

# **IVRCL Steel Construction & Services Limited**

## **DIRECTORS' REPORT**

To  
The Members

The Directors have pleasure in presenting the Fifth Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2010.

### **REVIEW OF OPERATIONS**

The land acquired by the company for development either by itself or through others, ad measures to Acres 34.76 as on 31<sup>st</sup> March, 2010 (Previous Year: Acres 33.75). The company has entered into Joint Development Agreement with IVR Assets & Holdings Limited (formerly known as IVR Prime Urban Developers Limited) vesting all the economic development rights with them for development of these lands having received Earnest Money Deposit of Rs.1146.55 lakhs against the same.

### **DIVIDEND**

As the company did not earn any profits, no dividend is recommended.

### **DIRECTORS**

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. S. Ramachandran, Director of the company being longest in office is liable to retire at the forthcoming Annual General Meeting and offers himself for reappointment.

### **AUDITOR**

Mr. T. Vijay Kumar, Chartered Accountant, (Membership No: 023499) retires at the ensuing Annual General Meeting and is eligible for reappointment. The company received confirmation that his appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

### **STATUTORY INFORMATION:**

The Company has not employed any person who is in receipt of remuneration prescribed under section 217 (2A) of the Companies Act, 1956. Further there is no information to be furnished under Section 217 (1) (e) of the Companies Act 1956 as there were no Foreign Exchange earnings and outgo during the financial year.

**IVRCL Steel Construction & Services Limited**

**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:

- a. In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgment 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, 2010 and of the Loss of the Company for the period ended on that date.
- c. 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
- d. The directors have prepared the annual accounts of the company for the financial year ended 31<sup>st</sup> March, 2010 on a 'going concern' basis.

**For and on behalf of the Board**

  
**G. Ramakrishna Rao**  
Director

  
**S. Ramachandran**  
Director

Place: Hyderabad

Date: 08.05.2010

## IVRCL STEEL CONSTRUCTION & SERVICES LIMITED

### AUDITOR'S REPORT

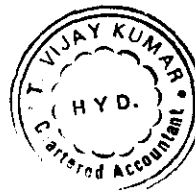
#### To the members of IVRCL Steel Construction & Services Limited

1. I have audited the attached Balance Sheet of **IVRCL Steel Construction & Services Limited**, as at 31<sup>st</sup> March,2010,the Profit and loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my Audit.
2. I conducted the Audit in accordance with Auditing Standards generally accepted in India. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order,2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act") , and on the basis of such checks of the books and records of the Company as I considered appropriate and according to the information and explanations given to me, I enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to above, I report that:
  - i) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
  - ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
  - iii) The Balance Sheet ,Profit and loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;

**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

- iv) In my opinion the Balance Sheet , Profit and loss Account and Cash Flow Statement of the Company dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March,2010 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In my opinion and to the best of the information and according to the explanations given to me, 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 Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010
- b) In the case of the Profit and loss Account of the loss for the year ended on that date;
- c) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

**Place: Hyderabad**  
**Date : 08.05.2010**



*T. Vijay Kumar*  
**T. VIJAY KUMAR**  
**Chartered Accountant**  
**Membership No: 023499**

**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

**Annexure to the Auditor's Report referred to in Paragraph 3 of my report of even date**

1. Based on my scrutiny of the Company's books of accounts and other records and according to the information and explanations received by me from the management, I am of the opinion that the question of commenting on maintenance of proper records of fixed assets, physical verification of assets and any substantial sale there of does not arise, since the Company had no fixed assets on 31st March, 2010 nor at any time during the financial year ended 31st March, 2010.
2. As the Company has not purchased / sold goods during the year nor is there any opening stock, requirement of reporting on physical verification of stocks or maintenance of inventory records, in my opinion does not arise.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (b) (c) and (d) of the Order are not applicable.  
  
b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. However the Company had received an earnest money deposit of Rs.11,46,54,824/- from a company covered in the register maintained under Section 301 of the Act, towards development rights of land.
4. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal controls.
5. There were no transactions entered into in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public to which the provisions of Section 58 A and 58 AA of the Companies Act, 1956 and rules made thereunder apply.
7. In my opinion and in accordance with the information and explanations provided by the management, the aggregate paid up capital and reserves did not exceed Rs.fifty lakhs as at 1st April 2009 nor did the average turnover for the immediately three preceding financial years exceed Rupees five crores. Hence, no comment on the internal audit system is required.

## IVRCL STEEL CONSTRUCTION & SERVICES LIMITED

8. According to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the activities of the company.
9. a) The Company has been regular in depositing undisputed statutory dues including income tax, wealth tax, sales tax, service tax, customs duty and excise duty and cess and other statutory dues applicable to it during the year. According to information and explanations given to me, The Provident Fund Act and Employees State Insurance Act are not applicable to the Company.  
  
b) According to the information and explanations given to me, no undisputed amounts payable in respect of Income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
10. The accumulated losses of the company are not more than fifty percent of its networth. The company has not incurred any cash losses during the financial year covered by my audit and in the immediately preceding financial year.
11. According to the records of the Company, the company has not borrowed from financial institutions or banks or issued debentures till 31st March, 2010. Hence, in my opinion the question of reporting on defaults in repayment of dues to financial institutions or banks or debentures does not arise.
12. The company, during the year has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a nidhi/mutual benefit fund/society to which the provisions of special statute relating to chit fund are applicable.
14. As per the records of the Company and the information and explanations given to me by the management, Company is not dealing or trading in shares, securities and debentures and other investments.
15. According to the information and explanations given to me and the records examined by me, the company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interests of the company.
16. According to the records of the company, the company had not obtained any term loans. Hence, comments under the clause are not called for.
17. In my opinion and according to the information and explanations given to me and on an overall examination of the Balance Sheet of the company, I report that no funds raised on short term basis have been used for long term investment and vice-versa.

**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

18. According to the records of the Company and the information and explanations provided by the management, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act.
19. In my opinion and according to the information and explanations given to me, the company has not issued any secured debentures during the period covered by my report.
20. During the period covered by my audit report, the company has not raised any money by public issue.
21. According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the period.

**Place: Hyderabad**  
**Date : 08.05.2010**



*T. Vijay Kumar*  
**T. VIJAY KUMAR**  
**Chartered Accountant**  
**Membership No: 023499**

**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	SCH. NO.	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS:</b>					
<b>1. SHARE HOLDERS FUNDS</b>					
Share Capital	A		500,000		500,000
			<b>500,000</b>		<b>500,000</b>
<b>II. APPLICATION OF FUNDS:</b>					
<b>1. FIXED ASSETS</b>					
			-		-
<b>2. CASH &amp; BANK</b>					
CURRENT ASSETS, LOANS & ADVANCES	B	592,071		575,314	
	C	114,682,156		77,223,656	
		115,274,227		77,798,970	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	D	114,804,502		77,334,039	
<b>NET CURRENT ASSETS</b>			469,725		464,931
<b>3. MISCELLANEOUS EXPENDITURE</b>					
	E		11,900		17,851
<b>4. PROFIT &amp; LOSS ACCOUNT (Dr)</b>					
			18,375		17,218
			<b>500,000</b>		<b>500,000</b>

Schedules A to E . Significant Accounting Policies and Notes on Accounts form part of this Balance Sheet.

As per my report of even date attached

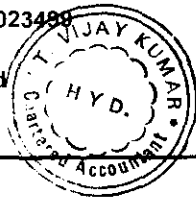
For and on behalf of the Board

*T. Vijay Kumar*  
**T. VIJAY KUMAR**  
 Chartered Accountant  
 Membership No: 023499

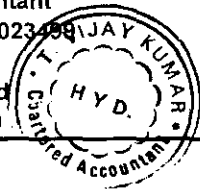
*G. Ramakrishna Rao*  
**G. RAMAKRISHNA RAO**  
 DIRECTOR

*S. Ramachandran*  
**S. RAMACHANDRAN**  
 DIRECTOR

Place : Hyderabad  
 Date : 08.05.2010



IVRCL STEEL CONSTRUCTION & SERVICES LIMITED			
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010			
	Year Ended 31.03.2010		Year Ended 31.03.2009
	Rs.		Rs.
<b>INCOME</b>			
Interest on fixed deposits with bank	26,066		31,348
	26,066		31,348
<b>EXPENDITURE</b>			
Fees & Licences	1,250		949
Audit Fees	20,000		20,000
Bank Charges	22		334
Preliminary expenses written off	5,951		5,951
	27,223		27,234
Profit / (Loss) Before Tax	(1,157)		4,114
Provision for Tax	-		424
Profit / (Loss) After Tax	(1,157)		3,690
Prior period adjustment	-		-
Balance as per last account	(17,218)		(20,908)
Loss carried forward to Balance Sheet	(18,375)		(17,218)
Significant Accounting Policies and Notes on Accounts form part of this Profit and Loss Account			
As per my report of even date attached	For and on behalf of the Board		
<i>T. Vijay Kumar</i> T. VIJAY KUMAR Chartered Accountant Membership No: 023489	<i>G. Ramakrishna Rao</i> G. RAMAKRISHNA RAO DIRECTOR	<i>S. Ramachandran</i> S. RAMACHANDRAN DIRECTOR	
Place : Hyderabad Date : 08.05.2010			



**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	<b>AS AT 31.03.2010</b>		<b>AS AT 31.03.2009</b>
	<b>Rs.</b>		<b>Rs.</b>
<b>SCHEDULE - A</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
50,000 Equity Shares of Rs. 10/- each.	500,000		500,000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>			
50,000 Equity Shares of Rs. 10/- each fully paid up (Of the above 49,400 shares of Rs.10/- each are held by the holding Company IVRCL Infrastructures & Projects Ltd)	500,000		500,000
	<b>500,000</b>		<b>500,000</b>
<b>SCHEDULE - B</b>			
<b>CASH &amp; BANK</b>			
Cash & Bank Balances			
a) Cash balance on Hand	-		-
b) Balances with Scheduled Banks			
in Current Account	92,071		75,314
in Fixed Deposits	500,000		500,000
	<b>592,071</b>		<b>575,314</b>
<b>SCHEDULE - C</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Loans and Advances			
(Advances recoverable in cash or in kind or for value to be received)			
Land for Development	114,654,824		77,205,611
Tax deducted at source	22,511		18,045
Interest accrued on deposits with bank	4,821		-
	<b>114,682,156</b>		<b>77,223,656</b>
<b>SCHEDULE - D</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Creditors			
Dues to Micro, Small and Medium Enterprises			
Others	149,254		128,004
Earnest Money Deposit received for Development Rights			
From IVRCL Assets & Holdings Limited (Formerly IVR Prime Urban Developers Limited)	114,654,824		77,205,611
Provision for Taxation	424		424
	<b>114,804,502</b>		<b>77,334,039</b>
<b>SCHEDULE - E</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
Preliminary Expenses	17,851		23,802
Less : Written off During the year	5,951		5,951
	<b>11,900</b>		<b>17,851</b>

IVRCL STEEL CONSTRUCTION & SERVICES LIMITED

Significant Accounting Policies and Notes on Accounts for the year ended 31<sup>st</sup> March 2010.

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention**

These financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

**NOTES FORMING PART OF ACCOUNTS**

1. Profit & Loss Account has been prepared for the year under review comprising of administrative and other expenses incurred by the company during the year.

2. Current liabilities & Provisions do not include any amount payable to Small Scale Industrial Undertakings (SSI) or Micro, Small and Medium Enterprises as at March 31, 2010.

3. The company has acquired land, for development either by itself or through others. The land acquired admeasures 34.76 acres and the economic development rights are vested with IVRCL Assets & Holdings Limited (formerly known as IVR Prime Urban Developers Limited), and has received Earnest Money Deposit of Rs. 11,46,54,824 respectively for the same.

4. Current assets are valued at cost or market value whichever is lower.

<u>5. Auditor's Remuneration</u>	<u>2009-10</u>	<u>2008-09</u>
	<u>Rs.</u>	<u>Rs.</u>
Towards Statutory Audit fee	<u>20,000</u>	<u>20,000</u>

6. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

List of Related Parties with whom transactions have taken place and relationships

1. Holding Company  
IVRCL Infrastructures & Projects Limited
2. Fellow subsidiary  
IVRCL Assets & Holdings Limited

<u>Particulars</u>	<u>As at 31.03.2010</u>
	<u>Rs.</u>
EMD Received for development rights from IVRCL Assets & Holdings Limited	11,46,54,824

As per my report of even date attached

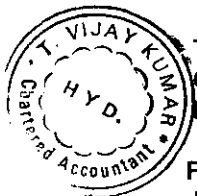
*T. Vijay Kumar*

T. VIJAY KUMAR  
Chartered Accountant  
Membership No: 023499

For and on behalf of the board

*G. Ramakrishna Rao*  
G. RAMAKRISHNA RAO  
Director

*S. Ramachandran*  
S. RAMACHANDRAN  
Director



Place : Hyderabad  
Date : 08.05.2010

**IVRCL STEEL CONSTRUCTION & SERVICES LIMITED**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL  
BUSINESS PROFILE AS ON 31.03.2010**

1 Registration Details	:046635	State Code	: 01
2 Capital Raised during the year ( Rupees in lakhs )			NIL
3 Position of Mobilisation and Deployment of Funds (Rupees in lakhs)			
Total Liabilities	5.00	Total Assets	5.00
<u>Sources of Funds</u>			
Paid up capital	5.00	Share application Money	NIL
Secured Loans	NIL	Reserves & Surplus	NIL
Deferred Tax Liability	NIL	Unsecured Loans	NIL
<u>Application of Funds</u>			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	4.70	Miscellaneous Expenditure	0.12
Profit & Loss Account(Dr)	0.18		
4 Performance of Company ( Rupees in lakhs)			
Sales & Other Income	0.26	Total Expenditure	0.27
Profit before tax	(0.01)	Profit after tax	(0.01)
Earnings per share	NIL	Dividend rate %	NIL

5 Generic Names of Three Principal Products / Services of Company  
(as per monetary terms)

Service of the Company : Steel Construction & Services  
Item Code No: : NIL

As per my report of even date  
attached

For and on behalf of the Board

*T. Vijay Kumar*

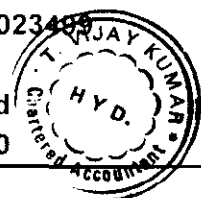
T. VIJAY KUMAR

Chartered Accountant

Membership No: 023400

Place : Hyderabad

Date : 08.05.2010



*G. Ramakrishna Rao*

G. RAMAKRISHNA RAO  
DIRECTOR

*S. Ramachandran*

S. RAMACHANDRAN  
DIRECTOR