IL&FS | Energy

IL&FS Energy Development Company Limited

The IL&FS Financial Centre
8th Floor, C-22, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
India

T +91 22 2653 3333
F +91 22 2653 3038
+91 22 2653 3059
W www.ilfsindia.com

December 17, 2019

To
The Sr. General Manager
Department of Corporate Services
Bombay Stock Exchange Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai- 400001

Security Code: (1)957953 (2)957969 (3)957970

Security Name: IL&FS Energy Development Company Limited

Sub: Submission of Audited Financial Results for March 31, 2019:-

Pursuant to the Regulation 52 of Soard of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR), please find enclosed herewith:

1) Audited Financial Results for the Financial year ended on March 31, 2019 along with the disclosures prescribed in terms of Regulation 52 of the LODR.

2) Audit Report on the Financials provided by the Statutory Auditors of the Company.

3) Declaration in relation to Auditors Report where they have issued Disclaimer of Opinion on Financial Results

Certificate from the Debenture Trustee, IDBI Trusteeship Services Limited, as required under Regulation 52(5) of LODR will follow.

Kindly take the note and take the same on records.

Sincerely,

For IL&FS Energy Development Company Limited

Shilpa Parekh
Company Secretary

IL&FS Energy Development Company Ltd.

IL&FS Energy Development Company Limited
Financial Results for the year ended March 31, 2019
Statement of Profit and Loss for the year ended 31 March, 2019

		Year ended March 31, 2019	Year ended March 31, 2018
		Rs. Million	**Rs. Million**
I	Revenue from operations	594.70	10,979.15
II	Other income	3,034.95	7,267.17
III	**Total income (I + II)**	**3,629.65**	**18,246.32**
IV	**Expenses**		
	i. Cost of power purchased	-	4,909.85
	ii. Subcontracting charges	260.05	4,970.63
	iii. Purchases of stock-in-trade	-	466.31
	iv. Employee benefits expense	307.82	352.54
	v. Finance costs	4,021.31	6,630.54
	vi. Depreciation and amortisation expense	17.51	42.43
	vii. Impairment of financial assets (net)	86,915.72	92.86
	viii Other expenses	961.47	545.46
	Total expenses (IV)	**92,483.88**	**18,010.62**
V	**Profit and (Loss) before tax (III - IV)**	**(88,854.23)**	**235.70**
VI	**Tax expense**		
	i. Income tax for earlier years	52.10	(53.92)
	ii. Deferred tax	514.33	(7.27)
	Total tax expense (VI)	**566.43**	**(61.19)**
VII	**Profit/(Loss) for the year (V - VI)**	**(89,420.66)**	**296.89**
	Other comprehensive income		
	i. Items that will not be reclassified to profit or loss		
	a. Remeasurement of defined benefit plans	4.34	0.99
	b. Income tax relating to items that will not be reclassified to profit or loss	(1.50)	(0.34)
	ii. Items that will be reclassified to profit or loss		
	a. Effective portion of gains and loss on designated portion of hedging instruments in cash flow hedge	34.59	20.01
	b. Income tax relating to items that will be reclassified to profit or loss	(11.97)	(6.93)
VIII	**Total other comprehensive income/(loss)**	**25.46**	**13.73**
IX	**Total comprehensive income / (loss) for the period (VII+ VIII)**	**(89,395.20)**	**310.62**
	Earnings / (loss) per equity share (face value of Rs. 10 each)		
	i. Basic (Rs.)	(69.67)	0.23
	ii. Diluted (Rs.)	(69.67)	0.22
	Debt equity ratio [refer note 21(12)]	(1.10)	0.89
	Debt service coverage ratio [refer note 21(12)]	(3.65)	0.13
	Interest service coverage ratio [refer note 21(12)]	(21.10)	1.04

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

IL&FS Energy Development Company Limited
Financial Results for the year ended March 31, 2019
Balance Sheet as at March 31, 2019

		As at March 31, 2019 Rs. Million	As at March 31, 2018 Rs. Million
ASSETS			
Non-current assets			
a)	Property, plant and equipment	68.75	84.77
b)	Intangible assets	0.49	1.12
c)	Financial assets		
	i) Investments	2,292.42	63,369.85
	ii) Loans	3.55	9,999.13
	iii) Other financial assets	113.24	3,652.68
d)	Non-current tax assets	1,325.90	1,540.98
e)	Deferred tax assets (net)	-	527.81
f)	Other non-current assets	1.93	42.12
	Total non-current assets	**3,806.28**	**79,218.46**
Current assets			
a)	Financial assets		
	i) Investments	-	231.50
	ii) Trade receivables	435.25	764.83
	iii) Cash and cash equivalents	241.06	169.21
	iv) Bank balances other than (iii) above	442.57	484.78
	v) Loans	3,260.18	8,175.66
	vi) Other financial assets	1,227.08	8,173.35
b)	Other current assets	152.60	42.22
	Total current assets	**5,758.74**	**18,041.55**
	Assets classified as held for sale	597.74	597.74
	Total assets	**10,162.76**	**97,857.75**
EQUITY AND LIABILITIES			
EQUITY			
a)	Share capital	13,182.26	13,182.26
b)	Other equity	(53,810.31)	35,584.88
	Total equity	**(40,628.05)**	**48,767.14**
LIABILITIES			
Non-current liabilities			
a)	Financial liabilities		
	i) Borrowings	-	17,283.03
	ii) Other financial liabilities	-	2,520.66
b)	Provisions	5.69	26.08
c)	Other non-current liabilities	-	-
	Total non-current liabilities	**5.69**	**19,829.77**
Current liabilities			
a)	Financial liabilities		
	i) Borrowings	3,020.27	12,279.53
	ii) Trade payables		
	Total Outstanding dues of micro enterprises and small enterprises	0.28	-
	Total Outstanding dues of creditors other than micro enterprises and small enterprises	1,127.96	511.43
	iii) Other financial liabilities	45,762.76	15,281.57
b)	Provisions	20.56	12.51
c)	Other current liabilities	253.29	575.80
	Total current liabilities	**50,185.12**	**28,660.84**
d)	Liabilities directly associated with investments classified as held for sale	600.00	600.00
	Total liabilities	**50,790.81**	**49,090.61**
	Total	**10,162.76**	**97,857.75**

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

Notes to Statement of Standalone Financial Results for the year ended March 31, 2019

1. The above financial results of the IL&FS Energy Development Company Limited (IEDCL) for the year ended March 31, 2019 has been reviewed by the Audit Committee at their meeting held on December 16, 2019 and approved by the Board of Directors at their meeting held on December 17, 2019. The Statutory Auditor of the Company have issued a disclaimer of opinion on these results.

2. **Significant developments at the Company, IL&FS Limited ("holding company" or "IL&FS") and various group companies ('the IL&FS Group') during the year ended March 31, 2019 and subsequent to the year end.**

   The Company reported defaults on its borrowing obligations during the financial year 2018-19. Further, the credit rating of the Company and its holding company was downgraded to 'D' (lowest grade) on October 5, 2018 and September 17, 2018, respectively.

   Pursuant to a report filed by the Registrar of Companies, Mumbai ("RoC") under Section 208 of the Companies Act, 2013, the Government of India vide their Order dated September 30, 2018, directed that the affairs of the holding company and its subsidiaries be investigated by the Serious Fraud Investigation Office ("SFIO"). SFIO commenced investigation of affairs of the holding company. SFIO submitted an interim report under Section 212(11) of the Companies Act, 2013, on November 30, 2018.

   The Union of India on October 1, 2018 filed a petition with National Company Law Tribunal ("NCLT") seeking an order section 242(2) and section 246 read with section 339 of the Companies Act, 2013 on the basis of interim reports of the ROC and on the following grounds:

   i. The precarious and critical financial condition of IL&FS and its group companies and their inability to service their debt obligations had rattled the money market.

   ii. On a careful consideration of the Union of Government, it was of the opinion that affairs of IL&FS and its group companies were conducted in a manner contrary to the public interest due to its mis-governance; and

   iii. The intervention of the Union of India is necessary to prevent the downfall of IL&FS and its group companies and the financial markets.

   It was felt that governance and management change were required to bring back the IL&FS Group from financial collapse, which may require, among other things, a change in the existing Board and management and appointment of a new management.

   Based on the above petition, the NCLT vide its order dated October 1, 2018 suspended the erstwhile Board of the holding company and appointed the new Board proposed by the Union of India with seven persons namely:

   i. Mr. Uday Kotak
   ii. Mr. Vineet Nayyar
   iii. Mr. G N Bajpai
   iv. Mr. G C Chaturvedi
   v. Dr. Ms Malini Shankar
   vi. Mr. Nand Kishore
   vii. Mr. C S Rajan

   The present constitution of the New Board of the holding company is as follows:

   i. Mr Uday Kotak, Chairman
   ii. Mr Vineet Nayyar, Vice Chairman (Managing Director till March 31, 2019)
   iii. Mr C S Rajan, Managing Director (Managing Director from April 2, 2019)
   iv. Mr Bijay Kumar, Deputy Managing Director
   v. Mr G C Chaturvedi
   vi. Mr Nand Kishore
   vii. Dr. Ms Malini Shankar
   viii. Mr N Srinivasan

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

Accordingly, erstwhile Board of the Company was also suspended and following Board members were appointed:

i. Mr G C Chaturvedi (Appointed on November 1, 2018)
ii. Mr. Vineet Nayyar (Appointed on November 1, 2018)
iii. Mr. C S Rajan (Appointed on April 15, 2019)

Mr. K Kumar Gangadharan, who was a director in earlier regime, continued as director in the newly constituted board as well.

Further applications were made by the Union of India and others, to the NCLT and the National Company Law Appellate Tribunal ("NCLAT") on various matters. The NCLAT, on October 15, 2018, ordered a stay until further orders on the following matters:

i. The institution or continuation of suits or any other proceedings by any party or person or bank or Company against IL&FS and its group companies in any court of law/tribunal/arbitration panel or arbitration authority.

ii. Any action by any party or person or bank or company etc to foreclose, recover, enforce any security interest created over the assets IL&FS and its group companies including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act 2002.

iii. The acceleration, premature, withdrawal, or other withdrawal, invocation of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, guarantees, letter of support, commitment or comfort and other financial obligations availed by IL&FS and its group companies.

iv. Temporary suspension of the acceleration of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, and any financial liability taken by IL&FS and its group companies.

v. Any and all banks, financial institutions from exercising the right to set off or lien against any amount lying with any creditor against any dues whether principal or interest or otherwise against the balance lying in any of the bank accounts and deposits whether current, savings or otherwise of IL&FS and its group companies.

3. Resolution process proposed by new Board of Directors of the Company

The New Board of Directors of the holding company (hereinafter, "New Board"), as part of the resolution process, has submitted several progress reports to the NCLT. This includes framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

As discussed earlier, the NCLAT had given a moratorium to IL&FS and its group entities that no creditors can proceed against it except under Article 226 of Constitution of India.

The resolution plan seeks a fair and transparent resolution for the Group while keeping in mind larger public interest, financial stability, legality, various stakeholders' interest, compliance with legal framework and commercial feasibility. It is proposed to have a timely resolution process which in turn mitigate the fallout on the financial markets of the country and restore investor confidence in the financial markets thereby serving larger public interest. The Company, being a holding company of energy vertical of IL&FS, having projects through various group entities, depends on its group entities to continue operating as a going concern. The resolution plan and processes for various verticals are under way and options of restructuring business, as well exits are planned. The plan of the management is to sell/exit from assets of the group entities as a going concern.

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

The New Board of IL&FS is pursuing vertical level, SPV level and asset level resolution plan. The assessment of the New Board, based on analysis of the current position of and challenges facing the IL&FS Group, is that an Asset Level Resolution Approach serves the best interest of all stakeholders to achieve final resolution. Further, the stakeholders' interests will be protected adequately since the framework and asset sale will be subject to NCLAT approval. The agreed resolution plan would be made public for the knowledge of all concerned stakeholders through an affidavit filed by the Union of India before Hon'ble NCLAT.

The New Board of IL&FS has submitted five progress reports to the NCLT on the resolution plans and latest of which were submitted on August 9, 2019 and Strategic actions taken include:

a) Appointing Legal, Transaction and Resolution Advisors
b) Securing a moratorium order from third party actions
c) Setting up 'Operating Committee' of senior executives for managing daily operations
d) Developing solution framework for managing unprecedented group insolvency using an umbrella resolution approach
e) Active recovery actions on external lending portfolio of IL&FS Financial Services (IFIN)
f) Working with central and state government authorities to resolve outstanding claims

The entities in the IL&FS group, have been classified into Indian and offshore entities. Further, the Indian IL&FS entities have been classified by an independent third party, into three categories of entities based on a 12-month cash flow based solvency test viz "Green", "Amber" and "Red", indicating their ability to repay both financial and operating creditors, only operating creditors, or only going concern respectively.

Based on this classification of "Green", "Amber" and "Red", the new Board has put in place a payment protocol for the IL&FS group during the resolution process. The classification of the entities, the payment protocol and the resolution framework has been filed with the NCLAT and the NCLAT has directed the appointment of Justice D K Jain (Retd.) to supervise the resolution process for the IL&FS group.

The Company is classified as an "Red" entity, indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status.

4. Order of NCLT for re-opening and re-casting of financial statements

The NCLT, vide order dated January 1, 2019, has allowed a petition filed by the Union of India, for re-opening of the books of accounts and re-casting the financial statements under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2013-14 to 2017-18, of IL&FS (holding company), IL&FS Financial Services Limited ("IFIN") and IL&FS Transportation Network Limited ("ITNL") (both are collectively referred to as "fellow subsidiaries").

The Company had entered into transactions with IL&FS and other group companies during the above-mentioned years and also in the current financial year. The process of such re-opening and re-casting of financial statements is currently in progress, pending which, it is not possible to determine the consequential effects arising therefrom, including their effects on the financial statements, in respect of (a) the business transactions in those financial years; (b) the balance sheets as at March 31, 2018 (comparative period end date) and the current year ended March 31, 2019; and (c) the Statement of Profit and Loss for the years ended March 31, 2018 and March 31, 2019.

5. Status of New Board of Directors initiated investigations

As a consequence of the matter described in Note 2 above and various other matters discussed in these standalone financial results, the Board of Directors of the holding company, in January 2019, have initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the Board of Directors of the holding company. Pending completion of such examination, no adjustments have been recorded in these financial results for any consequential effects / matters that may arise in this regard.

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd. *

6. **Claim management and reconciliation of claims received**

Pursuant to the "Third Progress Report – Proposed Resolution Framework for the IL&FS Group" dated December 17, 2018 and the "Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group" dated January 15, 2019 ("Resolution Framework Report") submitted by the holding company to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before June 5, 2019 (subsequently extended till September 22, 2019) to a Claims Management Advisor ("CMA") appointed by the IL&FS Group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.

The CMA has submitted its report on the status of the claims received and its admission status, indicating a total value of claims received of Rs 60,067.85 million (including contingent claim of Rs. 7,284.88 million) in respect of the Company. The report is subject to update based on additional information / clarification that may be received from the creditors in due course. Further, there is a claim of Rs. 713.70 million from a party, Himachal Sorang Power Limited, which has not been included in the said report of CMA.

Management of the Company is in the process of reviewing the claims and reconciliation of such claims with the corresponding amounts as per the Company's books of account (as at March 31, 2019, the Company has liabilities and provisions aggregating Rs 50,790.81 million). Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have currently been made in this regard to these standalone financial results, and all such claims received have been disclosed as part of contingent liabilities.

7. **Investigations by Serious Fraud Investigation Office ("SFIO") and other regulatory agencies**

The MCA, Government of India, has vide its letter dated October 1, 2018 initiated investigation by the SFIO against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the holding company and subsidiaries/fellow subsidiaries on an ongoing basis. The investigation is in progress. Further, various other regulatory and law enforcement agencies including the Enforcement Directorate (ED) have initiated investigations against the holding Company and its group companies. 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.

8. **Non-compliance with laws and regulations**

During the current year, the Company has listed its debentures on Bombay Stock Exchange. As a consequence of the matter described in Note 2 above and various other matters discussed in these accompanying standalone financial results, the Company is not in compliance with certain provisions/requirements of applicable laws and regulations. These include, but not limited to, certain requirement of the Companies Act, 2013, SEBI Regulations applicable for listed entities, Listing Agreement requirement, Income tax Act, Goods and Services tax Act and FEMA Regulations with regard to External Commercial Borrowings etc.

Management is in the process of evaluating the financial impact and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine their financial, operating or other consequences, pending which, no adjustments have been made to the accompanying standalone financial results.

S.R. Batliboi & Co. LLP, Gurugram

for Identification

IL&FS Energy Development Company Ltd.

9. Assessment of various legal cases, suits, etc.

(a) As a result of the events up to September 30, 2018, as more fully described in Note 2, there have been various legal cases and suits filed against the Company following the default of borrowings made by the Company, as described in that note. Further, the Company is undergoing a resolution process (refer Note 3) under the order of the National Company Law Tribunal ("NCLT"), pending which the management is in the process of making assessments and determinations as to liabilities, provisions and contingent liabilities, as per Ind-AS 37, Provisions, Contingent Liabilities and Contingent Assets. Pending final outcome of such process, no adjustments have been made to the standalone financial results in this regard.

(b) The Company has received notices from debenture trustees with respect to default in payment of interest to debenture holders. Also refer note 9 above.

10. Impairment of loans, receivables and investments to/from/in companies

As a result of the various events during the financial year 2018-19 which are more fully discussed in Note 2 to these standalone financial results, there is significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various loans given to, receivables from, and investments in, group companies. All group companies in India have been classified as "Red", "Amber" or "Green" categories, based on various factors more fully discussed in note 3 to the financial results.

Management has, in consultation with the New Board and based on instruction received from IL&FS, assessed and determined that the amounts of investments in and loans to entities classified as "Red" and "Amber" are not recoverable substantially (also refer Note 2). Management's approach in this regard does not consider the requirements of the relevant Ind-AS standards in entirety as the Company does not presently have the necessary and/or complete information to support cash flow-based tests over its investments, and assumptions and for certain aspects of the expected credit loss model in respect of loans and receivables, and in respect of financial statements of 18 entities, entire assessment is based on draft management unaudited financial statements. On this basis, provision has been made in respect of the financial assets (comprising of loans, receivables and investments) aggregating to Rs. 87,242.09 million during the current year, of which provision of Rs. 85,342.44 million is made in relation to various group companies and provision of Rs. 1,899.65 million is made in relation to third parties balances, except in respect of certain entities where certain assets are marketable or there is cash surplus, and management expects realization of those assets and the Company continue to classify these investments as Non-current Assets and have not carried out assessment that whether the Company should re-classify the same as held for sale in terms of Ind AS 105.

The management is of the view that the impairment allowance as recognized in these financial results is based on the best judgement internal assessment and current scenarios and change in business position of the investee companies without considering its impact on comparatives. Accordingly, the same has no impact on the carrying amount of the investments, loans and receivables as at March 31, 2018 and does not require any restatement. In the view of the management, the impairment provision made is prudent and represents the economic substance of the amounts recoverable as of March 31, 2019.

Further, in absence of audited financial of certain group entities, management is still in the process of performing and completing the confirmation and reconciliation of inter-company balances with its various subsidiaries, fellow subsidiaries, associates and joint ventures. Pending completion of such reconciliation and confirmation, the management has not made any adjustments that may be required to these standalone financial results including the disclosures required by Ind-AS 24- Related Party Disclosures.

11. Accounting for guarantees to group companies

The Company has issued various financial guarantees to its group companies. Based on information available with management, the total value of such financial guarantees as at March 31, 2019 is Rs. 14,162.20 million. Management is in the process of reconciling the completeness and status of various financial guarantees issued, devolved, claimed and recorded/ to be recorded in the books of accounts, including those guarantees in respect of which claims have been received as part of the claim management process (refer note 6). Pending such reconciliation, management has not accounted for any such liabilities in relation to these guarantees in these financial results.

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

12. **Accounting for contractual interest income in respect of loans to group companies and finance costs on the borrowings**

As per 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.

In terms of the Resolution Framework Reports, the proposal made is that all liabilities relating to the relevant IL&FS Group Entity, whether financial (including interest, default interest, indemnity claims and additional charges), operational debt (including interest, indemnity or other claims) as well as statutory claims (including tax, employment and labour related claims), 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 accruing.

Accordingly, with respect to interest expense, the management has recognized finance costs on borrowings (including from third parties) for the year, only for the period up to October 15, 2018. No such finance costs have been recognized for the period from October 16, 2018 to March 31, 2019, which approximates Rs. 2,846.30 million.

Further with respect to interest income, the management has recognized interest income on loans given and investment in debentures, only for the period up to October 15, 2018. No such interest income has been recognized for the period from October 16, 2018 to March 31, 2019, which approximates Rs. 1,738.19 million.

With respect to subsidiaries classified as "Green" category (refer note 3) the Company has accrued interest income for the period April 1, 2018 to March 31, 2019.

The amounts above exclude penal/other interest and charges. The above basis of accounting is on the basis of the proposal made by the Ministry of Corporate Affairs' (through the holding company) with NCLAT to declare October 15, 2018 as Cut Off Date for admission of claims in terms of Resolution Framework.

13. **Report of internal auditors / cost auditors / secretarial compliance report**

Per the requirement of section 138 of the companies Act, 2013, read with Companies (Accounts) Rules, 2014, the Company has appointed a firm of Chartered Accountant as its internal auditor for conducting internal audit for the year ended March 31, 2019.Internal audit is ongoing and their report is awaited. Cost audit and secretarial audit are expected to commence shortly.

14. **Revenue recognition**

a. **Assessment under Ind AS 115 Revenue from Contract with customer**

Ind AS 115 was issued on March 28, 2018 and superseded Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. In addition, the new standard results into the change in accounting policy related to revenue recognition and requires extensive disclosures.

The Company is in business of providing consultancy services, sale of power, trading of power and revenue from construction contracts. The Company is still under the process of evaluating the impact of the new revenue recognition standard and a reliable estimate of the quantitative impact and disclosures of Ind AS 115 on the revenue recognition in financial results will only be possible once the Company completes its assessment and accordingly impact of adoption of Ind AS 115 has not been given in these standalone financial results.

S.R. Batliboi & Co. LLP, Gurugram

for Identification

IL&FS Energy Development Company Ltd.

b. Vide memorandum dated December 24, 2018, the management of the Company has formally decided that IL&FS Tamil Nadu Power Company Limited ("ITPCL") is incapable to pay the amount to the Company for the advisory services and has proposed to discontinue the arrangement with ITPCL and stop billing for the advisory services with effect from October 1, 2018 and accordingly the Company has not billed and recognised the revenue on the same with effect from October 1, 2018. Further, the Company is in the process of obtaining ITPCL's confirmation of pre-closure of the contract.

c. Vide agreement dated March 30, 2016 as amended by memorandum dated December 27, 2017, the Company has entered into an contract for purchase of power from IL&FS Tamil Nadu Power Company Limited ("ITPCL") and vide agreement dated December 15, 2015, the Company has entered into an contract with PTC India Limited ("PTC") for sale of power on exchange. The Company has carried out an assessment and believes that the Company is acting as an "Agent" as the Company do not have any credit risk and inventory risk. Accordingly, the Company has recognised net trading margin as revenue during the year. In earlier years, the erstwhile management was recognising revenue on gross basis, on the basis, that the Company is acting as "Principal". The management is in process of locating the rationale for the said conclusion till previous year. Pending management assessment, the Company has not restated the comparative Ind AS financial statements. Had the Company restated the previous year financial statement, the revenue would have been lower by Rs. 3,478.78 million and cost of power purchased by Rs. 3,449.63 million respectively. The management believes that such assessment will not have any impact on profit for the previous years.

15. Consequent to the various matters mentioned in note 2 and 3 to these financial results, the normal business operations of the Company as they existed until previous year seized on September 30, 2018, and the New Board has undertaken certain steps as mentioned in that note, to continue the current operations of the Company. During the period upto September 30, 2018, the management has identified certain inter-company fund movements, wherein:

- receipt of funds of Rs. 7,270.00 million from its holding company, which were used by the Company to repay old outstanding loans due to the said holding company, on the same date.
- funds inflows of Rs. 4,043.86 million from the holding company, used for onward lending to certain subsidiaries and thereafter, received back from the said subsidiaries on the next day towards settlement of outstanding loans due to the Company
- transactions related to loans given by the Company to subsidiaries and loan given by these subsidiaries to the Company, of which the loans given by the Company to these group companies has been fully provided for;
- the Company has borrowed loans from certain subsidiaries having no business therein, who have borrowed loans from other group companies and lent them to the Company.

While some of these transactions were approved by the erstwhile Board of Directors, however, the management is in the process of examining these transactions in greater details and identifying commercial substance, nature and business rationale for the said transactions. Pending such assessment, management believes that this will not have any material impact on carrying value of these loans.

16. Going concern assumption used for the preparation of these financial results

The Company and the IL&FS group in general are undergoing substantial financial stress as at March 31, 2019. The Company has incurred a loss (including other comprehensive income) of Rs 89,395.20 million for the year ended March 31, 2019 and has net liabilities of Rs 44,428.64 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings during the year, in September 2018, and was reduced to 'default grade' subsequent to the defaults in repayment of loans taken by the Company, details of which are discussed in Note 2. As a result of the foregoing, the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed.

As indicated in Note 3, there has been a resolution process run by the holding company's Board of Directors. The resolution plan seeks a transparent resolution keeping in mind larger public interest, financial stability, legality, various stakeholders' interest and commercial feasibility. The resolution plan of management includes sale of entities / assets wherever possible and the Company is taking active steps to monetize its assets and is in discussions with multiple parties to sell its assets. The Company is a committed to taking necessary steps to meet its financial commitments to the extent possible.

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd. *

During the year, the Group has also engaged an independent third party as resolution advisors, to assess the liquidity at the company and at various group companies in India. As a result, the companies in the IL&FS group have been classified into three categories as more fully discussed and disclosed in Note 3 to the financial results. These classifications reflect the ability of the companies to pay their financial and operations creditors from their operations in normal course of business and are subject to periodic assessment and review by the management and the Board and with the results being submitted to the National Company Law Tribunal, the last of which have been submitted on August 9, 2019. Accordingly, the Board of Directors has considered it prudent to get these financial results prepared on a going concern basis.

17. Non-presentation of results

a. Non-presentation of results for the half-year ended March 31, 2019 and delay in submission of results for year ended March 31, 2019

The Non-convertible debentures of the Company got listed on Bombay Stock Exchange on May 29, 2018. Consequent to the matter discussed in Note 4, the Company has substantially curtailed its normal business operations, and is currently engaged in the various actions described more fully in that note. As a result, and further to the matter stated in Note 5, the Company is in the process of resolving various matters described in that Note. Accordingly, the Company had not submitted its half-yearly unaudited results in terms of the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations").

Further, the Statement does not include financial results for the six-months ended March 31, 2019, and related comparatives for the six-months ended March 31, 2018. Further, due to the aforesaid reasons, the financial results for the year ended March 31, 2019 also could not be furnished on time as per requirement of listing agreement / regulations.

b. Non presentation of consolidated results for the year ended March 31, 2019

The Company has been facing capacity issues due to loss of key employees while meeting the need for servicing information requirements and providing clarifications to multiple investigating agencies, providing information to enable the ongoing asset monetization and restructuring activities and meeting 'going concern' requirements. Further, challenges are being faced by the respective Subsidiaries in terms of valuation of underlying assets, inadequate number of Directors on the Boards of a few companies, dealing with casual vacancy of Statutory Auditors and extended timelines for finalizing and adopting audited financial statements. Accordingly the Company is unable to provide its consolidated financial results. An application has been made to the competent authority seeking an exemption for the Company from presenting its consolidated financial statement.

18. The Company has sold its investment in its erstwhile subsidiary company named as East Delhi Waste Processing Company Limited ("East Delhi") on December 31, 2016 and erstwhile associate company named as Punjab Biomass Power Limited ("Punjab Biomass) on April 22, 2016 to IL&FS Environmental Infrastructure & Services Limited and Bermaco Energy Systems Limited respectively at an amount of Rs. 1,380 million and Rs. 100 million respectively at a net profit of Rs. 181.85 mn. However, 49% of equity shares of East Delhi and 100% of shares of Punjab Biomass held by the Company are not transferred to the buyers till date and the entire consideration of Rs. 1,480 million for the same has not been received till date. Basis underlying agreements, the Company has not been consolidating these entities since then. As more than 3 years have elapsed, the management has provided for the full amount of consideration receivable of Rs. 1,480 million from these buyers during the current year, as management believes that the amount is not recoverable. The management is currently assessing whether the said transaction of sale of investment in subsidiary/associate were consummated in earlier years pending collection and share transfers.

Further, in respect of East Delhi and Punjab Biomass, the Company has given loan of Rs. 350.00 million and Rs. 215.92 million respectively and interest receivables of Rs. 110.75 million and Rs. 158.15 million respectively in these two entities. Further, with regard to Punjab Biomass, the Company has carrying value of investment in Debentures of Rs. 198.68 million. Till March 31, 2018, the Company has already provided for Rs. 127.83 million on account of doubtful recovery of loans and interest receivable from Punjab Bio Mass. During the current year, the management believes that as the financial conditions of these two entities are not appropriate and keeping in mind the current business position of the Company, these amounts are not recoverable in nature and accordingly has provided for Rs. 905.65 million in these accompanying standalone Ind-AS financial results.

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

19. Consequent to the various matters mentioned in Note 2 and 3 to these financial statement, the normal business operations of the Company as they existed until September 30, 2019 have ceased. The Company is unable to locate loan agreements in respect of 28 loans of Rs. 887.84 million extended to group companies and 6 loans of Rs. 240.92 million to extended third parties. Also, loan agreements of 29 loans of Rs. 3,108.03 million and 4 loans of Rs. 1,221.08 million extended in previous years to group companies and to third parties respectively has been expired during the year and no extension has been made. The management believes that the same will not have any impact on these financial results.

20. Due to inadequacy of profits in the Company, no debenture redemption reserve has been created during the current year.

21. Disclosures pursuant to Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR)

No	Particulars	Details
1	Details of Credit ratings	Non-Convertible Debentures (NCDs): "D" by CARE & Brickworks During the Financial Year, the Company had defaulted in servicing its debt, accordingly, the Credit Rating was downgraded to D from AA + (SO).
2	Asset Cover	Not Applicable, as these are unsecured
3	Previous due date for the payment of interest, repayment of principal of NCD securities and whether the same has been paid or not	Refer table below
4	Next due date for the payment of interest, principal along with the amount of interest payable and the redemption amount	Refer table below
5	Outstanding Redeemable Preference Shares (Quantity and Value)	NIL
6	Capital Redemption Reserve	NIL
7	Debenture Redemption Reserve	Rs. 673.61 million
8	Net worth	Rs. (40,628.05) million
9	Net Profit / (Loss) after Tax	Rs. (89,420.66) million
10	Earnings/ (Loss) per share	Rs. (69.67)
11	Profit / (loss) for the half year and cumulative profit for the year	Cumulative profit / (loss) for the year Rs (89,420.66) million. Half year results are not available
12	Formulae for computation of ratios	
	a. Debt Equity Ratio	Debt/Equity Equity includes Other Equity, Compulsorily Convertible Preference Shares, classified as equity as per the provision of Ind AS 109 and excludes earmarked reserves, for the purpose of calculation of Debt-Equity Ratio. Debt capital comprises debentures, term loans and other short-term borrowings.
	b. Debt Service Coverage Ratio	(Earning before interest and tax) / (Interest Expense + Principal repayments made during the year)
	c. Interest Service Coverage Ratio	Earnings before interest and tax / (Interest Expense)
13	The end use of the proceeds of issue of NCD has been in line with the objects stated in the respective Offer Documents of the Issue. The auditors have expressed the disclaimer in relation to funds movement during the year (refer para (f) of basis of disclaimer of opinion of the Independent Auditors Report)	

S.R. Batliboi & Co. LLP, Gurugram

for Identification

IL&FS Energy Development Company Ltd *

Details of payment of principal/interest on Non- Convertible Debentures (NCDs) in accordance with Regulation 52 (4)(d) and (e)) of the LODR as on March 31, 2019

S. No.	Series	ISIN	Previous due date (Refer note 2 below)		Next due date			
					Interest		Principal	
			Interest	Principal	Date	Amount	Date	Amount
1	Series I	INE938L08072	14-Feb-19	NA	14-May-19	45,170,548	14-Aug-24	487,500,000
2	Series I	INE938L08080	28-Feb-19	NA	28-May-19	33,588,356	28-Aug-24	362,500,000
3	Series II	INE938L08098	28-Feb-19	NA	28-May-19	13,942,520	28-Nov-25	150,000,000

Notes

1 The NCDs are of face value of Rs. 1,000,000 each.

2 All coupon payment upto August 28, 2018 have been made to the debentures holders on the respective due dates. Thereafter the Company has not been able to pay coupon/redemption payments to the debenture holders.

3 The Coupon interest and the Redemption due dates which are falls on Saturday/Sundays & Holidays and being the bank holiday's, have been made as per SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016.

22. Subject to note 10 and 14 related to non-application of principles of Ind AS 36, Ind AS 109, Ind AS 105 and Ind AS 115, all the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) as applicable for the year ended March 31, 2019 have been considered in preparing these financial results.

23. Disclosure of Change in Directors and Key Managerial Personnel (KMP)

a. Further to the change in Directors as mentioned in note 2, Mr. K Kumar Gangadharan has resigned as a Director of the Company w.e.f. December 16, 2019 and Mr. Deepak Mawandia has been appointed as Additional Director, Nominee of Backbay Capital from December 16, 2019.

b. The following Key Managerial Personnel (KMP) of the Company have resigned during the period:
- Mr Ashwani Kumar, Chief Executive Officer *(w.e.f. September 07, 2019).*
- Mr Anand Nair, Group Chief Financial Officer – Energy Vertical of the Company *(w.e.f. May 22, 2018 to October 11, 2019).*
- Mr Hemant Thanvi, Group Chief Financial Officer – Energy Vertical of the Company *(w.e.f. May 22, 2018)*
- Mr Rajpal Ahuja Company Secretary of the Company *(w.e.f. August 14, 2018)*
- Mr Jignesh Nagda, Company Secretary of the Company *(from August 14, 2018 to May 10, 2019)*

The Company has appointed Ms Shilpa Parekh as Company Secretary from May 23, 2019. Further the Company is in process of appointing Chief Executive Officer and Chief Financial Officer in terms of section 203 of the Companies Act, 2013.

24. Segment reporting

The Company had three operating segments i.e. Consultancy services, Trading/Construction contract and Generation and sale of power. Consequent to the various matters mentioned in Note 2 and 3 to these financial results, the normal business operations of the Company as they existed until September 30, 2019 have ceased. The new Board, which has been identified as being the Chief Operating Decision Maker (CODM), has been overseeing and focusing on the realizability of investments in each of the Group entities. However, as the Company has already surrendered the power trading license, has no income from construction contracts post September 30, 2018 and has no income from loans post October 15, 2018, the new Board does not evaluate/ monitor the income recognized during the year as separate segments. Accordingly, the management believes that there are no reportable operating segments which require disclosure under Ind AS 108 "Operating Segments".

S.R. Batliboi & Co. LLP, Gurugram

for Identification

IL&FS Energy Development Company Ltd. *

25. Previous period/ year figures have been reclassified/regrouped wherever necessary to conform to current period classification.

For and on behalf of Board of Directors of
IL&FS Energy Development Company Limited

G C Chaturvedi **Director** DIN: 00110996	**Vineet Nayyar** **Director** DIN: 00018243	**C S Rajan** **Director** DIN: 00126063
Ashwani Kumar **Head (Energy Vertical)**	**Santosh Swamy** **Head (Finance)**	**Shilpa Parekh** **Company Secretary**

Date: December 17, 2019
Place: Mumbai

IL&FS Energy Development Company Ltd.*

S.R. Batliboi & Co. LLP, Gurugram
for Identification

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

Independent Auditor's Report on the Standalone Financial Results Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
IL&FS Energy Development Company Limited

1. We were engaged to audit the statement of Standalone Financial Results of IL&FS Energy Development Company Limited ("the Company") for the year ended March 31, 2019 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016 ('the Circular'). This Statement has been compiled on the basis of the related financial statements as at and for year ended March 31, 2019, which is the responsibility of the Company's management and has been approved by the Board of Directors, on which we have issued a disclaimer of opinion.

2. Our responsibility was to conduct an audit of the Statement in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India and issue auditor's report. However, because of the significance of the matters described in paragraph 3(a) to 3(h) under the Basis for Disclaimer of Opinion paragraph, and the Material Uncertainty Related to Going Concern paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for opinion on the Statement.

Basis for Disclaimer of Opinion

3. The matters in Paragraphs (a) to (h) below should be read with Note 2 to the Statement which discusses certain key events of the year including reconstitution of the board of directors of the Company effective October 1, 2018 and Note 3 to the Statement regarding the resolution process followed by the board of directors in relation to the Company's operations, as well as the relevant notes referred to hereinbelow.

   (a) As mentioned in Note 10 to the Statement, the Company has made total provision for impairment of financial assets (comprising of loans, receivables and investments) of Rs. 87,242.09 million during the year, of which provision of Rs. 85,342.44 million is made in relation to various group companies and provision of Rs. 1,899.65 million is made in relation to third parties balances. In the absence of audited financial statements for 18 subsidiaries/associates/joint ventures, necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables, the management has recorded provisions during the year basis their internal assessment and without considering the impact on comparatives, which does not consider the requirements of the relevant Ind-AS Standards in its entirety.

   (b) We have not received audit evidences in respect of:

   - unreconciled differences of Rs. 590.29 million in balances confirmed by 5 banks, 2 financial institutions and 5 group companies with respect to borrowings (including interest accrued) as per books of Rs. 23,323.02 million;
   - loan agreements in respect of 67 loans extended to various group companies and third parties aggregating to Rs. 3,995.87 million and Rs. 1,462.00 million, respectively as referred to in note 19 to the Statement. Further, we have not been provided management's assessment of compliance with Section 185 of the Companies Act, 2013 in relation to loans, investments, guarantees and securities given to parties covered under Section 185 of the Companies Act, 2013 till September 30, 2018;
   - management's assessment of consequences and likely outcome of outstanding legal cases, direct and indirect tax litigations as on the date of this report. In absence of the above, we are unable to comment on recoverability of Income Tax assets of Rs. 1,325.90 million considered good as at March 31, 2019, completeness of provisions for direct and indirect taxes.
   - direct confirmation of third party trade receivables of Rs. 369.86 million as at year end. Further, the management was unable to provide us with the reconciliation of balances outstanding from these third-party receivables at any time during the year.
   - management's assessment of resultant liabilities arising out of the outstanding financial guarantees extended to its group companies more fully explained in note 11.
   - management's evaluation of the impact of the new revenue recognition standard, Ind AS 115 'Revenue from contracts with Customers' in respect of its revenue recognition from construction contracts, sale of power, trading of power and consultancy income more fully explained in note 14(a).

S.R. BATLIBOI & CO. LLP GURUGRAM

- Management's evaluation of compliance of the requirement of Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations' in respect of classification of investments in group companies as Held for Sale more fully explained in note 22.

Accordingly, we are unable to comment on the consequential effects of the above matters on the Statement.

(c) As mentioned in Note 12 to the Statement, the Company has not accounted for contractual interest income of Rs. 1,738.19 million from its subsidiaries, associates and joint ventures and further, has not accounted for contractually payable finance costs of Rs. 2,846.30 million (excluding penal/other interest and charges) on borrowings, for the period from October 16, 2018 to March 31, 2019. Pending approval of Ministry of Corporate Affairs' proposal to National Company Law Appellate Tribunal ('NCLAT') to declare October 15, 2018 as Cut Off Date for admission of claims in terms of Resolution Framework, we are unable to determine the completeness or the appropriateness of the aforesaid unaccounted interest income /contractually payable finance costs.

(d) As mentioned in:
- note 4 to the Statement, on January 1, 2019, Infrastructure Leasing & Financial Services Limited ('holding company'), IL&FS Transportation Networks Limited and IL&FS Financial Services Limited (both are collectively referred as "fellow subsidiaries") received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act, 2013. During the period mentioned above, the Company has entered into various transactions with the holding company and fellow subsidiaries and such reopening and recasting may have impact on the financial statements of the Company. Such process of reopening and recasting of prior years' accounts is currently in progress.
- note 5 to the Statement, the Board of Directors of the holding company have initiated a third-party forensic examination of various matters of certain subsidiaries of the IL&FS Group for the period from April 2013 to September 2018, which is currently ongoing.
- note 6 to the Statement, management is in the process of reconciling claims received with its books of account.
- note 7 to the Statement, there are ongoing investigations by various regulatory authorities and agencies on the holding company and its subsidiaries.

Consequently, the Statement do not include any possible adjustments arising from the aforesaid matters, including to the extent these may affect prior period comparatives presented therein.

(e) As mentioned in Note 8 to the Statement, the Company is not in compliance with certain requirements/provisions of applicable laws and regulations, including but not limited to Companies Act, 2013, SEBI Regulations applicable for Listed companies, Listing Agreement, Goods & Service Tax, Foreign Exchange Management Act, Income Tax Act etc. Pending management's identification and quantification of the financial and other consequences arising from such non-compliances, we are unable to determine the adjustments that may be required to be made to the Statement.

(f) As mentioned in Note 15 to the Statement, certain transactions of funds movements has been recorded in the Company's books for the period from April 1, 2018 to September 30, 2018 and outstanding as at year end in the form of loans taken by/given to its holding company on same day, onward lending to subsidiaries (including those which had no business) and refund thereof from said subsidiaries on the same or next day, new loans taken from same group companies to repay their old outstanding loans, loans taken by subsidiaries (having no business) from group companies and lent to the Company, loans given to/taken from certain subsidiaries, of which loans given were provided for, while loans taken were not settled, during the period. We have not been provided with the commercial substance, nature and business rationale for these funds movement / transactions between group companies.

(g) As mentioned in Note 18 to the Statement, in earlier years, the Company recognized sale of a subsidiary and an associate (to a group company and a third party) for a consideration of Rs. 1,480 million and recorded net profit of Rs. 181.85 million in those years and has not been consolidating these entities since then. Considering the fact that the entire consideration of Rs. 1,480 million has not been received and all the shares are not transferred to the buyers till date, the management has provided the abovementioned consideration receivable as doubtful of recovery. We have not been provided with the commercial substance, nature and business rationale for the aforesaid transaction and the management's assessment as to whether the said transactions of sale of investment in subsidiary/associate were consummated in earlier years pending collection & share transfers. Hence, we are unable to comment on the impact of these transactions on the Statement, if any.

S.R. BATLIBOI & CO. LLP * GURUGRAM *

(h) As discussed in note 17 to the Statement, the Company has not presented the information for the six months ended March 31, 2019 and related comparatives for the six months ended March 31, 2018, along with certain other disclosures as required by Regulation 52 read with the Circular. Pending management's identification and quantification of the financial and other consequences arising from such non-adherence of requirements of the said Regulations, we are unable to determine the adjustments that may be required to be made to the Statement.

In respect of the matters discussed in paragraphs 'a' to 'h' above, we have not been provided with sufficient appropriate evidence and information and explanations as required and accordingly are unable to determine the adjustments that may be required to the Statement as at and for the year ended March 31, 2019.

Material uncertainty relating to going concern

4. We refer to note 16 to the Statement which state that the Company has net current liabilities of Rs 44,428.64 million as at March 31, 2019, the Company has reported loss of Rs. 89,395.20 million for the year ended March 31, 2019 and its net worth is fully eroded. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. These conditions, along with other matters set forth in that note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Disclaimer of Opinion

5. Because of the significant of the matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Related to Going Concern sections of our report as above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the Statement:

   i. is presented in accordance with the requirements of the Regulation, read with the Circular; and

   ii. gives a true and fair view of the net loss including other comprehensive income and other financial information of the Company for the year ended March 31, 2019.

6. The comparative financial information of the Company for the year ended March 31, 2018, included in the statement, have been extracted from the audited financial statements of the Company as at and for the year ended March 31, 2019 which were audited by predecessor auditor who expressed an unmodified audit opinion with 'Emphasis of Matter' paragraph in relation to accounting for business combination on those Ind AS financial statements on August 25, 2018.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Amit Gupta
Partner
Membership Number: 501396
UDIN: 19501396AAAACH5695

S.R. BATLIBOI & CO. LLP * GURUGRAM *

Place: Mumbai
Date: December 17, 2019

December 17, 2019

To

BSE Limited
Listing Department
P.J. Towers, Dalal Street,
Mumbai – 400 001

Sub: Declaration in respect of Disclaimer of Opinion on the Audited Financial Results for the Financial Year ended March 31, 2019

Dear Sir/Madam

Pursuant to Regulation 52 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 20 15 and read with SEBI circular No: CIRlCFD/CMO/56/2016 dated May 27, 2016. I, being the Company Secretary hereby declare and confirm that the Statutory Auditor of the Company, M/s S.R. Batliboi & Co. LLP (Firm Registration Number: 301003E/E300005), Chartered Accountants, have issued Audit Report with Disclaimer of Opinion on the financial results of the Company for the financial year ended March 31, 2019. Copy of the Statement on Impact of Audit Qualifications is enclosed as Annexure-I.

Kindly take this on your record.

For **IL&FS Energy Development Company Limited**

Shilpa Parekh
Company Secretary

Encl.: Annexue I

IL&FS Energy Development Company Ltd.

Annexure-I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 52 of the SEBI (LODR) (Amendment) Regulations, 2016

I

S. No.	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. Million)	Adjusted figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	3,629.65	Not Determinable
2	Total expenditure	92,483.88	
3	Net profit / (loss) after tax	(89,420.66)	
4	Earnings / (loss) per share	(69.67)	
5	Total assets	10,162.76	
6	Total liabilities	50,790.81	
7	Net worth	(40,628.05)	
8	Any other financial item(s) (as felt appropriate by the management)	None	

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

II Audit qualifications (each audit qualification separately)

<table>
<tr><td rowspan="2">1.</td><td rowspan="2">Details of Audit qualifications</td><td>As mentioned in Note 10 to the Statement, the Company has made total provision for impairment of financial assets (comprising of loans, receivables and investments) of Rs. 87,242.09 million during the year, of which provision of Rs. 85,342.44 million is made in relation to various group companies and provision of Rs. 1,899.65 million is made in relation to third parties balances. In the absence of audited financial statements for 18 subsidiaries/associates/joint ventures, necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables, the management has recorded provisions during the year basis their internal assessment and without considering the impact on comparatives, which does not consider the requirements of the relevant Ind-AS Standards in its entirety.</td></tr>
<tr><td>We have not received audit evidences in respect of:
unreconciled differences of Rs. 590.29 million in balances confirmed by 5 banks, 2 financial institutions and 5 group companies with respect to borrowings (including interest accrued) as per books of Rs. 23,323.02 million;
loan agreements in respect of 67 loans extended to various group companies and third parties aggregating to Rs. 3,995.87 million and Rs. 1,462.00 million, respectively as referred to in note 19 to the Statement. Further, we have not been provided management's assessment of compliance with Section 185 of the Companies Act, 2013 in relation to loans, investments, guarantees and securities given to parties covered under Section 185 of the Companies Act, 2013 till September 30, 2018;
management's assessment of consequences and likely outcome of outstanding legal cases, direct and indirect tax litigations as on the date of this report. In absence of the above, we are unable to comment on recoverability of Income Tax assets of Rs. 1,325.90 million considered good as at March 31, 2019, completeness of provisions for direct and indirect taxes.
direct confirmation of third party trade receivables of Rs. 369.86 million as at year end. Further, the management was unable to provide us with the reconciliation of balances outstanding from these third-party receivables at any time during the year.
management's assessment of resultant liabilities arising out of the outstanding financial guarantees extended to its group companies more fully explained in note 11.</td></tr>
</table>

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

<table>
<tr><td></td><td></td><td>management’s evaluation of the impact of the new revenue recognition standard, Ind AS 115 ‘Revenue from contracts with Customers’ in respect of its revenue recognition from construction contracts, sale of power, trading of power and consultancy income more fully explained in note 14(a).
Management’s evaluation of compliance of the requirement of Ind AS 105 ‘Non-Current Assets Held for Sale and Discontinued Operations’ in respect of classification of investments in group companies as Held for Sale more fully explained in note 22.
Accordingly, we are unable to comment on the consequential effects of the above matters on the Statement.</td></tr>
<tr><td></td><td></td><td>As mentioned in Note 12 to the Statement, the Company has not accounted for contractual interest income of Rs. 1,738.19 million from its subsidiaries, associates and joint ventures and further, has not accounted for contractually payable finance costs of Rs. 2,846.30 million (excluding penal/other interest and charges) on borrowings, for the period from October 16, 2018 to March 31, 2019. Pending approval of Ministry of Corporate Affairs’ proposal to National Company Law Appellate Tribunal (‘NCLAT’) to declare October 15, 2018 as Cut Off Date for admission of claims in terms of Resolution Framework, we are unable to determine the completeness or the appropriateness of the aforesaid unaccounted interest income /contractually payable finance costs.</td></tr>
<tr><td></td><td></td><td>As mentioned in:
note 4 to the Statement, on January 1, 2019, Infrastructure Leasing & Financial Services Limited (‘holding company’), IL&FS Transportation Networks Limited and IL&FS Financial Services Limited (both are collectively referred as “fellow subsidiaries”) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act, 2013. During the period mentioned above, the Company has entered into various transactions with the holding company and fellow subsidiaries and such reopening and recasting may have impact on the financial statements of the Company. Such process of reopening and recasting of prior years' accounts is currently in progress.
note 5 to the Statement, the Board of Directors of the holding company have initiated a third-party forensic examination of various matters of certain subsidiaries of the IL&FS Group for the period from April 2013 to September 2018, which is currently ongoing.
note 6 to the Statement, management is in the process of reconciling claims received with its books of account.</td></tr>
</table>

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

		• note 7 to the Statement, there are ongoing investigations by various regulatory authorities and agencies on the holding company and its subsidiaries. Consequently, the Statement do not include any possible adjustments arising from the aforesaid matters, including to the extent these may affect prior period comparatives presented therein.
		As mentioned in Note 8 to the Statement, the Company is not in compliance with certain requirements/provisions of applicable laws and regulations, including but not limited to Companies Act, 2013, SEBI Regulations applicable for Listed companies, Listing Agreement, Goods & Service Tax, Foreign Exchange Management Act, Income Tax Act etc. Pending management's identification and quantification of the financial and other consequences arising from such non-compliances, we are unable to determine the adjustments that may be required to be made to the Statement.
		As mentioned in Note 15 to the Statement, certain transactions of funds movements has been recorded in the Company's books for the period from April 1, 2018 to September 30, 2018 and outstanding as at year end in the form of loans taken by/given to its holding company on same day, onward lending to subsidiaries (including those which had no business) and refund thereof from said subsidiaries on the same or next day, new loans taken from same group companies to repay their old outstanding loans, loans taken by subsidiaries (having no business) from group companies and lent to the Company, loans given to/taken from certain subsidiaries, of which loans given were provided for, while loans taken were not settled, during the period. We have not been provided with the commercial substance, nature and business rationale for these funds movement / transactions between group companies.
		As mentioned in Note 18 to the Statement, in earlier years, the Company recognized sale of a subsidiary and an associate (to a group company and a third party) for a consideration of Rs. 1,480 million and recorded net profit of Rs. 181.85 million in those years and has not been consolidating these entities since then. Considering the fact that the entire consideration of Rs. 1,480 million has not been received and all the shares are not transferred to the buyers till date, the management has provided the abovementioned consideration receivable as doubtful of recovery. We have not been provided with the commercial substance, nature and business rationale for the aforesaid transaction and the management's assessment as to whether the said transactions of sale of investment in subsidiary/associate were consummated in earlier years pending

S.R. Batliboi & Co. LLP, Gurugram
for Identification

IL&FS Energy Development Company Ltd.

		collection & share transfers. Hence, we are unable to comment on the impact of these transactions on the Statement, if any.
		As discussed in note 17 to the Statement, the Company has not presented the information for the six months ended March 31, 2019 and related comparatives for the six months ended March 31, 2018, along with certain other disclosures as required by Regulation 52 read with the Circular. Pending management's identification and quantification of the financial and other consequences arising from such non-adherence of requirements of the said Regulations, we are unable to determine the adjustments that may be required to be made to the Statement.
		Material uncertainty relating to going concern We refer to note 16 to the Statement which state that the Company has net current liabilities of Rs 44,428.64 million as at March 31, 2019, the Company has reported loss of Rs. 89,395.20 million for the year ended March 31, 2019 and its net worth is fully eroded. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. These conditions, along with other matters set forth in that note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
2	Type of Audit Qualification : Qualified Opinion / Disclaimer of opinion Opinion / Adverse Opinion	Disclaimer of opinion
3	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
4	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
5	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification:	Not determinable
6	(ii) If management is unable to estimate the impact, reasons for the same:	As per the reasons as mentioned in notes to the financial results

S.R. Batliboi & Co. LLP, Gurugram
for identification

IL&FS Energy Development Company Ltd. *

7	Auditors' Comments on (i) or (ii) above:	Our view remains unchanged considering the matters referred to in paragraph 3 (incl. 3(a) to 3(h)) and paragraph 4 in our audit report.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Amit Gupta
Partner
Membership Number: 501396

Date: December 17, 2019
Place: Mumbai

S.R. Batliboi & Co. LLP, Gurugram

for Identification

For and on behalf of Board of Directors of
IL&FS Energy Development Company Limited

G C Chaturvedi
Director
DIN: 00110996

Vineet Nayyar
Director
DIN: 00018243

C S Rajan
Director
DIN: 00126063

Ashwani Kumar
Head (Energy Vertical)

Santosh Swamy
Head (Finance)

Shilpa Parekh
Company Secretary

Date: December 17, 2019
Place: Mumbai

IL&FS Energy Development Company Ltd.