

CHATURVEDI & PARTNERS

Chartered Accountants

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To

**The Board of Directors
IVRCL Limited**

1. We have reviewed the accompanying unaudited financial results of **IVRCL LIMITED ("the Company")** for the quarter and six months ended September 30, 2014 ("the Statement") except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors, at their meeting held on November 13, 2014. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that accompanying Statement, prepared in accordance with the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 which continue to apply as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Attention is invited to
 - a. Note 2 to the Statements regarding the investment amounting to Rs. 6,575.25 lakhs in its subsidiaries Hindustan Dorr-Oliver Limited whose net worth has eroded and financial statements have been prepared on going concern basis for the reason stated therein.
 - b. Note 3 to the Statements regarding the managerial remuneration, amounting to Rs. 76.42 lakhs where the Company is awaiting Central government approval and/or in the process of making application to the Central Government.
 - c. Note 4 to the Statements regarding Trade Receivables and Other Current Assets aggregating to Rs. 110,255.48 lakhs in respect of which the Company has initiated action for recovery from the customers.
 - d. Note 5 to the Statements wherein the Management of the Company has considered unbilled revenue amounting to Rs. 9,848.30 lakhs, as good and fully reliable.

Our opinion is not qualified in respect of these matters.

Hyderabad
November 13, 2014

For CHATURVEDI & PARTNERS.

Chartered Accountants

Firm Registration No.307068E



R N CHATURVEDI

Partner

Membership No. 092087

Other Offices : Kolkata • Mumbai • Chennai • Lucknow • Hyderabad



PART I : Statement of Unaudited Financial Results for the Quarter and Six Months ended September 30, 2014

(₹ in lakhs)

Sl. No.	Particulars (Refer Notes below)	Quarter ended			Six Months Ended		Year ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1.	Income from operations						
	a) Net income from operations	61,149.63	83,350.24	112,426.84	144,499.87	212,905.72	429,598.69
	b) Other operating income	-	-	41.74	-	245.72	882.03
	Total income from operations (net)	61,149.63	83,350.24	112,468.58	144,499.87	213,151.44	430,480.72
2.	Expenses						
	a) Construction stores, spares and materials consumed	15,384.04	17,666.55	24,424.72	33,050.59	52,692.33	101,577.50
	b) Purchases of stock-in-trade	-	-	-	-	-	490.40
	c) Sub-contracting expense	21,097.42	33,981.60	44,323.90	55,079.02	74,215.80	165,545.49
	d) Masonry, labour and other construction expense	18,218.22	20,512.71	26,938.81	38,730.93	54,557.34	105,694.62
	e) Employee benefits expense	5,274.56	4,865.31	4,836.68	10,139.87	10,737.76	21,051.20
	f) Depreciation and amortisation expense	2,393.07	2,430.29	2,218.63	4,823.36	4,475.30	8,798.23
	g) Other expense	6,149.84	5,021.25	7,276.19	11,171.09	11,654.85	20,167.34
	Total expenses	68,517.15	84,477.71	110,018.93	152,994.86	208,333.38	423,324.78
3.	(Loss) / Profit from operations before other income, finance costs and exceptional items	(7,367.52)	(1,127.47)	2,449.65	(8,494.99)	4,818.06	7,155.94
4.	Other income	777.36	1,371.02	1,661.60	2,148.38	2,432.24	4,524.01
5.	(Loss) / Profit before finance costs and exceptional items	(6,590.16)	243.55	4,111.25	(6,346.61)	7,250.30	11,679.95
6.	Finance costs	16,371.02	16,035.49	14,888.54	32,406.51	27,680.98	58,472.51
7.	(Loss) / Profit after finance costs and before exceptional items	(22,961.18)	(15,791.94)	(10,777.29)	(38,753.12)	(20,430.68)	(46,792.56)
8.	Exceptional items	(4,205.70)	-	-	(4,205.70)	-	22,915.52
9.	Loss from ordinary activities before tax	(18,755.48)	(15,791.94)	(10,777.29)	(34,547.42)	(20,430.68)	(69,708.08)
10.	Tax expense	-	-	1,472.05	-	666.57	1,969.85
11.	Net Profit / (Loss) for the year/period	(18,755.48)	(15,791.94)	(12,249.34)	(34,547.42)	(21,097.25)	(71,677.93)
12.	Paid up equity share capital (Face Value of ₹ 2)	6,137.74	6,137.74	6,137.74	6,137.74	6,137.74	6,137.74
13.	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting period	-	-	-	-	-	138,607.44
14.	Earnings per share (of ₹ 2 each) (not annualised)						
	EPS (in ₹)						
	- Basic						
	before exceptional item	(7.48)	(5.15)	(3.99)	(12.63)	(6.87)	(15.89)
	after exceptional item	(6.11)	(5.15)	(3.99)	(11.26)	(6.87)	(23.36)
	- Diluted						
	before exceptional item	(5.78)	-	-	(9.75)	-	-
	after exceptional item	(4.72)	-	-	(8.69)	-	-
14.	a) Debt Equity Ratio				4.28	1.72	2.75
	b) Debt Service Coverage Ratio *				(2.24)	(2.09)	(4.30)
	c) Interest Service Coverage Ratio **				(0.68)	0.16	(0.58)

* 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 ended September 30, 2014

A. PARTICULARS OF SHAREHOLDING

		Quarter ended			Six Months Ended		Year ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
1.	Public Shareholding						
	Number of shares	264,854,482	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%	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	42,032,166
	Percentage of shareholding	100.00	100.00	100.00	100.00	100.00	100.00
	(as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	Percentage of shareholding	13.70%	13.70%	13.70%	13.70%	13.70%	13.70%
	(as a % of the total share capital of the Company)	13.70%	13.70%	13.70%	13.70%	13.70%	13.70%

B. INVESTOR COMPLAINTS

Particulars	Quarter ended September 30, 2014
Pending at the beginning of the quarter	Nil
Received during the quarter	13
Disposed off during the quarter	13
Remaining unresolved at the end of the quarter	Nil



C. Statement of Assets and Liabilities

(₹ in lakhs)

Particulars	As at	
	September 30, 2014	March 31, 2014
Equity and Liabilities		
Shareholders' Funds		
a) Share Capital	6,137.73	6,137.74
b) Reserves and Surplus	102,905.84	138,890.50
	109,043.57	145,028.24
Non-Current Liabilities		
a) Long-Term Borrowings	181,136.12	8,637.95
b) Long-Term Provisions	1,109.94	713.81
	182,246.06	9,351.76
Current Liabilities		
a) Short-Term Borrowings	248,437.20	345,359.41
b) Trade Payables	144,335.68	136,094.45
c) Other Current Liabilities	184,985.30	198,269.91
d) Short-Term Provisions	1,779.74	1,794.66
	579,537.92	681,518.43
Total Equity and Liabilities	870,827.55	835,898.43
Assets		
Non-Current Assets		
a) Fixed Assets	51,732.98	57,807.41
b) Non-Current Investments	175,017.69	174,075.19
c) Deferred Tax Asset (Net)	3,065.20	3,065.20
d) Long-Term Loans and Advances	87,171.27	72,998.29
e) Other Non-Current Assets	56,685.71	56,969.18
	373,672.85	364,915.27
Current Assets		
a) Inventories	17,405.92	20,001.48
b) Trade Receivables	154,158.94	171,526.84
c) Cash and Bank Balances	6,094.13	12,432.47
d) Short-Term Loans and Advances	72,638.57	62,136.58
e) Other Current Assets	246,857.14	204,885.79
	497,154.70	470,983.16
Total Assets	870,827.55	835,898.43

Notes :

- The statement of audited financial results of the Company for the Quarter and Six Months ended September 30, 2014 has been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on November 13, 2014.
- The Company has investment amounting to ₹ 6,575.25 lakhs in its subsidiary Hindustan Dorr-Oliver Limited. The networth 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.
- During the six month and quarter ended September 30, 2014 managerial remuneration, amounting to ₹ 76.42 lakhs in respect of an executive director is subject to Central Government approval and ₹ 45.46 lakhs in respect of two executive directors for which the Company is in the process of making the application to the Central Government, has been paid. Pending the approval from the Central Government the excess amount of ₹ 175.66 lakhs (including ₹ 53.78 lakhs for the earlier 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, 2014 aggregates to ₹ 110,255.48 lakhs. The management is confident that the outcome of the legal proceedings will be favourable and no provision is considered necessary at this stage.
- Unbilled revenue includes ₹ 9,848.30 lakhs outstanding for a period of more than three years and not billed to the customers. The Company is in continuous engagement with the customers for billing and realization of the work done.
- The Company has executed the Master Restructuring Agreement (MRA)/other definitive documents on September 30, 2014 with the majority of its lender banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR EG). In accordance with the CDR scheme, the CDR lenders have waived the obligation of the Company to pay any liquidated damages, penal interest /interest/ over due charges in excess of the concessional rates approved under CDR scheme with effect from November 30, 2013 ('the Cut-off Date').
The Company has initiated the implementation of necessary conditions precedent. Accordingly the interest on the restructured debt has been recomputed and provided at the effective interest rates as per the CDR Scheme. A sum of ₹ 4,205.70 lakhs, which represents reduction in interest from Cut-off Date to June 30, 2014, subject to confirmation from lenders has been recorded as exceptional item for the quarter and six months ended September 30, 2014. Further, the existing borrowings of ₹ 136,852.90 lakhs has been classified as Working Capital Term Loan I & II i.e long term borrowings. Interest due and accrued from COD to December 31, 2014 on Cash Credit facility and upto September 30, 2015 for other term borrowings shall be funded and converted into Funded Interest Term Loan (FITL) and lenders shall have the option to convert the same along with accrued interest thereon into equity at the end of each calendar quarters.
- 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.
- In accordance with the requirements of Schedule II of the Companies Act, 2013, the Company has re-assessed the useful lives of the fixed assets. The depreciation for the quarter is ₹ 2,430.29 lakhs is based on useful life. Further, ₹ 1,363.19 lakhs has been adjusted to the opening balance of the retained earnings where the remaining useful life of the assets was nil as at April 01, 2014.
- Exceptional Item for the year ended and quarter ended March 31, 2014 relates to Trade Receivables for which provision was made during the previous year. The Board of Directors is of the view that these receivables are fully recoverable.
- Previous periods figures have been regrouped, wherever considered necessary.

Place : Hyderabad

Date : November 13, 2014



R. Balaram Reddy

R. Balaram Reddy
Joint Managing Director