IVRCL LIMITED
Regd. Office : M-22/3RT, Vijaya Nagar Colony, Hyderabad-500 057
Website: www.ivrcl.com Email: info@ivrinfra.com
CIN: L45201AP1987PLC007959

## Statement of Unaudited Standalone Financial Results for the Quarter & Six Months Ended September 30, 2020

(Rs.` in lakhs except share data)

| Sl. No. | Particulars (Refer Notes below) | Standalone | | | | | |
|---|---|---|---|---|---|---|---|
| | | Quarter Ended | | | Six Months Ended | | Year Ended |
| | | Sep 30, 2020 | June 30, 2020 | Sep 30, 2019 | Sep 30, 2020 | Sep 30, 2019 | March 31, 2020 |
| | | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED | AUDITED |
| I. | Revenue from operations | 2,572.92 | 3,444.02 | 11,180.26 | 6,016.94 | 22,840.81 | 48,910.52 |
| II. | Other income | 210.61 | 169.25 | 351.76 | 379.86 | 513.46 | 1,523.83 |
| III. | **Total income (I+II)** | **2,783.53** | **3,613.27** | **11,532.02** | **6,396.80** | **23,354.27** | **50,434.35** |
| IV. | **EXPENSES** | | | | | | |
| | a) Cost of construction materials consumed | 21.35 | 62.36 | 107.38 | 83.71 | 392.28 | 625.48 |
| | b) Sub-contracting expense | 1,590.88 | 2,953.23 | 8,501.65 | 4,544.11 | 16,967.61 | 36,553.14 |
| | c) Masonry, labour and other construction expense | 524.67 | 519.48 | 7,733.87 | 1,044.15 | 9,407.80 | 13,402.92 |
| | d) Employee benefits expense | 1,092.42 | 1,079.36 | 1553.86 | 2171.78 | 3,164.36 | 4,724.61 |
| | e) Finance costs (Refer note 10) | 40,214.59 | 37,689.98 | 31015.96 | 77904.57 | 63,512.99 | 1,39,655.83 |
| | f) Depreciation and amortisation expense | 621.50 | 660.47 | 856.72 | 1,281.97 | 1,771.00 | 3,334.47 |
| | g) Other expenses ( Refer note 9) | 261.90 | 1,13,477.63 | 519.46 | 1,13,739.53 | 2,089.82 | 46,546.55 |
| | **Total expenses (IV)** | **44,327.31** | **1,56,442.51** | **50,288.90** | **2,00,769.82** | **97,305.86** | **2,44,843.00** |
| V. | **Profit/(Loss) before exceptional items and tax (III-IV)** | **(41,543.78)** | **(1,52,829.24)** | **(38,756.88)** | **(1,94,373.02)** | **(73,951.59)** | **(1,94,408.65)** |
| VI. | Exceptional items | - | - | 649.72 | - | 3,415.37 | 5,323.77 |
| VII. | **Profit/ (Loss) before tax (V-VI)** | **(41,543.78)** | **(1,52,829.24)** | **(39,406.60)** | **(1,94,373.02)** | **(77,366.96)** | **(1,99,732.42)** |
| VIII. | **Tax expense:** | | | | | | |
| | a) Current Tax | - | - | - | - | - | - |
| | b) Deferred Tax | 37.57 | 37.57 | 37.21 | 75.14 | 74.42 | 150.29 |
| IX. | **Profit / (Loss) for the period from continuing operation (VII-VIII)** | **(41,581.35)** | **(1,52,866.81)** | **(39,443.81)** | **(1,94,448.16)** | **(77,441.38)** | **(1,99,882.71)** |
| X. | **Other Comprehensive Income** | | | | | | |
| | a) Items that will not be reclassified to Profit or Loss | | | | | | |
| | i) Remeasurements of the defined benefit Plans | 53.92 | 53.92 | 2.37 | 107.84 | 4.74 | 215.68 |
| | ii) Income Tax effect on above | (18.84) | (18.84) | (0.82) | (37.68) | (1.64) | (75.37) |
| | b) Item that may be reclassified to profit or loss | | | | | | |
| | i) Exchange differences on translation of a foreign currency | - | - | - | - | | - |
| | ii) Income Tax effect on above | - | - | - | - | | - |
| | **Total Comprehensive Income / (Loss) for the period (Total X)** | **35.08** | **35.08** | **1.55** | **70.16** | **3.10** | **140.31** |
| XI | **Total comprehensive income for the period** (comprising profit /(loss) and Other Comprehensive Income for the period) **(IX+X)** | **(41,546.27)** | **(1,52,831.73)** | **(39,442.26)** | **(1,94,378.00)** | **(77,438.28)** | **(1,99,742.40)** |
| XII | **Paid up equity share capital (Face value of Rs. 2 each)** | **15,657.95** | **15,657.95** | **15,657.95** | **15,657.95** | **15,657.95** | **15,657.95** |
| XIII | **Other equity (As per last Audited financial statements)** | - | - | | - | - | **(5,30,165.97)** |
| XIV | Earnings per equity share (of Rs. 2 each) (not annualised for quarterly EPS (in Rs.) | | | | | | |
| | 'Basic & Diluted | (5.31) | (19.52) | (5.04) | (24.83) | (9.89) | (25.51) |
| | (See Accompanying notes (1 - 12) | | | | | | |

CHATURVEDI & CO. NEW DELHI Chartered Accountants

Sutanu Sinha

(₹ Rs. In Lakhs)

## Statement of Assets and Liabilities

| | | Standalone | | | |
|---|---|---|---|---|---|
| | Particulars | | As at Sep' 30, 2020 | | As at March 31, 2020 |
| I. | **ASSETS** | | | | |
| 1. | **Non-Current Assets** | | | | |
| | (a) Property, Plant and Equipment | | 11,862.43 | | 12,950.59 |
| | (b) Investment Properties | | 2,180.42 | | 2,371.42 |
| | (c) Financial Asset | | | | |
| | (i) Investments | 1,83,443.13 | | 1,83,454.25 | |
| | (ii) Trade Receivable | 19,934.45 | | 18,753.11 | |
| | (iii) Loans | 6,451.61 | | 6,236.47 | |
| | (iv) Others | 1,06,009.96 | 3,15,839.15 | 1,05,437.59 | 3,13,881.42 |
| | (d) Deferred Tax Asset (net) | | 97,159.81 | | 97,272.63 |
| | (e) Non-current Tax assets (Net) | | 7,246.24 | | 8,731.32 |
| | (f) Other Non - Current Assets | | 15231.27 | | 15231.26 |
| | | | 4,49,519.32 | | 4,50,438.64 |
| 2. | **Current Assets** | | | | |
| | (a) Inventories | | 5,155.83 | | 5,205.74 |
| | (b) Financial Asset | | | | |
| | (i) Investments | - | | - | |
| | (ii) Trade Receivables | 76,934.95 | | 79,489.46 | |
| | (iii) Cash and cash equivalent | 5,741.56 | | 9,332.23 | |
| | (iv) Bank balances (other than iii above) | 4,707.11 | | 4,664.53 | |
| | (v) Loans | 55,758.81 | | 55,758.33 | |
| | (vi) Others | 26,425.81 | 1,69,568.24 | 24,473.07 | 1,73,717.63 |
| | (c) Other Tax Assets (net) | | - | | 3,573.60 |
| | (d) Other Current Assets | | 35,084.67 | | 1,47,452.37 |
| | | | 2,09,808.74 | | 3,29,949.34 |
| | TOTAL ASSETS | | 6,59,328.06 | | 7,80,387.98 |
| II | **Equity and Liabilities** | | | | |
| 1. | **Equity** | | | | |
| | (a) Equity Share Capital | 15,657.95 | | 15,657.95 | |
| | (b) Other Equity | (7,24,629.33) | | (5,30,165.97) | |
| | Total Equity | | (7,08,971.38) | | (5,14,508.02) |
| 2. | **Liabilities** | | | | |
| | **Non-Current Liabilities** | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Borrowings | - | | - | |
| | (b) Provisions | 356.06 | | 356.06 | |
| | | | 356.06 | | 356.06 |
| 3. | **Current Liabilities** | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Short-Term Borrowings | 8,11,265.10 | | 7,75,635.31 | |
| | (ii) Trade Payables | | | | |
| | a) Total Outstanding due to Micro Enterprises and Small Enterprises | 45.04 | | 54.40 | |
| | b) Total Outstanding due of Creditors other than Micro enterprises and Small enterprises | 1,35,161.83 | | 1,39,780.23 | |
| | (iii) Other financial Liabilities | 3,51,857.16 | | 3,09,325.45 | |
| | | | 12,98,329.13 | | 12,24,795.39 |
| | (b) Other Current Liabilities | | 55,970.71 | | 56,101.01 |
| | (c) Provisions | | 13,643.54 | | 13,643.54 |
| | Total Equity and Liability | | 6,59,328.06 | | 7,80,387.98 |

CHATURVEDI & CO. NEW DELHI Chartered Accountants

Sutanu Sinha

## Statement of Cash Flows for the six Months ended September,30, 2020

(`Rs. In Lakhs)

| | Six Months ended September 30, 2020 | | Six Months ended September 30, 2019 | |
|---|---|---|---|---|
| **A.Cash flow from operating activities** | | | | |
| **(Loss)/Profit Before Tax** | | (1,94,373.20) | | (77,366.96) |
| **Adjustment for:** | | | | |
| Depreciation and Amortisation Expense | 1,282.00 | | 1,771.00 | |
| Dividend received on Investments | - | | - | |
| (Profit)/Loss on Sale of Property Plant and Equipment | - | | - | |
| Loss on Sale of Investments | - | | - | |
| Provision for doubtful debts,advances,UBR, and deposits (net) | 1,13,051.10 | | 939.01 | |
| Share profit on Join Venture | 11.10 | | (16.64) | |
| Provision for diminution in value of Investments | - | | - | |
| Exceptional Item | - | | 3,415.37 | |
| Liabilities no longer required written back | - | | - | |
| Net Unrealised Exchange (Gain) / Loss | - | | - | |
| Interest Income | (260.00) | | (300.10) | |
| Finance Costs | 77,904.50 | 1,91,988.70 | 63,512.99 | 69,321.63 |
| **Operating Profit / (Loss) before working capital changes** | | (2,384.50) | | (8,045.33) |
| **Changes in Working Capital :** | | | | |
| (Increase)/decrease in Inventories | 49.90 | | 33.97 | |
| (Increase)/decrease in Trade Receivables | (2,748.97) | | 2,863.47 | |
| (Increase)/decrease in Other Non Current Assets | (1.50) | | 31.22 | |
| (Increase)/decrease in Other Current Assets | 2,309.45 | | (629.42) | |
| Increase/(decrease) in Trade Payable | (7,020.27) | | (5,528.19) | |
| Increase/(decrease) in Other Financial Liabilities | 309.60 | | 352.52 | |
| Increase/(decrease) in Other current liabilities and provision | (78.74) | (7,180.52) | 5,536.73 | 2,660.29 |
| **Net Cash used in Operations** | | (9,565.02) | | (5,385.04) |
| Net Income Tax Refund / (paid) | | 4,977.80 | | (147.01) |
| **Net Cash (used in ) / generated from operating activities** | | (4,587.22) | | (5,532.05) |
| **B. Cash flow from investing activities** | | | | |
| Capital Expenditure on Fixed Assets (including Capital Advances) | - | | - | |
| Proceeds from Sale of Fixed Assets | - | | - | |
| (Purchase) / Subscription of Long-Term Investments | 11.10 | | - | |
| Loans/Advance given to Subsidiaries/Associates/Joint Ventures (net) | 197.10 | | 570.81 | |
| Net investment in Bank Fixed Deposit | (42.60) | | (58.03) | |
| Interest Received | 260.00 | | 250.59 | |
| Dividend Received on Long Tem Investments | - | | - | |
| **Net cash used in investing activities** | | 425.60 | | 763.36 |
| **C. Cash flow from financing activities** | | | | |
| Proceeds from Long Term Borrowings | - | | - | |
| Repayment of Long Term Borrowings | - | | - | |
| Proceeds from Short Term Borrowings ( net of repayments) | 570.94 | | 3,143.20 | |
| (proceed is related to BG encashment) | | | | |
| Interest and Finance Charges Paid | - | | - | |
| **Net cash generated from financing activities** | | 570.94 | | 3,143.20 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | (3,590.64) | | (1,625.49) |
| Cash and cash equivalents at the beginning of the year | | 9,332.20 | | 8,739.60 |
| **Cash and cash equivalents at the end of the year** | | 5,741.56 | | 7,114.11 |
| **Reconciliation of Cash and cash equivalents with the Balance Sheet:** | | | | |
| Cash and cash equivalents | | 5,741.56 | | 7,114.11 |
| Cash and cash equivalents at the end of the year (Refer Note 14) | | 5,741.56 | | 7,114.11 |

CHATURVEDI & CO., NEW DELHI Chartered Accountants

Sutanu Sinha

**Notes:**

| | |
|---|---|
| 1 | The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") has passed its order dated July 26, 2019 read with corrigendum order issued on July 31, 2019 for "Liquidation of M/s IVRCL Limited as going concern" and the Resolution professional (RP) for the Company has been appointed as the Liquidator. The Liquidator to exercise the powers and duties as enumerated in sections 35 to 50, 52 to 54 of the Insolvency and Bankruptcy Code, 2016 read with Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. |
| 2 | The Hon'ble National Company Law Appellate Tribunal, New Delhi ("NCLAT") vide its order dated 17th October 2019 ordered that the Liquidator to ensure that the company remains as going concern and the liquidator would not sell or transfer or alienate movable or immovable property of the corporate debtor without the prior approval of the Appellate Tribunal. The said order is vacated by the Hon'ble National Company Law Appellate Tribunal, New Delhi ("NCLAT") vide its order dated 29th May 2020 and upholds the Order of NCLT, Hyderabad dated July 26th 2019 with corrigendum order dated July 31, 2019 |
| 3 | As part of the Liquidation process under the provisions of the Insolvency and Bankruptcy Code 2016 and as per the advertisement published on 5th September 2019 and subsequent addendums to the main advertisement, the Company on 27th February 2020 has received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED at a price of Rs.1654.77 Cr. The Bid is approved by the stakeholders of the company. The bidder has paid the required Earnest Money Deposit (EMD) and the balance bid amount with interest thereon if any, as per IBC 2016 was payable on or before 2nd September 2020. NCLT, Hyderabad by its order dated 29th September 2020, granted extension of 90 days period for completing the sale as going concern from 03-09-2020 to 03-12-2020 with interest at 12% p. a from 03-10-2020. M/S.GABS MEGACORP LIMITED made an application with the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") on 27th October 2020 to exclude the adjudicating period. |
| 4 | As per Regulation 33(2)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the standalone financial results of a company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the standalone financial results. In view of the Liquidation Order passed by the NCLT, all the powers of the Board of Directors, and Key Managerial Personnel ceased to have effect and is vested with Mr. Sutanu Sinha, the Liquidator. Accordingly, financial results of the Company for the quarter and half year ended September 30, 2020 were taken on record and authorized for issue to concerned authorities by the Liquidator. |
| 5 | The operations of the Company consist of construction/project activities and there is no other reportable segment under Ind AS 108, " Operating Segments". |
| 6 | Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus, including countrywide lockdown and restriction in economic activities. The extent to which the COVID-19 pandemic has impacted the Company's result for the quarter ended September 30, 2020 is not substantial. Further, the subsequent position of company preformation will depend on future development, which are uncertain, including, amount other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. |
| 7 | The Statutory Auditors have given disclaimer opinion for the quarter ended on September 30, 2020 in respect of the following matters: |
| a) | During the quarter, the Company has incurred a Net Loss of ` 41,546.27 lakhs resulting into accumulated losses of 9,66,153.12 lakhs and erosion of its Net worth as at Sep 30, 2020 . The Company has obligations towards fund based borrowings (including interest) aggregating to '1150999.58 lakhs as per books of accounts and non-fund based exposure aggregating to ` 65,276.79 lakhs, operational creditors and statutory dues, subject to reconciliation/verification as stated in note below, that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Liquidation process as going concern, obligations pertaining to operations including unpaid creditors and statutory dues as at Sep 30, 2020.The Company's ability to continue as going concern is depend upon many factors including continued support from the financial creditors, operational creditors and submission of viable revival plan by the prospective investor/bidder. As the Company received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED, in the opinion of the management, the company will continue its operations and the above results have been prepared on the basis that the Company is Going Concern. |
| b) | The company recognized deferred tax asset on account of carry forward unused tax losses and other taxable temporary differences ggregating to Rs.95,705.88 lakhs. As the company is a going concern by order of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED, the management of the company is confident that sufficient future taxable income will be available against which such deferred tax asset will be realized. |
| c) | The Company has certain trade receivables, , security deposit, withheld, claims of indirect taxes and other deposits including bank guarantees encashed by customers aggregating to Rs.1,43,631.36 Lakhs which are subject matters of various disputes /arbitration proceedings/ negotiations with the customers and contractors due to termination / fore closure of contracts and other disputes. The management of Company is confident of positive outcome of litigation/ resolution of dispute and recovering the aforesaid dues. However, the management is in the process of initiating arbitration/other legal action for such invocations. |
| d) | The Company has an investment of ` 1,83,443.13 lakhs in subsidiaries, associate and joint ventures engaged in BOT and other projects as at Sep 30,2020 which are under disputes with the concessionaire/clients and have significant accumulated losses as at Sep 30,2020. The management of the Company is at various stages of negotiation/communication/arbitration with respective contractee/clients of such subsidiaries engaged in BOT and other projects to recover the dues and cost incurred by the Company and taking necessary steps to turnaround the loss making subsidiary Companies. As the company is a going concern by order of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED considering the long term nature of investments and in view of ongoing discussion, no provision has been considered necessary by the management in respect of impairment in the value of investment. |
| e) | The Company has outstanding loans and advances of ` 74,262.12 lakhs as at Sep 30,2020 given to subsidiary companies, associate, net receivable against development rights, various sub-contractors, vendors and other parties that are outstanding for long period. The management of the Company is at various stages of negotiation/communication/arbitration with respective contractee/clients/ sub-contractors/vendors to recover the dues and cost incurred by the Company and taking necessary steps to turnaround the loss making subsidiary Companies. As the company is a going concern by order of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED and accordingly, no provision has been considered necessary by the management in respect of impairment in the value of loans and advances. |
| f) | Pursuant to the commencement of Liquidation process as going concern by order of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 there are various claims submitted by the operational creditors, the financial creditors, employees, statutory authorities and other creditors against the Company including the claims on Company's subsidiaries. Some of these claims are under further verification/validation and the same may be updated as per any additional information which may be received in future. Hence there are differences between the liabilities admitted vis-a-vis balance as per books of account. |
| g) | Un-invoked Bank Guarantees of Rs. 82,686.32 lakhs as on Sep 30, 2020 are crystallised as debt and admitted under claims from the financial creditors as per the provisions of the IBC 2016 but not considered in the books of accounts |

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|---|---|
| h) | Confirmation of balances could not be obtained as at March 31, 2020 for banks balances, bank borrowings and for various trade receivables including retention, loans and advances, trade payables, though, the management has requested for the confirmation of balances and the status is still continued. The Management believes that no material adjustments would be required in books of account upon receipt of these confirmations. |
| i) | Physical verification for fixed assets aggregating to ₹15,322.01 lakhs (net block as on March 31, 2020) and inventory aggregating to ₹ 5,205.74 lakhs (as on March 31, 2020)could not be carried out at certain locations including project site that are terminated/ foreclosed/ having slow progress and the status is still continued. The Management believe that no item of fixed assets and inventory has a net realizable value in the ordinary course of business which is less than the amount at which it is included in the fixed assets and inventories. Accordingly, no provision is required in respect of such fixed assets and inventories. |
| j) | The company has various input credits and balances with various statutory authorities pertaining to service tax, VAT, sales tax etc. aggregating to ` 20,573.45 Lakhs as at Sep 30 , 2020. The recovery of these amounts is subject to reconciliation, filing of returns and admission by respective statutory authorities and the status is still continued. No adjustments have been made in the books of accounts in respect of such amounts. |
| 8 | The Statutory Auditors have included an Emphasis of matter in their report for the previous year ended March 31, 2020 and review report for the quarter ended on Sep 30, 2020 in respect of the following: |
| a) | During the financial year 2017-18, the company has received a Show Cause Notice U/s 279 (1) of the IT Act 1961 for initiation of prosecution proceedings U/s 276 (B) of the IT Act 1961 for failure to deposit the deducted Tax at Source within due date in Central Government Account for financial year 2016-17 & 2017-18 for the amount of ` 1,033.95 Lakhs and 1,891.21 Lakhs respectively.<br><br>In respect of the above, IT department has also sent notices U/s 226 (3) of the IT Act 1961 to certain banks and customers of the company demanding the recovery of the aforesaid arrears. Pursuant to the application under Section 60(5) of the Insolvency and Bankruptcy Code 2016, the National Company Law Tribunal, Hyderabad vide its order dated 17th December 2019 directs the IT department to withdraw the garnishee notices issued to the Banks and also directed the Banks to release any amount due to corporate Debtor. |
| b) | During the financial year 2017-18 , the company has received order of the Regional Provident Fund Commissioner in the matter of levy of damages pertaining to the earlier years U/s 14 B of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 aggregating to ` 4.08 Lakhs for the period from 10/1999 to 02/2009 and ` 608.55 Lakhs for the period from 07/2009 to 03/2015.<br>In respect of the above, The Employees' Provident Fund Organisation has also sent notice u/s 8 F of the Employees' Provident Fund and Miscellaneous Provisions of the Act, 1952 to a Bank demanding the recovery of ` 912.19 Lakhs (including interest of ` 299.56 Lakhs).<br>The company has filed an appeal U/s 7-I of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with Employees' Provident Fund Appellate Tribunal, Bangalore Bench regarding the damages amounting to ` 612.63 Lakhs and the matter is presently sub-judice. |
| 9 | During the previous quarter ended June 30, 2020, unbilled revenue aggregating to ` 1,13,114.44 lakhs has been provided under other expenses in the profit & Loss account due to uncertainty on the recoverability on account of termination/arbitration/closure of the projects. However, the management is in the process of initiating arbitration/other legal action for the recoverability of such unbilled revenue. |
| 10 | Interest on borrowings of Rs.40,261.47 lakhs for the quarter ending 30th September 2020 and Rs. 1,67,308.64 lakhs from the date of commencement of Liquidation period I,e 26th July 2020 to 30th June 2020 has been considered in the books of accounts. However, under the provisions of the IBC it is not required to be provided. |
| 11 | Invoices/ sub contracting expenses for the work orders/ Purchase orders pertaining to the period from 23rd February 2018 to October 2018 which were subject to approval RP have been considered in the books of accounts. |
| 12 | The Liquidator is signing these financial statements on the basis of representation by the key management personal of the Company regarding authenticity or veracity of the information provided herein |

**Place:** Hyderabad
**Date: November 13,** 2020

Sutanu Sinha

Sutanu Sinha

**Liquidator for IVRCL LIMITED.**
IBBI/IPA-003/IP-N00020/2017-18/10167

CHATURVEDI & CO. NEW DELHI Chartered Accountants

# CHATURVEDI & CO.

*Chartered Accountants*

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**Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company for the quarter and half year ended September 30,2020 Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended**

To

The Liquidator of IVRCL Limited

1. The Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") has passed its Order dated July 26, 2019 *read with corrigendum order issued on July 31, 2019* for **Liquidation of M/s IVRCL Limited "as going concern"** and the Resolution professional (RP) for the Company has been appointed as the Liquidator. The Liquidator to exercise the powers and duties as enumerated in sections 35 to 50, 52 to 54 of the Insolvency and Bankruptcy Code, 2016 read with Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

   The Hon'ble National Company Law Appellate Tribunal, New Delhi ("NCLAT") has passed its order dated September 06,2019 for admission of the case on 17th October 2019. Also orders that the Liquidator to ensure that the company remains a going concern and the liquidator would not sell or transfer or alienate movable or immovable property of the corporate debtor without prior approval of the Appellate Tribunal. The said order is vacated by the Hon'ble National Company Law Appellate Tribunal, New Delhi ("NCLAT") vide its order dated 29th May 2020 and upholds the Order of NCLT,Hyderabad dated July 26th 2019 with corrigendum order dated July 31, 2019.

   1. Further, as part of the Liquidation process under the provisions of the Insolvency and Bankruptcy Code 2016 and as per the advertisement published on 5th September 2019 and subsequent addendums to the main advertisement, the Company on 27th February 2020, has received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED at a price of₹1654.77 Cr.The Bid is approved by the stakeholders of the company. The bidder has paid required Earnest Money Deposit (EMD) and the balance bid amount with interest thereon if any as per IBC 2016 was to be payable on or before 2nd September 2020. However, due to COVID-19 Pandemic situation, M/S.GABS MEGACORP LIMITED, the successful bidder of the Corporate Debtor, has filed an application before the Hon'ble NCLT, Hyderabad on 18th day of August 2020, for seeking extension of 3 months w.e.f. from 03.09.2020 to pay the balance bid amount without any interest from 03.07.2020 to 31.12.2020. and the NCLT, Hyderabad by its order dated 29th September 2020, granted extension of 90 days period for completing the sale as going concern from 03-09-2020 to 03-12-2020 with interest at 12% p. a from 03-10-2020.M/S.GABS MEGACORP LIMITED made an application with the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") on 27th October 2020 to exclude the adjudicating period.

2. As per Regulation 33(2)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the financial results of a company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the standalone financial results. In view of the Liquidation Order passed by the NCLT, all the powers of the Board of Directors, and Key Managerial Personnel shall cease to have effect and shall be vested with Mr. Sutanu Sinha, the liquidator. Accordingly, financial results of the Company for the quarter ended September 30, 2020 were taken on record and authorized for issue to concerned authorities by the Liquidator.

CHATURVEDI & CO. * NEW DELHI * CHARTERED ACCOUNTANTS

3. We have reviewed the accompanying unaudited standalone financial results ("the Statement") of IVRCL Limited ("the Company") for the quarter September 30, 2020 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

4. This statement, which is the responsibility of the Company's management and approved by Company Liquidator. The Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act 2013, read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial results based on our review of such financial statements.

5. 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(s). 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.

6. We refer to following notes to the accompanying Statement:

   a. Note 7(a) of the statement, in respect of preparation of financial statements of the Company has incurred a Net Loss of ` 41,546.27 lakhs for the quarter lacks resulting into accumulated losses of ` 9,66,153.12 lakhs and erosion of its Net worth as at September 30, 2020. The Company has obligations towards fund-based borrowings (including interest) aggregating to ` 11,50,999.58 lakhs as per books of accounts and non-fund base exposure aggregating to ` 65,276.79 lakhs, operational creditors and statutory dues, subject to reconciliation/verification as stated in note below, that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Liquidation process as going concern, obligations pertaining to operations including unpaid creditors and statutory dues as at September 30, 2020. The Company's ability to continue as going concern is depend upon many factors including continued support from the financial creditors, operational creditors and submission of viable revival plan by the prospective investor/bidder. As the Company received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED, in the opinion of the management, the company will continue its operations and the above results have been prepared on the basis that the Company is Going Concern and however, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying the Statement.

   b. Note 7(b) of the statement in respect of recognition of deferred tax asset on account of carry forward unused tax losses and other taxable temporary differences aggregating to ` 95,705.88 lakhs. As the company is a going concern by the Order of NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED which is approved by the stakeholders of the company and based on unexecuted orders in hand, the management of the company is confident that sufficient future taxable income will be available against which such deferred tax asset will be realized. However, in our opinion, in absence of convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, such recognition is not in accordance with Indian Accounting Standard 12 "Income Taxes" (Ind AS 12). Had the aforesaid deferred tax assets not been recognised, loss after tax for the quarter ended September 30, 2020 would have been higher by ₹95,705.88 lakhs and other equity would have been lower by ₹95,705.88 lakhs.



c. Note 7(c) of the statement in connection with the existence of material uncertainties over the reliability of bank guarantees encashed by customers, certain trade receivables, security deposit, withheld, claims of indirect taxes and other deposits including bank guarantees encashed by customers aggregating to ₹ 1,43,631.36Lakhs which are subject matters of various disputes /arbitration proceedings/ negotiations with the customers and contractors due to termination / fore closure of contracts and other disputes. The management of Company is confident of positive outcome of litigation/ resolution of dispute and recovering the aforesaid dues. However, the management is in the process of initiating arbitration/other legal action for such invocations. Had the aforesaid assets been provided for impairment, loss after tax for quarter ended September 30, 2020 would have been higher by ₹ 1,43,631.36Lakhs, other equity would have been lower by ₹ 1,43,631.36Lakhs.

d. Note 7(d) of the statement in respect of investment of ₹1,83,443.13 lakhs in subsidiaries,associate and joint ventures engaged in BOT and other projectsas at September 30, 2020, which are under disputes with the concessionaire/clients and have significant accumulated losses as at September 30, 2020. The management of the Company is at various stages of negotiation/communication/arbitration with respective contractee/clients of such subsidiaries engaged in BOT and other projects to recover the dues and cost incurred by the Company and taking necessary steps to turnaround the loss-making subsidiary Companies, associate and joint venture. As the company is a going concern by the order of NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019 and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITED which is approved by the stakeholders of the company considering the long-term nature of investments and in view of ongoing discussion, no provision has been considered necessary by the management in respect of impairment in the value of investment. In absence of fair valuation of these Investments, we are unable to comment upon the carrying value of these investments and the consequential impact, if any, on the accompanying standalone financial results.

e. Note 7(e) of the statement in respect of loans and advances of ₹ 74,262.12 lakhs as at September 30, 2020 given to subsidiary companies, associate, net receivable against development rights, various sub-contractors, vendors and other parties that are outstanding for long period. The management of the Company is at various stages of negotiation/communication/arbitration with respective contractee /clients/ sub-contractors/vendors to recover the dues and cost incurred by the Company and taking necessary steps to turnaround the loss-making subsidiary Companies. As the company is a going concern by Order e of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019and received a bid under E-Auction process for the sale of the Company as going concern from M/S.GABS MEGACORP LIMITEDwhich is approved by the stakeholders of the company and accordingly, no provision has been considered necessary by the management in respect of impairment in the value of loans and advances. Had the aforesaid assets been provided for impairment, loss after tax for the quarter ended September 30, 2020 would have been higher by₹ 74,262.12 lakhs, other equity would have been lower by ₹ 74,262.12 lakhs.

f. Note 7(a) and 7(f)of the statement in respect commencement of Liquidation process as going concern by order of the NCLT dated 26th July 2019 with corrigendum order issued on July 31, 2019,there are various claims submitted by the operational creditors, the financial creditors, employees, statutory authorities and other creditors against the Company including the claims on Company's subsidiaries. Some of these claims are under further verification/validation and the same may be updated as per any additional information which may be received in future. Hence there are differences between the liabilities admitted vis-a-vis balance as per books of account., that are currently under consideration/reconciliation. Pending reconciliation/admission of such claims, we are unable to comment on the consequential impact, if any, on the accompanying statement;



g. Note 7(g)of the statement in respect of Un-invoked Bank Guarantees of ₹.82,686.32 lakhs as on September 30, 2020 are crystallised as debt and admitted under claims from the financial creditors as per the provisions of the IBC 2016 but not considered in the books of accounts. Had the aforesaid assets been provided for impairment, loss after tax for the quarter ended September 30, 2020 would have been higher by ₹ 82,686.32 lakhs, other equity would have been lower by ₹ 82,686.32 lakhs.

h. Note 7(h)of the statement in respect of Confirmation of balances could not be obtained as at March 31, 2020 for banks balances, bank borrowings, trade receivables including retention, loans and advances and trade payables, though, the management has requested for the confirmation of balances and the status is still continued. The Management believes that no material adjustments would be required in books of account upon receipt of these confirmations, we unable to comment on the extent to which such balances are recoverable or payable.

i. Note 7(i) of the statement in respect of Physical verification for fixed assets aggregating to ₹15,322.01 lakhs (net block as on March 31, 2020) and inventory aggregating to ₹5,205.74 lakhs (as on March 31, 2020) could not be carried out at all locations including project site that are terminated/ foreclosed/ having slow progress and the status is still continued. The Management believe that no item of fixed assets and inventory has a net realizable value in the ordinary course of business which is less than the amount at which it is included in the fixed assets and inventories. Accordingly, no provision is required in respect of such fixed assets and inventories. In absence of any alternative corroborative evidence, we are unable to comment on the recoverability of the same.

j. Note 7(j) of the statement in respect of various input credits and balances with various statutory authorities pertaining to service tax, VAT, sales tax etc. aggregating to ₹20,573.45Lakhs as at September 30, 2020. The recovery of these amounts is subject to reconciliation, filing of returns and admission by respective statutory authorities and the status is still continued. No adjustments have been made in the books of accounts in respect of such amounts, thus we are unable to comment whether any provision for impairment in the value of advances is required.

7. Based on our review conducted as stated above, except for the effects of the matters described under paragraph 6(b), 6(c) and 6(e) above and possible effects of the matters described under paragraph 6(a), 6(d), 6(f), 6(g), 6(h) and 6(i) nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results, prepared in accordance with applicable accounting standard i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended including the manner in which it is to be disclosed, or that contains any material misstatement.

8. We draw attention to the following matters:

a. Note 8(a) of the statement in respect of a Show Cause Notice U/s 279 (1) of the IT Act 1961 for initiation of prosecution proceedings U/s 276 (B) of the IT Act 1961 for failure to deposit the deducted Tax at Source within due date in Central Government Account for financial year 2016-17 & 2017-18 for the amount of ₹ 1,033.95 Lakhs and ₹ 1,891.21 Lakhs respectively.
In respect of the above, IT department has also sent notices U/s 226 (3) of the IT Act 1961 to certain banks and customers of the company demanding the recovery of the aforesaid arrears.

Pursuant to the application under Section 60(5) of the Insolvency and Bankruptcy Code 2016, the National Company Law Tribunal, Hyderabad vide its order dated 17th December



2019 directs the IT department to withdraw the garnishee notices issued to the Banks and also directed the Banks to release any amount due to corporate Debtor.

b. Note 10(b)of the statement in respect of receivedorder of the Regional Provident Fund Commissioner in the matter of levy of damages pertaining to the earlier year U/s 14 B of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 aggregating to ₹ 4.08 Lakhs for the period from 10/1999 to 02/2009 and ₹ 608.55 Lakhs for the period from 07/2009 to03/2015.

In respect of the above, The Employees' Provident Fund Organisation has also sent notice u/s 8 F of the Employees' Provident Fund and Miscellaneous Provisions of the Act, 1952 to a Bank demanding the recovery of ₹ 912.19 Lakhs (including interest of ₹ 299.56 Lakhs).
The company has filed an appeal U/s 7-I of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with Employees' Provident Fund AppellateTribunal, Bangalore Bench regarding the damages amounting to ₹ 612.63 Lakhs and the matter is presently sub-judice.

Our report is not qualified in respect of these matters.

For CHATURVEDI & CO.
Chartered Accountant
Firm Registration No. 302137E




PANKAJ CHATURVEDI
Partner
Membership No. 091239
UDIN: - 20091239AAAABA1102

New Delhi
November 13, 2020