

**CHATURVEDI & PARTNERS**  
Chartered Accountants  
212A, Chiranjiv Tower  
43, Nehru Place  
New Delhi – 110 019

**DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Gowra Grand  
III Floor, 1-8-384 & 385  
Sardar Patel Road, Begumpet  
Secunderabad – 500 003

**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE BOARD OF DIRECTORS OF  
IVRCL LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **IVRCL LIMITED** ("the Company") for the Quarter and Six Months Ended September 30, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 6 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Attention is invited to Note 2 of the Statement wherein the Management of the Company has considered Trade Receivables amounting to ₹ 22,332.31 lakhs, as good and fully recoverable. In the absence of external balance confirmations from the customers from whom these amounts are due or other alternate audit evidence to corroborate management's assessment of recoverability of these balances and having regard to the age of these balances, we are unable to comment the extent to which these balances are recoverable.
4. Based on our review conducted as stated above, except for the possible effects of the matter described in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. Attention is invited to:

- a. Note 3 of the Statement regarding the investment amounting to ₹ 6,575.25 lakhs in its subsidiary Hindustan Dorr-Oliver Limited whose net worth has been substantially eroded and is dependent on the improvement of its operations to continue as a going concern.
- b. Note 4 of the Statement regarding the managerial remuneration where the company is awaiting Central Government approval and/or in the process of making application to the Central Government.
- c. Note 5 of the Statement regarding Trade Receivables and Other Current Assets amounting to ₹ 3,041.36 lakhs and ₹ 20,780.52 lakhs respectively in respect of which the Company has initiated action for recovery from the customers.

Our report is not qualified in respect of the above matters for the reasons stated in the respective notes.

6. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six Months Ended September 30, 2013 of the Statement, from the details furnished by the Registrars.

For **Chaturvedi & Partners**  
Chartered Accountants  
(Firm Registration No. 307068E)



R. N. Chaturvedi  
Partner  
(Membership No. 092087)

New Delhi, November 14, 2013



For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 008072S)



Ganesh Balakrishnan  
Partner  
(Membership No. 201193)

Hyderabad, November 14, 2013





PART I

Statement of Unaudited Results for the Quarter and Six Months Ended September 30, 2013

(₹ in lakhs, except share data)

Sl. No.	Particulars (Refer Notes below)	Quarter Ended			Six Months Ended	9 Months Period Ended
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	March 31, 2013
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1.	Income from operations					
	a) Net income from operations	112,426.84	100,478.88	99,472.06	212,905.72	373,400.98
	b) Other operating income	41.74	203.98	-	245.72	2,507.87
	<b>Total income from operations (net)</b>	<b>112,468.58</b>	<b>100,682.86</b>	<b>99,472.06</b>	<b>213,151.44</b>	<b>375,908.85</b>
2.	Expenses					
	a) Construction stores, spares and materials consumed	24,424.72	28,267.61	33,146.47	52,692.33	105,272.20
	b) Purchases of stock-in-trade	-	-	-	-	58.25
	c) Sub-contracting expense	44,323.90	29,891.90	18,995.61	74,215.80	112,570.01
	d) Masonry, labour and other construction expense	26,938.81	27,618.53	31,137.21	54,557.34	102,753.40
	e) Employee benefits expense	4,836.68	5,901.08	6,102.60	10,737.76	17,742.11
	f) Depreciation and amortisation expense	2,218.63	2,256.67	2,044.35	4,475.30	6,396.74
	g) Other expense	7,276.19	4,378.66	3,175.92	11,654.85	11,126.04
	<b>Total expenses</b>	<b>110,018.93</b>	<b>98,314.45</b>	<b>94,602.16</b>	<b>208,333.38</b>	<b>355,918.75</b>
3.	<b>Profit from operations before other income, finance costs and exceptional items</b>	<b>2,449.65</b>	<b>2,368.41</b>	<b>4,869.90</b>	<b>4,818.06</b>	<b>19,990.10</b>
4.	Other income	1,661.60	770.64	1,054.37	2,432.24	7,886.55
5.	<b>Profit before finance costs and exceptional items</b>	<b>4,111.25</b>	<b>3,139.05</b>	<b>5,924.27</b>	<b>7,250.30</b>	<b>27,876.65</b>
6.	Finance costs	14,888.54	12,792.44	10,162.45	27,680.98	34,788.78
7.	Exceptional items	-	-	-	-	-
8.	<b>Loss from ordinary activities before tax</b>	<b>(10,777.29)</b>	<b>(9,653.39)</b>	<b>(4,238.18)</b>	<b>(20,430.68)</b>	<b>(6,912.13)</b>
9.	Tax (credit) /expense	1,472.05	(805.48)	(279.13)	666.57	3,253.99
10.	<b>Net Loss for the period</b>	<b>(12,249.34)</b>	<b>(8,847.91)</b>	<b>(3,959.05)</b>	<b>(21,097.25)</b>	<b>(10,166.12)</b>
11.	Paid up equity share capital (Face Value of ₹ 2)	6,137.74	6,137.74	6,137.74	6,137.74	6,137.74
12.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting period	-	-	-	-	210,496.40
13.	Earnings per share (of ₹ 2 each) (not annualised)					
	- Basic & Diluted EPS (in ₹)	(3.99)	(2.88)	(1.29)	(6.87)	(3.31)
14.	a) Debt Equity Ratio				1.72	1.31
	b) Debt Service Coverage Ratio *				(2.09)	(0.10)
	c) Interest Service Coverage Ratio **				0.16	0.73

\* Debt Service Coverage Ratio : Profit / (Loss) before interest and tax / Interest on Long-Term Debt and Principal Repayments on Long-Term Debt  
\*\* Interest Service Coverage Ratio : Profit / (Loss) before interest and tax / Interest Expense

PART II

Select Information for the Quarter and Six Months Ended September 30, 2013

A. PARTICULARS OF SHAREHOLDING

		Quarter Ended			Six Months Ended	9 Months Period Ended
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	March 31, 2013
1.	Public Shareholding					
	Number of shares	264,854,482	264,854,482	264,854,482	264,854,482	264,854,482
	Percentage of shareholding	86.30%	86.30%	86.30%	86.30%	86.30%
2.	Promoters and Promoter Group Shareholding					
	(a) Pledged / Encumbered					
	Number of shares	-	-	-	-	-
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-
	Percentage of shareholding (as a % of the total share capital of the Company)	-	-	-	-	-
	(b) Non - encumbered					
	Number of shares	42,032,166	42,032,166	42,032,166	42,032,166	42,032,166
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00
	Percentage of shareholding (as a % of the total share capital of the Company)	13.70%	13.70%	13.70%	13.70%	13.70%

B. INVESTOR COMPLAINTS

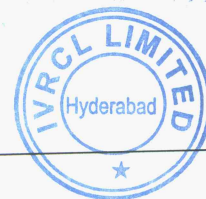
Particulars	Quarter Ended September 30, 2013
Pending at the beginning of the quarter	Nil
Received during the quarter	4
Disposed off during the quarter	4
Remaining unresolved at the end of the quarter	Nil

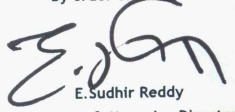


C. Statement of Assets and Liabilities		(` in lakhs)	
		As at September 30, 2013	As at March 31, 2013
Particulars			
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
a) Share Capital		6,137.74	6,137.74
c) Reserves and Surplus [including revaluation reserve of ₹ 283.24 lakhs (March 31, 2013: ₹ 283.42 lakhs)]		189,429.31	210,779.82
		<b>195,567.05</b>	<b>216,917.56</b>
<b>Non-Current Liabilities</b>			
a) Long-Term Borrowings		15,855.50	25,530.97
b) Long-Term Provisions		664.09	761.79
		<b>16,519.59</b>	<b>26,292.76</b>
<b>Current Liabilities</b>			
a) Short-Term Borrowings		279,504.84	224,943.49
b) Trade Payables		160,138.36	178,672.75
c) Other Current Liabilities		214,909.43	198,126.15
d) Short-Term Provisions		1,904.41	1,992.64
		<b>656,457.04</b>	<b>603,735.03</b>
		<b>868,543.68</b>	<b>846,945.35</b>
<b>Total Equity and Liabilities</b>			
<b>Assets</b>			
<b>Non-Current Assets</b>			
a) Fixed Assets		61,846.00	65,882.91
b) Non-Current Investments		165,338.81	165,354.43
c) Deferred Tax Asset (Net)		3,065.20	3,065.20
d) Long-Term Loans and Advances		93,917.00	84,543.54
e) Other Non-Current Assets		57,729.38	55,517.60
		<b>381,896.39</b>	<b>374,363.68</b>
<b>Current Assets</b>			
a) Inventories		22,522.77	26,870.73
b) Trade Receivables		204,088.83	186,673.70
c) Cash and Bank Balances		10,313.39	9,238.20
d) Short-Term Loans and Advances		64,243.57	75,439.59
e) Other Current Assets		185,478.73	174,359.45
		<b>486,647.29</b>	<b>472,581.67</b>
		<b>868,543.68</b>	<b>846,945.35</b>
<b>Total Assets</b>			

- Notes :**
- The statement of unaudited financial results of the Company for the Quarter and Six Months Ended September 30, 2013 has been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on November 14, 2013.
  - Trade Receivables as at September 30, 2013 include amounts aggregating to:
    - ₹ 3,470.66 lakhs relating to claims receivable from certain contractee clients. The claims are on account of deviation in design, additional overheads, interest due to overstay and idle cost. The claims are considered realizable based on favourable developments arising out of continuous contract management steps taken by the Company, and
    - ₹ 18,861.65 lakhs (including ₹ 7,196.55 lakhs which are under arbitration) outstanding for a period of more than three years. The Company is in continuous engagement with the customers for realization of dues.  
The Statutory Auditors have qualified the above receivables in their independent auditor's report. The Board of Directors is of the view that the receivables covered by (a) and (b) above are good and fully recoverable.
  - The Company has investment amounting to ₹ 6,575.25 lakhs in its subsidiary Hindustan Dorr-Oliver Limited. The network of the subsidiary has been substantially eroded. As the subsidiary is confident of implementing its business plans and improving future operations, provision for diminution in value of investments has not been considered necessary.
  - The Unaudited Financial Results include Managerial Remuneration amounting to ₹ 38.21 lakhs in respect of an executive director which is subject to Central Government's approval and ₹ 1.23 lakhs in respect of two executive directors for which the Company is in the process of making an application to the Central Government. Pending approval from the Central Government, the excess amount of ₹ 207.18 lakhs (including ₹ 167.74 lakhs in respect of previous period) has been accounted as due from directors.
  - In respect of certain customers the Company has initiated legal / arbitration proceedings. The trade receivables and other current assets from such customers as at September 30, 2013 is aggregating to ₹ 23,821.88 lakhs. Management is confident that the outcome of the legal proceedings will be favourable and no provision is considered necessary at this stage.
  - Subsequent to the Settlement Application made during the period ended March 31, 2013 in respect of the search and seizure operations carried out by the Income Tax authorities, the Income Tax Settlement Commission has issued final order under Section 245(D)4 of the Income Tax Act, 1961 based on which the Company has accounted additional tax expense of ₹ 666.57 lakhs and interest on deferred payment of tax amounting to ₹ 1,063.03 lakhs included under "Tax expense" and "Finance Cost" respectively. The aforesaid amounts are gross of interest on tax refunds receivable amount to ₹ 941.34 lakhs.
  - The Company is engaged in one business segment, namely 'Engineering & Construction' only. No separate geographical segment disclosure is considered necessary as the Company is engaged primarily in the business within India where uniform business conditions of significant nature prevail.
  - The audited financial statements for the Period Ended March 31, 2013 were for a period of nine months since the prior period financial statements pertaining to June 30, 2012 were for a period of fifteen months from April 01, 2011 to June 30, 2012. As such there are no separate figures available for six months period ended September, 30 2012.
  - Previous periods figures have been regrouped, wherever considered necessary.

Place : Hyderabad  
Date : November 14, 2013



By order of the Board  
  
E. Sudhir Reddy  
Chairman & Managing Director