ultimate investee entity, the Company has recognised an impairment of Rs. 46.11 towards diminution in the value of loans and advances including interest. However, the Company is confident of recovery of the carrying value of balance advances given to the investee entities.

45. Financial instruments- fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2020, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	-	-	37.28	37.28	-	-	-	-
Loans	8	-	-	37.58	37.58	-	-	-	-
Trade receivables	7	-	-	219.88	219.88	-	-	-	-
Cash and cash equivalents	10	-	-	66.96	66.96	-	-	-	-
Other bank balances	10	-	-	205.00	205.00	-	-	-	-
Other financial assets	9	-	-	285.53	285.53	-	-	-	-
Total financial assets		-	-	852.22	852.22	-	-	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

Borrowings	16, 17 & 19	-	-	2,671.66	2,671.66	-	-	-	-
Trade payable	18	-	-	974.87	974.87	-	-	-	-
Other financial liabilities	19	-	-	1,134.05	1,124.79	-	-	-	-
Total financial liabilities		-	-	4,780.59	4,771.33	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2019, including their levels in the fair value hierarchy.

Particulars	Note	Carrying Amount				Fair Value			
		FVTPL	FVTOCI	Amortised cost	Total carrying Amount	Level 1- Quoted price in active markets	Level 2-Significant observable inputs	Level 3-Significant observable inputs	Total
Investments (Note I)	6	-	-	59.58	59.58	-	-	-	-
Loans	8	-	-	595.62	595.62	-	-	-	-
Trade receivables	7	-	-	256.09	256.09	-	-	-	-
Cash and cash equivalents	10	-	-	15.52	15.52	-	-	-	-
Other bank balances	10	-	-	24.29	24.29	-	-	-	-
Other financial assets	9	-	-	362.26	362.26	-	-	-	-
Total financial assets		-	-	1,313.36	1,313.36	-	-	-	-
Borrowings	16, 17 & 19	-	-	2,692.05	2,692.05	-	-	-	-
Trade payable	18	-	-	930.44	930.44	-	-	-	-
Other financial liabilities	19	-	-	1,125.46	1,125.46	-	-	-	-
Total financial liabilities		-	-	4,747.95	4,747.95	-	-	-	-

Note I: Investments in associate and joint venture have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than associates and joint ventures have been designated as FVTPL.

B. Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

(ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial risk management objective

Refer Note No. 30 and 31(vii) which states the normal business operation of the company as they existed under the previous years have ceased and the reconstituted board is undertaking steps for revival and restoration of operation of company. Accordingly, the company is in process of setting up mechanism to address risk including market risk, credit risk, liquidity risk, interest rate risk

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to the credit risk from companies' receivables from customers, contract assets (Unbilled revenue) and loans and advances given.

Due to development outline in note no. 31(vii) and note no. 53 the receivable, contract asset and loans given by the company have been substantially impaired/written off."

Liquidity risk

During the current year and previous year, the company has defaulted in its interest and principal obligations. Accordingly in terms of loan agreements, all long term liabilities on account of interest and principal is classified as current liabilities.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2020:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	974.87	-	974.87	-	974.87
Borrowings and interest thereon	2,671.66	2,671.66	-	-	2,671.66
Other financial liabilities	1,134.05	1,134.05	-	-	1,134.05
Total	4,780.59	3,805.72	974.87	-	4,780.59

The below table provides details of financial assets as at March 31, 2020:

Particulars	Carrying amount
Trade receivables	219.88
Loans	37.58
Other financial assets	285.53
Total	542.98

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019:

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Accounts payable and acceptances	930.44	765.22	165.24	-	930.46
Borrowings and interest thereon	3,146.95	2,496.76	708.60	-	3,205.36
Other financial liabilities	670.58	529.25	141.33	-	670.58
Total	4,747.97	3,791.23	1,015.17	-	4,806.40

The below table provides details of financial assets as at March 31, 2019::

Particulars	Carrying amount
Trade receivables	256.09
Loans	595.62
Other financial assets	372.71
Total	1,224.42

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Interest rate risk

The company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Due to the matters discussed in note no. 51, the company has not accrued interest expense post October, 2018. Accordingly, interest rate sensitivity analysis is not disclosed. The average interest rate on short-term bank deposits during the year was 6.40% (March 31, 2019: 6.40%).

The Group exposure to interest rates on financial instruments is detailed below:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Cash and bank balances	66.96	15.52
Total interest rate dependent financial assets	66.96	15.52
Financial liabilities		
Borrowings	2,671.66	2,692.06
Other financial liabilities	576.18	558.14
Total interest rate dependent financial liabilities	3,247.85	3,250.20

The amounts included above for interest rate dependent financial assets are fixed interest bearing financial assets.

• Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's presentation currency is the Indian Rupees. The Group's exposure to foreign currency arises in part when the Group holds financial assets and liabilities denominated in a currency different from the functional currency of the entity.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

46. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

Name of the entity	31-Mar-20				31-Mar-19			
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent	102.83%	(2,306.44)	100.30%	(406.26)	103.39%	(1,900.18)	99.74%	(2,037.46)
Subsidiaries								
Indian								
Maytas Infra Assets Limited	0.66%	(14.81)	0.00%	(0.00)	0.81%	(14.81)	0.16%	(3.28)
Maytas Vasista Varadhi Limited	0.13%	(2.99)	0.00%	(0.00)	0.16%	-2.99	0.15%	(3.04)
Maytas Metro limited	3.35%	(75.20)	0.00%	(0.00)	4.09%	(75.20)	0.00%	-
Angeerasa Green Fields	0.00%	(0.04)	0.00%	(0.00)	0.00%	(0.04)	0.00%	(0.00)
Ekadanta Green Fields	0.00%	(0.05)	0.00%	(0.00)	0.00%	(0.05)	0.00%	(0.00)
Saptaswara Agro Farms	0.01%	(0.28)	0.00%	(0.00)	0.02%	(0.28)	-0.00%	(0.00)
Foreign								
Maytas Infra Saudi Arabia Company, Limited Liability Company	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	-8.47%	156.84	0.00%	-	-8.47%	155.63	0.00%	-
Minority interests in all subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint Ventures (Indian)								
Maytas NCC JV			-0.28%	1.15			-0.04%	0.86
NEC-NCC-Maytas (JV)			0.00%	-			0.00%	-
NCC-Maytas (JV)			0.00%	-			0.00%	(0.00)
NCC-Maytas (JV) (Singapore Class Township)			0.00%	-			0.00%	-
Maytas – CTR (JV)			0.00%	-			0.00%	-
NCC – Maytas – ZVS (JV)			-0.01%	0.06			-0.01%	0.14
Total	100.00%	(2,242.97)	100.00%	(405.05)	100%	(1,837.92)	100%	(2,042.78)

47. Trade receivables and Contract assets:

a) Trade Receivables as at March 31, 2020 include:

- (i) Dues from terminated / foreclosed/ completed/ inactive /disputed projects, Rs 60.37 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 considered these receivable as realisable.
- (ii) Receivables from promoter group entities, Rs 33.54 for which the Company obtained certifications for the works done / bills raised. No provisioning has been made for the said receivables as at March 31, 2020. Adjustments, if any, that may arise on ultimate realization will be made in the year in which the settlement is concluded.

- b) Retention money of Rs 140.12 (including relating to terminated/foreclosed projects), which can be received by the Company, primarily after completion of Defective Liability Period (DLP). As at March 31, 2020, the Company has not received any claims under defect liability clause and is confident of recovery of the carrying value of the same.

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

- (i) Rs 377.01 (net of mobilization advance and interest payable on mobilization advance) including interest, trade receivable and retention money recognized in earlier years thereon represents amounts receivable from a customer as per the arbitration award in favor of the Company. The customer has referred the matter further to High Court of Delhi, pending final disposal, no adjustments have been carried out in this regard.
- (ii) Rs. 141.69, represents recoverable from the respective customers from terminated / foreclosed / completed / inactive projects. The respective customers have indicated based on a mutual evaluation of the contract, project dues (unbilled) till the date of termination shall be paid to the Company. Accordingly, the Company has considered and retained the said amounts as realizable.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

- (iii) Amounts receivable from Group company, Rs. 125, 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.

48. Inter-Corporate Deposits:

Prior to April 1, 2009, the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 343.78. Of the foregoing, documentary evidences had been established that, for an amount of Rs 323.78, 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 year ended March 31, 2020 continued to disclose as "Suspense Account (Net) Rs. 1,230.40" 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. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 continues to subsist with SCSL. During the current year, the Company has recognised a impairment of Rs. 323.78 towards diminution in the value of these ICD Considering the uncertainty in recovering the ICDs in future.

49. 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 37.50 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 15.79. Dividend payable defaulted in the books as on March 31, 2020, Rs 15.79.

50. Confirmation of Balances:

As at March 31, 2020, fund based borrowings availed by the Company aggregates to Rs 2631.91. These include borrowings from promoter group entities, aggregating to Rs 2047.32. The Company neither serviced principal amounts and /or interest payments, wherever applicable. Further, borrowings to the extent of Rs.193.24 were not conformed by 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 from parties to whom advances have been made by the Company for supply of services/goods (Advances other than capital goods, Mobilization Advances to Sub Contractors (included in note no 12)) and trade payables (note no 18). 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.

51. Interest Expense:

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group. Further, the Hon'ble NCLAT had passed the order on March 12, 2020 that interim order will continue until further orders and cut-off date of October 15, 2018 has been approved for resolution. In terms of the Resolution Framework Reports, 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 October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue to accrue. Further, since a Resolution Plan in line with the above orders, is in process, the Company has neither paid nor recognized as interest payable, aggregating to Rs. 289.51 (for the year March 31, 2019, Rs 144.99) approximately (Excluding penal interest etc.) for year ended March 31, 2020, in anticipation of the approval of lenders for concession/waivers being sought by Company in the resolution plan. Such interest has not been recognized as payable as at March 31, 2020 aggregates to Rs 434.50 (As at March 31, 2019, Rs 144.99) approximately (excluding penal interest etc.).

52. During the previous year, the erstwhile management of the Company has paid an amount of Rs. 65 to a vendor as material supply advance against the a 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 post-dated cheques and personal guarantee of its promoter as security. Subsequently, the vendor had neither supplied the cement nor refunded the advances paid. Post-dated cheques

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

issued by the vendor were bounced when presented to the Bank. The Company had initiated legal proceedings against the vendor and its promoters. The management had, after considering the financial inability of the vendor, made a provision against said advances in previous year.

The transactions carried out by the Company are found to be done at the behest of a Group Company, which was funded by way of cash flow from two other Group Companies.

The Audit Committee of the Company is of the opinion that the complete circle of the transaction originated from a Group Entity and ended with the same Group Entity. The Committee felt that the transaction was a case of fraud instituted by the Group Entity in collusion with certain erstwhile Director of the Company and another Group Entity.

The Company has referred the matter to Ministry of Corporate Affairs (MCA) to initiate investigation. Also, the Company has written to the said Group Entity and demanded that the said receivables of the Company should be transferred by way of an assignment back to the same Group Entity as a set-off against the loans payable to that Group Entity.

53. Exceptional item

Due to certain developments as detailed in note no. 31 (vii) the company has undertaken comprehensive review of the account balances of the assets and the liabilities during the previous year based on guidelines received from time to time from the promotor group management. Further, during the previous 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 had 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 in the previous year.

In the earlier years, the Company has given advances in the nature of promoter debt to an ultimate investee entity aggregating to Rs 46.11. During the year, due to certain developments that occurred in the said ultimate investee entity, the Company has made a provision for the same amount.

In the earlier years, erstwhile promoters of the Company had given Inter corporate deposits (ICDs), amounting to Rs 323.78 to various companies. Considering the uncertainty in recovering the ICDs in future, the Company has provided the ICDs during the year. During the year the Company had made provision for diminution in the carrying value of inventory to the extent of Rs. 14.39 in respect of terminated / foreclosed projects and based on the review the company had provided for/written off/adjusted for the balances under the contract assets(un billed revenue), trade receivables, investments, JV balances.

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	As at March 31, 2020	As at March 31, 2019
Write off on account of Arbitration awards - Contract assets and interest	-	474.31
Write off of contract assets on account of Termination/foreclosure of projects	-	59.87
Impairment provision for contract assets on account of Termination/foreclosure and modification in contractual terms of projects	1.48	432.41
Impairment provision of investment in overseas subsidiary, JV Balance Pass Through Certificates and Company's share of profit in JV	1.26	298.91
Write off of Intercorporate deposits, loans, trade receivables and other advances	-	55.27
Impairment provision in value of Intercorporate deposits, loans, trade receivables and other advances (Refer note 44 and 48 for current year)	382.32	265.62
Provision for the diminution in value of inventories	14.39	21.04
Write off of intangible asset (termination of mining rights)	-	32.99
	399.45	1,640.42

54. The SARS –CoV-2 virus responsible for Covid - 19 continues to spread across the globe and India, which has contributed to a significant decline in global and local economic activities. The extent to which the Covid 19 pandemic will impact the company's results will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid 19 pandemic and any action to contain its spread or mitigate its impact whether government – mandated or elected by the Group.

55. Deferred Tax: amounting to Rs. 242.99 as at March 31, 2020 (Rs. 242.99 Lakhs as at March 31, 2019), 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rs Crore except for share data or as otherwise stated)

56. In terms of events occurring subsequent to March 31, 2019 in relation to revenue recognition, contract assets/advances/ investments write off adjustments on account of settlement of existing litigations/termination of contracts by the Customers have been considered as adjusting events. Hence the impact of the same has been given in the financial statements for the year ending March 31, 2019.
57. Figures for the previous year have been regrouped/reclassified to confirm to the figures of the current year. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00.

As per our report of even date

For M Bhaskara Rao & Co.

Chartered Accountants

ICAI Firm registration number: 000459S

For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

V K Muralidhar

Partner

Membership No: 201570

Dilip Lalchand Bhatia

Director

DIN: 01825694

Place : Mumbai

Date : September 03, 2020

Bijay Kumar

Director

DIN: 07262627

Place : Mumbai

Date : September 03, 2020

Place : Hyderabad

Date : September 03, 2020

Kazim Raza Khan

Chief Executive Officer

Place : Mumbai

Date : September 03, 2020

Naveen Kumar Agrawal

Chief Financial Officer

Place : Hyderabad

Date : September 03, 2020

Sistla Srinivasa Kiran

Company Secretary

Place : Hyderabad

Date : September 03, 2020

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CIN: L45201TG1988PLC008624

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