

CHATURVEDI & PARTNERS
Chartered Accountants
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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 Nine Months Ended December 31, 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 ₹ 23,788.69 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. This was also the subject matter of our reports qualified for Quarter and Six Months Ended September 30, 2013 (₹ 22,332.31 lakhs), Quarter and Six Months Ended December 31, 2012 (₹ 19,850.88 lakhs) and Nine Months Period Ended March 31, 2013 (₹ 21,574.21 lakhs).
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 aggregating to ₹ 56,818.42 lakhs in respect of which the Company has initiated action for recovery from the customers.
- d. Note 6 of the Statement wherein the Management of the Company has considered unbilled revenue amounting to ₹ 9,927.10 lakhs, as good and fully realisable.

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 Nine Months Ended December 31, 2013 of the Statement, from the details furnished by the Registrars.

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

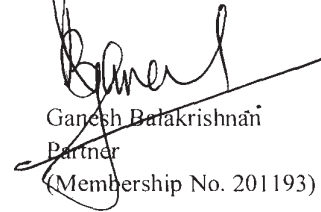


R. N. Chaturvedi
Partner
(Membership No. 092087)

Hyderabad, February 14, 2014



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



Ganesh Batakrishnan
Partner
(Membership No. 201193)

Hyderabad, February 14, 2014





PART I

Statement of Standalone Unaudited Results for the Quarter and Nine Months Ended December 31, 2013

(₹ in lakhs, except share data)

| Sl No. | Particulars (Refer Notes below) | Quarter Ended | | | Nine Months Ended | Nine Months Period Ended |
|--------|--------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|--------------------------|
| | | December 31, 2013 | September 30, 2013 | December 31, 2012 | December 31, 2013 | March 31, 2013 |
| | | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED | AUDITED |
| 1 | Income from operations | | | | | |
| | a) Net income from operations | 95,147.20 | 112,426.84 | 124,719.52 | 308,052.92 | 373,400.98 |
| | b) Other operating income | 469.13 | 41.74 | 2,291.13 | 714.85 | 2,507.87 |
| | Total income from operations (net) | 95,616.33 | 112,468.58 | 127,010.65 | 308,767.77 | 375,908.85 |
| 2 | Expenses | | | | | |
| | a) Construction stores, spares and materials consumed | 24,315.82 | 24,424.72 | 33,523.50 | 77,008.15 | 105,272.20 |
| | b) Purchases of stock-in-trade | 455.08 | - | 58.25 | 455.08 | 58.25 |
| | c) Sub-contracting expense | 36,190.80 | 44,323.90 | 45,146.21 | 110,406.60 | 112,570.01 |
| | d) Masonry, labour and other construction expense | 22,674.99 | 26,938.81 | 32,022.39 | 77,232.33 | 102,753.40 |
| | e) Employee benefits expense | 5,364.81 | 4,836.68 | 5,997.83 | 16,102.57 | 17,742.11 |
| | f) Depreciation and amortisation expense | 2,187.34 | 2,218.63 | 2,178.41 | 6,662.64 | 6,396.74 |
| | g) Other expense | 5,256.85 | 7,276.19 | 3,934.84 | 16,911.70 | 11,126.04 |
| | Total expenses | 96,445.69 | 110,018.93 | 122,861.43 | 304,779.07 | 355,918.75 |
| 3. | Profit from operations before other income, finance costs and exceptional items | (829.36) | 2,449.65 | 4,149.22 | 3,988.70 | 19,990.10 |
| 4. | Other income | 776.46 | 1,661.60 | 2,226.24 | 3,208.70 | 7,886.55 |
| 5. | Profit before finance costs and exceptional items | (52.90) | 4,111.25 | 6,375.46 | 7,197.40 | 27,876.65 |
| 6. | Finance costs | 16,413.23 | 14,888.54 | 11,355.77 | 44,094.21 | 34,788.78 |
| 7. | Exceptional items | | | | | |
| 8. | Loss from ordinary activities before tax | (16,466.13) | (10,777.29) | (4,980.31) | (36,896.81) | (6,912.13) |
| 9. | Tax expense (Refer Note 9) | 1,303.28 | 1,472.05 | 1,833.35 | 1,969.85 | 3,253.99 |
| 10. | Net Profit / (Loss) for the period | (17,769.41) | (12,249.34) | (6,813.66) | (38,866.66) | (10,166.12) |
| 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 ₹) | (5.79) | (3.99) | (2.22) | (12.66) | (3.31) |

PART II

Select Information for the Quarter and Nine Months Ended December 31, 2013

A. PARTICULARS OF SHAREHOLDING

| | | Quarter Ended | | | Nine Months Ended | Nine Months Period Ended |
|----|-------------------------------------------------------------------|-------------------|--------------------|-------------------|-------------------|--------------------------|
| | | December 31, 2013 | September 30, 2013 | December 31, 2012 | December 31, 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 | 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 |
| | Percentage of shareholding | 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% |

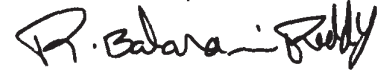
B. INVESTOR COMPLAINTS

| Particulars | Quarter Ended December 31, 2013 |
|------------------------------------------------|---------------------------------|
| Pending at the beginning of the quarter | Nil |
| Received during the quarter | 125 |
| Disposed off during the quarter | 125 |
| Remaining unresolved at the end of the quarter | Nil |

Notes:

1. The statement of unaudited financial results of the Company for the Quarter and Nine Months Ended December 31, 2013 has been reviewed by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on February 14, 2014.
2. Trade Receivables as at December 31, 2013 include amounts aggregating to:
 - a) ₹ 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
 - b) ₹ 20,318.03 lakhs (including ₹ 7,752.01 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 auditors' review report for the quarter and nine months ended December 31, 2013, the quarter and six months ended September 30, 2013, the quarter and six months ended December 31, 2012 and in their independent auditor's report for the nine months period ended March 31, 2013. The Board of Directors is of the view that the receivables covered by (a) and (b) above are good and fully recoverable.
3. 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.
4. During the nine months period ended December 31, 2013 managerial remuneration, amounting to ₹ 57.31 lakhs in respect of an executive director is subject to Central Government approval and ₹ 23.34 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 ₹ 134.43 lakhs (including ₹ 53.78 lakhs for the earlier period) has been accounted as due from directors. During the current quarter, the Company has received Central Government approval in respect of excess remuneration paid during the period April 01, 2011 to June 30, 2012 amounting to ₹ 113.96 lakhs which has been charged to "Employee Benefits Expense" for the quarter ended / nine months period ended December 31, 2013.
5. In respect of certain customers the Company has initiated legal / arbitration proceedings. The trade receivables and other current assets from such customers as at December 31, 2013 aggregates to ₹ 56,818.42 lakhs. The management is confident that the outcome of the legal proceedings will be favourable and no provision is considered necessary at this stage.
6. Unbilled revenue includes ₹ 9,927.10 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
7. During the quarter ended September 30, 2013, 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 amounting to ₹ 941.34 lakhs and has been included under "Other Income".
8. The Company has on January 20, 2014 filed an application with Corporate Debt Restructuring (CDR) Cell as prescribed under the Reserve Bank of India (RBI) guidelines by way of reference to CDR Cell
9. During the current quarter, the Company pursuant to the Income Tax Return filed for the Assessment Year 2013-14, provided the excess tax expenses of ₹ 1,303.28 lakhs relating to the previous year ended March 31, 2013.
10. 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.
11. 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 nine months period ended December 31, 2012.
12. Previous periods figures have been regrouped, wherever considered necessary.

By order of the Board



R. Balarami Reddy

Executive Director - Finance & Group CFO

Place : Hyderabad

Date : February 14, 2014