

IVRCL LIMITED



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**24<sup>th</sup>** ANNUAL REPORT

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## BOARD OF DIRECTORS

### E. SUDHIR REDDY

Chairman & Managing Director

**E. SUNIL REDDY**  
Vice Chairman

**R. BALARAMI REDDY**  
Executive Director - Finance & Group CFO

**K. ASHOK REDDY**  
Executive Director

**E. ELLA REDDY**  
Director

**T.N. CHATURVEDI**  
Director

**T.R.C. BOSE**  
Director

**P.R. TRIPATHI**  
Director

**DR. L. SRINIVASA REDDY**  
Director

**V. MURAHARI REDDY**  
Director

### B. SUBRAHMANYAM

Company Secretary

## Internal Auditors

**T. Vijay Kumar**  
Chartered Accountant  
Plot # 101, Jyothi Pride Apartments,  
P.S. Nagar, Masab Tank Hyderabad – 500 028.

**VCG & Co.**  
Chartered Accountants  
203, Kushal Bazar, 32-33,  
Nehru Place, New Delhi - 110 019

## Statutory Auditors

**M/s. Chaturvedi & Partners**  
Chartered Accountants  
212A, Chiranjeev Towers 43,  
Nehru Place, New Delhi

**M/s. Deloitte Haskins & Sells**  
Chartered Accountants  
1-8-384 & 385, 3rd Floor, Gowra Grand, Sardar Patel  
Road, Begumpet, Secunderabad – 500 003.

## Bankers / Institutions

- |  |   |  |
|--|---|--|
| <input type="radio"/> Allahabad Bank               | <input type="radio"/> Andhra Bank             | <input type="radio"/> Bank of Baroda                 |
| <input type="radio"/> Bank of India                | <input type="radio"/> Bank of Nova Scotia     | <input type="radio"/> Barclays Bank PLC              |
| <input type="radio"/> Bajaj Auto Finance Limited   | <input type="radio"/> Canara Bank             | <input type="radio"/> Central Bank of India          |
| <input type="radio"/> Corporation Bank             | <input type="radio"/> DBS Bank Ltd            | <input type="radio"/> Dena Bank                      |
| <input type="radio"/> Deutsche Bank                | <input type="radio"/> EXIM Bank Ltd           | <input type="radio"/> Federal Bank Ltd               |
| <input type="radio"/> HDFC Bank Ltd                | <input type="radio"/> ICICI Bank Ltd          | <input type="radio"/> IDBI Bank                      |
| <input type="radio"/> Indian Overseas Bank         | <input type="radio"/> IndusInd Bank Ltd       | <input type="radio"/> ING Vysya Bank Ltd             |
| <input type="radio"/> Karur Vysya Bank Ltd         | <input type="radio"/> Kotak Mahindra Bank Ltd | <input type="radio"/> LIC of India                   |
| <input type="radio"/> Punjab & Sind Bank           | <input type="radio"/> Reliance Capital Ltd    | <input type="radio"/> Standard Chartered Bank        |
| <input type="radio"/> State Bank of India          | <input type="radio"/> Syndicate Bank          | <input type="radio"/> SREI Equipment Finance Pvt Ltd |
| <input type="radio"/> Tamilnad Mercantile Bank Ltd | <input type="radio"/> TATA Capital Ltd        | <input type="radio"/> UCO Bank                       |
| <input type="radio"/> Union Bank of India          | <input type="radio"/> Yes Bank Ltd            |  |

## Registrars & Transfer Agents

**M/s. KARVY Computershare Private Limited**  
17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.

## Registered Office

M-22/3RT, Vijayanagar Colony,  
Hyderabad – 500 057, Andhra Pradesh, India  
Ph: 91-40-2334 3678 / 3550 / 5130 / 8467  
Fax: 91-40-2334 5004

## Corporate Office

MIHIR, 8-2-350/5/A/24/1-B&2, Road No.2, Panchavati Colony,  
Banjara Hills, Hyderabad- 500 034, Andhra Pradesh, India  
Ph:91-40-2335 6613/15/18/21/51 to 55,30931111/1444 (60 Lines)  
Fax: 91-40-2335 6693

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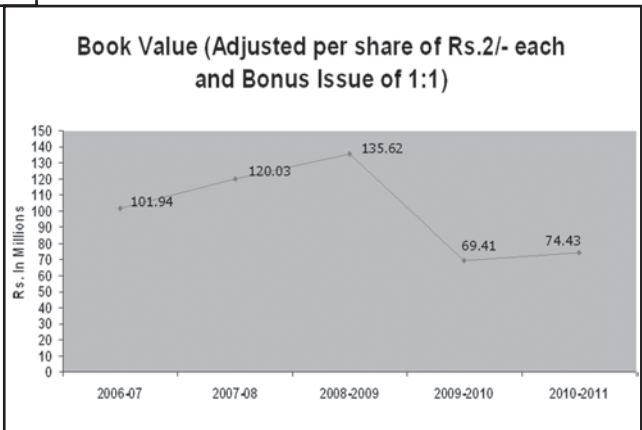
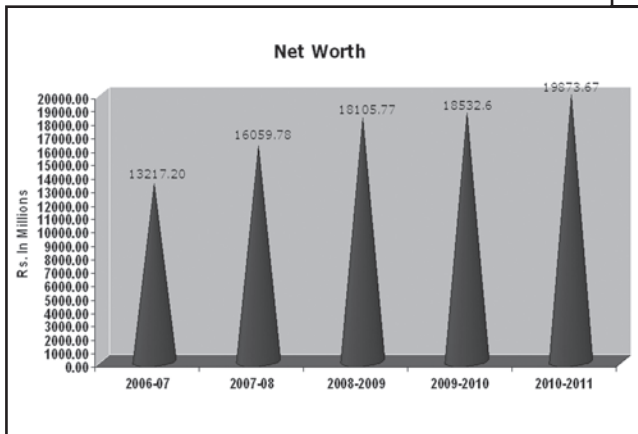
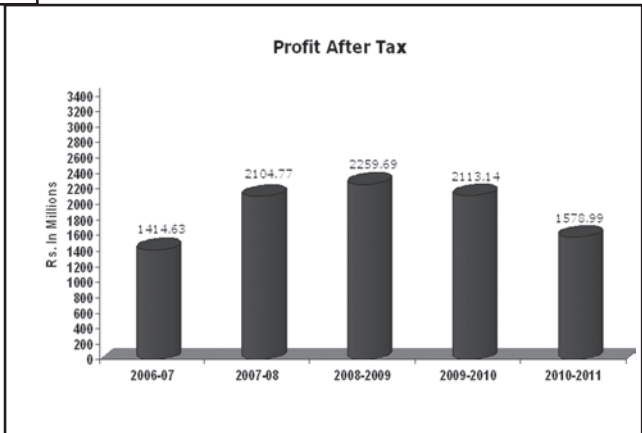
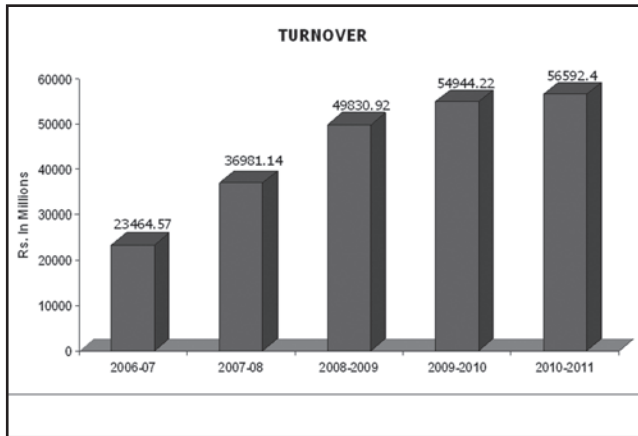
**FORWARD LOOKING STATEMENT**

This communication contains statements that constitute "forward looking statements" including without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance.

While these forward looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors including but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial condition of third parties dealing with us, legislative developments, and other key factors that have been indicated could adversely affect our business and financial performance.

IVRCL undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.



**PERFORMANCE AT A GLANCE**

(₹ in million)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Turnover	56592.40	54950.50	49830.92	36,981.14	23,464.57	15,214.23	10,547.33	7,734.53	4,403.49	3,919.96
Profit Before Tax	2326.19	3288.37	2737.76	2,853.30	1,850.96	1,037.25	594.67	427.12	240.06	199.22
Profit After Tax	1578.99	2113.13	2259.69	2,104.77	1,414.63	929.55	567.08	391.81	155.09	130.94
Equity Capital	534.02	534.02	267.01	266.98	259.32	213.88	169.80	106.19	105.06	104.44
Reserves & Surplus	19339.65	17998.57	17838.76	15,792.80	12,957.88	4,556.25	2,406.58	1,247.87	913.82	796.05
Net Worth	19873.67	18532.59	18105.77	16,059.78	13,217.20	4,770.13	2,576.38	1,354.06	1,018.88	900.49
Gross Block	9242.27	7501.77	6623.50	4,175.96	2,593.35	1,580.10	1,107.10	964.34	898.60	755.18
Net Block	6918.07	5663.94	5206.97	3,191.94	1,929.13	1,107.35	741.03	672.97	703.94	644.74
Book Value (₹) per share	74.43	69.41	135.62	120.31	101.94	44.61	151.74	127.50	96.98	86.22
EPS (₹) Basic	5.91	7.91	16.93	16.08	12.38	8.84	33.56	37.04	14.85	12.54
Dividend	30%	40%	70%	70%	50%	50%	30%	30%	30%	30%

The Book Value and EPS are per share of ₹ 2/- each for the year 2005-06 to 2010-11, while figures for 2001-02 to 2004-05 indicate per share of ₹ 10/- each.

Equity share of ₹ 10/- each was sub-divided into five equity shares of ₹ 2/- each with effect from 4<sup>th</sup> March, 2006.

In the financial year 2009-10, 1:1 Bonus equity shares have been issued.

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of IVRCL Limited will be held on Monday, the 26<sup>th</sup> day of September 2011 at “K.L.N.Prasad Auditorium”, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500004 at 3.30 P.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors attached thereto.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. E.Ella Reddy, Director, who retires by rotation under Art 121 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P.R.Tripathi, Director, who retires by rotation under Art 121 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. L.Srinivasa Reddy, Director, who retires by rotation under Art 121 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
6. To appoint Auditors and fix their remuneration.

To consider and pass the following resolution with or without modification(s) as an ordinary resolution:

**“RESOLVED THAT** M/s Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S) and M/s. Chaturvedi & Partners, Chartered Accountants (Registration No.307068E), the retiring Joint Statutory Auditors be and are hereby reappointed as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting at such remuneration as may be determined by the Board of Directors of the Company”.

### SPECIAL BUSINESS:

#### 7. To appoint Mr. V.Murahari Reddy as a Director of the Company

To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

**RESOLVED THAT** Mr. V.Murahari Reddy be and is hereby appointed Director of the Company liable to retire by rotation.

#### 8. To appoint Auditors to the Branch Offices of the Company

To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

**RESOLVED THAT** pursuant to provisions of Section 228 and other applicable provisions if any of the Companies Act, 1956, the Board of Directors be and is hereby authorized to appoint Branch Auditor / Auditors of any Branch Office(s) of the company existing, including those which may be opened / acquired hereafter, in India or abroad, in consultation with the Company’s Auditor/(s), any person (s) qualified to act as Branch Auditor (s) within the provisions of Section 228 of the Companies Act and to fix their remuneration.

By order of the Board of Directors of  
**IVRCL Limited**

**Regd. Office :**

M-22/3RT,  
Vijayanagar Colony,  
Hyderabad - 500 057  
Date : 28.05.2011

**B. Subrahmanyam**  
Company Secretary

### NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy forms to be valid should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of Items 7 and 8 of the Notice is attached. The Statement of particulars of Directors seeking appointment/ re-appointment, as required under Clause 49 of the listing agreement is enclosed (Annexure – A).
3. Members may please bring the Admission Slip duly filled in and may hand over the same at the entrance of the Meeting Hall.
4. Members, who hold shares in dematerialized form, are requested to bring their depository account number (Client ID and DIPIID No) for easier identification and recording of attendance at the meeting.
5. **The Register of Members and Share Transfer Books of the Company shall be closed from 19.09.2011 to 26.09.2011 both days inclusive, for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.**
6. The dividend on Equity Shares, if declared at the Meeting, will be paid to those members whose names shall appear



on the Company’s Register of Members on September 19, 2011 in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
8. In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund.

Financial year	Date of declaration	Due date for Transfer to IEPF
2003-04	17.09.2004	21.11.2011
2004-05	30.09.2005	03.12.2012
2005-06	29.09.2006	04.12.2013
2006-07	07.09.2007	10.11.2014
2007-08	15.09.2008	20.11.2015
2008-09	09-09-2009	14.11.2016
2009-10	18-09-2010	24.11.2017

9. Members are requested to furnish bank details, change of address etc., to M/s. KARVY Computershare Pvt. Ltd. (Unit : IVRCL Limited, 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081) who are the Company Registrar and Share Transfer Agents so as to reach them latest by September 10,2011 in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the book closure date will be considered by the Company. Hence, Members holding shares in demat mode should update their records at the earliest.
10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, between 11.00 a.m and 1.00 p.m. up to the date of the Annual General Meeting.
11. Non-Resident Indian Members are requested to inform Karvy, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.

- b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 7**

**To appoint Mr. V.Murahari Reddy as a Director of the Company**

Mr. V.Murahari Reddy was co-opted as an Additional Director of the Company w.e.f 14.05.2011 and he will hold the office until the conclusion of this Annual General Meeting. The Company has received a notice along with requisite deposit proposing him for being elected as Director liable to retire by rotation.

**Memorandum of Interest:** None of the Directors except Mr. V.Murahari Reddy is interested in the above resolution.

**ITEM NO.8**

**To appoint Auditors to the Branch Offices of the Company**

The company has branch offices in United Arab Emirates and Kingdom of Saudi Arabia. In respect of other branch offices of the company if any, which may be opened during the year in India as well as abroad, the shareholders are requested to authorize the Board to appoint Branch Auditors in accordance with the provisions of the Companies Act, 1956 in consultation with the Company’s Statutory Auditors and to fix their remuneration.

The Board recommends the above resolution for adoption by the Members.

**Memorandum of Interest:** None of the Directors is concerned or interested in the above resolution.

By order of the Board of Directors of  
**IVRCL Limited**

**Regd. Office :**  
M-22/3RT,  
Vijayanagar Colony,  
Hyderabad - 500 057  
Date : 28.05.2011

**B. Subrahmanyam**  
Company Secretary

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited, Registrars & Transfer Agents.



**Details of the Directors Seeking appointment / re-appointment at the forthcoming Annual General Meeting  
(Pursuant of Clause 49 of the Listing Agreement)**

		<b>Annexure -A</b>	
<b>Name of Director</b>	<b>Mr. E.Ella Reddy</b>	<b>Mr. P.R. Tripathi</b>	<b>Dr. L.Srinivasa Reddy</b>
Date of Birth	18.08.1933	24.06.1943	12.06.1963
Date of Appointment	07.12.1994	07.07.2006	05.12.2008
Expertise in Specific functional areas	Advocate with 28 years of standing	He is an expert in the areas of mine planning, operation and management of mineral projects and has 43 years of experience in the mining industry	He is experienced in hydraulic & water resources engineering. He is author of several books, contributed articles in professional magazines, submitted research reports, has close partnership with several controlled systems manufacturers in USA, France etc.
Qualification(s)	B.A. B.L.	B.Sc.(Hon.) A.I.S.M. (Mining), F.C.C (Coal & Metal)	Ph.D, M.Tech., B.E. (Civil) Engineering
List of other Companies in which Directorship is held as on 31 March, 2011	Fragram Holdings Ltd.	<ul style="list-style-type: none"> <li>a) Minman Consultancy Services Private Limited</li> <li>b) Sarda Energy &amp; Minerals Ltd</li> <li>c) IVRCL Assets &amp; Holdings Ltd</li> <li>d) HDO Technologies Ltd</li> <li>e) Premier Explosives Ltd</li> <li>f) Dharni Sampada Private Ltd</li> <li>g) Hindustan Dorr-Oliver Ltd</li> <li>h) IVR Hotels &amp; Resorts Ltd</li> </ul>	<ul style="list-style-type: none"> <li>a) Fluid Hammer Consultancy Services Private Limited</li> <li>b) Saisanket Enterprises Private Limited</li> <li>c) ACWASYS Engineering Pvt Ltd</li> </ul>
Chairman/Member of the Committees of the Board of the Companies in which he is a Director as on March 31, 2011	NIL	<ul style="list-style-type: none"> <li>a) Hindustan Dorr- Oliver Ltd</li> <li><b>Member</b> Audit Committee</li> <li>b) IVRCL Assets &amp; Holdings Ltd</li> <li><b>Member</b> Audit Committee Shareholders Grievance Committee</li> </ul>	NIL
Equity shares held in the Company	<b>NIL</b>	NIL	NIL
Relationship between Directors Inter-se	NIL	NIL	NIL

**DIRECTORS' REPORT**

To

The Members

The Directors have pleasure in presenting the 24<sup>th</sup> Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March 2011.

**1. FINANCIAL RESULTS** (₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Gross Turnover	<b>56,592.40</b>	54,950.50
Profit before Interest, Depreciation, Extraordinary items & Tax	<b>5,265.55</b>	5,467.77
Less : Interest & Finance Charges	<b>2,181.55</b>	1,636.56
Less : Depreciation	<b>757.81</b>	542.84
<b>Profit before tax (PBT)</b>	<b>2,326.19</b>	3,288.37
Provision for tax	<b>747.20</b>	1,177.21
<b>Profit after tax (PAT)</b>	<b>1,578.99</b>	2,113.13
Balance brought forward from previous year/ Adjustment	<b>4,129.96</b>	3,082.03
Profit available for appropriation	<b>5,708.95</b>	5,195.16
<b>Appropriations : Transfer to</b>		
General Reserve	<b>400.00</b>	500.00
Debenture Redemption Reserve	<b>147.21</b>	315.29
Proposed Dividend	<b>160.21</b>	213.61
Corporate Dividend Tax (Net)	<b>22.62</b>	36.30
Sum total of Appropriations	<b>730.04</b>	1,065.20
Balance carried to Balance Sheet	<b>4,978.91</b>	4,129.96
<b>Paid-up Capital</b>	<b>534.02</b>	534.02
<b>Reserves and Surplus</b>	<b>19,339.65</b>	17,998.57

**2. DIVIDEND**

Your Directors have pleasure in recommending a dividend of 30% i.e. ₹ 0.60 paise per share of ₹ 2/- each (previous year ₹ 0.80 paise per share of ₹ 2/- each) on 267,009,858 equity shares of ₹ 2/- each for the financial year ended 31<sup>st</sup> March, 2011.

The dividend pay out for the year under review is in accordance with the Company's policy of suitably rewarding the shareholders besides keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum.

**3. RESERVES**

It is proposed to transfer ₹ 400 million to the General Reserves of the Company, constituting 25.33% of the profits made during the year. Further, it is proposed to transfer ₹ 147.21 million to Debenture Redemption Reserve.

**4. REVIEW OF PERFORMANCE**

The financial year 2010-11 is a year of moderate growth. Your company achieved a gross turnover of ₹ 56,592.40 million for the year ended 31<sup>st</sup> March, 2011 as against ₹ 54,950.50 million for the previous financial year registering an incremental turnover of ₹ 1,641.90 million and recording a growth rate of 3% over the previous year.

The Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA) at ₹ 5,265.55 million are 9.3% of the Gross Turnover for the year under review as against 9.95% for the previous financial year.

**5. ORDER BOOK POSITION:**

The Order Book has increased to ₹ 239,790 million (including L1 of ₹ 23,740 million) as on date.

Sl. No.	Name of the Division	Amount (₹ in million)
1	Water & Environment	111,090
2	Transportation	61,270
3	Power	10,050
4	Buildings & Industrial Structures	55,340
5	Oil & Gas	1,740
6	Mining	300
	<b>TOTAL</b>	<b>239,790</b>

**6. CHANGE IN THE NAME OF COMPANY**

Your Directors are glad to inform that, after securing the approval of the members of the Company through Postal Ballot and that of the Central Government, the name of the company has been changed to "IVRCL Limited" with effect from 18<sup>th</sup> March, 2011.

## 7. FUTURE OUTLOOK

The negative effects of global recessionary conditions are being attenuated by various countries through huge investments in infrastructure and India is no exception in this regard. Hence, your directors are confident that the present environment of investments in infrastructure by the State and Central Governments assures growth of operations of your Company

## 8. SUBSIDIARIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will be put up on the company's web site [www.ivrcl.com](http://www.ivrcl.com) and will also be available for inspection at the Registered Office of the Company on any working day during the business hours.

### HINDUSTAN DORR-OLIVER LIMITED

For the financial year ending 31<sup>st</sup> March 2011, the company achieved a turnover of ₹ 9551.90 million, an increase of 9.65% compared to previous year. The Profit after tax has come down from ₹ 555.17 million to ₹ 537.50 million. The EPS is ₹ 7.47 on ₹ 2/- share. The company declared a dividend of ₹ 0.80 ps per share of ₹ 2/- each.

### IVRCL ASSETS & HOLDINGS LIMITED (IVRCL A&H)

For the financial year ending 31<sup>st</sup> March 2011, the company has achieved higher turnover of ₹ 6,821 million as compared to ₹ 1,431 million in the previous year.

## 9. CONSOLIDATION OF ACCOUNTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-27 on Financial Reporting of Interests in Joint Ventures, your Directors have pleasure in attaching the Consolidated Financial Statements presented by your Company which forms part of the Annual Report and Accounts.

Profit after tax and minority interest as per the consolidated accounts is ₹ 5,059.74 million.

## 10. REDEMPTION OF FOREIGN CURRENCY CONVERTIBLE BONDS

Out of the Foreign Currency Convertible Bonds (FCCBs)

of the value of US \$ 65.00 million issued by the company, the bonds of the value of US \$ 57.40 million were converted into 11,243,024 equity shares. During the financial year 2010-11, there was no conversion of bonds as equity shares. The Bonds of the value of US \$ 7.60 million that remained outstanding have been redeemed together with interest, on maturity date i.e., 9<sup>th</sup> December, 2010.

## 11. REDEMPTION OF NON-CONVERTIBLE DEBENTURES

On due dates of redemption, the Company redeemed the Unsecured Non-Convertible Debentures of ₹ 150 million issued to State Bank of Indore and State Bank of Mysore on 30.09.2009 and Secured Non-Convertible Debentures of ₹ 1,050 million issued to Federal Bank Ltd, Dena Bank, Allahabad Bank, Corporation Bank, UCO Bank, Bank of Baroda, Bank of India and Central Bank of India on 27.11.2009, in terms of the Issue of Debentures.

## 12. EMPLOYEE STOCK OPTION SCHEMES

The earlier two ESOP Plans viz., IVRCL ESOP 2000 and IVRCL ESOP 2004 have been fully utilized.

### IVRCL ESOP 2007 Scheme:

The members approved granting of 4,200,000 options at the Annual General Meeting held on 7<sup>th</sup> September 2007, underlying 4,200,000 shares of ₹ 2/- each. The company is yet to grant these options to the employees.

The members approved the amendment to the scheme at the Annual General Meeting held on 9<sup>th</sup> September 2009, modifying the terms relating to *Price* and *Time Limit*. The Scheme as modified is valid upto 6<sup>th</sup> September, 2013.

## 13. PUBLIC DEPOSITS

There are no outstanding public deposits as on 31<sup>st</sup> March, 2011.

## 14. DIRECTORS

Mr. E.Ella Reddy, Mr. P.R.Tripathi and Dr. L.Srinivasa Reddy retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. Dr. S.K.Gupta resigned as Director w.e.f 15.11.2010 due to his other engagements. Mr. V.Murahari Reddy has been appointed Additional Director on the Board effective from 14.05.2011 and he will hold the office until the conclusion of the ensuing Annual General Meeting. The Notice convening the Annual General Meeting includes the proposals for appointment/re-appointment of Directors.

## 15. CORPORATE GOVERNANCE

Your Directors report that your Company is compliant with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. The certificate issued by M/s. Chaturvedi & Partners, Chartered Accountants is included in the Annual

Report along with the report on Corporate Governance. The Management Discussion and Analysis Report is also provided in the Annual Report.

**16. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profit of the Company for the financial year ended on that date.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

**17. AUDITORS**

M/s. Chaturvedi & Partners and M/s. Deloitte Haskins & Sells, the Joint Statutory Auditors, retire at the ensuing annual general meeting and are eligible for re-appointment. The Company received confirmation that their appointment, if made, would be within the limits prescribed under Sec.224(1B) of the Companies Act, 1956.

**18. PARTICULARS OF EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder is provided in Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure, except Mr. E.Sudhir Reddy, Chairman & Managing Director, is related to any Director of the Company.

**19. VOLUNTARY GUIDELINES ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY**

The Ministry of Corporate Affairs, Govt. of India, issued Voluntary Guidelines for Corporate Governance and for Corporate Social Responsibility. The Voluntary Guidelines provide for various measures and your Company considers the same in due course in a phased manner.

**20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Conservation of Energy, which is an on going process in the Company's activities. The core activity of the company is civil construction which is not an energy intensive activity.

There is no information to be furnished regarding Technology Absorption as your Company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources which needs to be absorbed or adapted.

Innovation is a culture in the Company to achieve cost efficiency in the construction activity to be more and more competitive in the prevailing environment and the effect of the same cannot be quantified.

The particulars of expenditure in Foreign currency is furnished in item No.B-13 Notes to Accounts in Schedule 19.

**21. INDUSTRIAL RELATIONS**

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company, and expects continued support, higher level of productivity for achieving the targets set for the future.

**ACKNOWLEDGMENTS**

The Directors wish to express their appreciation of the support and co-operation of the Central and the State Governments, bankers, financial institutions, suppliers, associates and subcontractors, and expects the same in future as well for sustaining the growth rates achieved in the past.

For and on behalf of the Board

**E. Sudhir Reddy**  
Chairman & Managing Director

Place: Hyderabad  
Date: May 28, 2011

## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY STRUCTURE & DEVELOPMENTS

In the year 2010-11, the infrastructure industry registered a growth rate of over 8% in India. This was largely on account of the thrust on infrastructure. GDP growth was higher for the year 2010-11 at 8.6% over the previous fiscal year which was at 8% and the government of India is committed to spend 4 to 5 percent of the GDP on infrastructure development during this fiscal year. The Government did live up to its promise of prioritizing on the infrastructure industry, which the Prime Minister has referred to as 'the backbone of the economy'. A record 49% of the total plan allocation towards infrastructure development was proposed in the 11<sup>th</sup> Five Year Plan.

### SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

#### WATER

The largest sector within the industry is Water including Sewer and Utility Lines, which continues to grow in an ever expanding market. Being major underground utility providers for water related projects, our growth has largely been possible because of our project-based organizational structure. The McKinsey report on world urbanization forecasts that by 2025, there would be 600 more cities in the world and two-thirds of them would be in India and China. This indicates a great thrust for infrastructure facilities as towns and 'urban areas' turn into large cities in about 14 years from now. No doubt water-related projects will be at the forefront of this growth. The growth in the water sector continues because of developing pollution control facilities, conversion of existing power plants from oil/gas to coal, and modernization of the existing power plants. Orders are indeed flowing for water and waste water industry, and the Indian Waste Water Industry alone is estimated to be about ₹ 23 billion. The total order book of your company encompasses 48% of water projects, 30% of roads and highways, 14% of buildings and industrial structures and 8% of power and other projects.

At IVRCL water remains the central and foremost business vertical providing solutions for various water, desalination and sanitation needs. With a proven history and track record of competence and credentials in water sector, we have embarked on reinforcing our position and increasing our lead.

#### Some of the remarkable projects completed in Water Sector during the year include:

- Narmada Canal water supply packages (Package KNC - 18, 20, 22, 23)
- Distribution Network for Package SSW A-1, A-3, A-4 & PM-4 (Hansalpur, Dabhasar Dascroi & Godhra Group) Sujlam – Suflam Drinking Water Supply Scheme (SSDWS) on Design, Build & Operate Basis

- Mumbai Water Supply Project - Construction of India's largest 140 ML Master Balancing Reservoir and Associated works at Bhandup Complex for Mumbai Municipal Corporation
- Construction, Supply and Installation of entire water distribution system, clear water reservoir & water towers for Brandix Apparel City Pvt. Ltd., SEZ Vizag

#### Some other significant on-going projects are:

- Sripad Sagar, Stage-II, Phase-I – for development of about 2 lakh acres of Ayacut in Karimnagar dist., A.P. for I&CAD
- Construction of Tunnel from Gundovali to Bhandup Complex in Mumbai (Joint Venture)
- Replacement of Two 1800-mm dia riveted Tansa Mains from Tansa to Tarali by one 2750-mm dia M.S. welded Pipeline from Jamboli to Chinchavali for Municipal Corporation of Greater Mumbai (MCGM)
- Hogenakkal Water Supply and Fluorosis Mitigation Project – Package I & II for TWAD Board, Tamil Nadu
- Survey, Investigation, Design, Construction, Testing & Commissioning of Sewerage works in District of Allahabad for U.P. Jal Nigam
- Construction of Intake well-cum-raw water pump house, rising mains, WTP transmission mains to different UGRs and ESRs construction, UG reservoirs, distribution networks for Ranchi Water Supply Project under JNNURM Scheme
- EPC of River Water System comprising of all Civil, Structural and Mechanical works for 2x600 MW Coal Based Kali Sindh Thermal Power Project, Jhalawar for Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)

#### IRRIGATION

India remains basically an agrarian economy. Over 70% of her population dwells in villages with farming as their main source of livelihood. Despite the great dependence on agriculture as a means of sustenance, it is unfortunate that even today farmers are at the complete mercy of the monsoons to provide the much-needed water for drinking, livestock and irrigation. Eventually, in the past two decades, 20% of the rural agricultural population has migrated to the cities in search of livelihood.

Seized with the urgency to alleviate this seemingly perennial water crisis, the Government is investing substantially in flow (canal) irrigation methods as surface water irrigation has proven to be more dependable than ground water based systems (such as open wells or bore wells). Water flows to demand sites by gravity, lifting or through tunnels via ducts.



Any excess seepage percolates down and serves to replenish the ground water and promote aquifer recharge. This recycling process not only makes innumerable dry wells productive but also helps save energy by lowering pump depths. Thus, canals are viewed as generating benefits more far reaching and wide ranging than just transportation of water. IVRCL continues to actively pursue major irrigation projects across the country. Employing state-of-the-art technology, we strive to transform rural lives and landscapes.

**Some of the remarkable projects completed in Irrigation Sector during the year include:**

**Gravity Canals:**

1. *Telugu Ganga Project:* The Project is envisaged for creating irrigation potential to 96,000 acres of land in Kadapa District for Govt. of AP. and comprises of Right & Left Canals in addition to Gundamrajupalli & Obulum Branch Canals.
2. *Indira Sagar Project - Phase III:* This project is under Narmada Valley Development Authority, Madhya Pradesh and aims at creating irrigation potential of 20,600 Ha. The alignment of the main canal of this project runs through most vulnerable terrain comprising of deep valleys and tall hills. Hence there are major aqueducts covering the valleys and tunnels for negotiating the hills. In the first reach, the canal alignment passes over the hills.

**Lift Irrigation Systems:**

1. *Handri Neeva Sujala Sravanti (HNSS) Stage I & II:* This is a 2-stage Lift scheme meant for providing water in the draught prone areas of Kurnool & Anantapur Districts of AP lifting 1090.20 cumecs of water in 9 stages. These projects are nearing completion and commissioning.
2. *PADA I & II:* PADA LI 01 & 02 packages to provide PILOT micro irrigation facilities in the district of Kadapa, A.P. Stage-I comprises lifting 8.3 TMC of water in 45 days from Gandikota Reservoir and storing in a new storage reservoir No. 1 of 0.30 TMC capacity to serve the irrigation to the extent of 3,500 acres of land. In stage-II, the basic components of work are lifting 8.1 TMC of water in 45 days from Storage Reservoir No.1 and storing in a new storage reservoir No.2 of 0.31 TMC capacity to serve the irrigation to the extent of 5,000 acres of land. Apart from providing drinking water facilities to 119 villages, this project envisages to provide irrigation facilities to an extent of 36,500 hectares by pipeline network in the distributaries system. The total length of the different pipeline network under the distribution system is about 475 km. IVRCL was awarded an incentive for the early completion of this milestone project in February 2010.

3. *Thotapally Lift Irrigation Project:* This project is a crucial lift project and will be instrumental in raising the irrigation potential in the area to an extent of 2,20,000 acres in the district of Karimnagar & Warangal of A.P. The project envisages lifting of 32 cusecs for a static head of 97 m. To lift 20 TMC of water three 15-MW capacity pumps and motors are being installed. The other project components comprise an approach canal, a tunnel of 5-m dia. Running 11 km, surge pool and 100-m deep pump.

**Dams & Reservoirs:**

1. *Lower Goi Dam Project:* The Lower Goi Project is located in the tribal areas of District Barwani of Madhya Pradesh State. The Project scope includes construction of a gravity dam with earthen bunds on both side and concrete NOF & OF sections, having maximum height of 42 m in the gorge portion and spanning to a total length of 2,260 m. The central portion will be sufficient enough to allow a smooth discharge of 12026 cusecs of flood water. This dam is designed with 9 noses of hydraulically operated gates of 12 m x 12 m. The project also envisages the development of irrigation potential of 13,260 ha. of ayacut through its right canal.

**Tunnels**

IVRCL took up the challenging project of constructing seven B.G. single-line tunnels running to 664 meters and involving tunneling in all kinds of terrain and strata, including benching, short-creting and lining as well as a 42-km approach road to the tunnels.

This is IVRCL's first foray into tunnel construction and also its first project in the state of Jammu & Kashmir.

The award of Gandikota lift Irrigation Project, one of the biggest irrigation projects in Andhra Pradesh, testifies IVRCL's exemplary expertise and reputation in irrigation works.

Undertaken on a turnkey basis, these projects situated in various districts of the state, bring relief and hope to thousands of farmers and their families by providing water to the thousands of hectares of thirsty land.

To fill-up Koilsagar, a lift irrigation scheme, about 3.9 TMC of water from the foreshore of Priyadarshini Jurala Project was lifted to a total height of 120 meters. The work involved 40 km of Canal excavation and tunnels of 4.0 meters dia. stretching over 12.1 km. Four heavy duty pumps with a capacity of 7.5 MW were installed to irrigate the large tracks of ayacut.

Bhilangana Project, our debut venture in Hydro-Power saw construction of an underground tunnel that passed through almost 70% of the difficult Himalayan rock strata and had to be supported by steel rids. The entire tunnel was concrete lined to a thickness of 225 mm.

## BUILDINGS & INDUSTRIAL STRUCTURES

A nation develops, so does its need for urban infrastructure. The story in India is no different. At IVRCL we have taken path-breaking strides in our Buildings and Industrial Structures Division. We continue to live up to our exemplary stature of executing world-class buildings and industrial structure projects across the country. Building activity is witnessing an unprecedented boom. And riding the crest of this wave is IVRCL.

The diversification in this sector comprises of residential, commercial and non-residential, institutional healthcare, industrial Infrastructure and SEZ and IT parks.

### **Major works completed by the Company during the year are:**

- Civil & Structural works offsite & utilities for Guru Gobind Singh Refinery Project at Bathinda (Punjab) for HPCL - Mittal Energy Limited
- Construction of Seawoods Estate Phase-II, Part-II Housing at Nerul, Navi Mumbai for CIDCO
- Construction of Research Buildings Complex for IGCARL (Part-I) at Pulivendula, Kadapa District for Andhra Pradesh Industrial Infrastructure Corporation Limited (APIICL)
- Construction of Traffic and Transit Management Center (TTMC) under JNNURM Scheme - Package-4, Yeshwanthpur for Bangalore Metropolitan Transport Corporation (BMTCL)

### **Among the major residential, institutional and technical building projects awarded to the company and currently under execution are:**

- Complete External Coal Handling System (ECHS) for Gujarat for Coastal Gujarat Power Limited (CGPL) at Mundra Port, Gujarat
- Complete Coal Handling Plant package for Super Thermal Power Project, Stage - III (2x500 MW) at NTPC – Rihand
- Construction of CIDCO Exhibition Centre including Civil, Interior & Site Development works at Vashi, Navi Mumbai
- Civil & Structural for Coke Drum Area of Coker Unit of Paradip Refinery Project in Orissa for IOCL
- Construction of four elevated Metro Stations for Bangalore Metro Rail Corporation Limited (BMRL)
- Construction of 285 towers housing 4513 flats with a built up area of about 4,00,000 sqft spread in 67 acres in the heart of Hyderabad, Chitrapuri, for A.P. Cine Workers Co-operative Housing Society Limited (APCWCHSL)

## POWER

Power has become vital for day-to-day activities as well as for industrial development. From everyday chores at home to driving complex mechanical and technological systems in industrial operations, from small houses in villages to posh residential complexes in metros, from agricultural farms to highly sophisticated and versatile industries – the need for power has been ever rising.

Unfortunately in India, the benefits of electrification are yet to reach the rural areas despite substantial planning and execution by the government. There are villages that are still groping in the dark, searching for that elusive first step towards progress, where life comes to a standstill at dusk.

One of the Government's foremost objectives for the 11<sup>th</sup> five year plan (2007-12) is to provide power to all by 2012. The government has planned a capacity addition of 68,869 MW during the 11<sup>th</sup> plan period. The estimated funds required for creating such an enormous infrastructure amounts to \$500 billion. This challenge is undoubtedly daunting but rapid progress has been made. For a country expected to grow 8-10% in GDP for the next two decades, its power generation would have to increase to 7,80,000 MW from the current 1,20,000 MW.

To harness this immense opportunity in power transmission and distribution, IVRCL is geared to continue executing landmark projects in cross country transmission lines, substations, distribution systems and railway traction works. IVRCL is steadily emerging as a leading player in this sphere, undertaking ambitious projects that promise to brighten the lives of our people and empower the nation.

### **Transmission Line Tower (TLT) Factory**

*A fabrication and Galvanization Unit, Butibori, Nagpur*

Certified by International Standards Certification Limited, (ISC) for Integrated Management Systems (IMS) the unit has a manufacturing capacity of 24,000 MT per annum. The product range includes Micro-Wave Towers, Structures for AC traction (OHE), Substation Structures (Lattice and Pipe), and Structures for Rural Electrification. An ISO 9001: 2000 company, the factory has stringent norms in place for Quality Assurance and harnesses highly versatile test equipments to carry out tests as per ISI/International standards. The product line is under expansion to include fasteners and cables.

### **The Company has completed the following remarkable projects in this sector:**

- Package-A of Madurai - Trichy 400 KV D/C Line at Karaikudi associated with System Strengthening - VII in Southern Region for Power Grid Corporation of India Ltd. (PGCIL)



- 25 KV AC, Single Phase, 50Hz in Trichur - Guruvayur section (Turnkey) of Southern Railway for Central Organization for Railway Electrification, Allahabad
- Supply, erection and commissioning of 132 KV D/C Sewa – II, Hiranagar Transmission Line package in Jammu & Kashmir for PGCIL

**Some of the on-going projects in the Power Division during the year are:**

- Detailed Engineering, Manufacturing, Supply, Erection, Testing & Commissioning of Pump - Turbine, Generator - Motor & Associated Equipments for Koyna Left Bank Power Station (2x40 MW)
- Tower Package A2 - A3 under Transmission System Associated with Pallatana GBPP & Bongaigaon TPS in North Eastern Region for i) 400 KV D/C Silchar - Melhrihat (New), Silchar-Imphal Transmission line & 132 KV D/C & S/C Loktak-Imphal, Melhrihat (new) – Melhrihat, Silchar-Sirikona, Silchar – Hailkandi (Mizoram) Interconnecting Transmission Line, including river-crossing towers for PGCIL
- 400 KV D/C Quad Line for Northern Region Strengthening Scheme (NRSS) Bhiwandi (150 kms)
- Tower Package (Package - A1) for 765 KV (2nd Circuit) S/ C Seoni - Nandanwadi Transmission Line, associated with Western Region System Strengthening Scheme - II for PGCIL

**DESIGN DEPARTMENT**

Our in-house Design Division has always played a crucial role in enhancing our engineering capabilities and efficiencies. The growing division has in recent times expanded its activities and entered NPCIL through Plant Water System Package.

Regeneration of lakes, underground mining and geo-composite earthen bund are the new arenas that the design team is enthusiastically undertaking more recently.

**MECHANICAL DEPARTMENT**

The upkeep, maintenance, repairs, dismantling, shifting and erection are the main functions of our Mechanical Division. They track the production of each of our construction and engineering equipment like Hot Mix Plants, Crushing Plant, Batching Plant, Excavators, Loaders, Dozers, Graders, Soil Compactors, Backhoes, Tippers, Transit Mixers, Concrete Pumps, Tandem Rollers and Pneumatic Rollers.

The Mechanical Division deploys 750 trained employees.

Two zonal workshops, one at Patancheru near Hyderabad and the other at Indore look after refurbishing activity. Also underway are two mobile workshops which will move to each zone to carry out refurbishing and repairs.

**IVRCL – OUTLOOK**

Your company has continued to display a remarkable acumen and success in bagging projects in a cross-section of segments. While your company is making further inroads into emerging sectors it has maintained its good track record in executing water and irrigation projects. Excellent project execution and revenue generation have always been our key focus areas and we are glad that our strengths persist in these areas.

Your company's continued foray into emerging lines of business such as mining, hydropower, oil & gas/ tankages, coal handling systems, and railways hold the key to future growth.

**IVRCL ASSETS & HOLDINGS LIMITED (IVRCL A&H)**

IVRCL A&H, promoted by IVRCL LIMITED, is one of India's largest infrastructure assets developers with diverse sectors like highways, water and environment, urban infrastructure, oil & gas and housing. This amounts to a total of Rs.1,10,000 million (economic share) of assets.

IVRCL A&H has an array of end-to-end capabilities in project management and service offerings across the value chain ranging from conceptualization to commissioning. These include:

- 5 operational projects:
- Salem Tollways (53.53 km)
- Kumarapalayam Tollways (48.51 km)
- Jalandhar Amritsar Tollways (49.00 km)
- CWDL-100 MLD Seawater desalination plant, Minjur, Chennai
- First STP Allandur Municipality
- 7 ongoing projects:
- Baramati Phaltan (77.90 km)
- Indore Gujarat (155.15 km) and
- Chengapalli Walayar (54.76 km)
- Sion Panvel (25 km)
- Multi-level car parking 610 ECS, Chennai
- Mass Housing in Sri Lanka, 4100 houses
- Tankages 1.4 million liters

**FOCUS ON OVERSEAS**

In Sri Lanka, IVRCL is proud to be a part of their new progress initiatives. About 4400 dwellings are under construction for relocation of underserved settlements in the capital city of Colombo, in the first phase, through our subsidiary IVRCL A&H. This is initiated by the Sri Lankan Government through

their Urban Development Authority (UDA). This is indeed a unique mass-housing project.

In Nepal, IVRCL is involved in the constructing the 32-MW Rahughat Hydroelectric Station. The site is located along the Pokhara Baglung highway, about 334 KM west of Katmandu.

#### **Oil & Gas/Tankage Project, Paradeep, Orissa**

Our Tankage project involving installation, operation and maintenance of crude and finished product for Indian Oil Corporation Limited, Paradeep Refinery Project, Orissa, on BOOT basis, is a landmark project, adding prequalification to our portfolio. We have partnered with IOTL and OTG, Germany for this project.

Ratings agency Fitch has said that India's surplus in refining capacity will continue with the commissioning of new facilities in 2011 and beyond.

Entailing an investment of US\$ 13.33-14.44 billion, India's petroleum refining capacities are expected to rise to 240 MTPA by March 2012 from the current 188 MTPA. The capacity addition would facilitate a boost in country's exports of petroleum products.

Following are the major projects executed by IVRCL A&H that are likely to get commissioned within 2011-12:

- Guru Gobind Singh Refinery Project, which will be commissioned by HPCL-Mittal Energy by September 2011. HPCL-Mittal Energy is a company set up in joint venture between Hindustan Petroleum and Mittal Energy investments. The project on completion is expected to add a capacity of 90 million tonnes.
- Paradip Refinery Project at Paradip (Orissa) for Indian Oil Corporation Limited (IOCL), on BOOT basis which is one amongst the milestone projects of IVRCL LIMITED. IOCL is expected to commission its green field Paradip refinery by mid-2012. The project will add a refinery capacity of 150 lakh tonnes per annum.

#### **Aavisa**

Situated an hour from Chennai, the project, which consists of a township and a 18-hole international standard golf-course in the first phase, has a vast 700 acres to live, learn and play, in a surrounding of 740 acres of natural ponds and lakes. It also has 80,000 trees of various species, over two lakhs plants, 235 acres of green-space and 30kms of roads.

#### **HINDUSTAN DORR-OLIVER**

Hindustan Dorr-Oliver (HDO) is a leading LSTK (Lump Sum TurnKey) company in India offering world-class engineering solutions, technologies and solutions to meet industrial

requirements. It has exhibited impressive growth in mining, mineral processing, pulp and paper and environmental infrastructure projects.

India is now emerging as a global design and engineering hub for diverse industrial sectors. In addition to EPC projects and equipment manufacturing, HDO is also focusing on providing detailed design engineering to global customers through its Knowledge Processing Outsourcing (KPO) vertical.

#### **DAVYMARKHAM LIMITED, U.K.**

Sheffield is a city and a metropolitan borough of South Yorkshire, England, United Kingdom. It is in this industrial city that the engineering design and manufacturing specialist, DavyMarkham has its unit in a 20-acre site with 1,75,000 sqft of manufacturing area.

DavyMarkham is a subsidiary of Hindustan Dorr-Oliver, which in turn is a subsidiary of IVRCL LIMITED.

DavyMarkham is a 180-year old company engaged in manufacturing, fabrication and machining of heavy and complex engineering components and assemblies. The company caters to mining and tunneling, civil construction, steel and metal processing, water control, storage and barrier solutions, power generation and renewable energy and nuclear storage and movement.

DavyMarkham has a turnover of ₹ 20 million per annum and employs 200 full-time staff.

In a remarkable recent development, DavyMarkham has secured an impact contract for the supply of two heavy-duty mining hoists to Volcan Compania Minera of Peru, which will be designed for an estimated production rate of 4000 tons per day from depths down to 970 metres! The value of this work is \$5.4 million.

#### **ALKOR PETROO LIMITED**

Alkor Petroo Limited (Alkor) is a subsidiary of IVRCL LIMITED engaged in Oil & Gas Exploration & Production. It works in association with Gujarat State Petroleum Corporation Limited (GSPCL) and two other partners.

Alkor has five exploration blocks along with GSPCL and others, of which, three blocks with participating interest of 25% each in the Republic of Yemen and two blocks with participating interest of 20% each in Arab Republic of Egypt.

#### **RISKS & CONCERNS**

To reap the benefits of India's rapid growth in a sustained manner, there is a need for resolving issues like procuring land for new or expanding roads, and similarly land-acquisition delays for power sector related projects and hold-ups in clearing environments linked issues are causing irreparable damage to the industry resulting in overstays at the project sites.

Besides proactive Enterprise Risk Management, we have plans to deal with material risks. At IVRCL, risk avoidance and risk management for projects is handled by the Project Monitoring Cell (PMC), which monitors the on-going projects at all sites across the country on a regular basis combined with frequent visits to work sites. The PMC reports on the progress of projects. It also reports any perceived risk of a project to the Chief Operating Committee (COC) comprising senior management members of the company. The COC in turn accesses projects associated with such risk perception and initiates prompt action to avoid or mitigate any such risks.

IVRCL is committed to risk management with the objective to:

- Protect the Company's assets
- Achieve the targeted and sustainable business growth
- Avoid sudden and major surprises with respect to the overall business and control environment
- Ensure the compliance with applicable, legal regulatory and strategy requirements

Moreover, IVRCL Risk Management System seeks to enhance the awareness of risk management through conducting regular risk awareness training and risk management workshops across the sectors through various programmes.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

IVRCL has adequate and tested systems of internal control in place. It has documented procedures covering all financial, operating and management functions. These controls have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with best practices in these areas as well. During the year, the Group has also initiated proactive fraud risk preventive framework. Some significant features of the Internal Control Systems include:

- Well-defined processes for formulating and reviewing annual and long-term business plans
- Regular audits for all operations and other systems including projects and international entities
- Effective project management audits
- Documentation of major business processes including financial closing
- Entity-level controls and testing of key controls as a part of compliance to applicable rules and regulations

- Strict compliance to all regulations and corporate governance issues
- Safety and security including environment related controls for operational effectiveness and efficiency

**OPPORTUNITIES & THREATS**

Our continued success will depend on our ability to retain and attract key personnel with the relevant skills, expertise and experience. Our professional and dedicated work-force at all levels will help our company achieve the objectives it sets within planned time and without any escalation in cost. Further, our effective audit systems, both internal and external, effective risk management systems of all divisions, internal control systems are designed in such a way to identify the probable risks and weaknesses and to take measures to mitigate them. Our strong technical capabilities, highly trained workforce, and global reach has helped us built and continue building an excellent reputation and long-standing customer relationships and customer satisfaction.

We are extending our capabilities into new markets of mining and water treatment projects, among others. We have begun to serve the mining market — serving global mining corporations, exploration companies, mining contractors and the world's premier mining consultancies. IVRCL is making use of all opportunities, domestic as well as global, to diversify business into various eligible sectors.

The internal auditor reports regularly to management on any weaknesses it finds in our internal controls and these reports are reviewed by the Audit Committee. The Audit Committee reviews our quarterly, half-yearly and annual financial statements with management and external auditor and recommends them to the Board of Directors for their approval. Management and our internal auditor also provide the Audit Committee with regular reports assessing our internal controls and procedures for financial reporting. The external auditor reports regularly to management on any weaknesses it finds in our internal controls/systems, and these reports are reviewed by the Audit Committee.

We bear some interest rate fluctuation risk on our floating rate long-term debt and some fair value risk on our fixed interest long-term debt. We mainly manage interest rate risk by fixing project-specific floating rate debt in order to reduce cash-flow variability. We also have a floating rate debt through an unhedged bank borrowing, a specific fair value hedge and other asset-specific floating rate debt. A mix of fixed and floating interest rate debt is sought to reduce the net impact of fluctuating interest rates.

Further, we have operations in various countries viz. UAE, Kenya, Nepal etc. We expect sales outside India to continue

to represent a significant portion of our revenue in the foreseeable future. As a result, we are subject to the general risks of doing business internationally.

These are the main risks we may face:

- Change in laws and regulations
- Tariffs, embargoes, controls and other restrictions
- General changes in economic and geopolitical conditions
- Complexity and risks of using foreign representatives and consultants

IVRCL is committed to take all possible measures to mitigate these risks.

#### **HUMAN RESOURCES & INDUSTRIAL RELATIONS:**

Our continued success will depend in part on our ability to retain and attract key personnel with relevant skills, expertise and experience. We are aware of the challenge in attracting and retaining the best of talents in the industry. Despite the current scenario, the attrition rate among our top management is negligible. Your Company has robust process of human resources development. Presently, IVRCL has 6,271 employees at various levels.

We have in place a well-drawn out HR Policy and a working environment encouraging innovation, cost reduction and a time bound completion of projects along with measures targeted to emerge as a merit driven organization in these challenging times. As a measurement of employee's

participation in management, IVRCL has allotted 3.5 million shares till date under the Employee Stock Options (ESOPs). The management has been paying special attention to various aspects like employee training, welfare and safety thereby strengthening the human resources.

#### **CONCLUSION**

In spite of the recent economic crises, worldwide uncertainty, inflation, higher interest rates, a generally tough business environment resulting in slow-down of business in general, we have shown resolve to continue with our tasks and perk up every aspect of our performance. This determination has empowered us to expand our activities into new sectors. We are constantly re-engineering our activities, putting up stronger efforts at revising our over-heads and costing and minimizing expenditure. We have initiated measures for faster revenue collections.

We are focused on efficient and timely project execution as before. Our projects — from drinking water supply schemes, irrigation related water canals, pipelines or reservoirs, roadways or flyovers, rural electrification works or desalination of sea water for human consumption, sewerage water treatment plants or housing-related construction projects - have a direct bearing on improving the quality of life of our fellowmen. We are happy that we could contribute, and are eager and enthusiastic to continue to do so at an even faster pace.

We look forward to continue to grow, to strive and to seek newer horizons. As always, ***we make it happen!***

**FINANCIAL CONDITION AND RESULTS OF OPERATIONS**
**Over View:**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India and Generally Accepted Accounting Principles (GAAP) in India. The management of IVRCL accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs on the Balance Sheet date and profit of the Company for the year ended on that date.

**Financial Performance:**

A summary of the Company's financial position as at March 31, 2011 and 2010 is given below:

(₹ in million)

	March 31, 2011	%	March 31, 2010	%	Growth %
<b>Sources of funds</b>					
Shareholders' funds	19,873.67	48.6	18,532.59	53.3	7.2
Loan funds	20,958.08	51.2	16,133.23	46.4	29.9
Deferred tax liability	86.50	0.2	124.77	0.3	(30.7)
	<b>40,918.25</b>	<b>100.0</b>	<b>34,790.59</b>	<b>100.0</b>	<b>17.6</b>
<b>Application of funds</b>					
Fixed assets	7,177.91	17.5	6,017.15	17.3	19.3
Investments	6,347.00	15.5	6,137.96	17.6	3.4
Current assets, loans & advances	54,523.44		47,004.93		
Current liabilities & provisions	27,130.10		24,369.45		
Net current assets	27,393.34	67.0	22,635.48	65.1	21.0
	<b>40,918.25</b>	<b>100.0</b>	<b>34,790.59</b>	<b>100.0</b>	<b>17.6</b>

**1. SHARE CAPITAL**

The authorized share capital of the Company consists of 275,000,000 equity shares of ₹ 2 each amounting to ₹ 550.00 million and 25,000,000 preference shares of ₹ 2 each amounting to ₹ 50.00 million. The issued, subscribed and paid up capital stood at ₹ 534.02 million (same as previous year).

**2. RESERVES AND SURPLUS**
**Securities Premium Account:**

The reduction to the securities premium account of ₹ 56.37 million during the year is on account of redemption premium and withholding tax thereon paid on repayment of the unconverted portion of USD 7.60 million of FCCBs during the year.

**Revaluation Reserve:**

The revaluation reserve amount of ₹ 28.37 million as on March 31, 2011 represents the reserve arising due to revaluation of some land and building done during the year 2001-02 as reduced by depreciation on revalued portion of these assets till March 31, 2011.



### General Reserve:

Out of the profits for the year ₹ 400 million has been transferred to general reserve, ₹ 147.21 million to Debenture Redemption Reserve and balance of ₹ 848.95 million (after providing for dividend and tax thereon) has been retained in the profit and loss account.

The total Shareholders' funds of the Company increased to ₹ 19,873.67 million as of March 31, 2011 from ₹ 18,532.59 million as of the previous year end. The book value per share having face value ₹ 2 increased to ₹ 74.43 as of the year end compared to ₹ 69.41 as of the previous year end registering an increase of 7.23%.

### 3. SECURED LOAN

The details of Secured Loans are discussed below:

(₹ in million)

	March 31, 2011	March 31, 2010
Non-Convertible Debentures	3,050.00	3,050.00
Term Loan	1,253.54	535.37
Working Capital Loans:		
Project Specific	3,947.69	1,653.66
From Consortium Banks	8,043.53	7,449.02
<b>Total</b>	<b>16,294.76</b>	<b>12,688.05</b>

The Company has taken term loans to finance purchase of plant & machinery, equipment and vehicles specific to certain projects and for the Company as a whole.

The Company has availed Project-specific working capital loans for certain major projects to meet the working capital requirements of those specific projects.

The Company has also availed working capital loans from a eight-member consortium banks to finance infrastructure projects where no project-specific funding have been done. The limits are optimally operated with all the member banks in the consortium duly meeting the requirements of these banks in compliance with the terms of the loan agreements with them.

### 4. UNSECURED LOAN

The details of Unsecured Loans are discussed below:

(₹ in million)

	March 31, 2011	March 31, 2010
Banks & others	4,663.32	2,953.97
Non-Convertible Debentures	-	150.00
Foreign Currency Convertible Bonds	-	341.21
<b>Total</b>	<b>4,663.32</b>	<b>3,445.18</b>

The Company has availed short term unsecured loan of ₹ 4,663.32 million (₹ 2,953.97 million during last year) from some banks, financial institutions during the year to bridge temporary needs in the ordinary course of business. All these loans are due for repayment within the current financial year ending March 2012.

During the year, none of the holders of Foreign Currency Convertible Bonds (FCCB) exercised their option for conversion into equity shares and hence the amount of FCCBs outstanding US\$ 7.60 million have been redeemed on the due date along with the redemption premium @ 42.80% on the principal amount.

The Company has also redeemed short-term unsecured, Non-Convertible Debentures of ₹ 150.00 million which was availed during the previous year.

The overall Long-term and Short-term borrowings of the Company net of loans to subsidiaries increased from ₹ 13,322.76 million as on March 31, 2010 to ₹ 15,543.26 million in the current year representing an increase of 16.7%.

**5. FIXED ASSETS**

(₹ in million)

	March 31, 2011	March 31, 2010	Growth (%)
Gross book value	9,242.27	7,501.77	23.2
Less: Accumulated Depreciation	2,324.20	1,837.83	26.5
Net block	6,918.07	5,663.94	22.1
Add: Capital work-in-progress	259.84	353.21	(26.4)
Net fixed assets	7,177.91	6,017.15	19.3
Depreciation as a % of revenue	1.3%	1.0%	
Depreciation as a % of gross block	8.2%	7.2%	
Accumulated depreciation as a % of gross block	25.1%	24.5%	

During the year, the Company has incurred capital expenditure of ₹ 1,740.50 million (net) as compared to expenditure of ₹ 878.27 million during the previous year.

**6. DEFERRED TAX ASSETS & LIABILITIES**

The Company accounts for deferred tax in compliance with the Accounting Standard 22 notified in the Companies (Accounting Standard) Rule, 2006. The Company has recognised deferred tax credit of ₹ 38.27 million during the year. Net deferred tax liability represents timing differences in the financial and tax books arising mainly from depreciation on assets, provision for debtors and advances etc. The net deferred tax liability as on March 31, 2011 is ₹ 86.50 million (₹ 124.77 million as on March 31, 2010).

**7. INVESTMENTS**

The major investments of the Company are in the subsidiaries IVRCL Assets & Holdings Limited and Hindustan Dorr-Oliver Limited which account for 87.9% of the total investments of the Company.

The details of investments in subsidiary Companies as on March 31, 2011 and their key financial data is given below:

(₹ in million)

Company	Investment as on March 31, 2011	% of holding	Revenue for FY 2011	Profit after tax for the year	Net worth as on March 31, 2011
Hindustan Dorr-Oliver Ltd	657.53	55.28	9,551.90	537.50	2,503.70
IVRCL Assets & Holdings Ltd	4,921.25	75.72	6,821.10	(467.30)	23,902.81
IVRCL PSC Pipes Pvt. Ltd	1.67	66.43	—	(0.91)	11.76
Alkor Petroo Ltd	70.10	84.91	1.51	0.31	16.54
IVR Enviro Projects Pvt. Ltd	29.25	97.49	-	(1.28)	19.38
IVRCL Building Products Ltd	6.03				
Salem Tollways Ltd	500.50				
Other Subsidiaries	3.97				



During the year, the Company has formed a wholly owned subsidiary in Abu Dhabi, IVRCL International FZE and has subscribed to the equity of IVRCL International Infrastructures & Projects LLC, Abu Dhabi to the extent of 49% of the total equity in that Company. The investments in these Companies have been made with a view to undertake infrastructure projects in Abu Dhabi.

#### **IVRCL Assets & Holdings Ltd.**

The subsidiary is predominantly an asset holding arm of the IVRCL group. The Company, through SPVs is engaged in the business of Development, Operations, Management and Execution of infrastructure projects which include road, water, oil tankage facility, multi level car parking and real estate projects. Originally, the Company was formed as a SPV to develop premier deluxe apartments and villas in a prime location in Hyderabad. Subsequently, the Company ventured into development of residential and commercial complexes in cities like Chennai, Bangalore, Pune and Hyderabad.

#### **Hindustan Dorr-Oliver Limited**

The subsidiary is engaged in the business of providing Engineering & Turnkey solutions, Technology and EPC installations in liquid solid separation applications in various industry segments like mineral processing and beneficiation, Pulp and paper processing, fertiliser & chemical and environmental management.

The Company has acquired 100% equity of Sheffield, UK based 180 years old Engineering Company, Davymarkham Ltd. involved in the design, manufacture and assembly of large equipment for mining, power generation, oil, gas and nuclear sectors through its wholly owned subsidiary in UK, HDO(UK) Ltd.

### **8. SUNDRY DEBTORS**

Sundry debtors amount to ₹ 19,298.14 million (as reduced by provision for doubtful debts) as at March 31, 2011 as compared with amount of ₹ 19,463.68 million as at March 31, 2010. These debtors are considered good and realisable.

Debtors including unbilled revenue amounts to ₹ 29,072.62 million as at March 31, 2011 as compared to ₹ 27,312.38 million as at March 31, 2010. Debtors and unbilled revenue are at 51.4% of revenues for the year ended March 31, 2011, as compared to 49.7% for the previous year, representing an outstanding of 187 days and 181 days of revenues for the respective years.

### **9. CASH & CASH EQUIVALENTS**

Cash/Cheques on hand comprises cash balances in project sites, regional offices and head office required to meet day to day needs of the growing business. Balances with scheduled banks in current accounts ₹ 1,214.12 million are spread over project sites at various locations to meet day to day requirements of the project management and major portion includes client bill proceeds received and deposited at the year end but realised subsequent to the balance sheet date.

### **10. OTHER CURRENT ASSETS**

The amount under this heading mainly consists of:

Unbilled Revenue – ₹ 9,774.48 million (₹ 7,848.70 million)

This represents amounts to be billed to the contractee clients in respect of revenue earned under the percentage completion method, followed by the Company, as reduced by that portion of such revenue already billed and receivable from those clients.

This unbilled revenue recoverable is a dynamic figure every quarter in as much as the revenue earned is arrived at every quarter under the same method duly adjusting in those quarters the billed revenue as well as the unbilled revenue carried over from the corresponding previous quarter.

Retention Money – ₹ 6,417.82 million (₹ 5,476.34 million)

The account represents the amounts retained by the clients towards performance security as a guarantee for satisfactory performance of the infrastructure projects developed by the Company. The Company has not received any demand for claim from any of the clients and hence all these amounts are treated as good for recovery except an amount of ₹ 17.23 million considered doubtful of recovery.

Amounts withheld by Contractee-Clients & Other deposits – ₹ 3,672.81 million (₹ 2,259.33 million)

This mainly consists of amount withheld by contractee-clients and deposit lying with Government departments like VAT, Electricity Board, Telephones etc and EMD.

Advances with Government Bodies – ₹ 1,677.73 million (₹ 1,277.90 million)

This represent input tax credit available for set off in future in respect of VAT and Service Tax liability and Tax deducted at Source by Contractee-clients towards Works Contact Tax.

#### 11. LOANS AND ADVANCES

Tax deducted at source and advance tax net of provisions – ₹ 1,282.19 million (₹ 416.93 million)

This mainly consists of tax deducted at source from contract revenue by the clients as per the provisions of the Income Tax Act, 1961 and advance tax paid as reduced by the income tax provisions made and assessed (undisputed). All undisputed liabilities have been fully adjusted against this account.

Loans & Advances to Subsidiaries – ₹ 5,414.82 million (₹ 2,810.47 million)

These amounts as loans have been provided to the subsidiaries and their fellow subsidiaries for strategic business ventures. These loans are interest bearing and major portion of the loan has been given to IVRCL Assets & Holdings Ltd ₹ 4,043.96 million and Alkor Petroo Ltd ₹ 835.37 million.

Advances recoverable in cash or in kind or for value to be received (Secured & Unsecured) – ₹ 2,565.69 million (₹ 2,963.74 million).

The account represents advances paid to various suppliers, sub-contractors, labour contractors etc., which are partly adjusted in the subsequent periods and the balance would also be recovered from their bill of services or otherwise. Hence all these amounts outstanding are considered realisable/adjustable.

#### 12. CURRENT LIABILITIES

(₹ in million)

	March 31, 2011	March 31, 2010
Advances received from contractee-clients	7,292.39	7,452.38
Sundry Creditors (including Acceptances)	18,544.15	15,601.17
Other liabilities	890.11	870.61
	<b>26,726.65</b>	<b>23,924.16</b>

Advances received from Contractee-clients are the advances provided to the Company in the nature of short-term liabilities, which are recovered from client bills. Some of the advances bear an interest cost and others are interest free. The Company has also provided bank guarantees for most of these advances.

Sundry Creditors represent amount due to suppliers, sub-contractors, labour contractors, back-to-back contractors and other service providers. Other liabilities mainly represent all statutory dues such as PF, ESI, TDS, VAT etc. payable by the Company relating to the month of March 2011.

#### 13. PROVISIONS

Proposed dividend of ₹ 160.21 million (₹ 213.61 million) represents the dividend recommended to the shareholders by the Board of Directors. This will be paid after the Annual General Meeting, upon approval by the shareholders. Provision for tax on proposed dividend ₹ 25.99 million (₹ 36.30 million) denotes taxes payable on dividends declared for the year ended March 31, 2011.

Gratuity provision and Provision for Compensated absences have been made as per the actuarial estimation and certification by an independent Actuary as per the requirement under Accounting Standard 15 (revised).

#### Results of Operations:

The following table sets forth the income statement for the financial year ended March 31, 2011 and 2010. The components of expenses have been expressed as a percentage of total income for the years indicated.

(₹ in million)

	March 31, 2011	March 31, 2010
Net Income from operations	56,514.51	54,928.60
Other income	119.67	148.78
<b>Total income</b>	<b>56,634.18</b>	<b>55,077.38</b>
Percentage growth(year to year)	2.83%	-
Construction expenses	47,274.30	46,280.56
Construction expenses as a percentage to total income	83.47%	84.03%
Administration & other expenses	4,094.33	3,329.05
Administration & other expenses as a percentage to total income	7.23%	6.04%
EBITDA	5,265.55	5,467.77
EBITDA- percentage to total income	9.30%	9.95%
Interest & finance charges	2,181.55	1,636.56
Interest & finance charges as a percentage to total income	3.85%	2.97%
Depreciation	757.81	542.84
Depreciation as a percentage to total income	1.34%	0.99%
Profit before tax(PBT)	2,326.19	3,288.37
PBT-percentage to total income	4.11%	5.97%
Provision for taxation	747.20	1,177.21
Provision for taxation as a percentage to total income	1.32%	2.14%
Profit after tax(PAT)	1,578.99	2,111.16
PAT-percentage to total income	2.79%	3.84%

### 1. Income Recognised

Gross work bills represent revenue earned till end March 2011, on long term construction contracts, where revenue is recognizable over time as the work progresses rather than at the completion of such contracts. It is an established principle that the contractee-client has the legal right to require specific performance from the contractor to the effect the client acquire ownership claim to the contractors work-in-progress. In turn the contractor acquires legally enforceable rights to require the client to make payments progressively against the work executed/cost incurred in due performance of those contracts. Hence, the substance of the construction business activity is that revenue is earned continuously as the project progress. This principle is well established in the accounting standard, AS 7 (revised 2002) notified in the Companies (Accounting Standards) Rules, 2006.

The Company continues to earn its major contract revenue from water and water related projects, which account for 45.7% of the total revenue. The other projects such as building and industrial structures accounted for 31.5%, transport infrastructures like roads, rail tracks and bridges 17.1% and power infrastructures like transmission lines, substations etc. 5.7%.

### 2. Construction Expenses

(₹ in million)

	March 31, 2011	March 31, 2010	% Increase
Construction & other materials	19,222.73	20,085.26	
Sub-contractors work bills	9,918.50	10,845.38	
Masonry & other works	13,296.79	11,278.80	
Raw materials consumed (TLT factory)	752.19	406.63	
<b>Prime cost</b>	<b>43,190.21</b>	<b>42,616.07</b>	<b>1.3%</b>
Repairs & Maintenance	572.44	509.70	12.3%
Machinery hire charges	1,105.91	1,075.64	2.8%
Other Construction expenses	310.27	228.86	35.6%
Indirect Tax	2,095.47	1,850.29	13.3%
<b>Total</b>	<b>47,274.30</b>	<b>46,280.56</b>	<b>2.1%</b>

The increase in prime cost i.e. construction materials, sub-contractors work bills and masonry & other works are normal and in line with the increase in gross work bills. The major items of construction materials are steel, cement, pipes, oil and fuel etc. Increase in other construction expenses like Repairs & maintenance, Machinery hire charges, Royalty and Lab testing charges are considered normal and are in line with the increase in revenue.

## 2. Administration and other Expenses

(₹ in million)

	March 31, 2011	March 31, 2010	% Increase
Payment to employees & employees related payments	2,623.64	2,026.23	29.5%
Travelling & conveyance	143.51	126.61	13.3%
Printing & stationery	45.17	37.09	21.8%
Communication expenses	57.09	51.33	11.2%
Rates & taxes	65.06	49.47	31.5%
Business promotion	9.29	9.07	2.4%
Office maintenance	170.61	138.58	23.1%
Rent	153.68	107.20	43.4%
Advertisement & publicity	12.15	16.33	(25.6)%
Legal & professional charges	212.90	180.24	18.1%
Insurance	137.36	111.22	23.5%
Other expenses/provisions	463.87	475.68	(2.5)%
<b>Total</b>	<b>4,094.33</b>	<b>3,329.05</b>	<b>23.0%</b>

Increase in Employee cost is due to increase in the number of employees from 6,075 in FY 2010 to 6,271 in FY 2011 and annual incremental salaries. The increase in expense under heads Office maintenance, Rent and Insurance are attributable to increase in the number of project sites during the year.

Other expenses/provisions in the current financial year include bad debt and provisions accounted ₹ 363.79 million as compared to ₹ 382.75 million in the previous financial year.

Increase/decrease in other heads of expenses are normal and in line with the increase in operation.

## 3. Interest and Finance charges

(₹ in million)

	March 31, 2011	March 31, 2010	% Growth
Interest on fixed loans	881.81	633.17	39.3%
Interest on other credit facilities	1,463.27	1,298.44	12.7%
Bank & financing charges/other interest	280.82	232.96	20.5%
Foreign exchange loss/gain	1.21	(44.27)	-
<b>Total</b>	<b>2,627.11</b>	<b>2,120.30</b>	<b>23.9%</b>
Less: Interest received from banks & others	445.56	483.74	(7.9)%
<b>Net Interest &amp; finance charges</b>	<b>2,181.55</b>	<b>1,636.56</b>	<b>33.3%</b>

The increase in the Total Interest & finance cost by 23.9% is due to increase in credit avilment and marginal increase in the average interest rates.

Interest income represents interest earned on ICD given to subsidiaries and the fixed deposits with banks.

Depreciation and Amortisation – ₹ 757.81 million (₹ 542.84 million)

Depreciation on all assets have been provided at the rates and method as adopted in the previous year. There is no change in the accounting policy as regards charge of depreciation and the same is in compliance with the provisions of the Companies Act, 1956 and the relevant accounting standards. The increase in depreciation is in line with the additions to the gross block of fixed assets.

## 16. OPERATING PROFIT

The Company earned an operating profit (EBITDA) of ₹ 5,265.55 million, representing 9.30% of the total income as compared to ₹ 5,467.77 million, representing 9.95% of total income during the previous year. The reduction in the EBITDA margin in the current financial year is attributable to increase in administration and other expenses.

Profit before tax(PBT) as a percentage to Total Income works out to 4.11% for the year when compared to 5.97% for the previous year. The decrease in the PBT is primarily due to increase in finance cost and depreciation.

Profit for the year after tax (PAT) as a percentage to Total Income works out to 2.79% when compared to 3.84% for the previous year.

## 17. LIQUIDITY

### Cash Flow Statement:

(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
Operating adjusted profit before working capital changes	5,320.03	5,570.18
Working capital changes	(1,659.34)	(2,480.28)
Direct taxes paid	(1,650.73)	(1,292.92)
Net cash generated from operations	2,009.96	1,796.98
Net cash from investing activities	(4,384.19)	(1,277.68)
Net cash from financing activities	2,062.70	80.89
Net increase/decrease in cash & cash equivalents	(311.53)	600.19

The construction infrastructure industry is by its nature working capital intensive, and net investments in inventory and current assets amount to, on average, approximately six months of total income. The company had a compound annual growth rate in excess of 30% over the last five fiscal years. The increase in the current assets are mainly in the categories of sundry debtors and advances. There were also corresponding increase in the payables also, hence the Company could achieve positive net cash generated from operations for last three consecutive years.

Net cash used in investing activities mainly comprises of purchase of fixed assets and investment in subsidiaries. Net cash generated from financing activities comprises of inflow from long term and short term borrowings.

**REPORT ON CORPORATE GOVERNANCE**

**1. IVRCL PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company believes in transparency, empowerment, accountability and integrity in its operations having duly delegated authority to the various functional heads who are responsible for attaining the corporate plans with the ultimate purpose of enhancement of “stake holder value”.

This philosophy has guided the operations and the functioning of the Company. In the process of achieving corporate goals, the Company has always been taking the spirit of various legislations as guiding principles and has gone well beyond simple statutory compliance by instituting such systems and procedures as are required to make the management completely transparent and institutionally sound. This is a continuous process in the Company, to improve upon the past experience.

The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

**2. BOARD OF DIRECTORS**

- i) The Company has an Executive Chairman during the financial year and the number of Independent Directors is 50% of the total number of Directors. The number of Non-Executive Directors at 70% is more than 50% of the total number of Directors prescribed under clause 49 of the Listing Agreement. Thus, the composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as at March 31, 2011 have been made by the Directors.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

**a. The Board of Directors of the Company as on March 31, 2011 consists:**

**Non – Executive Directors**

**A. Independent**

- Mr. T.N.Chaturvedi
- Mr. P.R.Tripathi
- Mr. T.R.C.Bose
- Dr. L Srinivas Reddy

**B. Non-Independent**

- Mr. E. Ella Reddy (Relative of Promoter Directors)
- Mr. E. Sunil Reddy (Promoter)

**Executive Directors**

- |                              |                                |
|------------------------------|--------------------------------|
| Chairman & Managing Director | Mr. E. Sudhir Reddy (Promoter) |
| Whole-time Directors         | Mr. R. Balarami Reddy          |
|                              | Mr. K. Ashok Reddy             |

**b. Attendance at Board Meetings and last A.G.M and details of memberships of Directors in other Boards and Board Committees.**

Four meetings of the Board of Directors were held during the financial year 2010-11 on:

29<sup>th</sup> May, 2010, 10<sup>th</sup> August, 2010, 13<sup>th</sup> November, 2010, 12<sup>th</sup> February, 2011

The last Annual General Meeting was held on Saturday, the 18<sup>th</sup> September, 2010.

Name of the Director	Categories of Directorship	No. of Board Meetings attended	Attendance at last AGM	Directorship in other companies	No. of Committees held in other Public Limited Companies	
					Chairman	Member
Mr. E. Ella Reddy	NED	4	NO	1	NIL	NIL
Mr. E. Sudhir Reddy	CMD	3	YES	11	NIL	1
Mr. E. Sunil Reddy	NED	4	YES	12	NIL	1
Mr. T. N. Chaturvedi	I & NED	2	YES	5	4	1
Mr. R. Balarami Reddy	ED	4	YES	11	NIL	3
Mr. K. Ashok Reddy	ED	4	YES	9	1	0
Mr. T.R. C. Bose	I & NED	4	NO	6	Nil	2
Mr. P.R. Tripathi	I & NED	4	NO	8	2	3
Mr. S.K. Gupta*	I & NED	3	NO	N.A	N.A	N.A
Mr. L Srinivas Reddy	I & NED	4	YES	3	NIL	NIL

**\*Resigned on 15.11.2010**

I & NED Independent & Non-Executive Director

NED Non-Executive Director

ED Executive Director

CMD Chairman & Managing Director

**3. AUDIT COMMITTEE**

**A. Constitution:** The Audit Committee has been constituted by the Board of Directors in accordance with the requirement of Section 292A of the Companies Act, 1956 and four meetings of the committee were held during the financial year 2010-11. The role of the Committee is as conceived under Clause 49 of the Listing Agreement as amended from time to time.

**B. Composition, names of members and Chairperson:**

The composition of the Audit Committee is as follows:

Chairman Mr. T.N.Chaturvedi

Members Mr. P.R.Tripathi

Mr. T.R.C. Bose

**C. Meetings and Attendance:**

Four meetings of the Audit Committee were held on 29<sup>th</sup> May, 2010, 10<sup>th</sup> August, 2010, 13<sup>th</sup> November, 2010, 12<sup>th</sup> February, 2011.

Name of the Director	No. of meetings attended
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Mr. T. N. Chaturvedi - Chairman	2
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Mr. T.R.C.Bose	4
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Mr. P.R. Tripathi	4
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Secretary to the Committee: Mr. B Subrahmanyam, Company Secretary

The Statutory Auditors and Internal Auditors of the Company were invited to join the Audit Committee Meetings for discussions on issues relevant to them.



**4. COMPENSATION COMMITTEE:**
**A. The Composition of the Compensation Committee is as follows:**

Chairman	:	Mr. T.N. Chaturvedi
Members	:	Mr. T. R. C. Bose
	:	Mr. P. R. Tripathi
Secretary to the Committee	:	Mr. B Subrahmanyam, Company Secretary.

**B. Meetings and Attendance:**

One meeting of the Compensation Committee meeting was held during the year on 29<sup>th</sup> May, 2010.

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Mr. T. N. Chaturvedi - Chairman	1
Mr. T. R. C. Bose	1
Mr. P.R. Tripathi	1

**C. Remuneration Policy:**

- The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and perquisites besides Employee Stock Options. Individual performance is measured through the half-yearly appraisal process.
- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director. The other Executive Directors are compensated by way of salary, benefits, perquisites and allowances (fixed component) as decided by the Remuneration Committee and approved by the members from time-to-time.
- Sitting fees at the rate of Rs.20,000/- per meeting for attendance at the meetings of the Board or any committee thereof for non-executive directors as per the Articles of Association of the Company is paid. Further, reimbursement of actual travel and out of pocket expenses incurred for attending such meetings is also made.
- There is at present no other component of remuneration to non-executive directors.

The details of remuneration to all the Directors for the year 2010-11 are as follows:

<b>i) Non Executive Directors (sitting fee only)</b>	<b>(in Rupees)</b>
Mr. E. Ella Reddy	80,000
Mr. T. N. Chaturvedi	100,000
Mr. T. R. C. Bose	180,000
Mr. P. R. Tripathi	260,000
Dr. S. K. Gupta*	60,000*
Dr. L Srinivas Reddy	80,000
	<b>760,000</b>

\*Resigned on 15.11.2010

## ii) Managing / Whole-time Director(s) (No Sitting Fees)

(₹ in million)

Name and Designation	Fixed Component Salary	Variable Component Commission	Total
Mr. E. Sudhir Reddy Chairman & Managing Director	14.98	122.09	137.07
Mr. R. Balarami Reddy Executive Director-Finance & Group CFO	5.45	NIL	5.45
Mr. K. Ashok Reddy Executive Director	5.40	NIL	5.40
<b>TOTAL</b>			<b>147.92</b>

## iii) Shares held by Non-Executive Directors as on March 31, 2011

Name of the Director	Numbers of Shares held	% of the Paid-up Capital of the Company
Sri. E. Ella Reddy	NIL	NIL
Sri. E. Sunil Reddy	2511010	0.94
Sri. T.N. Chaturvedi	4550	0.0017
Sri. P.R. Tripathi	NIL	NIL
Sri. T.R.C. Bose	NIL	NIL
Dr. L. Srinivas Reddy	NIL	NIL

**5. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE**

- A The Committee consists of Mr. P. R. Tripathi, Chairman, Mr. E. Sudhir Reddy and Mr. R. Balarami Reddy who look into the investor grievances coordinates with the Registrars & Transfer Agents, M/s. Karvy Computershare Private Ltd. for redressal of grievances.
- B Mr. B Subrahmanyam, Company Secretary is the Compliance Officer nominated for this purpose under Clause No. 47(a) of the Listing Agreement.
- C. **Meetings & Attendance**

Four meetings of the Investor Grievances Committee were held on 29<sup>th</sup> May, 2010, 10<sup>th</sup> August, 2010, 13<sup>th</sup> November, 2010, 12<sup>th</sup> February, 2011

Name of the Director	No. of meetings attended
Mr. P.R. Tripathi – Chairman	4
Mr. E. Sudhir Reddy	3
Mr. R. Balarami Reddy	4

During the year, the Company received 38 complaints and all the complaints were resolved to the satisfaction of the Investors.

**6. REGULATORY COMMITTEE UNDER CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

- A The Committee consists of Mr. T.N. Chaturvedi, Mr. E. Sudhir Reddy and Mr. R. Balarami Reddy who look into all the aspects relating to Code of conduct including enforcement, imposition of penalties for any violation of the provisions of the Code and to amend or modify the provisions of the Code from time to time :
- B Mr. B Subrahmanyam, Company Secretary is the Secretary nominated for this purpose under the Code of Conduct.
- C **Meetings & Attendance**

No meeting of the Regulatory Committee was held during the year 2010-11.

**7. EXECUTIVE COMMITTEE:**

The Board reconstituted the Executive Committee with the following directors on 31.01.2005 with the following powers to consider and approve borrowings up to certain limits, as delegated from time to time; to approve joint ventures, to delegate authority to the functionaries as the business of the Company warrants; besides exercising such other power as are delegated from time to time.

**Members:**

- i) Mr. E. Sudhir Reddy
- ii) Mr. K. Ashok Reddy
- iii) Mr. R. Balarami Reddy

**Powers:**

1. The Committee is authorized to borrow monies upto a limit of Rs.50 crores besides the specific authority given to the committee from time to time in respect of specified projects;
2. To consider and approve joint ventures with other companies / firms for meeting the pre qualifications requirements and to strengthen the technical and financial capabilities.
3. To delegate authority to various officers to bid and/or execute the projects awarded to the Company and to deal with the clients.
4. To decide routine matters connected with the day to day running of the Company requiring the attention of the Board.

The Executive Committee met 188 times during the year.

**8 GENERAL BODY MEETINGS**

Details of location and time of holding the last three AGMs.

Year	Location	Date & Time
21 <sup>st</sup> AGM – 2008	Prime Club House, Hill Ridge Springs, Gachi-bowli, Hyderabad	At 4.00 pm on September 15, 2008
22 <sup>nd</sup> AGM - 2009	Hotel Fortune Katriya, Somajiguda, Hyderabad	At 4.00 pm on September 9, 2009
23 <sup>rd</sup> AGM – 2010	Hotel Fortune Katriya, Somajiguda, Hyderabad	At 12.30 pm on September 18 2010

**The following special resolution was passed at the 21<sup>st</sup> Annual General Meeting of the Members of the Company held on 15<sup>th</sup> September, 2008:**

1. Evaluation of options on the basis of intrinsic value in place of the fair value.

**The following special resolution was passed at the 22<sup>nd</sup> Annual General Meeting of the Members of the Company held on 9<sup>th</sup> September, 2009:**

1. To re-appoint Mr. E. Sudhir Reddy as Chairman & Managing Director and fix his remuneration.
2. To amend the IVRCL –ESOP 2007 scheme
3. To keep the Register of Members etc at the office of the Registrar & Transfer Agents to the Company.

**No special resolution was passed at the 23<sup>rd</sup> Annual General Meeting of the Members of the Company held on 18<sup>th</sup> September, 2010:**

**Postal Ballot :**

The Company passed the following resolutions through Postal ballot :

1. To change the name of the Company from “IVRCL Infrastructures & Projects Limited to IVRCL Limited”.
2. To increase the Borrowing powers of the Company from Rs. 8,500 Crores to Rs. 10,500 Crores.

**Details of Voting Pattern :**

Resolution Nos. as given in Postal Ballot Notice dated January 29, 2011	Particulars of Votes Cast			Result
	Description	Number of Votes	%	
Resolution No. 1 as a Special Resolution	Total Votes Cast	9,79,41,919	—	Approved by Requisite Majority
	Less: Invalid Votes	2,647	—	
	Net Valid Votes	9,79,39,272	100.00	
	Votes Cast in favour	9,79,30,922	99.99	
	Votes Cast against	8,350	0.01	
Resolution No. 2 as a Ordinary Resolution	Total Votes Cast	9,79,41,919	—	Approved by Requisite Majority
	Less: Invalid Votes	11,53,729	—	
	Net Valid Votes	9,67,88,190	100.00	
	Votes Cast in favour	5,78,14,674	59.73	
	Votes Cast against	3,89,73,516	40.27	

**Scrutinizer for the Postal Ballot :**

Shri. Datla Hanumanta Raju  
D.Hanumanta Raju & Co.,  
Company Secretaries

There is no proposal to conduct postal ballot for any matter in the ensuing Annual General Meeting..

**9 DISCLOSURES:**

- (i) There has been no materially significant related party transaction with the Company Promoters, Directors, the Management, the Subsidiaries or relatives of the Directors which may have potential conflict with the interests of the Company at large. Whatever such transactions are there have been disclosed in the accounts along with the financial impact of the same.
- (ii) There have been no major instances of non-compliance by the Company on any matters related to the Capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- (iii) The Company has no written whistle blower policy.
- (iv) The Company's financial statements are prepared as per Accounting Standards and the accounting principles generally accepted in India.
- (v) There is no pecuniary relationship or transaction with the Non-Executive Directors.
- (vi) Secretarial Audit:

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The Secretarial Audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- (vii) Risk Management :

The Board members are informed about the risk assessment procedures and these procedures are reviewed every month by the Chief Operating Committee which controls risk as detailed in the Management Discussion and Analysis which forms part of this Annual Report.

**10. MEANS OF COMMUNICATION**

The quarterly results are being published in English Newspapers like Economic Times, Business Standard and/or Financial Express having all India circulation and one in Vernacular language i.e. in Telugu. The quarterly results are also displayed on the Company's website www.ivrcl.com

The gist of presentations made to the institutional investors or to analysts are also published on the Company's website. The Management Discussion and Analysis report is made a part of this annual report.

In compliance with the listing agreement the Company created a separate email id viz., in\_grievances@ivrinfra.com for speedy redressal of investor grievances

**11 GENERAL SHAREHOLDER INFORMATION**

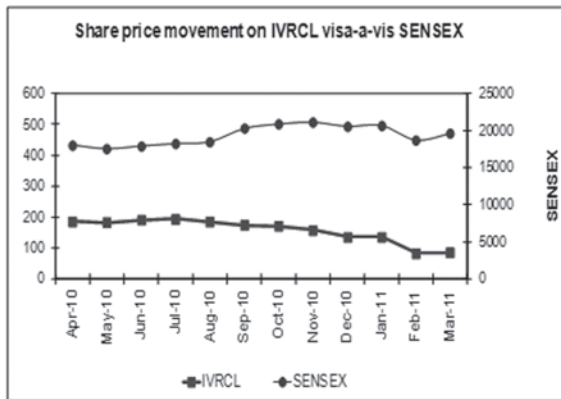
- a. 24<sup>th</sup> Annual General Meeting
- Date and Time September 26, 2011 at 3.30 P.M.
  - Venue K.L.N Prasad Auditorium, FAPCCI, 11-6-841, Red Hills, Hyderabad - 500004
- b. Financial Calendar (tentative)
- Year ended March 31, 2011
- Un-audited financial results for the quarter ending June 30, 2011 Will be published in August, 2011
- Un-audited/audited results for the quarter / half-year ending September 30, 2011 Will be published in November, 2011
- Un-audited results for the quarter ending December 31, 2011 Will be published in February, 2012
- Audited results for the year ending March 31, 2012 Will be published in May 2012
- c. Book Closure: From 19<sup>th</sup> September, 2011 to 26<sup>th</sup> September, 2011 (Both days inclusive)
- d. Dividend payment date will commence from 20<sup>th</sup> October, 2011
- e. The equity shares of the Company are listed on
- (i) Bombay Stock Exchange Limited (BSE)
  - (ii) National Stock Exchange of India Limited (NSE)
- f. Stock Code:
- i) Trading Symbol at
    - Bombay Stock Exchange
    - Scrip Code: 530773
    - National Stock Exchange
    - IVRCLINFRA EQ
  - ii) Demat ISIN Numbers in NSDL & CDSL
    - Equity Shares INE875A01025
    - Debentures INE875A07014

Listing fees as prescribed has been paid fully to all the stock exchanges where the shares of the company are listed.

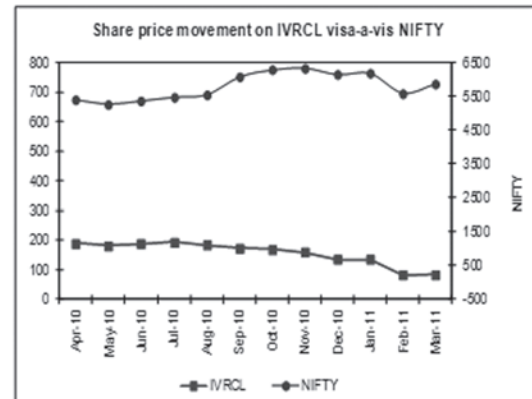
g. Stock Market Data :

Month	The Stock Exchange, Mumbai				National Stock Exchange			
	Share Price		Sensex		Share Price		S&P CNX Nifty	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
April -10	185.35	164.00	18047.86	17276.80	190.00	161.15	5399.65	5160.90
May- 10	181.55	144.00	17536.86	15960.15	182.30	144.10	5278.70	4786.45
June-10	189.40	160.20	17919.62	16318.39	189.45	160.05	5366.75	4961.05
July -10	194.40	169.00	18237.56	17395.58	194.50	168.25	5477.50	5225.60
Aug- 10	184.40	151.50	18475.27	17819.99	184.50	151.60	5549.80	5348.90
Sep-10	174.00	155.30	20267.98	18027.12	174.20	155.40	6073.50	5403.05
Oct-10	170.00	145.20	20854.55	19768.96	170.20	145.00	6284.10	5937.10
Nov-10	157.90	110.30	21108.64	18954.82	160.00	109.60	6338.50	5690.35
Dec-10	136.25	113.00	20552.03	19074.57	136.25	112.35	6147.30	5721.15
Jan-11	135.75	77.15	20664.80	18038.48	135.80	76.80	6181.05	5416.65
Feb-11	83.80	60.25	18690.97	17295.62	82.30	60.50	5599.25	5177.70
Mar-11	84.75	69.20	19575.16	17792.17	84.90	68.05	5872.00	5348.20

Source: BSE Website:



Source: NSE Website:



**h. Registrar and Transfer Agents :**

M/s. Karvy ComputerShare Private Limited  
 Karvy House, 46, Avenue 4,  
 Street No. 1, Banjara Hills, Hyderabad – 34

**i. Share Transfer System**

Application for transfer of shares held on physical form is received at the office of the Registrars & Share Transfer Agents of the Company. Share Transfer Committee approves valid transfers of shares and share certificates duly endorsed are dispatched within the time prescribed under the Listing Agreement / SEBI Guidelines.

Shares held in dematerialized form are electronically traded in the Depository and the Registrars & Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update the records and to send all corporate communications, dividend warrants etc.,

**j. i. Distribution of Shareholding as on 31.03.2011**

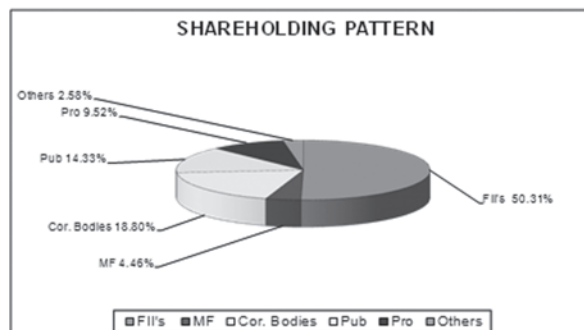
Category (Amount)	Shareholders		Amounts	
	Number	% to Total	Number	% to Total
Upto – 5000	132506	98.29	27053757	10.13
5001 - 10000	1189	0.88	4321468	1.62
10001 – 20000	522	0.39	3822906	1.43
20001 – 30000	143	0.11	1777848	0.67
30001 – 40000	75	0.06	1344561	0.50
40001 – 50000	39	0.03	907174	0.34
50001 – 100000	109	0.08	4042211	1.51
100001 and above	224	0.17	223739933	83.79
<b>TOTAL</b>	<b>134807</b>	<b>100.00</b>	<b>267009858</b>	<b>100.00</b>

**ii. Capital Build Up during the financial year**

Particulars	Nature of Allotment	No. of shares of the face value of Rs.2/- each	Aggregating to Rs.	Date of the listing and trading permission
Capital at the beginning of the year		<b>267009858</b>	<b>534019716</b>	N/A
Allotments made during the year:	NIL	NIL	NIL	NIL
Capital at the end of the year		<b>267009858</b>	<b>534019716</b>	

**iii. Shareholding pattern as on 31.3.2011**

Category	Total No. of Shares	Percentage of shareholding
<b>Promoter's Holding</b>		
India Promoters	<b>25417184</b>	<b>9.52</b>
<b>Non Promoter Holding</b>		
Institutional Investors		
Mutual Funds	11921152	4.46
Financial Institutions / Banks / Insurance		
Companies	3107523	1.17
Foreign Institutional Investors	134332474	50.31
<b>Sub Total</b>	<b>149361149</b>	<b>55.94</b>
<b>Others</b>		
Private Corporate Bodies	50181193	18.80
Indian Public	38275452	14.33
Non Resident Indian	2252443	0.84
Others	1522437	0.57
<b>Sub Total</b>	<b>92231525</b>	<b>34.54</b>
<b>Grand Total</b>	<b>267009858</b>	<b>100.00</b>


**iv. Instruments outstanding as on 31 March, 2011 and are liable for conversion into shares :**
**FCCB Issue :**

During the financial year 2005- 06, the company raised US \$ 65.00 million through issue of Foreign Currency Convertible Bonds viz., Zero Coupon Convertible Bonds due 2010 (ZCCB due 2010) and listed the bonds on Singapore Stock Exchange. The bonds are convertible into company's equity shares at an agreed exercise price of Rs.234.03 per share of Rs.2/- each considering an exchange rate of Rs.45.84 per dollar. Pursuant to the Bonus issue made during the year the exercise price of the bonds has been valued to Rs. 117.015/- per share of Rs.2/- each. The bonds of the value of US \$ 57.40 million were converted into 11243024 shares leaving a balance of 1488635 shares as on 31.3.2010. There were no conversions during the financial year 2010-2011.

The bonds were repaid together with interest as per the terms of the FCCB issue on 09.12.2010.

**IVRCL ESOP 2007**

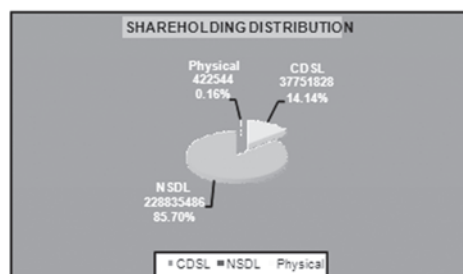
The shareholders of the company, in the 20<sup>th</sup> Annual General Meeting held on 7<sup>th</sup> September 2007 (as amended in the 22<sup>nd</sup> AGM held on 9<sup>th</sup> September 2009) approved to issue upto 4,200,000 options convertible into 4,200,000 equity shares of nominal value of Rs.2/- each at one option liable to be converted into one share of Rs.2/- each at a price which is 50% of the closing price recorded on National Stock Exchange of India Limited on the date of the such grant on such terms as may be specified by the Board of Directors of the company. The Company has not granted any options out of IVRCL ESOP 2007 scheme to any employee, as on date.



**k. Dematerialization of shares and liquidity:**

Shares of the Company can be held and traded only in Electronic form on Stock Exchanges. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialized form only, by all investors from 26<sup>th</sup> June 2000.

99.84 percent of the shareholdings have been dematerialized as on 31.03.2011. Shares of the Company are actively traded in The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, and hence have good liquidity



**l. Listing of Debt Securities**

The redeemable Non-Convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).

**m. Debentures Trustee (for Private placed debentures)**

IDBI Trustee-ship Services Limited  
 Ground Floor, Asian Building, 17, R.Kamani marg, Ballard Estate, Mumbai - 400 001.

**n. Compliance with clause 49**

**Mandatory Requirements**

The Company complied with all the applicable mandatory requirements of Clause 49 of the listing agreement and is also submitting a quarterly compliance report duly certified by compliance officer of the Company to the stock exchanges within the time frame prescribed under regulations.

**Non-mandatory Requirements**

The Company did not adopt Non-mandatory requirements

**o. Code of Conduct for Directors and Senior Management:**

A copy of the Code has been put on the Company's website [www.ivrcl.com](http://www.ivrcl.com).

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman and Managing Director is given below:

**DECLARATION**

I hereby confirm that :

The Company obtained from all the members of the Board and Senior Management affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2010-11

**E.Sudhir Reddy**  
 Chairman & Managing Director

**p. Address for Correspondence:**

**Investor's Correspondence :**

Physical / Electronic Mode :  
 M/s. Karvy Computershare (P) Ltd.  
 Plot No. 17-24, Vittalrao Nagar,  
 Near Image Hospital, Madhapur, Hyderabad - 500 081

**Shareholders General Correspondence**

**"IVRCL Infrastructures & Projects Ltd"**

"MIHIR" 8-2-350/5/A/24/1-B & 2  
 Road No.2, Panchavati Colony  
 Banjara Hills  
 HYDERABAD – 500 034

q. The Company is operating from various work sites spread throughout the country and the operations are controlled by the Corporate Office at "MIHIR" 8-2-350/5/A/24/1-B &2, Road No. 2, Panchavati Colony, Banjara Hills, Hyderabad-500 034 and through various Regional Offices at :

- |   |   |
|---|---|
| <p><b>(i) Ahmedabad :</b><br/>314 &amp; 315, 3<sup>rd</sup> Floor, Campus Corner-II,<br/>Opp: Prahlad Nagar Garden 100 Feet Road, Prahlad Nagar<br/>AHMEDABAD – 380 015</p> | <p><b>(vii) Kolkata:</b><br/>Akash Towers, Unit 3A, III Floor,<br/>781, Anandpur<br/>KOLKATA - 700 107</p>                                  |
| <p><b>(ii) Bangalore</b><br/>Prosperity', No. 438, 1st Floor<br/>18<sup>th</sup> Main, 6th Block, Koramangala,<br/>BANGALORE – 560 095</p>                                  | <p><b>(viii) Lucknow:</b><br/>2/310, Vishal Khand<br/>Gomti Nagar<br/>LUCKNOW – 226 010</p>   |
| <p><b>(iii) Chennai :</b><br/>No. 30A, South Phase<br/>6th Cross Road ThiruviKa, Industrial Estate<br/>Guindy CHENNAI - 600032</p>  | <p><b>(ix) Patna :</b><br/>H.No.14, Flat # A1<br/>Kamta Sadan Apartment,Kamta Singh Kam Lane<br/>East Boring Canal Road PATNA – 800 001</p> |
| <p><b>(iv) Cochin:</b><br/>No.VII/719D, Plot # 180<br/>Mavelipuram Colony<br/>Kakkanadu COCHIN – 682 030</p>  | <p><b>(x) Pune:</b><br/>"IVRCL" House", 35<br/>Suyojana CHS Koregaon Park<br/>PUNE – 411 001.</p>   |
| <p><b>(v) Delhi :</b><br/>COREANTHUM<br/>A-41, Tower – B, 1<sup>st</sup> Floor<br/>LOBE – 4, Sector - 62<br/>Noida - 201 307</p>  | <p><b>(xi) Raipur</b><br/>C170, Shailendarnagar Opp. Ratna Palace,<br/>Katora Talab,<br/>RAIPUR - 492 001.</p>                              |
| <p><b>(vi) Jaipur:</b><br/># 708, Maruti Marg<br/>Hanuman Nagar Extn, Sirsi Road<br/>JAIPUR – 302 012</p>   | <p><b>(xii) Ranchi</b><br/>Block No 498/B, Road No. 4,<br/>Mandir Marg ,Ashok Nagar<br/>Ranchi, JHARKHAND – 834 002.</p>                    |
|   | <p><b>(xiii)Visakhapatnam:</b><br/>D.No.50-01-41/B, 2<sup>nd</sup> Floor<br/>ASR Nagar, Seethammadhara<br/>VISAKHAPATNAM – 530 013</p>      |

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## AUDITORS'S CERTIFICATION ON CORPORATE GOVERNANCE

### To the Members of IVRCL Limited

We have examined the compliance of conditions of Corporate Governance by IVRC Limited for the year ended on March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations was limited to procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit not an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **CHATURVEDI & PARTNERS**  
Chartered Accountants

**R. N. Chaturvedi**

Partner

(Membership No. 092087)

Hyderabad  
May 28, 2011

## AUDITORS' REPORT

### To The Members of

#### IVRCL Limited (formerly IVRCL Infrastructures & Projects Limited)

1. We have audited the attached Balance Sheet of **IVRCL Limited** ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
    - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

**R. N. Chaturvedi**  
Partner  
(Membership No. 092087)  
Hyderabad, May 28, 2011

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

**K. Rajasekhar**  
Partner  
(Membership No. 23341)

## ANNEXURE TO THE AUDITORS' REPORT

**(Referred to in paragraph 3 of our report of even date)**

- (i) Having regard to the nature of the Company's business/activities clauses (viii), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans aggregating ₹ 160.58 million to two parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 1,035.36 million and the maximum amount involved during the year was ₹ 1,062.17 million.
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
  - (c) In accordance with the terms of loan, the principal, along with interest thereon is receivable in five annual instalments after a moratorium of five years from the date of disbursement, or earlier. Accordingly ₹ 55.73 million has been received during the year.
  - (d) The company has not taken any loan, secured or unsecured from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii) (e), (f) and (g) of CARO are not applicable.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions (other than the loans reported under paragraph (iv) above) have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provision of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956 except for a delay in filing the annual return for the year ended March 31, 2010, required under Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975.

- (viii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved (₹ million)
Sales Tax and VAT Laws	Sales Tax and VAT	Appellate Authority - upto Commissioner's level	2004-2009	207.87
		Appellate Authority - Tribunal level	2003 -2007	3.50
Andhra Pradesh Tax on Entry of Motor Vehicles Act, 1996	Entry Tax	Appellate Authority - Tribunal level	2001-2002	0.83
Finance Act 1994	Service Tax	Appellate Authority - upto Commissioner's level	2005-2011	2,366.23
		Appellate Authority - Tribunal level	2005-2009	512.34

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Hyderabad, May 28, 2011

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

**K. Rajasekhar**  
Partner  
(Membership No. 23341)

**Balance Sheet as at March 31, 2011**

(₹ in million)

	Schedules / Notes		As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Capital	1	534.02	534.02	
Reserves and Surplus	2	19,339.65	17,998.57	
			19,873.67	18,532.59
<b>Loan Funds</b>				
Secured Loans	3	16,294.76	12,688.05	
Unsecured Loans	4	4,663.32	3,445.18	
			20,958.08	16,133.23
Deferred Tax Liability (Net)	Note B - 6 of Sch-19		86.50	124.77
			<b>40,918.25</b>	<b>34,790.59</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	9,242.27	7,501.77	
Less: Depreciation		2,324.20	1,837.83	
Net Block		6,918.07	5,663.94	
Capital work-in-progress {Including Capital Advances aggregating to ₹ 233.44 million (₹ 171.11 million)}		259.84	353.21	
			7,177.91	6,017.15
<b>Investments</b>				
	6		6,347.00	6,137.96
<b>Current Assets, Loans and Advances</b>				
Inventories	7	2,732.06	2,446.76	
Sundry Debtors	8	19,298.14	19,463.68	
Cash and Bank Balances	9	1,431.53	1,643.62	
Other Current Assets	10	21,529.50	16,845.07	
Loans and Advances	11	9,532.21	6,605.80	
		54,523.44	47,004.93	
<b>Less: Current Liabilities and Provisions</b>				
Current Liabilities	12	26,726.65	23,924.16	
Provisions	13	403.45	445.29	
		27,130.10	24,369.45	
<b>Net Current Assets</b>			27,393.34	22,635.48
			<b>40,918.25</b>	<b>34,790.59</b>
Accounting Policies and Notes on Accounts	19			

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

**for Chaturvedi & Partners**  
Chartered Accountants

**for Deloitte Haskins & Sells**  
Chartered Accountants

**for and on behalf of the Board**
**R. N. Chaturvedi**  
Partner

**K.Rajasekhar**  
Partner

**E. Sudhir Reddy**  
Chairman &  
Managing Director

**R. Balarami Reddy**  
Executive Director -  
Finance & Group CFO

 Place : Hyderabad  
Date : May 28, 2011

**B. Subrahmanyam**  
Company Secretary



## Profit and Loss Account for the Year ended March 31, 2011

(₹ in million)

	Schedules / Notes		Year ended 31.03.2011		Year ended 31.03.2010
<b>Income</b>					
Income from Operations	14		56,592.40		54,950.50
Less : Excise Duty			77.89		21.90
Net Income from Operations			<b>56,514.51</b>		<b>54,928.60</b>
Other Income	15		119.67		148.78
			<b>56,634.18</b>		<b>55,077.38</b>
<b>Expenditure</b>					
Construction and Manufacturing Expenses {includes credits of ₹ 400.26 million relating to prior years}	16		47,274.30		46,280.56
Administration and Other Expenses	17		4,094.33		3,329.05
Interest and Financial Charges	18		2,181.55		1,636.56
Depreciation / Amortisation		757.85		542.88	
Less : Transferred to Revaluation Reserve		0.04	757.81	0.04	542.84
			<b>54,307.99</b>		<b>51,789.01</b>
<b>Profit Before Tax</b>					
Provision for Taxation:			<b>2,326.19</b>		<b>3,288.37</b>
Current Tax			785.47		1,169.85
{Includes ₹ Nil (₹ 14.33 million) relating to prior years}					
Deferred Tax			(38.27)		7.36
<b>Profit Before earlier years' Tax</b>			<b>1,578.99</b>		<b>2,111.16</b>
Less : Earlier years' Tax	Note B - 10 of Sch-19		-		1,409.03
<b>Profit After earlier years' Tax</b>			<b>1,578.99</b>		<b>702.13</b>
Add : Transferred from Special Reserve	Note B - 10 of Sch-19		-		1,411.00
<b>Profit After Tax</b>			<b>1,578.99</b>		<b>2,113.13</b>
Balance brought forward from previous year			4,129.96		3,082.03
<b>Available for appropriation</b>			<b>5,708.95</b>		<b>5,195.16</b>
<b>Appropriations</b>					
Proposed Dividend			160.21		213.61
Corporate Dividend Tax					
Current Year			25.99		36.30
Earlier year's provision no longer required			(3.37)		-
Transfer to General Reserve			400.00		500.00
Transfer to Debenture Redemption Reserve			147.21		315.29
<b>Balance carried to Balance Sheet</b>			<b>4,978.91</b>		<b>4,129.96</b>
<b>Earnings per share of face value ₹ 2 each</b>					
Basic EPS before earlier years' tax (₹)	Note B - 8 of Sch-19		<b>5.91</b>		<b>7.91</b>
Basic EPS after earlier years' tax (₹)			<b>5.91</b>		<b>2.63</b>
Diluted EPS before earlier years' tax (₹)			<b>5.89</b>		<b>7.71</b>
Diluted EPS after earlier years' tax (₹)			<b>5.89</b>		<b>2.49</b>
Accounting Policies and Notes on Accounts	19				

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

**for Chaturvedi & Partners**  
Chartered Accountants

**for Deloitte Haskins & Sells**  
Chartered Accountants

**for and on behalf of the Board**

**R. N. Chaturvedi**  
Partner

**K. Rajasekhar**  
Partner

**E. Sudhir Reddy**  
Chairman &  
Managing Director

**R. Balarami Reddy**  
Executive Director -  
Finance & Group CFO

Place : Hyderabad  
Date : May 28, 2011

**B. Subrahmanyam**  
Company Secretary

**Cash Flow Statement for the Year ended March 31, 2011**

(₹ in million)

		<b>Year ended 31.03.2011</b>		<b>Year ended 31.03.2010</b>
<b>A. Cash flow from operating activities</b>				
<b>Profit Before Tax and Extraordinary Items</b>		<b>2,326.19</b>		<b>3,288.37</b>
Adjustment for:				
Depreciation	757.81		542.84	
Dividend Income from Subsidiaries / Long Term Investments	(31.84)		(19.86)	
Loss on sale of fixed assets	29.26		19.85	
Foreign Exchange Translation adjustment (arising on translation of foreign branch transactions)	1.35		0.22	
Provision for doubtful amounts & bad debts written off	363.79		382.75	
Liabilities no longer required written back	(27.26)		(47.59)	
Loss / (Gain) on Foreign exchange translation	1.21		(44.27)	
Interest income	(445.56)		(483.74)	
Interest expense	2,345.08	2,993.84	1,931.61	2,281.81
<b>Operating Profit before working capital changes</b>		<b>5,320.03</b>		<b>5,570.18</b>
Increase in Inventories	(285.30)		(353.27)	
Increase in Debtors	(102.68)		(6,379.45)	
Increase in Other Current Assets	(4,680.57)		(2,575.67)	
Decrease / (increase) in Loans and Advances	444.63		(263.81)	
Increase in Current Liabilities	2,964.58	(1,659.34)	7,091.92	(2,480.28)
<b>Cash generated from operations</b>		<b>3,660.69</b>		<b>3,089.90</b>
Direct Taxes paid		(1,650.73)		(1,292.92)
<b>Net Cash generated from operations</b>		<b>2,009.96</b>		<b>1,796.98</b>
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets	(1,996.44)		(1,208.58)	
Sale of Fixed Assets	48.57		13.07	
Sale of Investments	0.49		70.10	
Purchase of Investments				
in Subsidiaries and Associates	(78.50)		(1,123.30)	
in Other Companies	(131.03)		-	
Loans to Subsidiaries	(2,604.34)		495.83	
Net Investments in Bank Fixed Deposits	(99.46)		(35.07)	
Interest Received	444.68		490.41	
Dividend Received from Subsidiaries /Long Term Investments	31.84		19.86	
<b>Net cash used in investing activities</b>		<b>(4,384.19)</b>		<b>(1,277.68)</b>
<b>C. Cash flow from financing activities</b>				
(Repayment of)/Proceeds from Non-Convertible Debentures	(150.00)		1,050.00	
Proceeds from Long Term Borrowings	951.75		292.81	
Repayment of Long Term Borrowings	(313.87)		(272.95)	

## Cash Flow Statement for the Year ended March 31, 2011

(₹ in million)

		Year ended 31.03.2011		Year ended 31.03.2010
Repayment of Foreign Currency Convertible Bonds	(504.08)		-	
Proceeds from Short Term Borrowings ( net of repayments)	4,657.54		1,129.29	
Interest and Finance Charges Paid	(2,332.88)		(1,903.56)	
Dividends Paid (including dividend distribution tax)	(245.76)		(214.70)	
<b>Net cash generated from financing activities</b>		<b>2,062.70</b>		<b>80.89</b>
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(311.53)		600.19
Cash and cash equivalents at the beginning of the year		1,545.13		945.26
Exchange differences on translation of foreign currency cash and cash equivalents		(0.02)		(0.32)
<b>Cash and cash equivalents at the end of the year</b>		<b>1,233.58</b>		<b>1,545.13</b>

### Notes :

1. Cash and Cash equivalents includes:

		As at 31.03.2011		As at 31.03.2010
a) Cash and Cheques on Hand		15.40		18.04
b) Balances with Scheduled Banks		1,214.12		1,427.09
1. In Current Accounts				
2. In Fixed Deposit Accounts				
- Margin Money	6.15		6.08	
- Others	195.80		192.41	
		201.95		198.49
c) Balances with Non-Scheduled Banks				
In Current Accounts		0.06		-
<b>Cash and Bank Balance</b>		<b>1,431.53</b>		<b>1,643.62</b>
Less : Fixed Deposits with maturity more than 3 months		197.95		98.49
		<b>1,233.58</b>		<b>1,545.13</b>

2. Bank balance includes restricted amount of ₹ 3.59 million (₹ 2.81 million) towards unclaimed dividend.

3. The Cash flow statement is prepared under 'indirect method' as set out in Accounting Standard - 3 on Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.

4. Previous year's figures have been regrouped, wherever necessary.

In terms of our report attached

**for Chaturvedi & Partners**  
Chartered Accountants

**for Deloitte Haskins & Sells**  
Chartered Accountants

**for and on behalf of the Board**

**R. N. Chaturvedi**  
Partner

**K. Rajasekhar**  
Partner

**E. Sudhir Reddy**  
Chairman &  
Managing Director

**R. Balarami Reddy**  
Executive Director -  
Finance & Group CFO

Place : Hyderabad  
Date : May 28, 2011

**B. Subrahmanyam**  
Company Secretary

**Schedules forming part of the Balance Sheet**

(₹ in million)

		As at 31.03.2011		As at 31.03.2010
<b>Schedule - 1</b>				
<b>Capital</b>				
<b>Authorised</b>				
275,000,000 (275,000,000 ) Equity shares of ₹ 2 each		550.00		550.00
25,000,000 (25,000,000) Preference shares of ₹ 2 each		50.00		50.00
		<b>600.00</b>		<b>600.00</b>
<b>Issued, Subscribed and Paid up</b>				
267,009,858 (267,009,858) Equity shares of ₹ 2 each fully paid up		534.02		534.02
{Of the above, following were allotted as fully paid bonus shares}				
a) {18,660,500 shares of ₹ 2 each (in 1999-2000) represents after subdivision of 3,732,100 shares of the face value of ₹ 10 each by utilisation of ₹ 37.32 million from General Reserve}				
b) {133,504,929 shares of ₹ 2 each (in 2009-2010) by utilising ₹ 267.01 million from General Reserve}				
		<b>534.02</b>		<b>534.02</b>
<b>Schedule - 2</b>				
<b>Reserves and Surplus</b>				
Capital Reserve		0.09		0.09
Securities Premium Account - At the Commencement of the year	10,577.57		10,602.83	
Less: Adjustment /Provision towards redemption premium on FCCB of US \$ 7.60 million (US \$ 7.60 million) {Refer Note B - 5 of Schedule 19}	(56.37)		(25.26)	
		10,521.20		10,577.57
Revaluation Reserve – At the Commencement of the year	28.41		28.45	
Less : Depreciation on revalued portion of assets	(0.04)	28.37	(0.04)	28.41
General Reserve – At the Commencement of the year	2,847.35		2,614.36	
Add : Transfer from Profit and Loss Account	400.00		500.00	
Less : Amount utilised for issue of fully paid-up bonus shares	-		(267.01)	
		3,247.35		2,847.35
Special Reserve – At the Commencement of the year	-		1,411.00	
Less : Transfer to Profit and Loss Account	-	-	(1,411.00)	-
Debenture Redemption Reserve – At the Commencement of the year	415.29		100.00	
Add : Transfer from Profit and Loss Account	147.21		315.29	
		562.50		415.29
Foreign Exchange Translation Reserve		1.23		(0.10)
Profit and Loss Account		4,978.91		4,129.96
		<b>19,339.65</b>		<b>17,998.57</b>

## Schedules forming part of the Balance Sheet

(₹ in million)

		As at 31.03.2011		As at 31.03.2010
<b>Schedule - 3</b>				
<b>Secured Loans</b>				
<b>Debentures</b>				
{Refer Note B - 3(a) of Schedule 19}				
12.15% Redeemable, Non-Convertible Debentures		2,000.00		2,000.00
8.85% Redeemable, Non-Convertible Debentures		1,050.00		1,050.00
		<b>3,050.00</b>		<b>3,050.00</b>
<b>Term Loans</b>				
{Refer Note B - 4(a) of Schedule 19}				
From Banks		1,163.13		504.61
<b>Earth Moving Equipment and Vehicle Loans</b>				
{Refer Note B - 4(b) of Schedule 19}				
- From Banks		6.20		19.15
- From Others		84.21		11.61
		<b>1,253.54</b>		<b>535.37</b>
<b>Working Capital Loans</b>				
{Refer Note B - 4(c) & 4(d) of Schedule 19}				
Working Capital Demand Loans from consortium of Banks		8,043.53		7,449.02
Project - Specific Working Capital Loans from Banks		3,947.69		1,653.66
		<b>11,991.22</b>		<b>9,102.68</b>
		<b>16,294.76</b>		<b>12,688.05</b>
Amounts repayable within one year		4,686.63		3,436.36
<b>Schedule - 4</b>				
<b>Unsecured Loans</b>				
8.75% Redeemable, Non-Convertible Debentures		-		150.00
<b>Short Term Loans</b>				
- From Banks		4,663.32		2,953.97
Foreign Currency Convertible Bonds				
{Refer Note B - 5 of Schedule 19}		-		341.21
		<b>4,663.32</b>		<b>3,445.18</b>
Amounts repayable within one year		4,663.32		3,445.18

## Schedules forming part of the Balance Sheet

Schedule - 5

Fixed Assets

(₹ in million)

Particulars	Gross Block at Cost/Revaluation				Depreciation			Net Block	
	As at 01.04.2010	Additions	Deletions/ Adjustments	As at 31.03.2011	For the Year	Deletions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Land - Freehold	343.72	18.33	1.67	360.38	-	-	-	360.38
Land - Leasehold	17.76	-	0.12	17.64	0.18	0.13	0.89	16.75	16.92
Buildings	732.42	377.80	68.70	1,041.52	122.27	65.92	252.34	789.18	536.43
Plant & Machinery	5,040.12	1,134.46	304.30	5,870.28	441.28	186.37	1,426.06	4,444.22	3,868.97
Motor Vehicles	955.31	482.64	(51.18)	1,489.13	138.24	(1.21)	442.38	1,046.75	652.38
Furniture	126.76	21.70	9.71	138.75	19.38	7.99	63.09	75.66	75.06
Office Equipment	127.71	23.90	9.68	141.93	10.36	7.00	39.02	102.91	92.05
Computers	157.97	31.01	6.34	182.64	26.14	5.28	100.42	82.22	78.41
<b>Total</b>	<b>7,501.77</b>	<b>2,089.84</b>	<b>349.34</b>	<b>9,242.27</b>	<b>757.85</b>	<b>271.48</b>	<b>2,324.20</b>	<b>6,918.07</b>	<b>5,663.94</b>
	(6,623.50)	(1,050.91)	(172.64)	(7,501.77)	(542.88)	(121.58)	(1,837.83)	(5,663.94)	(5,206.97)

**Note:**

- Land-Freehold includes
  - ₹ 18.79 million towards revaluation made in the year 2001-02 on current cost basis carried out by an independent valuer.
  - ₹ 50.66 million in respect of which, the conveyance deed is yet to be executed.
- Buildings includes
  - ₹ 2.20 million towards revaluation made in the year 2001-02 on current cost basis carried out by an independent valuer.
  - addition of ₹ 150.20 million, in respect of which, the conveyance deed is yet to be executed.
  - Leasehold premises of ₹ 27.50 million (₹ Nil) taken for a period of 99 years. The premium of ₹ 20.46 million is paid upfront with no further significant lease obligations.



## Schedules forming part of the Balance Sheet

(₹ in million)

			As At 31.03.2011	As At 31.03.2010
<b>Schedule - 6</b>				
<b>Investments</b>				
<b>Long Term Investments</b>	<i>Nature of Investment</i>	<i>No. of Shares /Debtentures of Face Value of ₹ 10 each fully paid-up unless otherwise specified</i>		
(At cost less provision for diminution in value)				
<b>A. Trade Investments</b>				
<i>In Subsidiary Companies</i>				
<b>Quoted</b>				
Hindustan Dorr-Oliver Limited (Face Value of ₹ 2 each)	Equity	39,804,430 (39,804,430)	657.53	657.53
IVRCL Assets & Holdings Limited (49,731,789 bonus shares received during the year)	Equity	149,195,366 (99,463,577)	4,921.25	4,921.25
<b>Unquoted</b>				
IVRCL PSC Pipes Private Limited	Equity	167,000 (167,000)	1.67	1.67
IVR Enviro Projects Private Limited	Equity	2,924,550 (2,924,550)	29.25	29.25
Chennai Water Desalination Limited	Equity	50,000 (50,000)	0.50	0.50
Salem Tollways Limited	Equity	50,000 (50,000)	0.50	0.50
Kumarpalyam Tollways Limited	Equity	50,000 (50,000)	0.50	0.50
IVRCL Steel Constructions & Services Limited	Equity	50,000 (50,000)	0.50	0.50
Jalandar Amritsar Tollways Limited	Equity	50,000 (50,000)	0.50	0.50
IVRCL Indore Gujarat Tollways Limited	Equity	50,000 (50,000)	0.50	0.50
IVRCL Chengapalli Tollways Limited	Equity	1,000 (50,000)	0.01	0.50
IVRCL Holdings & Services Pte Limited (Face Value of SGD 1)	Equity	1 (1)	-	-
Salem Tollways Limited (7% Cumulative Redeemable Preference Shares of Face Value of ₹ 100 each)	Preference	5,000,000 (5,000,000)	500.00	500.00
IVRCL Patalaganga Truck Terminals Private Limited (Subscribed during the year)	Equity	10,000 (-)	0.10	-
IVRCL Goa Tollways Limited (Subscribed during the year)	Equity	1,000 (-)	0.01	-
IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited (Subscribed during the year)	Equity	6,000 (-)	0.06	-
Alkor Petroo Limited (Purchased during the year) {Refer Note B - 28 of Schedule 19}	Equity	5,625,000 (-)	70.10	-
IVRCL Building Products Limited (Purchased during the year) {Refer Note B - 28 of Schedule 19}	Equity	599,995 (-)	6.03	-
IVRCL Chandrapur Tollways Limited (Subscribed during the year)	Equity	1,000 (-)	0.01	-
IVRCL International FZE (Subscribed during the year) (Face Value of AED 100,000)	Equity	1 (-)	1.28	-

**Schedules forming part of the Balance Sheet**

(₹ in million)

			As At 31.03.2011	As At 31.03.2010
<b>Schedule - 6</b>				
<b>Investments (Contd...)</b>				
	<i>Nature of Investment</i>	<i>No. of Shares /Debentures of Face Value of ₹ 10 each fully paid-up unless otherwise specified</i>		
<b><i>In Partnership Firms</i></b>				
	Bhanu IVRCL Associates (50:50 Share between the Company and Bhanu Construction Co. Limited respectively)		0.01	0.01
	IVRCL-Tantia Joint Venture(AOP) (50:50 Share between the Company and Tantia Construction Co. Limited respectively)		0.20	0.20
<b><i>In Associate Bodies Corporate</i></b>				
	Viva Infrastructures Private Limited	Equity 50,000 (50,000)	0.50	0.50
	Paresh Infrastructure Private Limited	Equity 4,900 (4,900)	0.05	0.05
	IVR Prime IT SEZ Private Limited	Equity 10,000 (10,000)	0.10	0.10
	IVRCL International Infrastructures & Projects LLC (Subscribed during the year) (Face Value of AED 1,500 each)	Equity 49 ( - )	0.91	-
<b>B. Other Investments</b>				
<b>Unquoted</b>				
	Telcon Ecoroad Resurfaces Private Limited (Face Value of ₹ 100 each) { Refer Note B - 27 of Schedule 19 }	Equity 240,000 (240,000)	24.00	24.00
	Tamilnad Mercantile Bank Limited	Equity 25 (25)	0.21	0.21
	Rayalseema Expressway Private Limited	Equity 19,290 (19,290)	0.19	0.19
	Rayalseema Expressway Private Limited (Subscribed during the year) (Face Value of ₹ 1,482 each)	7% Compulsorily Convertible Debentures 88,413 ( - )	131.03	-
	Less : Provision for diminution in value of Investment		(0.50)	(0.50)
			<b>6,347.00</b>	<b>6,137.96</b>

**Note :**

(₹ in million)

Aggregate amount of quoted investment	5,578.78	5,578.78
Aggregate market value thereof	11,869.47	21,424.44
Aggregate amount of unquoted investment	768.22	559.18

## Schedules forming part of the Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule - 7</b>		
<b>Inventories</b>		
<b>At Project sites - (at cost)</b>		
- Stores and Spares	2,506.38	2,215.44
<b>At Factory - (at lower of cost and net realisable value)</b>		
- Stores and Spares	80.19	101.31
- Finished Goods	106.45	94.73
- Work-in-Progress	39.04	35.28
	<b>2,732.06</b>	<b>2,446.76</b>
<b>Schedule - 8</b>		
<b>Sundry Debtors (Unsecured)</b>		
{Refer Note B - 24 of Schedule 19}		
Debts outstanding for a period exceeding six months	6,858.93	5,082.75
Other Debts	12,913.85	14,617.81
	19,772.78	19,700.56
Less: Provision for Doubtful Debts	474.64	236.88
	<b>19,298.14</b>	<b>19,463.68</b>
<b>Of the above</b>		
Considered Good	19,298.14	19,463.68
Considered Doubtful	474.64	236.88
	<b>19,772.78</b>	<b>19,700.56</b>

**Schedules forming part of the Balance Sheet**

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule - 9</b>		
<b>Cash and Bank Balances</b>		
a) Cash and Cheques on Hand	15.40	18.04
b) Balances with Scheduled Banks		
1. In Current Accounts	1,214.12	1,427.09
2. In Fixed Deposit Accounts		
- Margin Money	6.15	6.08
- Others	195.80	192.41
c) Balances with Non-Scheduled Banks		
In Current Accounts	0.06	-
(Maximum balance during the year is ₹ 1.96 million with Rashtriya Banijya Bank, Nepal)		
	<b>1,431.53</b>	<b>1,643.62</b>
<b>Schedule - 10</b>		
<b>Other Current Assets (Unsecured)</b>		
Interest accrued other than on Investments	3.89	3.01
Retention Money	6,417.82	5,476.34
Amounts withheld by Contractee-Clients & Other Deposits	3,672.81	2,259.33
Unbilled Revenue	9,774.48	7,848.70
Advances with Government Bodies	1,677.73	1,277.90
	21,546.73	16,865.28
Less: Provision for Doubtful Deposits	17.23	20.21
	<b>21,529.50</b>	<b>16,845.07</b>
<b>Of the above</b>		
Considered Good	21,529.50	16,845.07
Considered Doubtful	17.23	20.21
	<b>21,546.73</b>	<b>16,865.28</b>
<b>Schedule - 11</b>		
<b>Loans and Advances (Unsecured)</b>		
Loans & Advances to Subsidiaries*	5,414.82	2,810.47
Advance to Joint Venture Partnership firms in which the company is a partner	437.73	504.11
Advances recoverable in cash or in kind or for value to be received	2,565.69	2,963.74
Tax deducted at Source and Advance Tax {net of provisions ₹ 5,145.86 million (₹ 4,360.39 million)}	1,282.19	416.93
Balance with Post Office (held in the names of employees)	0.61	0.61
	9,701.04	6,695.86
Less: Provision for Doubtful Advances	168.83	90.06
	<b>9,532.21</b>	<b>6,605.80</b>
<b>Of the above</b>		
Considered Good	9,532.21	6,605.80
Considered Doubtful	168.83	90.06
	<b>9,701.04</b>	<b>6,695.86</b>

\* Loans and Advances in the nature of Loans given to subsidiaries ₹ 4,993.41 million (₹ 2,482.04 million) (Refer Note B - 18 of Schedule 19)

## Schedules forming part of the Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule - 12</b>		
<b>Current Liabilities</b>		
Advances received from Contractee-Clients	7,292.39	7,452.38
Acceptances	1,195.93	1,634.78
Sundry Creditors :		
Dues to Micro enterprises and Small enterprises {Refer Note B - 15 of Schedule 19}	30.98	20.80
Subsidiaries	1,144.26	655.12
Joint Ventures	580.29	397.51
Others	15,592.69	12,892.96
Other Liabilities	843.06	710.53
Interest accrued but not due on loans	43.21	156.95
Liability towards Investors Education Fund under Section 205C of the Companies Act, 1956		
- Not due - Unclaimed Public Deposit	0.21	0.27
- Not due - Unclaimed Dividends	3.59	2.81
- Interest accrued and due on Public Deposits	0.04	0.05
	<b>26,726.65</b>	<b>23,924.16</b>
<b>Schedule - 13</b>		
<b>Provisions</b>		
Proposed Dividend	160.21	213.61
Tax on Proposed Dividend	25.99	36.30
Gratuity	24.59	32.66
Compensated Absences	192.66	162.72
	<b>403.45</b>	<b>445.29</b>

**Schedules forming part of the Balance Sheet**

(₹ in million)

		<b>Year ended 31.03.2011</b>		<b>Year ended 31.03.2010</b>
<b>Schedule - 14</b>				
<b>Income from Operations</b>				
Construction Revenue / Other Operational Income		56,027.59		53,680.81
Share of Profit / (Loss) from Joint Ventures		27.18		(159.81)
Sale of Products {Refer Note B - 26 of Schedule 19}		537.63		1,429.50
		<b>56,592.40</b>		<b>54,950.50</b>
<b>Schedule - 15</b>				
<b>Other Income</b>				
Miscellaneous Income		60.57		81.33
Dividend Income from Subsidiaries		31.84		19.83
Dividend Income on Long Term Investments		-		0.03
Liabilities no longer required written back		27.26		47.59
		<b>119.67</b>		<b>148.78</b>
<b>Schedule - 16</b>				
<b>Construction and Manufacturing Expenses</b>				
Opening stock of Project Stores	2,215.44		1,931.51	
Add : Purchase of construction and other materials	19,435.28		19,309.04	
Less: Closing stock of Project Stores	2,506.38		2,215.44	
Construction and other materials		19,144.34		19,025.11
Cost of project stores sold		-		1,060.15
Cost of construction equipment sold		78.39		-
Sub-contractors' work bills		9,918.50		10,845.38
Masonry and other works		13,296.79		11,278.80
Indirect Taxes and Cess		2,095.47		1,850.29
Repairs and Maintenance:				
Construction Machinery	436.90		407.88	
Others	135.54		101.82	
		572.44		509.70
Electricity and Water Charges		127.05		104.70
Machinery Hire Charges		1,105.91		1,075.64
Royalty		146.44		99.45
Laboratory Testing Charges		36.78		24.71
<b>At Factory</b>				
Raw Materials Consumed	767.67		444.29	
Increase in Finished Goods and Work-in-Progress	(15.48)		(37.66)	
		752.19		406.63
		<b>47,274.30</b>		<b>46,280.56</b>



## Schedules forming part of the Balance Sheet

(₹ in million)

		Year ended 31.03.2011	Year ended 31.03.2010
<b>Schedule - 17</b>			
<b>Administrative and Other Expenses</b>			
Salaries, Wages and Bonus		2,021.78	1,477.79
Contribution to Provident, Superannuation and Other Funds		185.16	149.37
Staff Welfare Expenses		268.02	208.01
Managerial Remuneration		148.68	191.06
Travelling and Conveyance		143.51	126.61
Printing and Stationery		45.17	37.09
Communication Expenses		57.09	51.33
Rates and Taxes		65.06	49.47
Tender Expenses		35.18	29.52
Business Promotion		9.29	9.07
Office Maintenance		170.61	138.58
Rent		153.68	107.20
Advertisement and Publicity		12.15	16.33
Auditors' Remuneration			
Audit Fee	8.90		8.90
Tax Audit Fee	0.50		0.50
Other Service	0.44		0.15
Reimbursement of expenses	0.33		0.54
		10.17	10.09
Legal and Professional Charges		212.90	180.24
Insurance		137.36	111.22
Miscellaneous Expenses		25.47	30.32
Loss on Assets sold / discarded (Net)		29.26	19.85
Provision for doubtful debts, advances and deposits		344.01	189.89
Bad Debts Written Off		19.78	192.86
Loss on Derivatives		-	3.15
		<b>4,094.33</b>	<b>3,329.05</b>
<b>Schedule - 18</b>			
<b>Interest and Financial Charges</b>			
Interest on Fixed Loans	881.81		633.17
Foreign Exchange Loss / (Gain) (Net)	1.21		(44.27)
Other Interest			
Interest on other Credit Facilities	1,463.27		1,298.44
Bank and Financing Charges	280.82		232.96
		2,627.11	2,120.30
Less: Interest from Banks and Others - Gross		445.56	483.74
{ Tax Deducted at Source ₹ 47.22 million (₹ 52.29 million)}			
		<b>2,181.55</b>	<b>1,636.56</b>

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

### Accounting Policies and Notes on Accounts

#### Company overview

The Company, IVRCL Limited, is engaged in the business of development and execution of Engineering, Procurement, Construction and Commissioning (EPCC) and Lump Sum Turn Key (LSTK) facilities in various Infrastructure projects like Water Supply, Roads and Bridges, Townships and Industrial Structures, Power Transmission, etc. for Central/State Governments, other local bodies and private sector in the country.

#### A. Accounting policies

##### 1. Method of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis (except for revaluation of certain Fixed Assets) in accordance with Generally Accepted Accounting Principles (Indian GAAP) and Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

##### 2. Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans. Management periodically assesses whether there is an indication that an asset may be impaired and makes provision in the accounts for any impairment losses estimated. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

##### 3. Recognition of contract revenue and expenses

**3.1** Contract Revenue is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

**3.2** The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

**3.3** An expected loss on construction contract is recognised as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

**3.4** Price escalation and other claims and /or variation in the contract work are included in contract revenue only when:

(a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and

(b) The amount that is probable will be accepted by the customer can be measured reliably.

**3.5** Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:

(a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and

(b) The amount of the incentive payment can be measured reliably.

##### 4. Revenue from Joint Venture contracts

**4.1** In work sharing Joint Venture arrangements, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

**4.2** In Jointly Controlled Entities, the share of profits or losses are accounted as and when dividend / share of profit or loss are declared by the entities.

### **5. Revenue from sale of goods**

Revenue from sale of goods is recognized when substantial risks and rewards of ownership are transferred to the buyer under terms of the contract.

### **6. Employee Benefits**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006.

#### **6.1 Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Contributions to Gratuity fund are made to recognized funds managed by the Life Insurance Corporation of India. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

#### **6.2 Compensated Absences**

Liability for compensated absence is treated as other long term liability, short term portion of the liability is provided on an actual basis and long term portion of the liability is provided on the basis of valuation by an independent actuary at the year end.

#### **6.3 Superannuation**

The Company has a superannuation plan, which is a defined contribution plan. Under the plan, the Company contributes up to 15% of the eligible employees' salary to the fund each year. Contributions are made to recognized funds managed by the Life Insurance Corporation of India. The Company recognizes such contributions as an expense when incurred. The Company has no further obligation beyond this contribution.

#### **6.4 Provident Fund**

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's basic salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the state pension scheme, and are expensed as incurred.

### **7. Fixed Assets**

Fixed Assets are stated at cost / valuation less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, non-claimable duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

### **8. Depreciation and amortization**

**8.1** Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956 except the following which are depreciated based on useful life determined by the Company.

- Steel Shuttering 10%
- Wood Shuttering 33 1/3 %

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

8.2 Pucca sheds and land acquired for quarrying are amortised over the period of the project on project - to - project basis.

### 9. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the same is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is assessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

### 10. Foreign currency transactions and foreign operations

Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise.

Foreign branches are classified as non-integral foreign operations. The Assets and Liabilities, both monetary and nonmonetary of the branch are translated at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at monthly average exchange rate. All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve' account.

### 11. Derivative Instruments

In order to hedge its exposure to foreign exchange interest rate and commodity price risks, the Company enters into forward option, swap contracts and other derivative financial instruments.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

### 12. Investments

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost less provision for permanent diminution in value of such investments. Dividend Income is accounted when the right to receive dividend is established.

### 13. Inventories

Inventories are valued at cost. Cost is determined on first-in-first-out method. Inventory of manufactured goods and raw materials are valued at lower of cost and net realisable value. Cost of manufactured goods includes related overheads and excise duty paid/payable on such goods.

### 14. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalised as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account as period costs.

### 15. Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and if it is probable that these liabilities can be properly estimated. Contingent liabilities are not recognized but are disclosed in the notes where, substantial estimation is dependent on the happening of another event which cannot be adequately judged.

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

### 16. Income tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters are probable.

Deferred tax assets and liabilities are recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

### 17. Earnings Per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity shares that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date's of issue of such potential shares determine the amount of the weighted average number of potential equity shares.

## B. Notes on Accounts

1. All amounts in the financial statements are presented in Rupees in million except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit and Loss items and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped /rearranged wherever considered necessary to conform to the figures presented in the current year.

2. The name of the Company has been changed to IVRCL Limited effective 18<sup>th</sup> March, 2011.

### 3. Debentures (Privately Placed)

#### a) Secured Non-Convertible Debentures

2,000, 12.15% Secured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each issued to Life Insurance Corporation of India during the year 2008-09. IDBI Trusteeship Services Ltd, Mumbai are the trustees for the debenture holders. The debentures shall be redeemed at the end of five years from the date of allotment i.e. December 19, 2013. The debentures are secured with asset cover of 1.25 times by way of first pari passu charge over certain specific fixed assets including immovable properties of the Company.

1,050, 8.85% Secured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each were issued to the following banks during the year 2009-10. IDBI Trusteeship Services Ltd, Mumbai were the trustees for the debenture holders. The debentures shall be redeemed at the end of Seventeen months from the date of allotment i.e. April 27, 2011. The debentures are secured with asset cover of 100% by way of first pari passu charge over certain specific fixed assets including immovable properties of the Company.

S.No.	Name of the Bank	No.of Debentures
1	Federal Bank Limited	100.00
2	Dena Bank	100.00
3	Allahabad Bank	50.00
4	Corporation Bank	50.00
5	UCO Bank	100.00
6	Bank of Baroda	200.00
7	Bank of India	250.00
8	Central Bank of India	200.00
	<b>Total</b>	<b>1,050.00</b>

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

b) The debentures are listed on Wholesale Debt Market (WDM) segment of National Stock Exchange (NSE).

**4. Secured Loans**
**a) Term Loans**

Term loans are secured by way of first charge and hypothecation of specific machinery and equipment purchased.

Term Loans include External Commercial Borrowings from Standard Chartered Bank London of USD 12.50 million (equivalent to ₹ 571.63 million) availed during the year. The principal and interest components of the ECB are hedged and duly covered against foreign exchange fluctuations.

**b) Equipment Loans from Banks and Non - Banking Financial Companies (NBFCs)**

Equipment Loans are secured by first charge and hypothecation of specified machinery, equipment and vehicles.

**c) Working Capital Demand Loan from Consortium Banks**

i. Working Capital Demand Loans are secured by hypothecation of book debts, inventories and other current assets (excluding those charged to lenders of specific-funding projects) and certain Plant & Machinery and equipment valuing ₹ 282.92 million and ₹ 39.85 million not charged to other lenders. Further these loans are secured by mortgage of property in Land and Buildings owned by the Company ranking pari passu among the consortium banks aggregating to ₹ 101.53 million and lien of the Fixed Deposit of ₹ 4.20 million.

ii. The amount of Commercial Papers outstanding as at March 31, 2011 is ₹ 3,250 million (₹ 3,200 million). The maximum amount outstanding during the year was ₹ 7,000 million (₹ 4,500 million).

**d) Project Specific Working Capital Loan from Banks**

Project Specific Working Capital Loans from Banks are secured by hypothecation of the assets mentioned below for respective projects.

SI No.	Name of the Project	Security	Name of the Bank	Amount (₹ in million)	
				2010-11	2009-10
i.	Indira Sagar Project	Book-debts, Inventory and other Current Assets	Karur Vysya Bank	274.56	65.45
ii.	ONGC – Dahej	Book-debts, Inventory and other Current Assets	Syndicate Bank	-	0.29
iii.	Transmission Line Towers Factory	Total Assets	IDBI Bank	195.87	61.72
iv.	BMTC – Yeshwanthpura	Book-debts and Inventory	Karur Vysya Bank	-	155.00
v.	TATA Cummins Project	Book-debts and Inventory	Karur Vysya Bank	-	35.83
vi.	CIDCO Exhibition Project	Book-debts and Inventory	Karur Vysya Bank	-	210.00
vii.	BMRCL - Ulsoor & Byappanhalli Project	Book-debts and Inventory	Syndicate Bank	-	14.17
viii.	BMRCL - Jayanagar Project	Book-debts and Inventory	Syndicate Bank	-	17.89
ix.	Punasa Lift Irrigation Project	Book-debts and Inventory	Andhra Bank	567.05	108.95
x.	Guru Gobind Refinery Project	Book-debts and Inventory	Andhra Bank	379.98	136.85
xi.	CGPL -Mundra Project	Book-debts and Inventory	Syndicate Bank	472.92	37.42



## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

SI No.	Name of the Project	Security	Name of the Bank	Amount (₹ in million)	
				2010-11	2009-10
xii.	Lower Goi Project	Book-debts and Inventory	Punjab & Sind Bank	253.41	281.00
xiii.	PGCIL-Seoni-Nandanwadi Project	Book-debts and Inventory	Punjab & Sind Bank	113.08	186.00
xiv.	PHED-Buxar, Maner & Bidupur Projects	Book-debts and Inventory	Indus Ind Bank	2.67	71.52
xv.	Naya Raipur Development Authority Project	Book-debts and Inventory	HDFC Bank	-	271.57
xvi.	IOTL Paradeep Project	Book-debts and Inventory	Indus Ind Bank	7.96	-
xvii.	Allahabad Sewerage Project	Book-debts and Inventory	Barclays Bank	0.16	-
xviii.	Ambattur Package II & III Projects	Book-debts and Inventory	IDBI Bank	332.58	-
xix.	CNNL Packages	Book-debts and Inventory	Andhra Bank	82.40	-
xx.	BWSSB - 6A & 6B	Book-debts and Inventory	Export Import Bank of India	188.98	-
xxi.	Natrip - Pitampur & Chennai - GARC Projects	Book-debts and Inventory	DBS Bank	497.27	-
xxii.	CGPL - Mundra Project	Book-debts and Inventory	IDBI Bank	578.80	-

### 5. Foreign Currency Convertible Bonds

During the year, the balance of unconverted portion of Foreign Currency Convertible Bonds aggregating to ₹ 341.62 million (equivalent to USD 7.60 million) were redeemed along with a redemption premium (including withholding tax) of ₹ 162.46 million (equivalent to USD 3.61 million). The above mentioned premium amount has been charged to Securities Premium Account.

### 6. Components of Deferred Tax Assets and Liabilities

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Deferred Tax Liability:</b>		
Difference between book and tax depreciation	368.27	295.85
<b>Total Deferred Tax Liability</b>	<b>368.27</b>	<b>295.85</b>
<b>Deferred Tax Asset:</b>		
Provision for Compensated Absences	48.68	39.90
Provision for Gratuity	7.98	10.85
Provision for doubtful debts, advances and deposits	214.36	115.31
Others	10.75	5.02
<b>Total Deferred Tax Asset</b>	<b>281.77</b>	<b>171.08</b>
<b>Net Deferred Tax Liability</b>	<b>86.50</b>	<b>124.77</b>

### 7. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

In terms of the disclosures required to be made under the Accounting Standard 7 for ‘Construction Contracts’ as notified in the Companies (Accounting Standards) Rules, 2006, the amounts considered in the financial statements up to the Balance Sheet date are as follows:

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

(₹ in million)

	2010-11	2009-10
Contract Revenue recognised as revenue during the year	55,603.16	53,491.59
Aggregate amount of Contract costs incurred and recognised profits, less losses	162,285.47	132,481.91
Advances received, net of recoveries from progressive bills	7,292.39	7,452.38
Gross amount due from customers for contract works	19,171.12	19,516.23
Retention Money	6,417.82	5,476.34

**8. Reconciliation of Basic and Diluted shares used in computing Earnings Per Share**

	2010-11	2009-10
Profit After Tax before earlier years' tax for calculation of Basic EPS (₹ in million)	1,578.99	2,111.16
Profit After Tax after earlier years' tax for calculation of Basic EPS (₹ in million)	1,578.99	702.13
Profit After Tax before earlier year's tax for calculation of Diluted EPS (₹ in million)	1,583.79	2,081.94
Profit After Tax after earlier years' tax for calculation of Diluted EPS (₹ in million)	1,583.79	672.91
Number of shares considered as weighted average shares for calculation of Basic Earnings Per Share(EPS)	267,009,858	267,009,858
Add: Dilutive effect of potential shares out of FCCB outstanding	2,055,598	2,977,354
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	269,065,456	269,987,212
Basic EPS before earlier years' tax (₹)	5.91	7.91
Basic EPS after earlier years' tax (₹)	5.91	2.63
Diluted EPS before earlier years' tax (₹)	5.89	7.71
Diluted EPS after earlier years' tax (₹)	5.89	2.49

**9. Contingent Liabilities**

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
a) Bank Guarantees / Letters of Credit issued by the banks on behalf of the Company	40,459.23	32,283.70
b) Corporate Guarantees issued by the Company on behalf of its subsidiaries	6,587.50	5,055.00
c) Claims against the Company not acknowledged as debts	474.07	563.92
d) Income Tax demand under appeal	28.22	28.22
e) Disputed Value Added Tax / Service Tax	3,302.92	1,738.94

Estimated amount of contracts to be executed on capital account ₹ 119.76 million (₹ 193.18 million) net of advances of ₹ 80.11 million (₹ 171.11 million)

10. The tax relief available to the Company under Section 80IA of the Income Tax Act had in earlier years upto FY 2009 been transferred to a Special Reserve account. This tax relief was withdrawn with retrospective effect In the Finance Bill (No.2) 2009 and hence provision has been made for additional tax aggregating to ₹ 1,409.30 million in the previous year 2009-10. An amount of ₹ 1,411.00 million previously appropriated to a Special Reserve Account created for the purpose has been re credited to the Profit and Loss account during the previous year i.e. 2009-10.

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

### 11. Managerial Remuneration

#### a) Managerial Remuneration for Managing Director, other Whole-Time Directors and Non Whole-Time Directors

(₹ in million)

	2010-11		2009-10	
<b>Managing Director</b>				
Salary and allowances	14.08		14.08	
Contribution to Provident and other Funds	0.90	14.98	0.90	14.98
Commission		122.09		166.84
<b>Other Whole Time Directors</b>				
Salary and allowances		10.22		8.08
Contribution to Provident and other Funds		0.63		0.50
<b>Other Non-Whole Time Directors</b>				
Director's Sitting Fee		0.76		0.66
<b>Total</b>		<b>148.68</b>		<b>191.06</b>

The above does not include Contribution towards Gratuity and Compensated absences and non-monetary benefits as separate figures are not quantifiable.

#### b) Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956.

(₹ in million)

	2010-11	2009-10
Profit Before Tax	2,326.19	3,288.37
<b>Add:</b> 1. Managerial Remuneration	148.68	191.06
2. Provision For Doubtful Debts, Advances & Other Deposits	316.75	142.30
3. Loss on sale of Assets	-	30.49
<b>Sub Total</b>	<b>2,791.62</b>	<b>3,652.22</b>
<b>Less:</b> Bad Debts Written Off	50.25	15.75
<b>Sub Total</b>	<b>50.25</b>	<b>15.75</b>
<b>Net Profit as per Sec. 309(5) for the year</b>	<b>2,741.37</b>	<b>3,636.47</b>
Maximum Commission / Remuneration payable to Managing Director	137.07	181.82
Less: Remuneration and allowance to Managing Director as per 11(a) above charged to Profit and Loss Account	14.98	14.98
Commission payable to Managing Director	122.09	166.84

### 12. CIF Value of imports

(₹ in million)

	2010-11	2009-10
Capital Goods	55.48	71.18
Construction materials and others	302.65	391.45

### 13. Expenditure in foreign currency

(₹ in million)

	2010-11	2009-10
Travelling Expenses	3.09	2.25
Professional / Consultancy Charges	10.49	9.61
Tender Charges	0.68	-
Interest Expenses	15.39	-

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**
**14. Construction material and stores consumed**

(₹ in million)

	2010-11		2009-10	
	Value	%	Value	%
Indigenous	18,920.08	98.83	19,693.81	98.05
Imported	224.26	1.17	391.45	1.95
<b>Total</b>	<b>19,144.34</b>	<b>100.00</b>	<b>20,085.26</b>	<b>100.00</b>

**15. Dues to Micro and Small Enterprises**

Information relating to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company. The required disclosures are given below.

(₹ in million)

	2010-11	2009-10
Principal amount remaining unpaid as on March, 31	30.98	20.80
Interest due thereon as on March, 31	0.55	0.36
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises	-	-
Interest due and payable for the period of delay in making payment(which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at March, 31	0.55	0.36
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

**16. The Company has the following Joint Ventures as on March 31, 2011 and its proportionate share is given below:**

Sl No.	Name of the Joint Venture	Share of Interest
1	Bhanu - IVRCL Associates	50.00%
2	IVRCL – Tantia (JV)	50.00%
3	IVRCL, SEW & Prasad Hyderabad J.V	50.00%
4	IVRCL, Navayuga & SEW Joint Venture	35.75%
5	Navayuga, IVRCL & SEW Joint Venture	35.75%
6	IVRCL – Harsha (JV)	80.00%
7	SPCL - IVRCL JV	49.00%
8	IVRCL - JL (JV)	90.00%
9	UAN Raju IVRCL Construction JV	51.00%
10	IVRCL – KBL (JV) Hyderabad	80.00%
11	IVRCL – KBL – MEIL (JV) Hyderabad	65.00%
12	IVRCL - CR18G (JV)	90.00%
13	IVRCL SEW & WPIL (JV) Hyderabad	60.00%

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

SI No.	Name of the Joint Venture	Share of Interest
14	IVRCL – MBL (JV) Hyderabad	90.00%
15	IVRCL BATPASCO WPIL & MHI (JV) Hyderabad	70.00%
16	IVRCL BATPASCO ABB & AAG (JV) Hyderabad	85.00%
17	IVRCL - CR18G Consortium (J.V)	70.00%
18	MEIL IVRCL HCC & WPIL (JV)	23.00%
19	IVRCL – KIPL (JV)	50.00%
20	IVRCL – RAJ (JV)	32.17%
21	UNITY – IVRCL Joint Venture	50.00%
22	IVRCL SAI SUDHIR (JV)	51.00%
23	CR18G - IVRCL (JV)	30.00%
24	IVRCL - SUSHEE Joint Venture	51.00%

### 17. Related Party Disclosure

Information regarding Related Party Transactions as per Accounting Standard 18 as notified in the Companies (Accounting Standards) Rules, 2006 is given below:

#### 17.1 List of Related Parties and Relationships:

A Subsidiary {The ownership, directly or indirectly through subsidiary (ies)}			
SI No.	Name	SI No.	Name
1	IVRCL PSC Pipes Private Limited	47	IVR Prime Developers (Palakkad ) Private Limited
2	IVR Enviro Projects Private Limited	48	IVR Prime Developers ( Guindy ) Private Limited
3	IVRCL Assets & Holdings Limited	49	Gamaa Developers Private Limited
4	Hindusthan Dorr-Oliver Limited	50	Simhachalam Prime Developers Private Limited
5	Alkor Petroo Limited	51	Siripuram Developers Private Limited
6	IVRCL Steel Constructions & Services Limited	52	Kasibugga Developers Private Limited
7	Jalandhar Amritsar Tollways Limited	53	Vijayawada Developers Private Limited
8	Salem Tollways Limited	54	Eluru Developers Private Limited
9	Kumarapalyam Tollways Limited	55	IVR Prime Developers ( Nellore ) Private Limited
10	Chennai Water Desalination Limited	56	IVR Prime Developers ( Amalapuram ) Private Limited
11	First STP Private Limited	57	IVR Prime Developers ( Erode ) Private Limited
12	IVRCL Building Products Limited	58	IVR Prime Developers ( Guntur ) Private Limited
13	HDO (UK) Limited <i>(formerly IMCO (22010) Limited)</i>	59	IVR Prime Developers ( Kakinada ) Private Limited
14	Davymarkham Limited	60	IVR Prime Developers ( Araku ) Private Limited
15	IVRCL Indore Gujarat Tollways Limited	61	IVR Prime Developers ( Pudukkottai ) Private Limited
16	IVRCL Chengapalli Tollways Limited	62	Absorption Aircon Engineer Private Limited
17	IVRCL Holdings & Services Pte. Limited	63	IVR Prime Developers ( Vanaprastha ) Private Limited
18	SPB Developers Private Limited	64	IVR PUDL Resorts & Clubs Private Limited
19	Sion Panvel Tollways Private Limited	65	IVR Prime Developers (Thandiarpet ) Private Limited
20	IVR Hotels and Resorts Limited	66	IVR Prime Developers (Gummidipundy ) Private Ltd.,
21	Geo IVRCL Engineering Limited	67	IVR Prime Developers (Kodambakkam) Private Limited
22	IVRCL Mega Malls Limited	68	IVR Prime Developers (Arumbakkam ) Private Limited
23	HDO Technologies Limited	69	IVR Prime Developers (Anna Nagar ) Private Limited

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

SI No.	Name	SI No.	Name
24	IVRCL Patalaganga Truck Terminals Pvt. Limited	70	IVR Prime Developers (Pallavaram ) Private Limited
25	IVRCL Goa Tollways Limited	71	IVR Prime Developers (West Mambalam ) Private Ltd.,
26	IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	72	Bibinagar Developers Private Limited
27	IVRCL Chandrapur Tollways Limited	73	IVR Prime Developers (Anakapalle ) Private Limited
28	IVRCL International FZE	74	IVR Prime Developers (Rajampeta) Private Limited
29	Davymarkham (India) Private Limited	75	IVR Prime Developers (Tanuku) Private Limited
30	Agaram Developers Private Limited	76	IVR Prime Developers (Red Hills) Private Limited
31	Papankuzhi Developers Private Limited	77	IVR Prime Developers (Rajahmundry) Private Limited
32	Mummididi Developers Private Limited	78	IVR Prime Developers (Tuni) Private Limited
33	Samatteri Developers Private Limited	79	IVR Prime Developers (Bobbilli) Private Limited
34	Duvvda Developers Private Limited	80	IVR Prime Developers (Bhimavaram) Private Limited
35	Annupampattu Developers Private Limited	81	GSVK Manpower Supply & Services Private Limited (formerly IVR Prime Developers (Valasaravakkam) Private Ltd)
36	Kunnam Developers Private Limited	82	IVR Prime Developers (Adayar) Private Limited
37	Tirumani Developers Private Limited	83	IVR Prime Developers (Ananthapuram) Private Limited
38	Ilavampedu Developers Private Limited	84	IVR Prime Developers (Perumbalur) Private Limited
39	Haripuram Developers Private Limited	85	IVR Prime Developers (Egmore ) Private Limited
40	Chodavaram Developers Private Limited	86	IVR Prime Developers (Tambram) Private Limited
41	Vedurwada Developers Private Limited	87	IVR Prime Developers (Ashram) Private Limited
42	Rudravaram Developers Private Limited	88	IVR Prime Developers (Retiral Homes) Private Limited
43	Gajuwaka Developers Private Limited	89	IVR Prime Developers (Avadi) Private Limited
44	Geo Prime Developers Private Limited	90	IVR Prime Developers (Alwarpet) Private Limited
45	Theata Developers Private Limited	91	IVRCL Multilevel Car Parking Private Limited
46	IVR Prime Developers (Mylapore) Private Limited		
<b>B Associates (Where the Company Exercises Significant influence)</b>			
SI No.	Name	SI No.	Name
1	Viva Infrastructure Pvt. Limited	3	IVR Prime IT SEZ Private Limited
2	Paresh Infrastructures Private Limited	4	IVRCL International Infrastructures & Projects LLC
<b>C Joint Ventures</b>			
SI No.	Name	SI No.	Name
1	Bhanu - IVRCL Associates	13	IVRCL SEW & WPIL (JV) Hyderabad
2	IVRCL – Tantia (JV)	14	IVRCL – MBL (JV) Hyderabad
3	IVRCL, SEW & Prasad Hyderabad J.V	15	IVRCL BATPASCO WPIL & MHI (JV) Hyderabad
4	IVRCL, Navayuga & SEW Joint Venture	16	IVRCL BATPASCO ABB & AAG (JV) Hyderabad
5	Navayuga, IVRCL & SEW Joint Venture	17	IVRCL - CR18G Consortium (J.V)
6	IVRCL – Harsha (JV)	18	MEIL IVRCL HCC & WPIL (JV)
7	SPCL - IVRCL JV	19	IVRCL – KIPL (JV)
8	IVRCL - JL (JV)	20	IVRCL – RAJ (JV)
9	UAN Raju IVRCL Construction JV	21	UNITY – IVRCL Joint Venture
10	IVRCL KBL(JV) Hyderabad	22	IVRCL SAI SUDHIR (JV)
11	IVRCL KBL MEIL(JV) Hyderabad	23	CR18G - IVRCL (JV)
12	IVRCL CR28G (JV)	24	IVRCL - SUSHEE Joint Venture

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

### D Enterprises owned or significantly influenced by key management personnel or their relatives

SI No.	Name	SI No.	Name
1	S.V.Equities Limited	5	Eragam Finlease Limited
2	Palladium Infrastructures & Projects Limited	6	Indus Palms Hotels & Resorts Limited
3	Soma Hotels & Resorts Limited	7	A.P.Enercon Engineers Private Limited
4	Eragam Holdings Limited		

### E. Key Management Personnel

- |                          |  |
|--------------------------|--|
| 1. Mr. E. Sudhir Reddy   | Chairman & Managing Director             |
| 2. Mr. K. Ashok Reddy    | Executive Director                       |
| 3. Mr. R. Balarami Reddy | Executive Director - Finance & Group CFO |

### F. Relatives of Key Management Personnel

- |                           |  |
|---------------------------|--|
| 1. Mr. E. Ella Reddy      | Relative of Chairman & Managing Director             |
| 2. Mrs. E. Sujatha Reddy  | Relative of Chairman & Managing Director             |
| 3. Mrs. E. Indira Reddy   | Relative of Chairman & Managing Director             |
| 4. Mr. E. Siddhanth Reddy | Relative of Chairman & Managing Director             |
| 5. Mr. E. Sanjeeth Reddy  | Relative of Chairman & Managing Director             |
| 6. Mr. E. Sunil Reddy     | Relative of Chairman & Managing Director             |
| 7. Ms. E. Suha Reddy      | Relative of Director                                 |
| 8. Ms. E. Soma Reddy      | Relative of Director                                 |
| 9. Mrs. R. Vani           | Relative of Executive Director - Finance & Group CFO |

### 17.2 Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March 2011.

(Previous Year figures are given in brackets below the current year figures)

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
<b>Contract Revenue /Other Operational Income</b>			
IVRCL Assets & Holdings Limited	5,539.68 (781.59)		
Salem Tollways Limited	164.98 (3,029.96)		
Kumarapalyam Tollways Limited	46.41 (431.95)		
Jalandar Amritsar Tollways Limited	113.10 (1,080.24)		
IVRCL Chengapally Tollways Limited	1,367.40 (54.15)		
IVRCL Indore Gujarat Tollways Limited	3,292.88 (156.54)		
IVRCL, SEW & Prasad Hyderabad J.V		775.73 (1,228.76)	
IVRCL, Navayuga & SEW Joint Venture		144.38 (1,039.98)	
IVRCL - JL (JV)		618.66 (636.23)	
IVRCL BATPASCO ABB & AAG (JV) Hyderabad		844.03 (750.67)	



**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
IVRCL – KBL – MEIL (JV) Hyderabad		1,103.59 (1,471.10)	
IVRCL SAI SUDHIR (JV)		824.56 (786.76)	
IVRCL – KIPL (JV)		1,400.40 (500.75)	
IVRCL - CR18G Consortium (J.V)		911.79 (511.36)	
Palladium Infrastructures & Projects Limited			- (3.65)
Others	1,395.70 (635.38)	2,817.65 (2,827.63)	
<b>Total</b>	<b>11,920.15</b> <b>(6,169.81)</b>	<b>9,440.79</b> <b>(9,753.24)</b>	<b>-</b> <b>(3.65)</b>
<b>Dividend Income</b>			
Hindustan Dorr Oliver Limited	31.84 (19.83)		
<b>Total</b>	<b>31.84</b> <b>(19.83)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>
<b>Interest Income</b>			
IVRCL Assets & Holdings Limited	281.36 (261.72)		
Alkor Petroo Limited	88.92 (58.92)		
Salem Tollways Limited	- (41.48)		
UAN Raju IVRCL Construction JV		10.69 (13.62)	
Others	24.78 (23.33)		
<b>Total</b>	<b>395.06</b> <b>(385.45)</b>	<b>10.69</b> <b>(13.62)</b>	<b>-</b> <b>(-)</b>
<b>Rental Income</b>			
Hindustan Dorr Oliver Limited	1.90 (1.59)		
IVRCL Assets & Holdings Limited	5.59 (0.78)		
Others	0.14 (0.06)		
<b>Total</b>	<b>7.63</b> <b>(2.43)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
<b>Rental Expense</b>			
A.P Enercon Engineers Private Limited			11.39 (10.26)
Palladium Infrastructures & Projects Limited			- (0.44)
Indus Palms Hotels & Resorts Limited			- (1.41)
<b>Total</b>	<b>- (-)</b>	<b>- (-)</b>	<b>11.39 (12.11)</b>
<b>Sub-contractor's work bills</b>			
Hindustan Dorr Oliver Limited	30.69 (407.00)	-	-
IVRCL Assets & Holdings Limited	1,219.14 (448.49)		
IVRCL, SEW & Prasad Hyderabad J.V		36.64 (125.38)	
Navayuga, IVRCL & SEW Joint Venture		107.14 (553.21)	
IVRCL – KBL – MEIL (JV) Hyderabad		1,052.38 (1,391.49)	
IVRCL - CR18G (JV)		323.79 (482.09)	
IVRCL SAI SUDHIR (JV)		803.82 (766.70)	
MEIL IVRCL HCC & WPIL (JV)		469.88 (289.27)	
UNITY – IVRCL Joint Venture		424.27 (-)	
Palladium Infrastructures & Projects Limited			987.79 (889.99)
<b>Total</b>	<b>1,249.83 (855.49)</b>	<b>3,217.92 (3,608.14)</b>	<b>987.79 (889.99)</b>
<b>Purchase of Construction Material</b>			
Hindustan Dorr-Oliver Limited	23.70 (-)		
IVRCL Building Products Limited	3.04 (8.48)		
<b>Total</b>	<b>26.74 (8.48)</b>	<b>- (-)</b>	<b>- (-)</b>

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
<b>Interest on Mobilisation Advance</b>			
IVRCL, SEW & Prasad Hyderabad J.V		- (4.16)	
IVRCL, Navayuga & SEW Joint Venture		- (4.40)	
IVRCL BATPASCO WPIL & MHI (JV) Hyderabad		19.28 (19.28)	
CR18G - IVRCL (JV)		24.70 (15.76)	
IVRCL – KIPL (JV)		28.75 (25.44)	
Others		4.06 (21.28)	
<b>Total</b>	<b>- (-)</b>	<b>76.79 (90.32)</b>	<b>- (-)</b>
<b>Advances given</b>			
IVRCL Assets & Holdings Limited	169.43 (209.03)		
Hindustan Dorr Oliver Limited	83.21 (82.98)		
IVRCL Indore Gujarat Tollways Limited	97.78 (8.35)		
Bhanu IVRCL Associates		36.07 (36.07)	
IVRCL – KIPL (JV)		33.54 (-)	
UAN Raju IVRCL Construction JV		60.83 (124.23)	
IVRCL, SEW & Prasad Hyderabad J.V		42.43 (96.29)	
IVRCL, Navayuga & SEW Joint Venture		140.23 (98.72)	
IVRCL – Harsha (JV)		55.89 (56.51)	
IVRCL - CR18G (JV)		- (19.84)	
Paresh Infrastructures Private Limited			7.25 (7.25)
IVRCL International Infrastructures & Projects LLC			11.61 (-)
Others	70.99 (28.08)	68.74 (72.45)	
<b>Total</b>	<b>421.41 (328.43)</b>	<b>437.73 (504.11)</b>	<b>18.86 (7.25)</b>

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
<b><i>Advances received</i></b>			
IVRCL – KBL (JV) Hyderabad		99.50 (84.05)	
IVRCL – KBL – MEIL (JV) Hyderabad		68.45 (24.95)	
UNITY – IVRCL Joint Venture		369.10 (240.50)	
IVRCL SEW & WPIL (JV) Hyderabad		12.33 (42.82)	
Others		30.91 (5.19)	
<b>Total</b>	<b>- (-)</b>	<b>580.29 (397.51)</b>	<b>- (-)</b>
<b><i>Capital Advance</i></b>			
IVRCL Assets & Holdings Limited	- (150.20)		
<b>Total</b>	<b>- (150.20)</b>		
<b><i>Creditors for Construction Expenses</i></b>			
IVRCL Building Products Limited	3.75 (6.51)		
IVRCL Assets & Holdings Limited	899.08 (390.52)		
Others			
Hindustan Dorr Oliver Limited	87.34 (156.99)		
IVRCL, SEW & Prasad Hyderabad J.V		70.38 (74.44)	
Navayuga, IVRCL & SEW Joint Venture		40.61 (392.69)	
IVRCL – KBL – MEIL (JV) Hyderabad		444.21 (421.80)	
MEIL IVRCL HCC & WPIL (JV)		307.80 (154.78)	
IVRCL SAI SUDHIR (JV)		532.71 (751.37)	
Palladium Infrastructures & Projects Limited			971.61 (590.44)
Others			1.70 (5.31)
<b>Total</b>	<b>990.18 (554.02)</b>	<b>1,395.71 (1,795.08)</b>	<b>973.31 (595.75)</b>

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
<b>Purchase of Assets</b>			
Salem Tollways Limited	- (62.23)		
Kumarapalyam Tollways Limited	- (25.43)		
UAN Raju - IVRCL Construction JV		- (19.56)	
<b>Total</b>	<b>- (87.66)</b>	<b>- (19.56)</b>	<b>- (-)</b>
<b>Provision for Doubtful Advance</b>			
Bhanu IVRCL Associates		36.07 (36.07)	
<b>Total</b>	<b>- (-)</b>	<b>36.07 (36.07)</b>	<b>- (-)</b>
<b>Sundry Debtors</b>			
IVRCL Assets & Holdings Limited	926.98 (669.30)		
Hindustan Dorr-Oliver Limited	267.35 (95.81)		
IVRCL Chengapally Tollways Limited	255.72 (-)		
IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	241.33 (-)		
Jalandhar Amritsar Tollways Limited	- (190.32)		
Kumarapalyam Tollways Limited	- (113.70)		
Salem Tollways Limited	- (488.92)		
IVRCL, SEW & Prasad Hyderabad J.V		355.31 (512.01)	
IVRCL, Navayuga & SEW Joint Venture		199.97 (370.34)	
IVRCL BATPASCO ABB & AAG (JV) Hyderabad		246.93 (312.33)	
CR18G - IVRCL (JV)		250.93 (-)	
IVRCL – KIPL (JV)		259.37 (-)	
IVRCL - KBL - MEIL (JV) Hyderabad		174.25 (419.79)	
IVRCL – KBL (JV) Hyderabad		159.19 (324.89)	

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
IVRCL SAI SUDHIR (JV)		604.40 (786.76)	
MEIL IVRCL HCC & WPIL (JV)		345.10 (138.35)	
Others	175.58 (-)	605.59 (660.51)	
<b>Total</b>	<b>1,866.96</b> <b>(1,558.05)</b>	<b>3,201.04</b> <b>(3,524.98)</b>	- (-)
<b>Mobilisation Advance</b>			
SPB Developers Limited	551.69 (551.69)		
IVRCL Indore Gujarat Tollways Limited	142.59 (952.50)		
IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	55.87 (119.97)		
IVRCL, SEW & Prasad Hyderabad J.V		104.74 (42.79)	
IVRCL – MBL (JV) Hyderabad		296.15 (321.76)	
CR18G - IVRCL (JV)		230.49 (139.32)	
IVRCL – KIPL (JV)		71.06 (328.77)	
IVRCL BATPASCO WPIL & MHI (JV) Hyderabad		157.07 (54.19)	
Others	7.50 (-)	9.80 -	
<b>Total</b>	<b>757.65</b> <b>(1,624.16)</b>	<b>869.31</b> <b>(886.83)</b>	- (-)
<b>Retention Money Receivable</b>			
IVRCL Assets & Holdings Limited	230.55 (7.73)		
Hindustan Dorr Oliver Limited	38.34 (8.50)		
IVRCL, SEW & Prasad Hyderabad J.V		283.68 (242.94)	
IVRCL, Navayuga & SEW Joint Venture		126.34 (138.30)	
IVRCL - JL (JV)		191.30 (209.89)	
IVRCL – KBL (JV) Hyderabad		93.16 (96.58)	

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
IVRCL – KBL – MEIL (JV) Hyderabad		228.79 (230.52)	
IVRCL – KIPL (JV)		213.64 (49.60)	
Others	20.75 (-)	450.98 (266.06)	
<b>Total</b>	<b>289.64</b> <b>(16.23)</b>	<b>1,587.89</b> <b>(1,233.89)</b>	<b>-</b> <b>(-)</b>
<b>Retention Money Payable</b>			
IVRCL Assets & Holdings Limited	58.39 (9.00)		
Hindustan Dorr Oliver Limited	95.70 (92.10)		
IVRCL, SEW & Prasad Hyderabad J.V		79.95 (81.09)	
IVRCL – KBL – MEIL (JV) Hyderabad		229.13 (231.37)	
MEIL IVRCL HCC & WPIL (JV)		68.32 (30.76)	
IVRCL SAI SUDHIR (JV)		51.90 (-)	
Palladium Infrastructures & Projects Limited			39.82 (77.24)
Others		40.69 (34.46)	
<b>Total</b>	<b>154.09</b> <b>(101.10)</b>	<b>469.99</b> <b>(377.68)</b>	<b>39.82</b> <b>(77.24)</b>
<b>Rent Deposit</b>			
Palladium Infrastructures & Projects Limited			0.44 (0.44)
Indus Palms Hotels & Resorts Limited			2.64 (2.64)
A.P. Enercon Engineers Private Limited			2.58 (2.58)
<b>Total</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>	<b>5.66</b> <b>(5.66)</b>
<b>Loans given</b>			
IVRCL Assets & Holdings Limited	3,874.53 (1,653.85)		
Alkor Petroo Limited	835.37 (604.69)		



## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

(₹ in million)

	Subsidiary Companies	Joint Ventures	Associate Companies & Others
Others	283.51 (223.50)		
<b>Total</b>	<b>4,993.41</b> (2,482.04)	- (-)	- (-)
<b>Investment in Equity Shares</b>			
IVRCL Assets & Holdings Limited	- (4,521.03)		
Hindustan Dorr Oliver Limited	- (15.37)		
Alkor Petroo Limited	70.10 (-)		
IVRCL International Infrastructures & Projects LLC			0.91 (-)
Others	7.49 (1.00)		
<b>Total</b>	<b>77.59</b> (4,537.40)	- (-)	<b>0.91</b> (-)
<b>Investment in Preference Shares</b>			
Salem Tollways Limited	- (500.00)		
<b>Total</b>	- (500.00)	- (-)	- (-)
<b>Sale of Investments</b>			
Alkor Petroo Limited	- (70.10)		
<b>Total</b>	- (70.10)	- (-)	- (-)
<b>Corporate Guarantees provided</b>			
Salem Tollways Limited	- (55.00)		
Alkor Petroo Limited	2,000.00 (2,000.00)		
IVRCL Assets & Holdings Limited	4,000.00 (3,000.00)		
IVRCL Indore Gujarat Tollways Limited	587.50 (-)		
<b>Total</b>	<b>6,587.50</b> (5,055.00)	- (-)	- (-)

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**
**17.3 Transactions with Key Management Personnel / Relatives**

(₹ in million)

Key Management Personnel / Relatives	Designation	Remuneration	Dividend	Office Rent	Rent Deposit
i) Mr. E. Sudhir Reddy	Chairman & Managing Director	137.07 (181.82)	8.40 (7.34)	1.53 (0.93)	0.50 (0.50)
ii) Mr. E. Sunil Reddy	Director	- (-)	2.01 (1.76)	1.53 (0.93)	0.50 (0.50)
iii) Mr. K. Ashok Reddy	Executive Director	5.40 (4.27)	0.03 (0.03)	- (-)	- (-)
iv) Mr. R. Balarami Reddy	Executive Director - Finance & Group CFO	5.45 (4.31)	0.02 (0.03)	- (-)	- (-)
v) Mr. E. Ella Reddy	Director	- (-)	- (-)	1.29 (1.29)	- (-)
vi) Relatives		- (-)	3.68 (3.24)	1.29 (1.29)	- (-)
<b>Total</b>		<b>147.92</b> <b>(190.40)</b>	<b>14.14</b> <b>(12.40)</b>	<b>5.64</b> <b>(4.44)</b>	<b>1.00</b> <b>(1.00)</b>

**18. Disclosure as per clause 32 of the Listing Agreement**

Loans and Advances in the nature of Loans given to Subsidiaries:

(₹ in million)

Name of the Subsidiary	Balance as on 31.03.2011	Balance as on 31.03.2010	Maximum Outstanding 2010-11	Maximum Outstanding 2009-10
IVRCL Assets & Holdings Limited	3,874.53	1,653.85	5,194.53	2,622.00
Alkor Petroo Limited	835.37	604.69	835.37	604.69
IVRCL Building Products Limited	199.99	223.50	226.80	223.50
IVRCL Patalaganga Trucks Terminal Private Limited	83.52	-	83.52	-

**Notes:**

- Loans shown above are repayable as stipulated in the repayment schedule except for IVRCL Patalaganga Trucks Terminal Private Limited.
- Above Loans are interest bearing except loan given to IVRCL Patalaganga Trucks Terminal Private Limited.
- None of the loanees have made investments in shares of the Company.

**19. Employee Benefit Plan**
**a) Gratuity Plan**

(₹ in million)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Components of Employer Expenses</b>					
Current service cost	24.41	20.94	13.85	8.89	5.03
Interest cost	9.43	7.44	4.55	2.00	1.13
Expected return on plan assets	(7.18)	(4.96)	(3.30)	(0.37)	-
Net Actuarial (Gain) / Loss to be recognized	(5.76)	(0.69)	16.91	10.76	3.75
Total expense recognised in the Statement of Profit and Loss Account	20.90	22.73	32.01	21.28	9.91
<b>Actual Contribution &amp; Benefit Payments</b>					
Actual Benefit Payments	(5.19)	(3.03)	(4.46)	(1.41)	(1.06)
Actual Contribution	28.97	23.75	19.21	8.89	5.62

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Net Asset / (Liability) recognized in Balance Sheet</b>					
Liability at the end of the year	120.65	98.64	75.02	45.21	24.97
Fair value of plan assets at the end of the year	96.06	65.98	41.34	24.33	4.61
Net Asset/ (Liability) recognised in the Balance Sheet	(24.59)	(32.66)	(33.68)	(20.88)	(20.36)
<b>Change in Defined Benefit Obligations (DBO)</b>					
Present Value of DBO at Beginning of Year	98.64	75.02	45.21	24.97	16.06
Interest Cost	9.43	7.44	4.55	2.00	1.13
Current Service Cost	24.41	20.94	13.85	8.89	5.03
Benefits Paid	(5.19)	(3.03)	(4.46)	(1.41)	(1.06)
Actuarial (Gain) / Loss on obligations	(6.64)	(1.73)	15.87	10.76	3.81
Present Value of DBO at the End of Year	120.65	98.64	75.02	45.21	24.97
<b>Change in Fair Value of Plan Assets during the year</b>					
Planned assets at Beginning of the year	65.98	41.35	24.34	4.62	-
Expected return on planned assets	7.18	4.96	3.30	0.37	-
Contributions	28.97	23.75	19.21	20.75	5.62
Benefit paid	(5.19)	(3.03)	(4.46)	(1.41)	(1.06)
Actuarial Gain / (Loss) on plan assets	(0.88)	(1.05)	(1.04)	0.01	0.06
Fair value of plan assets at the end of the year	96.06	65.98	41.35	24.34	4.62
<b>Defined benefit plan – Gratuity Assumptions</b>					
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
Rate of return on plan assets	8.25%	8.00%	8.00%	8.00%	8.00%

**Note:** In accordance with the payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The invested return earned on the policy comprises bonus declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The management understands that LIC's overall portfolio assets is well diversified and as such, the long term return of the policy is expected to be higher than the rate of return on Central Government Bonds.

- b) The expense pertaining to gratuity of ₹ 20.90 million (₹ 22.73 million) has been considered in "Contribution to Provident, Superannuation and Other Funds" under Schedule 17.

### 20. Segment Reporting

#### a) Business Segment

The Company has considered "Engineering & Construction" as one business segment for disclosure in the context of Accounting Standard 17 as notified in the Companies (Accounting Standards) Rules, 2006. The Company is engaged in the business of Engineering & Construction segment only for the year under report.

#### b) Geographical Segment

During the year under report, the Company has engaged in its business primarily within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

### 21. Employee Share based Plan – ESOP 2007 Scheme

The IVRCL – ESOP 2007 Scheme approved by the shareholders in the 20<sup>th</sup> Annual General Meeting held on September 7, 2007 to grant 4,200,000 options, convertible in to 4,200,000 shares of ₹ 2 on exercise of options granted to the employees. The Company is yet to grant these options to the employees.

### 22. Derivative Instruments

a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	US Dollar Equivalent (million)	INR Equivalent (million)	US Dollar Equivalent (million)	INR Equivalent (million)
	2010 - 11		2009 - 10	
Amount payable in foreign currency : Foreign Currency Convertible Bonds	-	-	7.60	341.21

b) The year end foreign currency exposures that have been hedged by a derivative instrument or otherwise are given below:

Particulars	US Dollar Equivalent (million)	INR Equivalent (million)	US Dollar Equivalent (million)	INR Equivalent (million)
	2010 - 11		2009 - 10	
Amount payable in foreign currency : External Commercial Borrowings	12.50	571.63	-	-

23. The net loss from derivative transaction in steel and crude oil of ₹ Nil (₹ 3.15 million) have been charged to the Profit and Loss Account under the head Administrative and Other Expenses.

24. Sundry Debtors includes claims aggregating to ₹ 347.02 million (₹ 347.02 million) 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 realisable based on favorable developments arising out of continuous contract management steps taken by the Company.

Sundry Debtors considered good include claims aggregating to ₹ 285.08 million (₹ 291.36 million) under arbitration relating to certain projects. The management is of the view that these claims are fully recoverable.

25. Capital Work-in-Progress includes assets held for sale of ₹ Nil (₹ 150.20 million). During the year, the Company has decided to utilize these assets for business purposes and accordingly capitalized the acquisition value of ₹ 150.20 million under buildings.

26. Sale of Products include ₹ Nil (₹ 1,060.15 million) being sale of project stores and consumables to sub-contractors.

27. The Company holds 240,000 equity shares of ₹ 100 each amounting to ₹ 24.00 million in Telcon Ecoroad Resurfaces Private Limited.

A scheme of arrangement has been entered into between Telcon Ecoroad Resurfaces Private Limited and Telco Construction Equipment Company Limited for transfer and vesting of 'Road Laying Business' operations across India of Telcon Ecoroad Resurfaces Private Limited to Telco Construction Equipment Company Limited pursuant to sections 391 to 394 of the Companies Act, 1956.

The scheme of arrangement has been filed with the Hon'ble High Court of Karnataka and the approval from the court is pending.

28. During the year, the Company has purchased equity shares of Alkor Petroo Limited and IVRCL Building Products Limited from its subsidiary, IVRCL Assets & Holdings Limited. As a result of which the above said Companies have become direct subsidiaries of the Company.

## Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account

29. Other Current Assets include claims filed by the Company with Director General of Foreign Trade aggregating to ₹ 283.73 million (₹ 215.91 million) towards reimbursement of duty paid under the Deemed Exports Scheme.
30. Details of capacities and production, sales, raw materials consumed and finished goods at Transmission Line Tower (TLT) Factory:

### Capacities and Production

Class of Goods	Licensed Capacity	Installed Capacity	Actual Production	
	MT	MT	2010-11	2009-10
Galvanised steel structures	24,000	24,000	16,318.82	11,087.31

### Sales

Class of Goods	Quantity	Value	Quantity	Value
	MT	(₹ in million)	MT	(₹ in million)
	2010 - 11		2009 - 10	
Galvanised Steel structures {excluding captive consumption of MT 7,904.16 (MT 4,292.55) }	8,222.69	459.31	6,079.91	314.94
<b>Total</b>		<b>459.31</b>		<b>314.94</b>

### Raw Materials Consumed

Class of Goods	Quantity	Value	Quantity	Value
	MT	(₹ in million)	MT	(₹ in million)
	2010 - 11		2009 - 10	
Steel	17,077.40	630.28	11,541.37	364.43
Zinc	665.43	79.86	497.36	57.63
Chemicals / Consumable Stores		57.53		22.23
<b>Total</b>		<b>767.67</b>		<b>444.29</b>

### Break-up of Imported and Indigenous Raw Materials

Particulars	2010-11		2009-10	
	(₹ in million)	%	(₹ in million)	%
Imported	-	-	-	-
Indigenous	767.67	100	444.29	100
<b>Total</b>	<b>767.67</b>	<b>100</b>	<b>444.29</b>	<b>100</b>

### Inventories

Class of Goods	Quantity	Value	Quantity	Value
	MT	(₹ in million)	MT	(₹ in million)
	2010 - 11		2009 - 10	
<b>Galvanised steel structures</b>				
Opening Stock	1,856.61	94.73	1,141.76	63.63
Closing Stock	2,048.56	106.45	1,856.61	94.73

**Schedule - 19 : Notes on Balance Sheet and Profit and Loss Account**
**31. Details of purchase, sale and stock of project stores, consumables and construction equipments**

Class of Goods	Unit	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
			(₹ in million)		(₹ in million)		(₹ in million)		(₹ in million)
		Opening Stock		Purchase		Sales		Closing Stock	
Steel	MT	-	-	-	-	-	-	-	-
		(-)	(-)	(22,526)	(295.40)	(22,526)	(295.40)	(-)	(-)
Cement	MT	-	-	-	-	-	-	-	-
		(-)	(-)	(53,123)	(201.82)	(53,123)	(201.82)	(-)	(-)
Oil & Lubricants	LTRS	-	-	-	-	-	-	-	-
		(-)	(-)	(7,676,998)	(277.10)	(7,676,998)	(277.10)	(-)	(-)
Hot Mix Plant	NOs	-	-	3	51.67	3	54.49	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Electronic Sensor Paver	NOs	-	-	2	22.00	2	22.16	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Lining Materials & Accessories		-	-	118	4.72	118	4.87	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others		-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(285.83)	(-)	(285.83)	(-)	(-)

Signatures to Schedules '1' to '19' forming part of the financial statements.

**for and on behalf of the Board**

**E.Sudhir Reddy**  
Chairman &  
Managing Director

**R.Balarami Reddy**  
Executive Director -  
Finance & Group CFO

**B.Subrahmanyam**  
Company Secretary

Place : Hyderabad  
Date : May 28, 2011

## AUDITORS' REPORT

### The Board of Directors

#### IVRCL Limited (formerly IVRCL Infrastructures & Projects Limited)

1. We have audited the attached Consolidated Balance Sheet of **IVRCL Limited (formerly IVRCL Infrastructures & Projects Limited)** ('the Company'), its subsidiaries and an associate (collectively, 'the Group'), as at March 31, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by management on the basis of separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) We did not audit the financial statements of certain subsidiaries, whose audited financial statements reflect total assets of ₹ 33,462.81 million as at March 31, 2011, total revenue of ₹ 804.73 million and cash flows amounting to Rs. 229.40 million for the year then ended. These financial statements have been audited by others on which, we has placed reliance for the purpose of this report.  
b) As stated in Note B-3(ii) of Schedule 19, in case of certain associates, the financial statements as on March 31, 2011 are not available. The investment in these associates valued at ₹ 1.56 million in the financial statements of the Company, have not been adjusted in the Consolidated Financial Statements in the absence of their financial statements as at March 31, 2011.  
c) As stated in Note B -3(ii) of Schedule 19, in case of certain Joint Venture Entities, the financial statements as at March 31, 2011 are not available. The investment in Joint Venture Entities valued at ₹ 0.21 million in the financial statements of the Company, have not been adjusted in the Consolidated Financial Statements in the absence of their financial statements as at March 31, 2011.  
d) We did not audit the financial statements of an associate, whose financial statements reflect loss of ₹ 0.93 million (Previous year: ₹ Nil) for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. *The accompanying Consolidated Financial Statements include certain subsidiaries consolidated on the basis of Management certified accounts, as detailed in Note B-3(i) of the Schedule 19 of the financial statements, which reflect total assets of ₹ 8,103.10 million as at March 31, 2011, total revenue of ₹ 2,853.22 million and net cash flows amounting to ₹ 348.65 million for the year then ended. Further, as stated in Note B-8(e) of Schedule 19, these subsidiaries include certain foreign subsidiary, accounts of which have been prepared on going concern basis, based on the reasons stated therein by the management of the Company. The accompanying consolidated financial statements do not include adjustments if any, that may have been required had the financial statements of this entity been audited.*
5. *As more fully discussed in Note B 8(d) of the Schedule 19 of the Consolidated Financial Statements, IVRCL Assets & Holdings Limited, one of the subsidiary of the Group, has invested ₹ 12,521.66 million in the net assets (including goodwill of ₹ 6,912.39 million accounted for on consolidation of IVRCL Assets & Holdings Limited) of three of its subsidiaries, engaged in Road BOT (Build Operate Transfer) projects. These subsidiaries had been acquired through a scheme of amalgamation at fair values, determined based on the future projected cash flows of toll collections. Toll collections of these subsidiaries of the current year are substantially lower than the above projected cash flows. Management believes that the reduction in toll collections is temporary and accordingly no provision in respect of impairment in the value of the aforesaid net assets is necessary. However, having regard to the uncertainty in achieving the future cash flows, the auditors IVRCL Assets & Holdings Limited have reported that they are unable to comment on the carrying value of the aforesaid net assets of these three subsidiaries and consequential effects, if any, on the accompanying financial statements.*
6. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements', Accounting Standards (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to our comments in paragraphs 4 and 5 above, the impact of which is presently not ascertainable*, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
  - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**for Chaturvedi & Partners**

Firm registration number: 307068E

Chartered Accountants

**R. N. Chaturvedi**

Partner

Membership No.: 92087

Place: Hyderabad

Date : May 28, 2011



**Consolidated Balance Sheet as at March 31, 2011**

(₹ in million)

	Schedules/ Notes		As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Capital	1	534.02	534.02	
Stock Options	Note B - 12 of Sch-19	20.92	3.61	
Reserves and Surplus	2	26,756.22	26,372.01	
Minority Interest			27,311.16	26,909.64
			6,466.94	5,623.63
<b>Loan Funds</b>				
Secured Loans	3	36,985.01	29,618.99	
Unsecured Loans	4	6,063.32	3,445.18	
Deferred Tax Liability (Net)	Note B - 9 of Sch-19		43,048.33	33,064.17
			114.78	3.28
			<b>76,941.21</b>	<b>65,600.72</b>
<b>APPLICATION OF FUNDS</b>				
Goodwill on Consolidation			748.80	1,129.45
<b>Fixed Assets</b>				
Gross Block	5	32,208.75	13,729.67	
Less: Depreciation		4,112.70	2,484.96	
Net Block		28,096.05	11,244.71	
Capital work-in-progress		8,414.87	15,758.82	
Investments	6		36,510.92	27,003.53
			1,096.07	41.28
<b>Current Assets, Loans and Advances</b>				
Inventories	7	18,823.29	17,814.80	
Sundry Debtors	8	21,667.06	19,946.91	
Cash and Bank Balances	9	2,492.59	2,521.07	
Other Current Assets	10	25,145.82	20,618.35	
Loans and Advances	11	6,906.01	6,908.03	
		75,034.77	67,809.16	
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	12	35,864.34	29,885.88	
Provisions	13	585.01	496.82	
		36,449.35	30,382.70	
<b>Net Current Assets</b>			38,585.42	37,426.46
			<b>76,941.21</b>	<b>65,600.72</b>
Accounting Policies and Notes on Accounts	19			

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

**for Chaturvedi & Partners**  
 Chartered Accountants

**for and on behalf of the Board**
**R. N. Chaturvedi**  
 Partner

**E. Sudhir Reddy**  
 Chairman &  
 Managing Director

**R. Balarami Reddy**  
 Executive Director -  
 Finance & Group CFO

**B. Subrahmanyam**  
 Company Secretary

 Place : Hyderabad  
 Date : May 28, 2011

## Consolidated Profit and Loss Account for the Year ended March 31, 2011

(₹ in million)

	Schedules / Notes		Year ended 31.03.2011		Year ended 31.03.2010
<b>Income</b>					
Income from Operations	14		68,563.34		58,420.47
Less : Excise Duty			186.96		102.33
Net Income from Operations			<b>68,376.38</b>		<b>58,318.14</b>
Other Income	15		171.75		203.22
			<b>68,548.13</b>		<b>58,521.36</b>
<b>Expenditure</b>					
Construction and Manufacturing Expenses {includes credits of ₹ 400.26 million relating to prior years}	16		55,871.41		47,473.02
Administration and Other Expenses	17		5,130.52		4,255.76
Interest and Financial Charges	18		4,210.43		2,198.73
Depreciation / Amortisation		1,905.47		803.25	
Less: Transferred to Revaluation Reserve		0.58	1,904.89	0.66	802.59
Prior Period Items			-		9.87
			<b>67,117.25</b>		<b>54,739.97</b>
<b>Profit Before Tax</b>			<b>1,430.88</b>		<b>3,781.39</b>
Add/(Less):Unrealised profit/(loss) from intra group transactions			-		(0.47)
Provision for Taxation:					
Current Tax			1,022.31		1,456.04
Deferred Tax			114.02		(18.52)
<b>Profit Before earlier year's Tax and Minority Interest</b>			<b>294.55</b>		<b>2,343.40</b>
Less : Earlier Year's Tax			-		1,409.03
<b>Profit Before After earlier year's Tax and before Minority Interest</b>			<b>294.55</b>		<b>934.37</b>
Add : Transfer from Special Reserve			-		1,411.00
<b>Profit After Tax and before Minority Interest</b>			<b>294.55</b>		<b>2,345.37</b>
Share of loss from Associate			0.93		-
Add / (less) Minority Interest			212.35		(189.82)
<b>Profit After Tax and Minority Interest</b>			<b>505.97</b>		<b>2,155.55</b>
Balance brought forward from Previous Year		4,459.89		3,767.62	
Less : Preacquisition Profit		-		416.08	
Add : Adjustment on amalgamation of IVR Strategic Resources & Services Limited and IVRCL Water Infrastructure Limited with IVRCL Assets & Holdings Limited		-		156.20	
			4,459.89		3,507.74
<b>Available for appropriation</b>			<b>4,965.86</b>		<b>5,663.29</b>
<b>Appropriations</b>					
Proposed Dividend			160.21		213.61
Corporate Dividend Tax					
Current Year			25.99		36.30
Earlier year's provision no longer required			(3.37)		-
Transfer to General Reserve			400.00		638.20
Transfer to Debenture Redemption Reserve			147.21		315.29
<b>Balance carried to Balance Sheet</b>			<b>4,235.82</b>		<b>4,459.89</b>
<b>Earnings per share of face value ₹ 2 each</b>					
Basic EPS before earlier years' tax (₹)	Note-B-10 of Sch-19		<b>1.89</b>		<b>8.07</b>
Basic EPS after earlier years' tax (₹)			<b>1.89</b>		<b>2.80</b>
Diluted EPS before earlier years' tax (₹)			<b>1.89</b>		<b>7.88</b>
Diluted EPS after earlier years' tax (₹)			<b>1.89</b>		<b>2.66</b>
Accounting Policies and Notes on Accounts	19				

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

**for Chaturvedi & Partners**  
 Chartered Accountants

**for and on behalf of the Board**
**R. N. Chaturvedi**  
 Partner

**E. Sudhir Reddy**  
 Chairman &  
 Managing Director

**R. Balarami Reddy**  
 Executive Director -  
 Finance & Group CFO

**B. Subrahmanyam**  
 Company Secretary

 Place : Hyderabad  
 Date : May 28, 2011

**Consolidated Cash Flow Statement for the Year ended March 31, 2011**

(₹ in million)

		Year ended 31.03.2011		Year ended 31.03.2010
<b>A. Cash flow from operating activities</b>				
<b>Profit Before Tax and Extraordinary Items</b>		<b>1,430.88</b>		<b>3,780.92</b>
Adjustment for:				
Depreciation	1,904.89		802.59	
(Profit) / Loss on sale of fixed assets	(28.47)		20.08	
Employees Compensation expenses under ESOP	17.31		3.61	
Dividend Income from Long Terms Investments	(0.21)		(0.15)	
Provision for doubtful amounts & bad debts written off	421.63		428.53	
Liabilities no longer required written back	(40.95)		(54.38)	
Loss/(Gain) on Foreign exchange translation	58.35		(16.94)	
Interest income	(82.11)		(154.11)	
Interest expense	3,921.50	6,171.94	2,136.70	3,165.93
<b>Operating Profit before working capital changes</b>		<b>7,602.82</b>		<b>6,946.85</b>
Increase in Inventories	(1,310.92)		(1,178.42)	
Increase in Debtors	(2,046.21)		(4,723.52)	
Increase in Other Current Assets	(4,517.60)		(4,430.95)	
(Increase)/Decrease in Loans and Advances	880.35		(1,056.43)	
Increase in Current Liabilities	6,244.22	(750.16)	5,507.81	(5,881.51)
<b>Cash generated from operations</b>		<b>6,852.66</b>		<b>1,065.34</b>
Direct taxes paid		(2,172.96)		(1,605.30)
<b>Net Cash generated from/(used in) operations</b>		<b>4,679.70</b>		<b>(539.96)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets	(10,757.34)		(5,917.18)	
Sale of Fixed Assets	235.17		168.29	
Purchase of Investments				
- in Associates	(750.91)		-	
- in Other Companies	(131.05)		(0.19)	
Purchase of interest in subsidiaries (net)	454.68		(589.70)	
(Investments in)/withdrawal of Bank Fixed Deposits (Net)	(26.43)		1,325.55	
Dividend received from long tem Investments	0.21		0.15	
Interest Received	75.23		181.09	
<b>Net cash used in investing activities</b>		<b>(10,900.44)</b>		<b>(4,831.99)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from Non-Convertible Debentures	1,000.00		2,550.00	
Repayment of Non-Convertible Debentures	(150.00)		-	
Capital Grant Received	84.86		1,129.54	
Proceeds from Securities Premium	874.13		-	

## Consolidated Cash Flow Statement for the Year ended March 31, 2011

(₹ in million)

		Year ended 31.03.2011		Year ended 31.03.2010
Proceeds from Long Term Borrowings (net of repayments)	3,663.51		3,780.97	
Proceeds from ShortTerm Borrowings (net of repayments)	5,470.25		1,781.72	
Interest and Finance Charges Paid	(4,529.31)		(3,210.14)	
Dividends paid (including dividend distribution tax)	(245.55)		(214.64)	
<b>Net cash generated from financing activities</b>		<b>6,167.89</b>		<b>5,817.45</b>
Net (decrease)/increase in cash and cash equivalents(A+B+C)		(52.85)		445.50
Cash and cash equivalents at the beginning of the year		2,194.79		1,749.37
Foreign Exchange Translation adjustment		(2.05)		(0.08)
<b>Cash and cash equivalents at the end of the year</b>		<b>2,139.89</b>		<b>2,194.79</b>

### Notes :

1. Cash and Cash equivalents includes:

		As at 31.03.2011		As at 31.03.2010
a) Cash and Cheques on Hand		22.52		26.42
b) Balances with Scheduled Banks				
1. In Current Accounts		1,721.81		1,689.08
2. In Fixed Deposit Accounts				
- Margin Money	15.33		14.92	
- Others	732.87		790.63	
		748.20		805.55
c) Balances with Non-Scheduled Banks				
In Current Accounts		0.06		0.02
<b>Cash and Bank Balance</b>		<b>2,492.59</b>		<b>2,521.07</b>
Less : Fixed Deposits with maturity more than 3 months		352.70		326.28
		<b>2,139.89</b>		<b>2,194.79</b>

- Bank balance includes restricted amount of ₹ 5.05 million (₹ 4.07 million) towards unclaimed dividend.
- During the previous year, the IVRCL Assets & Holdings Limited has undertaken a scheme of amalgamation with erstwhile IVR Strategic Resources & Services Limited and erstwhile IVRCL Water Infrastructures Limited (erstwhile, wholly owned subsidiaries of the Company). The scheme was sanctioned by the Hon'ble High Court of Judicature at Hyderabad vide its Order date February 26,2010.
- The Cash flow statement is prepared under 'indirect method' as set out in Accounting Standard - 3 on Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped, wherever necessary.

In terms of our report attached

**for Chaturvedi & Partners**

Chartered Accountants

**for and on behalf of the Board**
**R. N. Chaturvedi**  
 Partner

**E. Sudhir Reddy**  
 Chairman &  
 Managing Director

**R. Balarami Reddy**  
 Executive Director -  
 Finance & Group CFO

**B. Subrahmanyam**  
 Company Secretary

 Place : Hyderabad  
 Date : May 28, 2011

**Schedules forming part of the Consolidated Balance Sheet**

(₹ in million)

		As at 31.03.2011		As at 31.03.2010
<b>Schedule - 1</b>				
<b>Capital</b>				
<b>Authorised</b>				
275,000,000 (275,000,000 ) Equity shares of ₹ 2 each		550.00		550.00
25,000,000 (25,000,000) Preference shares of ₹ 2 each		50.00		50.00
		<b>600.00</b>		<b>600.00</b>
<b>Issued, Subscribed and Paid up</b>				
267,009,858 (267,009,858 ) Equity shares of ₹ 2 each fully paid up		534.02		534.02
{Of the above, following were allotted as fully paid bonus shares}				
a) {18,660,500 shares of ₹ 2 each (in 1999-2000) represents after subdivision of 3,732,100 shares of the face value of ₹ 10 each by utilisation of ₹ 37.32 million from General Reserve}				
b) {133,504,929 shares of ₹ 2 each (in 2009-2010) by utilising ₹ 267.01 million from General Reserve}				
		<b>534.02</b>		<b>534.02</b>
<b>Schedule - 2</b>				
<b>Reserves and Surplus</b>				
Capital Reserve - At the commencement of the year	4,056.29		1.22	
Add/ (Less): Adjustment on account of Consolidation / Addition on account of Amalgamation*	(239.29)	3,817.00	4,055.07	4,056.29
Securities Premium Account – At the Commencement of the year	13,208.65		15,447.34	
Add: Addition during the year on account of issue of shares by Subsidiary	1,047.69		1,327.43	
Less: Amount utilised for issue of fully paid-up bonus shares by Subsidiary@	(467.97)		-	
Less: Adjustment on account of Consolidation / Amalgamation *	(231.20)		(3,529.63)	
Less: Adjustment /Provision towards redemption premium on FCCB of US \$ 7.60 million (US \$ 7.60 million) and share issue expenses {Refer Note B - 7 of Schedule 19 }	(67.46)	13,489.71	(36.49)	13,208.65
Revaluation Reserve - At the commencement of the year	142.97		142.76	
Add: Adjustment on account of Consolidation during the year	-		0.87	
Less: Depreciation on revalued portion of assets / Adjustment of Sale of Fixed Assets	(20.36)	122.61	(0.66)	142.97
General Reserve - At the commencement of the year	3,181.09		2,865.33	
Add: Transfer from Profit and Loss Account	400.00		638.20	
Less: Adjustment on account of Consolidation during the year *	(43.16)		(55.43)	
Less: Amount utilised for issue of fully paid-up bonus shares	-	3,537.93	(267.01)	3,181.09
Government Grant		992.78		907.91
Special Reserve - At the commencement of the year	-		1,411.00	
Less: Transfer to Profit and Loss Account	-	-	(1,411.00)	-
Debenture Redemption Reserve - At the commencement of the year	415.29		100.00	
Add: Transfer from Profit and Loss Account	147.21	562.50	315.29	415.29
Foreign Exchange Translation Reserve		(2.13)		(0.08)
Profit and Loss Account		4,235.82		4,459.89
		<b>26,756.22</b>		<b>26,372.01</b>

\* Adjustment on consolidation is on account of dilution in the share holding

@ Issue of Bonus shares has been adjusted from post acquisition reserves

## Schedules forming part of the Consolidated Balance Sheet

(₹ in million)

		As at 31.03.2011		As at 31.03.2010
<b>Schedule - 3</b>				
<b>Secured Loans</b>				
<b>Debentures</b>				
{Refer Note B - 5(a) of Schedule 19}				
12.15% Redeemable, Non-Convertible Debentures	2,000.00		2,000.00	
8.85% Redeemable, Non-Convertible Debentures	1,050.00		1,050.00	
9.50% Redeemable, Non-Convertible Debentures	1,500.00		1,500.00	
		4,550.00		4,550.00
<b>Term Loans</b>				
- From Banks	15,119.04		11,275.67	
- From Financial Institutions	3,634.25		3,873.76	
<b>Earth Moving Equipment and Vehicle Loans</b>				
- From Banks	6.20		19.15	
- From Others	84.21		11.61	
		18,843.70		15,180.19
<b>Working Capital Loans</b>				
Working Capital Demand Loans from consortium of Banks	9,643.62		8,235.14	
Project - Specific Working Capital Loans from Banks	3,947.69		1,653.66	
		13,591.31		9,888.80
		<b>36,985.01</b>		<b>29,618.99</b>
<b>Schedule - 4</b>				
<b>Unsecured Loans</b>				
<b>Debentures</b>				
{Refer Note B - 5(b) of Schedule 19}				
8.75% Redeemable, Non-Convertible Debentures		-		150.00
10.10% Redeemable, Non-Convertible Debentures		1,000.00		-
<b>Short Term Loans</b>				
-From Banks		5,063.32		2,953.97
Foreign Currency Convertible Bonds {Refer Note B - 7 of Schedule 19}		-		341.21
		<b>6,063.32</b>		<b>3,445.18</b>

Schedules forming part of the Consolidated Balance Sheet

Schedule - 5

Consolidated Fixed Assets

(₹ in million)

Particulars	Gross Block at Cost/Revaluation			Depreciation			Net Block		
	As at 01.04.2010	Additions	Deletions /Adjustments	Upto 31.03.2011	For the year	Deletions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>Tangible Assets</b>									
Land - Freehold	730.89	567.91	122.78	1,176.02	-	-	-	1,176.02	730.89
Land - Leasehold	108.17	3.10	0.12	111.15	10.22	0.12	36.79	74.36	81.48
Buildings	1,166.47	387.84	74.76	1,479.55	136.23	67.50	346.15	1,133.40	889.05
Plant & Machinery	5,520.72	6,815.76	186.86	12,149.62	689.68	180.13	1,871.31	10,278.31	4,158.96
Motor Vehicles	1,023.69	497.46	71.42	1,449.73	148.10	6.95	466.34	983.39	698.50
Furniture	202.88	27.32	10.55	219.65	25.90	8.80	103.21	116.44	116.77
Office Equipment	208.69	30.45	12.55	226.59	17.48	9.99	87.81	138.78	128.37
Computers	327.76	51.25	6.73	372.28	57.51	5.56	201.75	170.53	177.96
<b>Intangible Assets</b>									
Technical Know-how	9.81	-	-	9.81	0.01	-	9.81	-	0.01
Goodwill	6.90	-	-	6.90	-	-	6.90	-	-
Toll Collection Rights	4,423.69	10,583.76	-	15,007.45	821.66	-	982.63	14,024.82	4,262.72
<b>Total</b>	<b>13,729.67</b>	<b>18,964.85</b>	<b>485.77</b>	<b>32,208.75</b>	<b>1,906.79</b>	<b>279.05</b>	<b>4,112.70</b>	<b>28,096.05</b>	<b>11,244.71</b>
	(8,231.89)	(5,782.31)	(284.53)	(13,729.67)	(807.52)	(96.17)	(2,484.96)	(11,244.71)	(6,458.28)

Note:

- Land-Freehold includes
  - ₹ 18.79 million towards revaluation made in the year 2001-02 on current cost basis carried out by an independent valuer.
  - ₹ 50.66 million in respect of which, the conveyance deed is yet to be executed.
- Buildings includes
  - ₹ 2.20 million towards revaluation made in the year 2001-02 on current cost basis carried out by an independent valuer.
  - addition of ₹ 150.20 million, in respect of which, the conveyance deed is yet to be executed.
  - Leasehold premises of ₹ 27.50 million (₹ Nil) taken for a period of 99 years. The premium of ₹ 20.46 million is paid upfront with no further significant lease obligations.
- In case of subsidiary companies
  - Depreciation amounting to ₹ 1.32 million (₹ 4.27 million) for the year ended March 31, 2011 transferred to expenditure incurred during construction period pending allocation.
- Freehold Land includes land at Nelankarai Village, Saidapet Taluka, Chinglepet District, Chennai of the gross value of ₹ 2.81 million for which the subsidiary Company has taken legal action for removal of encroachment on certain part of the property.
- Land & Building were revalued as on 1 April, 1989, 31 March 1993 and 31 March, 1996 by professional valuers on current market value basis. The revalued amounts (Freehold Land ₹ 144.33 million (₹ 177.10 million), Leasehold Land ₹ 15.2 million (₹ 15.2 million), Factory Building ₹ 40.73 million (₹ 40.73 million), and other Buildings ₹ 40.26 million (₹ 40.26 million)) have been substituted for historical cost (Freehold Land ₹ 0.40 million (₹ 0.40 million), Leasehold Land ₹ 1.08 million (₹ 1.08 million), Factory Building ₹ 6.06 million (₹ 6.06 million) and other Buildings ₹ 8.07 million (₹ 8.07 million)) in the Gross Block of Fixed Assets.
- Depreciation for the year ₹ 68.78 million (₹ 55.60 million) includes depreciation on revaluation - Leasehold land ₹ 0.18 million and Buildings ₹ 0.36 million; (₹ 0.18 million and Buildings ₹ 0.45 million respectively)
- Buildings include Company owned residential flats of the Book Value of ₹ 8.85 million (₹ 8.85 million) including face value of shares held in Co-operative Housing Societies of ₹ 0.01 million in respect of which documents lodged with the Registrar of Properties for registration are yet to be received back.



## Schedules forming part of the Consolidated Balance Sheet

(₹ in million)

		As at 31.03.2011		As at 31.03.2010
<b>Schedule - 6</b>				
<b>Investments</b>				
<b>Long Term Investments</b>				
In Partnership Firms		0.21		0.21
In Associate Bodies Corporates - Unquoted	925.34		0.65	
Less : Share in Loss from associate for the year	(0.93)		-	
		924.41		0.65
<b>Others</b>				
Shares - Quoted	16.52		16.52	
Shares - Unquoted	24.43		24.43	
7% Compulsorily Convertible Debentures	131.03		-	
Less : Provision for diminution in value of Investments	(0.53)	171.45	(0.53)	40.42
		<b>1,096.07</b>		<b>41.28</b>
<b>Schedule - 7</b>				
<b>Inventories</b>				
<b>At Project sites - (at cost)</b>				
- Stores and Spares		2,506.38		2,215.44
<b>At Factory - (at lower of cost and net realisable value)</b>				
- Stores and Spares		578.38		455.82
- Finished Goods		111.95		99.01
- Work-in-Progress		415.38		208.27
Work-in-Progress		1,091.28		937.49
Plots Stock		258.66		-
Residential Properties		75.29		72.78
Freehold Land		4,144.68		3,741.08
Property Development Rights		7,339.56		7,106.18
Development Rights for Land		2,301.73		2,978.73
		<b>18,823.29</b>		<b>17,814.80</b>
<b>Schedule - 8</b>				
<b>Sundry Debtors</b>				
{Refer Note B - 18 of Schedule 19}				
Debts outstanding for a period exceeding six months (Unsecured)		7,556.83		5,780.98
Other debts				
Secured		-		271.94
Unsecured		14,584.87		14,130.87
		22,141.70		20,183.79
Less: Provision for Doubtful Debts		474.64		236.88
		<b>21,667.06</b>		<b>19,946.91</b>
<b>Of the above</b>				
Considered Good		21,667.06		19,946.91
Considered Doubtful		474.64		236.88
		<b>22,141.70</b>		<b>20,183.79</b>
<b>Schedule - 9</b>				
<b>Cash and Bank Balances</b>				
a) Cash and Cheques on Hand		22.52		26.42
b) Balances with Scheduled Banks				
1. In Current Accounts		1,721.81		1,689.08
2. In Fixed Deposit Accounts				
- Margin Money		15.33		14.92
- Others		732.87		790.63
c) Balances with Non-Scheduled Banks				
In Current Accounts		0.06		0.02
		<b>2,492.59</b>		<b>2,521.07</b>

**Schedules forming part of the Consolidated Balance Sheet**

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule - 10</b>		
<b>Other Current Assets (Unsecured)</b>		
Interest Accrued other than on Investments	19.14	12.25
Retention Money	8,564.52	7,316.71
Amounts withheld by Contractee-Clients & Other Deposits	3,768.57	2,372.36
Unbilled Revenue	11,132.94	9,659.34
Advances with Government Bodies	1,677.88	1,277.90
	25,163.05	20,638.56
Less: Provision for Doubtful Deposits	17.23	20.21
	<b>25,145.82</b>	<b>20,618.35</b>
<b>Of the above</b>		
Considered Good	25,145.82	20,618.35
Considered Doubtful	17.23	20.21
	<b>25,163.05</b>	<b>20,638.56</b>
<b>Schedule - 11</b>		
<b>Loans and Advances (Unsecured)</b>		
Advance to Joint Venture partnership firms in which the company is a partner	437.73	504.11
Advances recoverable in cash or in kind or for value to be received	4,230.78	4,910.74
Tax deducted at Source and Advance Tax (net of provisions)	1,690.91	540.26
Advance for purchase of land	682.97	991.96
Balance with Post Office( held in the names of employees)	0.62	0.62
Balances with Central Excise Department	31.83	50.40
	7,074.84	6,998.09
Less: Provision for Doubtful Advances	168.83	90.06
	<b>6,906.01</b>	<b>6,908.03</b>
<b>Of the above</b>		
Considered Good	6,906.01	6,908.03
Considered Doubtful	168.83	90.06
	<b>7,074.84</b>	<b>6,998.09</b>
<b>Schedule - 12</b>		
<b>Current Liabilities</b>		
Advances received from Contractee-Clients	7,417.79	6,503.59
Acceptances	2,897.99	2,742.91
Sundry Creditors		
Dues to Micro,Small and Medium Enterprises	44.28	20.80
Joint Ventures	580.29	397.51
Others	19,439.58	15,199.48
Amounts payable in respect of development rights	4,010.65	3,721.33
Other Liabilities	1,405.79	1,118.98
Interest accrued but not due on loans	61.93	176.15
Liability towards Investors Education & Protection Fund under Section 205C of the Companies Act,1956		
- Not due - Unclaimed Public Deposit	0.47	0.53
- Not due - Unclaimed Dividends	5.05	4.07
- Not due - Share Application Money Refund	0.48	0.48
- Interest accrued and due on Public Deposits	0.04	0.05
	<b>35,864.34</b>	<b>29,885.88</b>
<b>Schedule - 13</b>		
<b>Provisions</b>		
Proposed Dividend	160.21	213.61
Tax on Proposed Dividend	25.99	36.30
Gratuity	43.59	47.16
Compensated Absences	215.32	183.65
Resurfacing Obligation	139.90	16.10
	<b>585.01</b>	<b>496.82</b>

## Schedules forming part of the Consolidated Profit and Loss Account

(₹ in million)

		Year ended 31.03.2011		Year ended 31.03.2010
<b>Schedule - 14</b>				
<b>Income from Operations</b>				
Construction Revenue / Other Operational Income		55,205.93		47,968.79
Sale of Systems, Equipments, Services and Spares		10,807.60		8,855.25
Sale of Villas, Flats & Plots		32.23		202.13
Income from Toll Collection		740.25		183.64
Sewerage Treatment Revenue		16.51		16.56
Sale of Land and Development Rights		51.01		-
Sale of Bulk Water		1,143.28		-
Share of Profit / (Loss) from Joint Ventures		27.18		(159.81)
Sale of Products		539.35		1,353.91
		<b>68,563.34</b>		<b>58,420.47</b>
<b>Schedule - 15</b>				
<b>Other Income</b>				
Miscellaneous Income		130.59		148.69
Dividend Income on Long Term Investments		0.21		0.15
Liabilities no longer required written back		40.95		54.38
		<b>171.75</b>		<b>203.22</b>
<b>Schedule - 16</b>				
<b>Construction and Manufacturing Expenses</b>				
Opening stock of Project Stores	2,254.49		1,934.46	
Add : Purchase of construction and other materials	27,486.82		25,335.24	
Less: Closing stock of Project Stores	2,524.53		2,254.49	
Construction and other materials		27,216.78		25,015.21
Increase in Plot Stocks and Residential Properties	(262.79)		(0.05)	
Increase in work-in-progress	(153.79)		(36.11)	
Transfer to plot stock from freehold land and development rights	240.30		-	
Less: Transfer to Capital Work-in-progress	(10.07)		-	
		(186.35)		(36.16)
Cost of Development Rights / Cost of Development		269.72		66.90
Cost of Sale of Land		-		87.44
Cost of project stores and other consumables sold		-		1,060.15
Cost of construction equipment sold		78.39		-
Sub-contractors' work bills		8,769.57		5,064.63
Operation and Maintenance Expenses		721.06		20.72
Resurfacing Obligation		123.80		16.10
Masonry and other works		13,295.99		11,278.80
Indirect Taxes and Cess		2,095.48		1,850.28
Repairs and Maintenance:				
Construction Machinery	437.15		419.36	
Others	151.40		123.59	
		588.55		542.95
Electricity and Water Charges		127.06		104.70
Machinery Hire Charges		1,106.05		1,075.64
Royalty/ Lease		146.48		99.48
Laboratory Testing Charges		36.78		24.71
Manufacturing Expenses		250.47		104.21
<b>At Factory</b>				
Rawmaterial Consumed	1,441.75		1,192.53	
Increase in Finished Goods and Work-in-Progress	(210.17)		(95.27)	
		1,231.58		1,097.26
		<b>55,871.41</b>		<b>47,473.02</b>

**Schedules forming part of the Consolidated Profit and Loss Account**

(₹ in million)

		Year ended 31.03.2011		Year ended 31.03.2010
<b>Schedule - 17</b>				
<b>Administrative and Other Expenses</b>				
Salaries, Wages and Bonus		2,563.71		1,899.88
Contribution to Provident, Superannuation and Other Funds		220.82		177.63
Staff Welfare Expenses		311.79		236.72
Employee compensation expense under ESOP		17.31		3.61
Managerial Remuneration		194.72		240.56
Travelling and Conveyance		241.73		224.76
Printing and Stationery		56.52		45.15
Communication Expenses		70.03		67.44
Rates and Taxes		99.87		79.34
Tender Expenses		49.47		30.35
Business Promotion		9.29		9.07
Office Maintenance		177.44		142.13
Rent		244.44		136.07
Advertisement and Publicity		33.23		21.22
Auditors' Remuneration				
Audit Fees	8.90		8.90	
Tax Audit Fee	0.50		0.50	
Other Services	0.44		0.15	
Reimbursement of expenses	0.33		0.54	
		10.17		10.09
Legal and Professional Charges		174.09		265.16
Insurance		149.28		118.77
Miscellaneous Expenses		95.28		90.38
Loss on Assets sold / discarded (Net)		(28.47)		20.08
Provision for doubtful debts, advances and deposits		344.01		189.89
Bad Debts Written Off		77.62		238.64
Loss on Derivatives		17.82		3.15
Preliminary Expenses Written Off		0.35		5.67
		<b>5,130.52</b>		<b>4,255.76</b>
<b>Schedule - 18</b>				
<b>Interest and Financial Charges</b>				
Interest on Fixed Loans	2,667.69		1,141.19	
Foreign Exchange Loss / (Gain) (Net)	58.35		(16.94)	
Other Interest				
Interest on other Credit Facilities	1,253.81		957.08	
Bank and Financing Charges	312.69		271.51	
		4,292.54		2,352.84
Less: Interest from Banks and Others		82.11		154.11
		<b>4,210.43</b>		<b>2,198.73</b>

## Schedule - 19 : Notes on Consolidated Financial Statements

### Accounting Policies and Notes on Accounts

#### A. Accounting Policies

##### 1. Method of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis (except for revaluation of certain Fixed Assets) in accordance with Generally Accepted Accounting Principles (Indian GAAP) and Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

##### 2. Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans. Management periodically assesses whether there is an indication that an asset may be impaired and makes provision in the accounts for any impairment losses estimated. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

##### 3. Principles of Consolidation

The Consolidated Financial Statements relate to IVRCL Limited (*formerly IVRCL Infrastructures & Projects Limited*) ("the Company") and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.
- ii. The BOT contracts are governed by Service concession agreements with government authorities/private parties (grantor). Under these agreements, the Company does not own the BOT asset, but gets "toll collection rights"/other rights against the construction services rendered. Since the construction cost incurred by the Company is considered as exchanged with the grantor against above rights, profit from such contracts is considered as realized. Accordingly, in case of BOT contracts awarded to group companies (operator), where work is subcontracted to group companies, the intra group transactions on BOT contracts and the profits arising thereon are taken as realised and not eliminated for consolidation under Accounting Standard 21.
- iii. In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- iv. The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- v. Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:
  - a. The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - b. The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

## Schedule - 19 : Notes on Consolidated Financial Statements

- vi. Minority interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- vii. Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures" notified by Companies (Accounting Standards) Rules, 2006.
- viii. The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2011.
- ix. Investments in jointly controlled entities and associates not considered for consolidation have been accounted as per Accounting Standard 13 - "Accounting for Investments" notified by the Companies (Accounting Standards) Rules, 2006.

### 4. Fixed Assets

#### Tangible Assets

Fixed Assets are stated at cost / valuation less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, non claimable duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

#### Intangible Assets

Intangible assets are recognised only when it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured readily. Intangible assets are stated at cost less accumulated amortization.

#### Toll Collection Rights

Toll Collection Rights have been obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer (BOT) basis. The cost of such rights comprises construction cost and other preoperative costs incurred during the implementation phase.

#### Goodwill

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the Subsidiary Companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised where applicable.

#### Expenditure incurred during construction period pending allocation

Incidental expenditure incurred during construction period is capitalised on commencement of commercial operation of the project.

### 5. Depreciation and amortisation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956 except the following which are depreciated based on useful life determined by the Company.

- Steel Shuttering 10%
- Wood Shuttering 33 1/3%

Pucca sheds and land acquired for quarrying are amortised over the period of the project on project-to-project basis. Lease hold improvements are amortised over the primary period of lease of four years.

Toll Collection Rights are amortised over the period of 15 to 20 years representing the concession period over which the Group has right to collect tolls.

Technical Know-how is amortised over a period of five years in equal installments.

In some Subsidiaries and Joint ventures depreciation is calculated on different method by adopting different rates. The depreciation charged in respect of these entities is not significant in the context of the consolidated financial statements.

## Schedule - 19 : Notes on Consolidated Financial Statements

### 6. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the same is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is assessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

### 7. Investments

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost less provision for permanent diminution in value of such investments. Dividend Income is accounted when the right to receive dividend is established.

### 8. Revenue Recognition

8.1 Contract Revenue is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

8.2 The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

8.3 An expected loss on the construction contract is recognised as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

8.4 Price escalation and other claims and /or variation in contract work are included in revenue only when:

- (a) Negotiations have reached an advanced stage such that it is probable that customer will accept the claim; and
- (b) The amount that is probable will be accepted by the customer can be measured reliably.

8.5 Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:

- (a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and
- (b) The amount of the incentive payment can be measured reliably.

#### 8.6 Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment.

##### Sale of land and development rights

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such land and development rights, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements. Revenue recognised is net of adjustment on account of cancellations.

##### Sale of flats, villas, plots

Revenue from sale of flats, villas and plots is recognised upon transfer of significant risks and rewards of ownership of such real estate/property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements. Sale consideration is determined through agreement of sale or registration of sale deed. Revenue recognised is net of adjustment on account of cancellations.

However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method. Percentage of completion is determined on



## Schedule - 19 : Notes on Consolidated Financial Statements

the basis of actual project cost (including cost of Land) incurred thereon to total estimated project cost. Where the total cost of a contract, based on technical and other estimates is expected to exceed the corresponding contract value, such expected loss is provided for.

In accordance with the Guidance Note on Recognition of Revenue by Real Estate Developers issued by the Institute of Chartered Accountants of India (the "ICAI") in case it is unreasonable to expect ultimate collection from sale of residential units, the revenue recognition is postponed to the extent of uncertainty involved. For determining whether it is not unreasonable to expect ultimate collection, Company considers the evidence of the buyer's commitment to make the complete payment. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time all significant risks and rewards of ownership are transferred to the buyer, revenue recognition is postponed to the extent of uncertainty involved.

- 8.7 In case of one of the subsidiaries, Income from commission receivable from foreign collaborator is accounted for as and when confirmed by them to the Company.
- 8.8 Revenue from sale of goods is recognised when substantial risks and rewards of ownership are transferred to the buyer under terms of the contract.
- 8.9 Toll fee collection from the users of the facility is accounted for as and when the amount is due and recovery is certain. Revenue from sale of passes to local traffic is accounted for as and when such passes are sold.
- 8.10 Sale of bulk water includes water capacity charges and water variable charges. Water capacity charges are recorded on accrual basis as per the terms of the agreement with 'Chennai Metropolitan Water Supply and Sewerage Board' (CMWSSB). Water variable charges are accrued on supply of water as per the terms of the agreement.
- 8.11 In work sharing Joint Venture arrangements, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

### 9. Government Grants

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Grants received during construction period in the nature of promoter's contribution are credited to capital grants and treated as shareholder's funds as per AS 12.

### 10. Inventories

Inventories are valued at cost. Cost is determined on first-in-first-out method. Inventory of manufactured goods and raw materials are valued at lower of cost or net realizable value. Cost of manufactured goods includes related overheads and excise duty paid/payable on such goods.

Residential properties includes cost incurred towards development of such properties.

Plots stock represents cost of freehold land and land development rights segregated as plot for the purpose of development of township.

Freehold land purchased for the purpose of real estate development is considered as inventory.

Work-in-progress represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised.

Development rights for land represents development rights of land acquired from group companies and others as per the development agreements entered with them.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit and loss

## Schedule - 19 : Notes on Consolidated Financial Statements

account. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

### 11. Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006.

#### 11.1 Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity covering eligible employees on the basis of actuarial valuation as carried out by an Actuary. The liability is funded.

#### 11.2 Compensated Absences

Liability for compensated absence is treated as other long term liability, short term portion of the liability is provided on an actual basis and long term portion of the liability is provided on the basis of valuation by an independent actuary at the year end.

#### 11.3 Superannuation

The Company has a superannuation plan, which is a defined contribution plan. Under the plan, the Company contributes up to 15% of the eligible employees' salary to the fund each year. Contributions are made to recognized funds managed by the Life Insurance Corporation of India. The Company recognizes such contributions as an expense when incurred. The Company has no further obligation beyond this contribution.

#### 11.4 Provident Fund

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's basic salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the state pension scheme, and are expensed as incurred.

### 12. Foreign currency transactions and foreign operations

Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise.

Foreign branches and subsidiaries are classified as non-integral foreign operations. The Assets and Liabilities (both monetary and non-monetary) are translated at exchange rate prevailing at the balance sheet date. Income and expenses are translated at the monthly average exchange. All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve' account.

### 13. Derivative Instruments

In order to hedge its exposure to foreign exchange interest rate and commodity price risks, the Company enters into forward option, swap contracts and other derivative financial instruments.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

### 14. Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and if it is probable that these liabilities can be properly estimated. Contingent liabilities are not recognized but are disclosed in the notes where, substantial estimation is dependent on the happening of another event which cannot be adequately judged.

### 15. Borrowing Costs

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalised as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss Account as period costs.

## Schedule - 19 : Notes on Consolidated Financial Statements

### 16. Income Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Deferred tax assets and liabilities are recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

### 17. Earnings per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity shares that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number of potential equity shares.

## B. Notes on Consolidated Financial Statements

- All amounts in the financial statements are presented in Rupees in million except per share data and as otherwise stated. Figures in brackets / *italics* represent corresponding previous year figures in respect of Profit & Loss items, and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.
- The name of the Company was changed to IVRCL Limited vide fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies dated 18<sup>th</sup> March, 2011.
- The list of subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:**

Sl No.	Name of the Entity	Ownership in % either directly or through subsidiaries		Country of Incorporation
		2010-11	2009-10	
	<b>Subsidiaries through direct, indirect control</b>			
1	IVRCL PSC Pipes Private Limited	66.43%	66.43%	India
2	IVR Enviro Projects Private Limited	97.49%	97.49%	India
3	IVRCL Assets & Holdings Limited	75.72%	80.46%	India
4	Hindusthan Dorr-Oliver Limited	55.28%	55.28%	India
5	Alkor Petroo Limited	84.91%	84.91%	India
6	IVRCL Steel Constructions & Services Limited	100.00%	100.00%	India
7	IVRCL Patalaganga Truck Terminals Private Limited <sup>2</sup>	100.00%	-	India
8	IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited <sup>1,2</sup>	60.00%	-	India
9	IVRCL International FZE <sup>1,2</sup>	100.00%	-	United Arab Emirates
10	Jalandhar Amritsar Tollways Limited	100.00%	100.00%	India
11	Salem Tollways Limited	100.00%	100.00%	India
12	Kumarapalyam Tollways Limited	100.00%	100.00%	India
13	Chennai Water Desalination Limited <sup>1</sup>	75.00%	75.00%	India
14	First STP Private Limited	95.00%	95.00%	India

## Schedule - 19 : Notes on Consolidated Financial Statements

SI No.	Name of Subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
		2010-11	2009-10	
	<b>Subsidiaries through direct, indirect control</b>			
15	IVRCL Building Products Limited	60.00%	60.00%	India
16	HDO (UK) Limited ( <i>formerly IMCO (22010) Limited</i> ) <sup>1</sup>	100.00%	100.00%	United Kingdom
17	Davymarkham Limited <sup>1</sup>	100.00%	100.00%	United Kingdom
18	Davymarkham (India) Private Limited <sup>1,2</sup>	100.00%	-	India
19	IVRCL Indore Gujarat Tollways Limited	100.00%	100.00%	India
20	IVRCL Chengapalli Tollways Limited	100.00%	100.00%	India
21	IVRCL Holdings & Services Pte. Limited	100.00%	100.00%	Singapore
22	IVRCL Goa Tollways Limited <sup>2</sup>	100.00%	-	India
23	IVRCL Chandrapur Tollways Limited <sup>2</sup>	100.00%	-	India
24	SPB Developers Private Limited	100.00%	99.86%	India
25	Sion Panvel Tollways Private Limited	51.00%	51.00%	India
26	IVR Hotels and Resorts Limited	66.88%	66.88%	India
27	Geo IVRCL Engineering Limited	100.00%	100.00%	India
28	IVRCL Mega Malls Limited	100.00%	100.00%	India
29	HDO Technologies Limited	100.00%	100.00%	India
30	Agaram Developers Private Limited	100.00%	100.00%	India
31	Papankuzhi Developers Private Limited	100.00%	100.00%	India
32	Mummidi Developers Private Limited	100.00%	100.00%	India
33	Samatteri Developers Private Limited	100.00%	100.00%	India
34	Annupampattu Developers Private Limited	100.00%	100.00%	India
35	Kunnam Developers Private Limited	100.00%	100.00%	India
36	Tirumani Developers Private Limited	100.00%	100.00%	India
37	Ilavampedu Developers Private Limited	100.00%	100.00%	India
38	Haripuram Developers Private Limited	100.00%	100.00%	India
39	Chodavaram Developers Private Limited	100.00%	100.00%	India
40	Vedurwada Developers Private Limited	100.00%	100.00%	India
41	Rudravaram Developers Private Limited	100.00%	100.00%	India
42	Gajuwaka Developers Private Limited	100.00%	100.00%	India
43	Geo Prime Developers Private Limited	100.00%	100.00%	India
44	Theata Developers Private Limited	100.00%	100.00%	India
45	Duvvda Developers Private Limited	100.00%	100.00%	India
46	IVR Prime Developers (Mylapore) Private Limited	100.00%	100.00%	India
47	IVR Prime Developers (Palakkad) Private Limited	100.00%	100.00%	India
48	IVR Prime Developers (Guindy) Private Limited	100.00%	100.00%	India
49	Gamaa Developers Private Limited	100.00%	100.00%	India
50	Simhachalam Prime Developers Private Limited	100.00%	100.00%	India
51	Siripuram Developers Private Limited	100.00%	100.00%	India
52	Kasibugga Developers Private Limited	100.00%	100.00%	India
53	Vijayawada Developers Private Limited	100.00%	100.00%	India
54	Eluru Developers Private Limited	100.00%	100.00%	India

**Schedule - 19 : Notes on Consolidated Financial Statements**

SI No.	Name of Subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
		2010-11	2009-10	
	<b>Subsidiaries through direct, indirect control</b>			
55	IVR Prime Developers (Nellore) Private Limited	100.00%	100.00%	India
56	IVR Prime Developers (Amalapuram) Private Limited	100.00%	100.00%	India
57	IVR Prime Developers (Erode) Private Limited	100.00%	100.00%	India
58	IVR Prime Developers (Guntur) Private Limited	100.00%	100.00%	India
59	IVR Prime Developers (Kakinada) Private Limited	100.00%	100.00%	India
60	IVR Prime Developers (Araku) Private Limited	100.00%	100.00%	India
61	IVR Prime Developers (Pudukkottai) Private Limited	100.00%	100.00%	India
62	Absorption Aircon Engineer Private Limited	100.00%	100.00%	India
63	IVR Prime Developers (Vanaprastha) Private Limited	66.67%	66.67%	India
64	IVR PUDL Resorts & Clubs Private Limited	66.67%	66.67%	India
65	IVR Prime Developers (Thandiarpeta) Private Limited	100.00%	100.00%	India
66	IVR Prime Developers (Gummidipundi) Private Limited	100.00%	100.00%	India
67	IVR Prime Developers (Kodambakkam) Private Limited	100.00%	100.00%	India
68	IVR Prime Developers (Arumbakkam) Private Limited	100.00%	100.00%	India
69	IVR Prime Developers (Anna Nagar) Private Limited	100.00%	100.00%	India
70	IVR Prime Developers (Pallavaram) Private Limited	100.00%	100.00%	India
71	IVR Prime Developers (West Mambalam) Private Limited	100.00%	100.00%	India
72	Bibinagar Developers Private Limited	100.00%	100.00%	India
73	IVR Prime Developers (Anakapalle) Private Limited	100.00%	100.00%	India
74	IVR Prime Developers (Rajampeta) Private Limited	100.00%	100.00%	India
75	IVR Prime Developers (Tanuku) Private Limited	100.00%	100.00%	India
76	IVR Prime Developers (Red Hills) Private Limited	100.00%	100.00%	India
77	IVR Prime Developers (Rajahmundry) Private Limited	100.00%	100.00%	India
78	IVR Prime Developers (Tuni) Private Limited	100.00%	100.00%	India
79	IVR Prime Developers (Bobbilli) Private Limited	100.00%	100.00%	India
80	IVR Prime Developers (Bhimavaram) Private Limited	100.00%	100.00%	India
81	GVSK Manpower Supply & Services Private Limited (formerly IVR Prime Developers (Valasaravakkam) Private Limited)	100.00%	100.00%	India
82	IVR Prime Developers (Adayar) Private Limited	100.00%	100.00%	India
83	IVR Prime Developers (Ananthapuram) Private Limited	100.00%	100.00%	India
84	IVR Prime Developers (Perumbadur) Private Limited	100.00%	100.00%	India
85	IVR Prime Developers (Egmore ) Private Limited	100.00%	100.00%	India
86	IVR Prime Developers (Tambaram) Private Limited	100.00%	100.00%	India
87	IVR Prime Developers (Ashram) Private Limited	100.00%	100.00%	India
88	IVR Prime Developers (Retiral Homes) Private Limited	100.00%	100.00%	India
89	IVR Prime Developers (Avadi) Private Limited	100.00%	100.00%	India
90	IVR Prime Developers (Alwarpet) Private Limited	100.00%	100.00%	India
91	IVRCL Multilevel Car Parking Private Limited <sup>2</sup>	51.00%	-	India

**Notes**

1. Consolidated based on management certified accounts
2. Acquired / incorporated during the year

## Schedule - 19 : Notes on Consolidated Financial Statements

### ii) Associates & Joint Ventures not included in consolidation

Name of the Company / Joint Venture	Share of Interest
Bhanu - IVRCL Associates	50.00%
IVRCL – Tantia (JV)	50.00%
IVR Prime IT SEZ Private Limited	50.00%
Paresh Infrastructures Private Limited	49.00%
VIVA Infrastructures Private Limited	50.00%
IVRCL International Infrastructures & Projects LLC	49.00%

### 4. Amalgamation carried out in Subsidiary Companies

- a. During the previous year, IVRCL Assets & Holdings Limited entered into a Scheme of Amalgamation (the “Scheme”) with IVR Strategic Resources & Services Limited (ISRSL) and IVRCL Water Infrastructures Limited (IWIL) (“transferor companies”). The transferor companies were engaged in the business of executing various Road and Water BOT projects. The Scheme was sanctioned by the Honourable High Court of Judicature at Hyderabad vide its Order dated February 26, 2010.

The salient provisions of the said Scheme as approved by the Honourable High Court were as follows:

- i. The Scheme of Amalgamation became effective on April 01, 2009, the appointed date.
  - ii. The assets, liabilities, rights and obligations of erstwhile ISRSL and IWIL have been transferred to and vested with the Company with effect from 1st April, 2009 and have been recorded at their respective fair values, under the purchase method of accounting prescribed by Accounting Standard 14 – “Accounting for amalgamations”.
  - iii. In consideration of amalgamation of ISRSL and IWIL with the Company, 59,463,572 equity shares of ₹ 10 each fully paid up amounting to ₹ 594.64 million were issued to the equity share holders of ISRSL and IWIL whose names were registered in the register of members of ISRSL and IWIL respectively on record date.
  - iv. Excess of fair value of net assets taken over by the Company over the face value of equity shares issued amounting to ₹ 12,531.53 million has been credited to Capital Reserve Account in accordance with the Scheme. Had the Scheme not prescribed this accounting treatment, the aggregate amount of ₹ 12,531.53 million would have credited to Securities Premium account during the previous year instead of Capital Reserve Account in accordance with Accounting Standard 14 - “Accounting for amalgamations”.
- b. During the previous year, the following subsidiaries of IVR Hotels and Resorts Limited, which were engaged in real estate business, had entered into Scheme of Arrangement in the nature of amalgamation with IVR Hotels and Resorts Limited. Scheme of Arrangement was sanctioned by the Honourable High Court of Judicature at Hyderabad vide its Orders dated June 23, 2009 and March 19, 2010.

Following were the names of the Transferor Companies:

1. Velursantha Developers Private Limited
2. M.M.Kuppam Developers Private Limited
3. Lamda Developers Private Limited
4. Kappa Developers Private Limited
5. IOTA Developers Private Limited
6. Annavaram Developers Private Limited
7. IVR Prime Developers (Godavari) Private Limited
8. ETA Developers Private Limited

The salient provisions of the Scheme as approved by the Honourable High Court were as follows:

- i. The Scheme of Amalgamation became effective on April 01, 2009.
- ii. The assets, liabilities, rights and obligations of erstwhile above mentioned subsidiaries have been transferred to and vested with the IVR Hotels and Resorts Limited with effect from 1st April, 2009 and have been recorded at their book values, under the pooling of interests method prescribed by Accounting Standard 14 – “Accounting for amalgamations”.



## Schedule - 19 : Notes on Consolidated Financial Statements

- iii. As the transferor companies are wholly owned subsidiaries of IVR Hotels and Resorts Limited, the amalgamation does not involve any consideration.
- iv. The transferor companies shall stand dissolved without going through the process of winding up.

### 5. Debentures (Privately placed)

#### a) Secured Non-Convertible Debentures

2,000, 12.15% Secured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each issued to Life Insurance Corporation of India during the year 2008-09. IDBI Trusteeship Services Ltd, Mumbai are the trustees for the debenture holders. The debentures shall be redeemed at the end of five years from the date of allotment i.e. December 19, 2013. The debentures are secured with asset cover of 1.25 times by way of first pari passu charge over certain specific fixed assets including immovable properties of the Company.

1,050, 8.85% Secured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each were issued to the following banks during the year 2009-10. IDBI Trusteeship Services Ltd, Mumbai were the trustees for the debenture holders. The debentures shall be redeemed at the end of Seventeen months from the date of allotment i.e. April 27, 2011. The debentures are secured with asset cover of 100% by way of first pari passu charge over certain specific fixed assets including immovable properties of the Company.

S.No.	Name of the Bank	No.of Debentures
1	Federal Bank Limited	100.00
2	Dena Bank	100.00
3	Allahabad Bank	50.00
4	Corporation Bank	50.00
5	UCO Bank	100.00
6	Bank of Baroda	200.00
7	Bank of India	250.00
8	Central Bank of India	200.00
	<b>Total</b>	<b>1,050.00</b>

During the previous year, IVRCL Assets & Holdings Limited had issued 1,500 Secured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each, carrying a rate of interest of 9.5% per annum payable on a quarterly basis with a tenor of 3 years.

In relation to the above, the Company has not created a Debenture Redemption Reserve in respect of such debenture to the extent of ₹ 165.67 million (₹ 8.99 million) under Section 117C of the Companies Act, 1956 due to losses incurred during the current and previous year. The Company has executed the trust deed and has created charge on the security.

#### b) Unsecured Non-Convertible Debentures

During the current year, IVRCL Assets & Holdings Limited has issued 1,000 unsecured Non-Convertible Redeemable Debentures @ ₹ 1,000,000 each, carrying a rate of interest of 10.10% per annum payable on a quarterly basis with a tenor of 18 months.

In relation to the above, the Company has not created a Debenture Redemption Reserve in respect of such debenture to the extent of ₹ 127.85 million (₹ Nil million) under Section 117C of the Companies Act, 1956 due to losses incurred during the current year.

- c) The debentures (Secured and Unsecured) are listed on Wholesale Debt Market (WDM) segment of National Stock Exchange (NSE).

### 6. Intra-group turnover and profits on BOT construction contracts

The revenue and profit in respect of intra-group BOT construction contracts during the year is ₹ 7,915.17 million and ₹ 1,139.18 million respectively. These intra-group transactions and the profits arising thereon are taken as realised and not eliminated for consolidation under Accounting Standard 21.



## Schedule - 19 : Notes on Consolidated Financial Statements

### 7. Foreign Currency Convertible Bonds

During the year, the balance of unconverted portion of Foreign Currency Convertible Bonds aggregating to ₹ 341.62 million (equivalent to USD 7.60 million) were redeemed along with a redemption premium (including withholding tax) of ₹ 162.46 million (equivalent to USD 3.61 million). The above mentioned premium amount has been charged to Securities Premium Account.

### 8. Contingent Liabilities

(₹ in million)

Particulars	As at 31.03.2011	As at 31.03.2010
a) Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company	48,204.44	39,599.27
b) Claims against the Company not acknowledged as debts	1,052.62	880.61
c) Tax demands contested in appeal filed by the Company in the Tribunal	79.67	80.82
d) Disputed Sales Tax / Service Tax	3,383.12	1,767.67
e) Disputed Central excise, customs duty, cess and stamp duty	6.63	11.94
f) Corporate Guarantees issued by the Company	8,089.59	6,617.59

- a. In case of IVRCL Assets & Holdings Limited, the Company had entered into Joint Development Agreements (JDAs) during the year 2006, with various individual plot owners to jointly develop a property situated at "Cyber Enclave", Hi-tech City, Hyderabad. As per JDAs, the Company was required to amalgamate all the plots pertaining to "Cyber Enclave" and complete the development as per specified plan within a period of thirty months from the date of respective JDAs. As per terms and conditions of the agreement, all the plot owners have an obligation to enter into JDA to facilitate amalgamation of plots without which development cannot be completed. In case of delay in completion of the project by the Company, it would indemnify the loss occurring to the individual land owners as per agreed terms for the delayed period.

As at March 31, 2011, certain plot owners of Cyber Enclave have still not entered into the JDA with the Company. Accordingly, development of the property could not be completed by the Company and necessary permission and clearances from various authorities are pending.

The Company believes that plot owners will get the right to claim compensation for delayed period only when delay is caused by the Company. Since the Company has performed all the obligations on its part, payment of compensation to land owners for delay in the project is not probable. The liability, if any, that may arise on account of delay in development of the above property is not presently ascertainable.

Based on internal assessment and legal opinion, the management is confident that for the above mentioned contingent liabilities, no provision is required to be made as on March 31, 2011.

- b. Estimated amount of Contracts to be executed on capital account ₹ 28,987.08 million (₹15,297.64 million)
- c. The tax relief available to the Company under Section 80IA of the Income Tax Act had in earlier years upto FY 2009 been transferred to a Special Reserve Account. This tax relief was withdrawn with retrospective effect In the Finance Bill (No.2) 2009 and hence provision has been made for additional tax aggregating to ₹1,409.30 million in the previous year 2009-10. An amount of ₹ 1,411.00 million previously appropriated to a Special Reserve Account created for the purpose has been recredited to the Profit and Loss account during the previous year i.e. 2009-10.
- d. One of the subsidiary i.e., IVRCL Assets & Holdings Limited has invested ₹ 12,521.66 million (₹ 10,873.80 million including goodwill of ₹ 6,912.39 million (₹ 6,912.39 million) through equity and advances as at March 31, 2011 in the following three subsidiaries engaged in Road BOT Projects.

(₹ in million)

Sl No	Name of the Subsidiary	Month of commencement of operations	Carrying value of Goodwill as at March 31, 2011	Carrying value of Goodwill as at March 31, 2010
1	Kumarapalayam Tollways Limited	August 2009	4,092.24	4,092.24
2	Salem Tollways Limited	July, 2010	465.37	465.37
3	Jalandhar Amritsar Tollways Limited	April, 2010	2,354.78	2,354.78
	<b>Total</b>		<b>6,912.39</b>	<b>6,912.39</b>

These subsidiaries had been acquired through a scheme of amalgamation at fair values, determined based on the future projected cash flows of toll collections.

**Schedule - 19 : Notes on Consolidated Financial Statements**

Toll collections of the above subsidiaries of the current year are substantially lower than the earlier projected cash flows. However, the management on the basis of its estimates and projections of future cash flows, believes that the reduction in toll collections is temporary and accordingly no provision is necessary in the carrying value of aforesaid Goodwill.

- e. The Subsidiary Company HDO (UK) Limited (Formerly IMCO (22010) Limited), and its wholly owned subsidiary, Davy Markham Limited, during the year, suffered losses which resulted in increase in accumulated losses exceeding the consolidated net worth of the Subsidiary Company as at the balance sheet date. The Holding Company has plans to support growth plans of the Subsidiary Company which, management believe, will result into increase in its revenue and consequently profitability and net worth. Accordingly, the management certified accounts of Subsidiary Company, which have been prepared on "Going Concern" basis, have been included for full financial year for the first time in the consolidated financial statements of the Group. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, the carrying value of Goodwill represents its recoverable amount and no provision for impairment is considered necessary at this stage for the reasons stated above.

**9. Components of Deferred Tax Assets and Liabilities**

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	(421.11)	(341.86)
<b>Total Deferred Tax Liability</b>	<b>(421.11)</b>	<b>(341.86)</b>
<b>Deferred Tax Asset</b>		
Provision for Gratuity and Leave Encashment	67.65	60.63
Provision for Doubtful Debts, Advances and Deposits	214.36	115.31
Public Issue Expenses	-	53.60
Amalgamation Expenses	-	7.13
Carry Forward Losses / Unabsorbed Depreciation	11.59	93.91
Others	12.73	8.00
<b>Total Deferred Tax Asset</b>	<b>306.33</b>	<b>338.58</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(114.78)</b>	<b>(3.28)</b>

**Notes:**

In previous year, based on estimated margins on unexecuted committed construction contracts in hand, IVRCL Assets & Holdings Limited and its subsidiaries expected to generate sufficient taxable income in future years to enable it to utilize all deferred tax assets and accordingly deferred tax assets were recognized on virtual certainty principles. However, having regard to the losses incurred in the current year, the carrying amount of deferred tax assets is reviewed and the Group has written down the carrying amount of deferred tax asset to the extent that it is no longer virtually certain, that sufficient future taxable income will be available against which the deferred tax asset can be realized.

**10. Reconciliation of Basic and Diluted shares used in computing Earnings Per Share**

	2010-11	2009-10
Profit After Tax before earlier years' tax for calculation of Basic EPS (₹ in million)	505.97	2,155.55
Profit After Tax after earlier years' tax for calculation of Basic EPS (₹ in million)	505.97	746.52
Profit After Tax before earlier year's tax for calculation of Diluted EPS (₹ in million)	505.97	2,126.33
Profit After Tax after earlier years' tax for calculation of Diluted EPS (₹ in million)	505.97	717.30
Number of shares considered as weighted average shares for calculation of Basic Earnings Per Share(EPS)	267,009,858	267,009,858
Add: Dilutive effect of potential shares out of FCCB etc., outstanding	2,055,598	2,977,354
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	269,065,456	269,987,212
Basic EPS before earlier years' tax (₹)	1.89	8.07
Basic EPS after earlier years' tax (₹)	1.89	2.80
Diluted EPS before earlier years' tax (₹)	1.89	7.88
Diluted EPS after earlier years' tax (₹)	1.89	2.66

## Schedule - 19 : Notes on Consolidated Financial Statements

### 11. Related Party Disclosure

Information regarding Related Parties and Transactions, if any, with them as per Accounting Standard 18 as notified in the Companies (Accounting Standards) Rules, 2006 , is given below:

#### List of Related Parties

Sl No.	Name	Sl No.	Name
<b>A Associates (Where the Company Exercises Significant influence)</b>			
1	Viva Infrastructure Pvt. Limited	4	IVRCL International Infrastructures & Projects LLC
2	Paresh Infrastructures Private Limited	5	IOT Utkal Energy Services Limited
3	IVR Prime IT SEZ Private Limited		
<b>B Joint Ventures</b>			
1	Bhanu - IVRCL Associates	13	IVRCL SEW & WPIL (JV) Hyderabad
2	IVRCL - Tantia (JV)	14	IVRCL MBL (JV) Hyderabad
3	IVRCL, SEW & Prasad Hyderabad JV	15	IVRCL BATPASCO WPIL & MHI (JV) Hyderabad
4	IVRCL, Navayuga & SEW Joint Venture	16	IVRCL BATPASCO ABB & AAG (JV) Hyderabad
5	Navayuga, IVRCL & SEW Joint Venture	17	IVRCL CR18G Consortium (JV)
6	IVRCL Harsha (JV)	18	MEIL IVRCL HCC & WPIL (JV)
7	SPCL - IVRCL JV	19	IVRCL - KIPL (JV)
8	IVRCL JL (JV)	20	IVRCL - RAJ (JV)
9	UAN Raju IVRCL Construction JV	21	UNITY - IVRCL Joint Venture
10	IVRCL KBL (JV) Hyderabad	22	IVRCL-SAI SUDHIR (JV)
11	IVRCL KBL MEIL (JV) Hyderabad	23	CR 18G - IVRCL (JV)
12	IVRCL CR18G (JV)	24	IVRCL - SUSHEE JOINT VENTURE
<b>C Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
1	S.V.Equities Limited	5	Eragam Finlease Limited
2	Palladium Infrastructures & Projects Limited	6	Indus Palms Hotels & Resorts Limited
3	Soma Hotels & Resorts Limited	7	A.P.Enercon Engineers Private Limited
4	Eragam Holdings Limited		
<b>D Key Management Personnel</b>			
1	Mr. E. Sudhir Reddy	5	Mr. S. Ramachandran
2	Mr. K. Ashok Reddy	6	Mr. S. C. Sekaran
3	Mr. R. Balarami Reddy	7	Mr. D.P.Mishra
4.	Mr. E. Sunil Reddy		
<b>E Relatives of Key Management Personnel</b>			
1	Mr. E. Ella Reddy		Relative of Chairman & Managing Director
2	Mrs. E. Sujatha Reddy		Relative of Chairman & Managing Director
3	Mrs. E. Indira Reddy		Relative of Chairman & Managing Director
4	Mr. E. Siddhanth Reddy		Relative of Chairman & Managing Director
5	Mr. E. Sanjeeth Reddy		Relative of Chairman & Managing Director
6	Mr. E. Sunil Reddy		Relative of Chairman & Managing Director
7	Ms. E.Suha Reddy		Relative of Director
8	Ms. E. Soma Reddy		Relative of Director
9	Mrs. R. Vani		Relative of Executive Director - Finance & Group CFO

**Schedule - 19 : Notes on Consolidated Financial Statements**

**Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2011 (figures in brackets are for previous year)**

(₹ in million)

	<b>Joint Ventures</b>	<b>Associate Companies &amp; Others</b>
Contract Revenue	9,440.79 (9,753.24)	3,899.36 (3.65)
Interest Income	10.69 (13.62)	- (-)
Sub-contractor's work bills	3,217.92 (3,608.14)	1,968.19 (994.87)
Rental Expense	- (-)	16.45 (18.29)
Interest on Mobilisation Advance	76.79 (90.32)	- (-)
Advances Given	437.73 (504.11)	18.86 (7.25)
Advances Received	580.29 (397.51)	- (-)
Creditors for Construction Expenses	1,395.71 (1,795.08)	1,600.57 (599.33)
Purchase of Assets	- (19.56)	- (-)
Provision for Advance	36.07 (36.07)	- (-)
Sundry Debtors	3,201.04 (3,524.98)	- (-)
Mobilisation Advance Received	869.31 (886.83)	633.74 (-)
Mobilisation Advance Paid	- (-)	80.01 (-)
Retention Money Receivable	1,587.89 (1,233.89)	- (-)
Rent Deposit	- (-)	5.66 (5.66)
Retention Money Payable	469.99 (377.68)	39.82 (77.24)
Investment	- (-)	750.91 (-)

## Schedule - 19 : Notes on Consolidated Financial Statements

(₹ in million)

Key Management Personnel / Relatives	Designation	Remuneration	Dividend	Office Rent	Rent Deposit
i) Mr. E. Sudhir Reddy	Chairman & Managing Director	137.07 (181.82)	8.40 (7.34)	1.53 (0.93)	0.50 (0.50)
ii) Mr. E. Sunil Reddy	Managing Director (Subsidiary)	36.07 (44.52)	2.01 (1.76)	1.53 (0.93)	0.50 (0.50)
iii) Mr. K. Ashok Reddy	Executive Director	5.40 (4.27)	0.03 (0.03)	- (-)	- (-)
iv) Mr. R. Balarami Reddy	Executive Director - Finance & Group CFO	5.45 (4.31)	0.02 (0.03)	- (-)	- (-)
v) Mr. E. Ella Reddy	Director	- (-)	- (-)	2.64 (2.54)	- (-)
vi) Mr. S.Ramachandran	Managing Director(BOOT) (Subsidiary)	4.04 (-)	- (-)	- (-)	- (-)
vii) Mr. S.C. Sekaran	Executive Director (Subsidiary)	5.45 (4.50)	- (-)	- (-)	- (-)
viii) Mr. D.P.Mishra	Manager (Subsidiary)	0.12 (0.12)	- (-)	- (-)	- (-)
ix) Relatives		- (-)	3.68 (3.24)	2.42 (2.33)	- (-)
<b>Total</b>		<b>193.60</b> <b>(239.54)</b>	<b>14.14</b> <b>(12.40)</b>	<b>8.12</b> <b>(6.73)</b>	<b>1.00</b> <b>(1.00)</b>

### 12. Employee Share based Plan

#### a) Employee Share based Plan – ESOP 2007 Scheme

The IVRCL – ESOP 2007 Scheme approved by the shareholders in the 20<sup>th</sup> Annual General Meeting held on September 7, 2007 to grant 4,200,000 options, convertible in to 4,200,000 shares of ₹ 2 on exercise of options granted to the employees. The Company is yet to grant these options to the employees.

#### b) Employee Share based Plan – HDO-ESOP-2005 Scheme

Under ESOP 2005 Scheme, the members had approved 1,000,000 options of face value of ₹ 2 each to the permanent employees of the Company. During the previous year one of the Subsidiary (Hindustan Dorr - Oliver Limited), granted 5,04,000 options to its employees under the Employees Stock Option Scheme HDO-ESOP-2005 at a single exercise price of ₹ 41.51 per stock option with a vesting period of 1 year.

#### Method used for accounting for share based plan

The Company has used intrinsic value method to account for the compensation cost of stock option to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying stock exceeds the exercise price of the option. The total intrinsic value of the options granted during the year is recognised as deferred compensation expense with a corresponding liability as Stock Options.

Deferred employee compensation expense is amortised on a straight line basis over a vesting period of the option granted.

Movement in the options during the year :

#### Employees Stock Options Scheme, 2005

Particulars	ESOP : 2005 Scheme	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year	4,96,000	41.51
Granted during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding during the year	4,96,000	41.51
Options exercisable at the end of the year	5,04,000	41.51

**Schedule - 19 : Notes on Consolidated Financial Statements**

**Fair value Methodology:**

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the date of granting using Black-Scholes model. The key assumptions used in Black-Scholes model for computing the fair value are; (a) Risk free interest rate of 6.6% p.a. (b) Expected life of 1 year and (c) Expected volatility of share price of 61.55%. The weighted average fair value of the option works out to ₹ 45.34.

Had compensation cost for the stock options granted under ESOP 2005 been determined based on fair value approach, the Company's net profit and earning per share would have been as per the pro forma amounts indicated below:

Particulars		
Net Profit (as reported)	(₹ in million)	505.97
Add: Employee compensation expense included in net income, based on market price as on Date of grant	(₹ in million)	12.09
Less: Employee compensation expense determined under fair value based method	(₹ in million)	1.59
Net profit ( pro forma)	(₹ in million)	516.47
Basic Earnings per share (as reported) (₹)		1.89
Basic Earnings per share (pro forma) (₹)		1.93
Diluted Earnings per share (as reported) (₹)		1.89
Diluted Earnings per share (pro forma) (₹)		1.93

**13. Derivative Instruments:**

- a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	US Dollar Equivalent (million)	INR Equivalent (million)	US Dollar Equivalent (million)	INR Equivalent (million)
	2010 - 11		2009 - 10	
Amount payable in foreign currency : Foreign Currency Convertible Bonds	-	-	7.60	341.21

- b) The year end foreign currency exposures that have been hedged by a derivative instrument or otherwise are given below:

Particulars	US Dollar Equivalent (million)	INR Equivalent (million)	US Dollar Equivalent (million)	INR Equivalent (million)
	2010 - 11		2009 - 10	
Amount payable in foreign currency : External Commercial Borrowings	12.50	571.63	-	-

**14. Segmental Reporting:**

Information about primary business segments (₹ in million)

Particulars	Engineering & Construction	Real Estate	Eliminations	Total
Revenue:				
Total External Sales	68,293.14	83.24	-	68,376.38
	58,039.60	278.54	-	58,318.14
Add : Inter segment sales	8,075.15	-	(8,075.15)	-
	6,975.63	-	(6,975.63)	-
Total Revenue	76,368.28	83.24	(8,075.15)	68,376.38
	65,015.23	278.54	(6,975.63)	58,318.14

## Schedule - 19 : Notes on Consolidated Financial Statements

Particulars	Engineering & Construction	Real Estate	Eliminations	Total
Segment result before interest, exceptional items and tax				5,641.31 5,979.65
Less: Interest				4,210.43 2,198.73
Profit before Exceptional items and tax				1,430.88 3,780.92
Exceptional items:				- -
Profit Before Tax				1,430.88 3,780.92
Tax				1,136.33 1,437.52
Profit After tax				294.55 2,343.40
Segment Assets	104,816.36 82,685.73	17,197.12 18,368.54	(10,467.79) (6,241.58)	111,545.69 94,812.69
Unallocated Corporate Assets				1,844.87 1,170.73
<b>Total Assets</b>				<b>113,390.56</b> <b>95,983.42</b>
Segment Liabilities	37,686.86 28,970.16	4,324.13 5,178.11	(5,561.64) (3,765.57)	36,449.35 30,382.70
Unallocated Corporate Liabilities				43,163.11 33,067.45
<b>Total Liabilities</b>				<b>79,612.46</b> <b>63,450.15</b>
Segment Depreciation	1,903.05 801.10	1.84 1.49	- -	1,904.89 802.59
Non - Cash Expenses other than Depreciation				427.87 380.90

Secondary Segment disclosure:

Geographical Segment:

During the year under report, the Group has engaged in their business primarily within India. The scale of operations in other countries does not constitute a reportable segment as per the Accounting Standard 17 notified in Companies (Accounting Standard) Rules, 2006. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.



**Schedule - 19 : Notes on Consolidated Financial Statements**
**15. Managerial Remuneration:**

(₹ in million)

	2010-11	2009-10
Salary and allowances	47.29	40.15
Commission	141.90	195.10
Contribution to Provident and other Funds*	4.41	4.29
Director's Sitting Fee	1.12	1.02
<b>Total</b>	<b>194.72</b>	<b>240.56</b>

\* Excluding contribution towards Gratuity and Compensated absences, as separate figures cannot be quantified.

**16. Employee Benefits**
**a) Gratuity Plan**

(₹ in million)

Particulars	2010-11	2009-10
<b>Components of Employer Expenses</b>		
Current service cost	30.56	25.37
Interest cost	12.94	10.67
Expected return on plan assets	(9.12)	(6.90)
Net Actuarial (Gain) / Loss to be recognised	(5.24)	(0.26)
Total expense recognised in the Statement of Profit and Loss Account	29.14	28.88
<b>Actual Contribution &amp; Benefit Payments</b>		
Actual Benefit Payments	(7.87)	(8.42)
Actual Contribution	34.83	25.43
<b>Net Asset / (Liability) recognised in Balance Sheet</b>		
Liability at the end of the year	172.96	140.87
Fair value of plan assets at the end of the year	124.25	89.85
Experience Adjustment / Non-Management Fund	5.12	-
Net Asset / (Liability) recognised in the Balance Sheet	(43.59)	(51.02)
<b>Change in Defined Benefit Obligations (DBO)</b>		
Present Value of DBO at Beginning of Year	140.87	114.25
Interest Cost	12.94	10.67
Current Service Cost	30.56	25.37
Benefits Paid	(4.50)	(8.51)
Actuarial (Gain) / Loss on obligations	(6.91)	(0.91)
Present Value of DBO at the End of Year	172.96	140.87
<b>Change in Fair Value of Plan Assets during the year</b>		
Planned assets at Beginning of the year	89.85	66.60
Expected return on planned assets	9.12	6.90
Contributions	34.83	25.43
Benefit paid	(7.87)	(8.42)
Actuarial Gain / (Loss) on plan assets	(1.68)	(0.66)
Fair value of plan assets at the end of the year	124.25	89.85
<b>Defined benefit plan – Gratuity Assumptions</b>		
Discount rate	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Rate of return on plan assets	8.25%	8.00%

## Schedule - 19 : Notes on Consolidated Financial Statements

**Note:** In accordance with the payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognised Gratuity Fund managed by Life Insurance Corporation of India and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The invested return earned on the policy comprises bonus declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The management understands that LIC's overall portfolio assets is well diversified and as such, the long term return of the policy is expected to be higher than the rate of return on Central Government Bonds.

- b) The expense pertaining to gratuity of ₹ 29.14 million (₹ 28.88 million) has been considered in "Contribution to Provident, Superannuation and Other Funds" under Schedule 17.
17. The net loss from derivative transaction in steel and crude oil of ₹ Nil (₹ 3.15 million) have been charged to the Profit and Loss Account under the head Administrative and Other Expenses.
18. Sundry Debtors includes claims aggregating to ₹ 347.02 million (₹ 347.02 million) 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 realisable based on favorable developments arising out of continuous contract management steps taken by the Company.  
Sundry Debtors considered good include claims aggregating to ₹ 285.08 million (₹291.36 million) under arbitration relating to certain projects. The management is of the view that these claims are fully recoverable.
19. Capital Work-in-Progress include assets held for sale of ₹ Nil million (₹150.20 million). During the year, the Company has decided to utilize these assets for business purposes and accordingly capitalized the acquisition value of ₹ 150.20 million under buildings.
20. Sale of Products include ₹ Nil million (₹ 1,060.15 million) being sale of project stores and consumables to sub-contractors.
21. The Company holds 240,000 equity shares of ₹ 100 each amounting to ₹ 24.00 million in Telcon Ecoroad Resurfaces Private Limited.  
A scheme of arrangement has been entered into between Telcon Ecoroad Resurfaces Private Limited and Telco Construction Equipment Company Limited for transfer and vesting of 'Road Laying Business' operations across India of Telcon Ecoroad Resurfaces Private Limited to Telco Construction Equipment Company Limited pursuant to sections 391 to 394 of the Companies Act, 1956.  
The scheme of arrangement has been filed with the Hon'ble High Court of Karnataka and the approval from the court is pending.
22. Other Current Assets include claims filed by the Company with Director General of Foreign Trade aggregating ₹ 283.73 million (₹ 215.91 million) towards reimbursement of duty paid under the Deemed Exports Scheme.
23. **Specific Notes relating to one of the subsidiary, IVRCL Assets & Holdings Limited and its subsidiaries**
- 23.1 During the year, the Group has finalized the business plan for development of Golf Course and Club House on 99 acres of land and township on 50 acres of land. Upon development, the Golf Course and Club House will be available for use on payment of fees. Accordingly, the cost of freehold land and land development rights of ₹535.84 million pertaining to proposed Golf Course has been transferred from 'Inventory' to 'Fixed Assets'. An amount of ₹ 268.27 million representing the cost of freehold land and land development rights of the township has been transferred to 'Plot stock' under 'Inventory'.  
In respect of the balance land parcels, the Group is into initial stage of project implementation. As per Company's business plan, the projects will have multiple properties consisting of integrated townships, golf course, service apartments, mega malls, plots, flats, residential and commercial multistoried buildings and IT Parks which will be classified under Fixed Assets, Investment Properties and Inventories, as the case may be, based on ultimate end use pattern as per final business plan of the Company. Pending such reclassification, the cost incurred on development of projects is included under the head 'Inventory'.
- 23.2 The Group has directly and through some of its subsidiaries incurred an aggregate cost of ₹ 15,211.20 million (₹ 14,834.63 million) on acquisition of certain land parcels and project expenditure incurred on some of these land parcels. The said land parcels/projects are being carried in the books at cost, which in the opinion of the management, is lower than the net realizable value/value in use, based on the assessment of experts engaged by the management. Accordingly, no adjustment has been made to the carrying value of these land parcels/projects.

**Schedule - 19 : Notes on Consolidated Financial Statements**

**23.3 Development rights for land**

Inventories include Earnest Money Deposits paid towards consideration for acquiring development rights of land as per Development Agreements amounting to ₹ 2,301.73 million (₹2,978.73 million).

**23.4 Property Development Rights**

Property development rights under inventory include consideration and interest paid/payable to NOIDA (New Okhla Industrial Development Authority) aggregating to ₹ 7,288.68 million (₹7,055.29 million) towards the rights for development of 100.41 acres of leasehold land at NOIDA. During the year 2006-07, the Holding Company, IVRCL Limited (formerly IVRCL Infrastructures & Projects Limited) had transferred these rights to the Company, vide Memorandum of Understanding dated 14th February, 2007. Balance payable outstanding to NOIDA as on March 31, 2011 is ₹ 4,010.65 million (₹ 3,721.34 million).

**23.5 Provision for resurfacing obligation**

One of the subsidiary, IVRCL Assets and Holdings Limited and its subsidiaries, has a contractual obligation to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement. The Company has recognised the provision in accordance with Accounting Standard-29 "Provision, Contingent Liabilities and Contingent Assets" i.e., at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(₹ in million)

Particulars	As on April 1, 2010	Additions during the Year	Amount used during the Year	Amounts reversed During the Year	As on March 31, 2011
Provision for resurfacing obligation	16.10	123.80	-	-	139.90
	<b>16.10</b>	<b>123.80</b>	-	-	<b>139.20</b>

**23.6. Un-hedged foreign currency exposure**

Particulars	As at 31.03.2011		As at 31.03.2010	
	EURO (in million)	INR (in million)	EURO (in million)	INR (in million)
Payables				
Loans	11.95	755.73	13.36	808.00
Interest payable on Loan	0.001	0.07	0.06	3.96

**23.7. Particulars of derivative instruments outstanding**

Particulars	Purpose	As at 31.03.2011 in million	As at 31.03.2010 in million
Interest Swap	Hedge against exposure to variable interest outflow on foreign currency loan. Swap to receive variable rate of interest of 3 Month EURIBOR and pay a fixed rate equal to 2.46% p.a. on the notional amount.	EURO 11.95	-
Currency Swap	Hedge against principal instalment outflow on foreign currency loan. Swap the EURO principal payments to USD.	EURO 0.35	-
	Hedge against principal instalment outflow on foreign currency loan. Swap the USD payments to INR.	USD 0.45	-

24. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the company's financial statements.

Signatures to Schedules 1' to 19' forming part of the financial statements as on 31<sup>st</sup> March, 2011.

**for and on behalf of the Board**

**E. Sudhir Reddy**  
Chairman &  
Managing Director

**R. Balarami Reddy**  
Executive Director -  
Finance & Group CFO

**B. Subrahmanyam**  
Company Secretary

Place: Hyderabad  
Date: May 28, 2011

**Financial Information of Subsidiary Companies for the year ended March 31, 2011**

(₹ in million)

S. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of Investment in Subsidiaries)	Turnover/Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1	IVRCL PSC Pipes Private Limited	2.51	1.71	15.11	15.11	-	-	(0.91)	-	(0.91)	-
2	IVR Enviro Projects Private Limited	30.00	-	30.00	30.00	-	-	(1.75)	(0.48)	(1.28)	-
3	IVRCL Assets & Holdings Limited	1,970.48	21,932.32	31,777.34	31,777.34	923.76	6,848.49	(351.79)	115.51	(467.30)	-
4	Hindusthan Dorr-Oliver Limited	144.01	2,551.53	4,722.38	4,722.38	16.52	9,444.64	779.29	241.76	537.54	57.60
5	Alkor Petroo Limited	66.25	2.50	904.17	904.17	-	1.51	0.38	0.07	0.31	-
6	IVRCL Steel Constructions & Services Limited	0.50	-	0.50	0.50	-	0.02	(0.01)	-	(0.01)	-
7	IVRCL Building Products Limited	10.00	-	206.25	206.25	-	5.46	(67.06)	6.95	(74.00)	-
8	HDO Technologies Limited	0.50	52.24	60.49	60.49	-	166.98	24.11	7.78	16.33	-
9	HDO (UK) Limited <i>(formerly IMCO (22010) Limited)</i>	73.51	-	73.51	73.51	-	-	(55.59)	-	(55.59)	-
10	Davymarkham Limited	305.19	-	305.19	305.19	-	1,257.60	(120.27)	-	(120.27)	-
11	Davymarkham (India) Private Limited	0.10	-	0.10	0.10	-	-	-	-	-	-
12	IVRCL Holdings & Services Pte. Limited	-	-	-	-	-	-	-	-	-	-
13	IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	0.10	2.99	3.09	3.09	-	452.34	4.33	1.34	2.99	-
14	IVRCL International FZE	1.28	-	1.28	1.28	-	-	(0.42)	-	(0.42)	-
15	IVRCL Patalaganga Trucks Terminal Pvt. Limited	0.10	-	116.10	116.10	-	-	-	-	-	-
16	IVR Prime Developers (Palakkad) Private Limited	0.10	-	2.85	2.85	-	-	(1.37)	-	(1.37)	-
17	IVR Prime Developers (Guindy) Private Limited	0.10	-	3.20	3.20	-	-	(1.39)	-	(1.39)	-
18	IVR Hotels and Resorts Limited	3.58	4,539.66	4,543.24	4,543.24	-	49.83	0.62	0.22	0.39	-
19	IVRCL Megamalls Limited	0.50	-	0.50	0.50	-	-	(0.02)	-	(0.02)	-
20	Agaram Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
21	Mummididi Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
22	Samatteri Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
23	Anupampattu Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
24	Tirumani Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
25	Ilavampedu Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
26	Chodavaram Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
27	Gajuwaka Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-

Financial Information of Subsidiary Companies for the year ended March 31, 2011

(₹ in million)

S. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of Investment in Subsidiaries)	Turnover/ Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
28	Simhachalam Prime Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
29	Siripuram Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
30	IVR Prime Developers (Amalapuram) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
31	IVR Prime Developers ( Erode ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
32	IVR Prime Developers ( Guntur ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
33	IVR Prime Developers (Kakinada ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
34	IVR Prime Developers ( Araku ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
35	IVR Prime Developers (Pudukkottai) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
36	Absorption Aircon Engineer Private Limited	0.37	-	0.37	0.37	-	-	(0.02)	-	(0.02)	-
37	IVR Prime Developers (Anakapalle) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
38	IVR Prime Developers (Rajampeta) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
39	IVR Prime Developers (Tanuku) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
40	IVR Prime Developers ( Red Hills ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
41	IVR Prime Developers (Rajahmundry) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
42	IVR Prime Developers (Tuni) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
43	IVR Prime Developers (Bobbili) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
44	IVR Prime Developers (Bhimavaram) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
45	GSVK Manpower Supply & Services Private Limited	0.10	0.74	0.84	0.84	-	6.82	1.13	0.33	0.79	-

Financial Information of Subsidiary Companies for the year ended March 31, 2011

(₹ in million)

S. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of Investment in Subsidiaries)	Turnover/ Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
46	IVR Prime Developers ( Adayar )	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
47	IVR Prime Developers (Ananthapuram)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
48	IVR Prime Developers (Perambadur)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
49	IVR Prime Developers (Egmore)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
50	IVR Prime Developers (Tambaram)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
51	IVR Vaanaprastha Private Limited	0.15	-	0.15	0.15	-	-	(0.05)	-	(0.05)	-
52	IVR Prime Developers (Ashram)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
53	IVR Prime Developers (Retiral Homes)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
54	IVR PUDL Resorts & Clubs	0.15	-	0.15	0.15	-	-	(0.05)	-	(0.05)	-
	Private Limited										
55	IVR Prime Developers (Avadi)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
56	IVR Prime Developers (Alwarpet)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
57	IVR Prime Developers (Mylapore)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
58	IVR Prime Developers (Thandiarpet)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
59	IVR Prime Developers (Gummidipundi)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
60	IVR Prime Developers (Kodambakkam)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
61	IVR Prime Developers (Arumbakkam)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
62	IVR Prime Developers (Anna Nagar)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										
63	IVR Prime Developers (Pallavaram)	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
	Private Limited										

Financial Information of Subsidiary Companies for the year ended March 31, 2011

(₹ in million)

S. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of Investment in Subsidiaries)	Turnover/ Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
64	IVR Prime Developers (West Mambalam) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
65	Bibinagar Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
66	Kumarapalayam Tollways Limited	334.04	675.30	4,457.21	4,457.21	-	337.71	(360.79)	-	(360.79)	-
67	Salam Tollways Limited	1,013.03	2,058.80	6,467.75	6,467.75	-	200.61	(357.16)	-	(357.16)	-
68	Jalandhar Amritsar Tollways Limited	468.99	937.48	4,176.48	4,176.48	-	205.85	(344.87)	-	(344.87)	-
69	Chennai Water Desalination Limited	1,729.83	-	6,172.37	6,172.37	-	1,144.34	(329.50)	-	(329.50)	-
70	SPB Developers Pvt.Limited	137.72	389.27	1,479.59	1,479.59	-	-	-	-	-	-
71	IVRCL Indore Gujarat Tollways Limited	134.70	1,207.83	4,393.83	4,393.83	-	-	-	-	-	-
72	First STP Private Limited	30.00	18.53	48.53	48.53	-	16.57	2.11	0.39	1.72	-
73	Sion Panvel Tollways Private Limited	0.10	-	0.56	0.56	-	-	-	-	-	-
74	IVRCL Chengapalli Tollways Limited	93.19	834.22	969.26	969.26	-	-	-	-	-	-
75	IVRCL Chandrapur Tollways Limited	3.14	23.72	27.85	27.85	-	-	-	-	-	-
76	IVRCL Goa Tollways Limited	0.50	-	10.10	10.10	-	-	-	-	-	-
77	IVRCL Multi Level Car Parking Private Limited	0.10	-	0.10	0.10	-	-	-	-	-	-
78	Papankuzhi Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
79	Kunnam Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
80	Haripuram Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
81	Vedurwada Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
82	Rudravaram Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
83	Geo Prime Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
84	Theata Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
85	Duuvda Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
86	Gamaa Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
87	Kasibugga Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
88	Vijayawada Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
89	Eluru Developers Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
90	IVR Prime Developers ( Nellore ) Private Limited	0.10	-	0.10	0.10	-	-	(0.02)	-	(0.02)	-
91	Geo IVRCL Engineering Limited	0.50	-	0.50	0.50	-	-	0.01	-	0.01	-





**INTENTIONALLY KEPT BLANK**



*We make it happen*

## IVRCL LIMITED

Registered Office : M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057, A.P.,India.

### PROXY FORM

#### 24<sup>th</sup> ANNUAL GENERAL MEETING

Folio No:..... DP ID:..... Client ID:.....

I/We .....of.....in the district of .....being a member/members of the above named company, hereby appoint Mr / Ms / Kum.....in the district of .....as my/our proxy to vote for me/us on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Monday the 26<sup>th</sup> September, 2011 at 3.30 p.m. at “K.L.N. Prasad Auditorium” The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, POB 14, Hyderabad – 500004 and at any adjournment thereof.

Signed this .....day of ..... 2011

Address .....

Signature .....

Affix  
Re.1  
Revenue  
Stamp

Note: The proxy form duly completed must be deposited at Regd.Office:M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057, A.P., India, not less than 48 hours before the time for commencement of the meeting. A proxy need not be a member.



Registered Office : M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057, A.P.,India.

## IVRCL LIMITED

### ATTENDANCE SLIP

Folio No:..... DP ID:..... Client ID:.....

I hereby record my presence at the Twenty Fouth Annual General Meeting of the Company to be held at “K.L.N.Prasad Auditorium”, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500004 on Monday, the 26<sup>th</sup> September, 2011 at 3.30 P.M

.....  
Full Name of the Shareholder  
(in block Letters)

.....  
Signature

.....  
Full Name of the Proxy  
(in block Letters)  
(To be filled if the Proxy attends  
instead of the member)

.....  
Signature

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. Please carry a copy of the Annual Report.













**IVRCL Limited**

**Registered Office:**

M-22/3 RT, Vijayanagar Colony,  
Hyderabad-500 057, A.P. India.  
Tel: +91-40-2334 3550/3678/5130/8467  
Fax: +91-40-2334 5004

**Corporate Office:**

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Tel: +91-40-2335 5663, 15, 18, 21, 51-55,  
3093 1111 (Hunting), 3093 1444 (Hunting)  
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Email: [info@ivrinfra.com](mailto:info@ivrinfra.com)

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