

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, 2015 ("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, 2015 and have been initialed by us for identification only. 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. We refer to following notes to accompanying statement:
 - a) Note 1(a) regarding equity investment of ₹6,575.25 Lakhs and loans and advances of ₹2,632.68 lakhs as on September 30, 2015 in Hindustan Dorr Oliver Limited, a subsidiary company whose net worth has eroded and continues to incur losses as on September 30, 2015. We are unable to comment on the extent to which the carrying amount of such investment and loans and advances is recoverable.
 - b) Note 1(b) in respect of MOU/ definitive agreement entered in to by the Company for divestment of subsidiary companies Salem Tollways Limited, Kumarpalyam Tollways Limited and IVRCL Chengapalli Tollways Limited where all conditions precedent to the revised definitive agreement are substantially completed during the period. The sale consideration agreed for such divestment is lower than the carrying value of investments and outstanding advances. This will result into losses on divestment/diminution aggregating to ₹32,759.94 lakhs as on September 30, 2015.
4. Based on our review conducted as stated above, except for the effects/possible effects of the matters specified in Para 3(a), and para 3(b) above, nothing has come to our notice that causes us to believe that, the accompanying statements prepared in accordance with Accounting Standards specified under section 133 of the Companies (Accounts) Rules, 2013, Read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Attention is invited to following notes to accompanying statement:

- a. Note 2(a) which indicates the preparation of financial statements of the Company on going concern basis for the reasons stated therein. The appropriateness of assumption of going concern is dependent upon the Company's ability to raise requisite finances /generate cash flows in future to meet its obligations, including financial support to its subsidiary companies.
- b. Note 2(b) in respect of certain projects related trade receivables, retention/withheld money and unbilled revenue aggregating to ₹1,53,665.19 lakhs, outstanding for long period and which are subject matters of arbitration and other recovery proceedings/ negotiations with the contractee/clients due to various disputes related to foreclosure/termination of the contracts and encashment of bank guarantees. Therefore, in view of non-billing/ slow progress/ termination of projects, and lack of other alternate audit evidence, we are unable to comment on the extent to which these balances are recoverable.
- c. Note 2(c) in respect of loans and advances aggregating to ₹42,384.13 lakhs given to subsidiaries engaged in BOT and other projects which are under disputes with the concessionaire and other subsidiaries that have significant accumulated losses as at March 31, 2015. The recovery of such advances to subsidiaries is dependent upon the completion of the projects and their operating performance.
- d. Note 2(d) regarding the managerial remuneration where the Company is awaiting Central government approval and/or in the process of making application to the Central Government.
- e. Note 2 (e) in respect of pending winding up petitions filed against the company and the matter is subjudice.
- f. Note 2 (f) in respect of the indicative recompense of ₹16,466 lakhs as at March 31, 2015, payment of which is contingent on various factors including improved performance of the Company and many other conditions, the outcome of which is currently uncertain and hence the proportion of amount payable as recompense has been treated as contingent liability.

Hyderabad
November 13, 2015

For CHATURVEDI & PARTNERS.
Chartered Accountants
Firm Registration No.307068E


R N CHATURVEDI
Partner
Membership No. 092087

PART I : Statement of Unaudited Financial Results for the Quarter and Six Months ended September 30, 2015

(₹ in lakhs)

Particulars (Refer Notes below)	Quarter ended			Six Months Ended		Year ended
	September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1. Income from operations						
Net income from operations	64,100.42	62,028.72	61,149.63	126,129.14	144,499.87	311,741.69
Total income from operations (net)	64,100.42	62,028.72	61,149.63	126,129.14	144,499.87	311,741.69
2. Expenses						
a) Construction stores, spares and materials consumed	13,608.28	13,994.25	15,384.04	27,602.53	33,050.59	54,966.57
b) Sub-contracting expense	29,730.08	21,915.81	21,097.42	51,645.89	55,079.02	141,962.46
c) Masonry, labour and other construction expense	20,711.99	20,162.35	18,218.22	40,874.34	38,730.93	69,816.41
d) Employee benefits expense	4,051.57	4,137.04	5,274.56	8,188.61	10,139.87	18,917.03
e) Depreciation and amortisation expense	1,977.09	2,048.67	2,393.07	4,025.76	4,823.36	9,035.89
f) Other expense	11,487.98	3,785.09	6,149.84	15,273.07	11,171.09	29,007.07
Total expenses	81,566.99	66,043.21	68,517.15	147,610.20	152,994.86	323,705.43
3. (Loss) / Profit from operations before other income, finance costs and exceptional items	(17,466.57)	(4,014.49)	(7,367.52)	(21,481.06)	(8,494.99)	(11,963.74)
4. Other income	625.41	1,008.57	777.36	1,633.98	2,148.38	4,351.25
5. (Loss) / Profit before finance costs and exceptional items	(16,841.16)	(3,005.92)	(6,590.16)	(19,847.08)	(6,346.61)	(7,612.49)
6. Finance costs	15,817.20	15,712.74	16,371.02	31,529.94	32,406.51	65,292.37
7. (Loss) / Profit after finance costs and before exceptional items	(32,658.36)	(18,718.66)	(22,961.18)	(51,377.02)	(38,753.12)	(72,904.86)
8. Exceptional items	(2,112.36)	-	(4,205.70)	(2,112.36)	(4,205.70)	(5,681.45)
9. Loss from ordinary activities before tax	(30,546.00)	(18,718.66)	(18,755.48)	(49,264.66)	(34,547.42)	(67,223.41)
10. Tax expense	-	-	-	-	-	-
11. Net Profit / (Loss) for the year/period	(30,546.00)	(18,718.66)	(18,755.48)	(49,264.66)	(34,547.42)	(67,223.41)
12. Paid up equity share capital (Face Value of ₹ 2)	10,151.23	9,668.04	6,137.74	10,151.23	6,137.74	9,182.77
13. Reserves excluding Revaluation Reserve as per balance sheet of previous accounting period	-	-	-	-	-	104,157.69
14. Earnings per share (of ₹ 2 each) (not annualised)						
EPS (in ₹)						
- Basic & Diluted						
before exceptional item	(6.70)	(3.93)	(7.48)	(10.54)	(12.63)	(21.13)
after exceptional item	(6.27)	(3.93)	(6.11)	(10.11)	(11.26)	(19.49)

PART II : Select Information for the Quarter ended September 30, 2015

A. PARTICULARS OF SHAREHOLDING

		Quarter ended			Six Months ended		Year ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
1. Public Shareholding							
Number of shares		465,529,144	441,369,882	264,854,482	465,529,144	264,854,482	417,106,556
Percentage of shareholding		91.72%	91.30%	86.30%	91.72%	86.30%	90.85%
2. Promoters and Promoter Group Shareholding							
(a) Pledged / Encumbered							
Number of shares		42,032,166	42,032,166	-	42,032,166	-	42,032,166
Percentage of shareholding		100.00%	100.00%	-	100.00%	-	100.00%
(as a % of the total shareholding of promoter and promoter group)							
Percentage of shareholding		8.28%	8.70%	-	8.28%	-	9.15%
(as a % of the total share capital of the Company)							
(b) Non - encumbered							
Number of shares		-	-	42,032,166	-	42,032,166	-
Percentage of shareholding		-	-	100.00	-	100.00	-
(as a % of the total shareholding of promoter and promoter group)							
Percentage of shareholding		-	-	13.70%	-	13.70%	-
(as a % of the total share capital of the Company)							

B. INVESTOR COMPLAINTS

Particulars	Quarter ended September 30, 2015
Pending at the beginning of the quarter	Nil
Received during the quarter	3
Disposed off during the quarter	3
Remaining unresolved at the end of the quarter	Nil



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C. Statement of Assets and Liabilities

(₹ in lakhs)

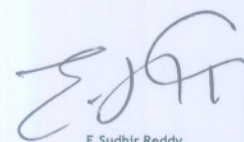
Particulars	As at	
	September 30, 2015	March 31, 2015
Equity and Liabilities		
Shareholders' Funds		
a) Share Capital	10,151.23	9,182.77
b) Reserves and Surplus	66,172.70	104,440.39
	76,323.93	113,623.16
Non-Current Liabilities		
a) Long-Term Borrowings	186,663.51	204,198.39
b) Long-Term Provisions	1,432.59	1,193.12
	188,096.10	205,391.51
Current Liabilities		
a) Short-Term Borrowings	229,873.84	224,207.05
b) Trade Payables	138,197.22	146,423.17
c) Other Current Liabilities	227,838.70	186,025.83
d) Short-Term Provisions	18,115.62	11,446.27
	614,025.38	568,102.32
Total Equity and Liabilities	878,445.41	887,116.99
Assets		
Non-Current Assets		
a) Fixed Assets	43,514.03	47,683.19
b) Non-Current Investments	184,172.63	182,113.63
c) Deferred Tax Asset (Net)	3,065.20	3,065.20
d) Long-Term Loans and Advances	74,968.98	71,017.46
e) Other Non-Current Assets	58,046.05	57,487.32
	363,766.89	361,366.80
Current Assets		
a) Inventories	14,872.15	16,723.44
b) Trade Receivables	148,741.62	165,879.19
c) Cash and Bank Balances	5,116.82	12,432.73
d) Short-Term Loans and Advances	81,377.52	85,197.97
e) Other Current Assets	264,570.41	245,516.86
	514,678.52	525,750.19
Total Assets	878,445.41	887,116.99

Notes:

- The statement of unaudited financial results of the Company for the Quarter and six months ended September 30, 2015 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, 2015. The Statutory Auditors have carried out limited review on above results and have modified their review report in respect of following matters.
 - The Company has investment amounting to ₹ 6,575.25 lakhs and loans and advances aggregating to ₹ 2,632.68 lakhs in its subsidiary Hindustan Dorr-Oliver Limited. The net worth of the subsidiary has been eroded. This being a long term investment, no provision for diminution in the value of investment considered necessary by the management.
 - The Company has entered into a MOU/ definitive agreement for divestment of subsidiary companies Salem Tollways Limited, Kumarpalyam Tollways Limited and IVRCL Chengapalli Tollways Limited where all conditions precedent to the revised definitive agreement are substantially completed during the period. The sale consideration of agreed for such divestment is lower than the stated value of investments and outstanding advances, this will result into losses on divestment/diminution in value investment aggregating to ₹ 32,759.94 lakhs as on September 30, 2015.
- The Statutory Auditors have given Emphasis of Matters in respect of following matters:
 - The company has incurred losses amounting to ₹ 49,264.66 lakhs during the period and accumulated losses as per statement of profit and losses as at September 30, 2015 is ₹ 147,235.24 lakhs. The Company has obligations towards borrowings aggregating to ₹ 488,344.24 lakhs including an amount of ₹ 81,759.63 lakhs falling due over next twelve months period, obligations pertaining to operations including unpaid creditors and statutory dues as at September 30, 2015. These matters require the Company to generate additional cash flows to fund the operations as well as other statutory obligations. The management of the Company is exploring various options to generate additional cash flows from divestment / sale of investments in its subsidiary companies and sale of assets comprising land parcels as per CDR Scheme. The management believes that such initiatives to raise funds are expected to result in cash flows and accordingly the financial statement continue to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.
 - In respect of certain customers the Company has initiated legal / arbitration proceedings. The trade receivables, unbilled revenue and other current assets from such customers as at September 30, 2015 aggregates to ₹ 153,665.19 lakhs (as at March 31, 2015 ₹ 119,489.30 lakhs). The management is confident that the outcome of the legal / arbitration proceedings will be favourable and no provision is considered necessary at this stage.
 - The Company has loans and advances of ₹ 42,384.13 lakhs given to subsidiaries / entities engaged in BOT and other projects which are under disputes with the concessionaire and other subsidiaries having negative net-worth as at March 31, 2015. The recovery of such advances is critically dependent upon the achievement of the completion of projects and operating performance by the subsidiary companies.
 - During the quarter and six months ended September 30, 2015 managerial remuneration, amounting to ₹ 108.16 lakhs in respect of executive directors is subject to Central Government approval. Pending the approval from the Central Government the excess amount of ₹ 497.95 lakhs (including ₹ 389.79 lakhs for the earlier period) has been accounted as due from directors.
 - Certain creditors of the Company have filed winding up petitions against the Company. The matter is presently subjudice and the Company is taking appropriate steps to settle the matter.
 - As per CDR Scheme, the indicative recompense is ₹ 16,466 lakhs as at March 31, 2015, payment of which is contingent on various factors including improved performance of the company and many other conditions, the outcome of which is currently uncertain and hence the proportion of amount payable as recompense has been treated as contingent liability.
- During the quarter and six months ended September 30, 2015, the Company has allotted 2,41,59,262 and 48,422,588 equity shares respectively, to CDR Lenders by converting Funded Interest Term Loan upto June 30, 2015 as per the CDR Scheme.
- Other expense for the Quarter ended September 30, 2015 includes, provision for foreseeable losses aggregating to ₹ 6,700 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.
- During the quarter, the interest on the restructured debt has been recomputed and provided at the effective interest rates as per the CDR Scheme. A sum of ₹ 2,112.36 lakhs (previous year ₹ 5,681.45 lakhs), which represents reduction in interest from Cut-off Date, subject to confirmation from lenders, has been recorded as exceptional item.
- Previous periods figures have been regrouped, wherever considered necessary.

Place : Hyderabad

Date : November 13, 2015


E. Sudhir Reddy
Chairman & Managing Director