

BOARD OF DIRECTORS

E. Sudhir Reddy	Chairman & Joint Managing Director
E. Sunil Reddy	Managing Director
R. Balarami Reddy	Director
T.N. Chaturvedi	Director
P.R. Tripathi	Director
Mahesh Madduri	Director

K. Krishna

Joint General Manager (Finance) &
Company Secretary

Bankers

Canara bank
HDFC Bank Limited
ICICI Bank Limited
Indian Overseas Bank Limited
ING Vysya Bank Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
State Bank of India
Tamilnad Mercantile Bank Limited
Yes Bank Limited

Statutory Auditors

M/s. Deloitte Haskins & Sells
Chartered Accountants
Coromondal House
1-2-10, Sardar Patel Road,
Secunderabad – 500 003.

Internal Auditor

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

Registrars and Transfer Agents

M/s. KARVY Computershare Private Ltd
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad – 500 034

Registered Office

M-22/3RT,
Vijayanagar Colony
Hyderabad – 500 057
Ph: 91-40-23352961
Fax: 91-40-23354482

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FORWARD LOOKING STATEMENT

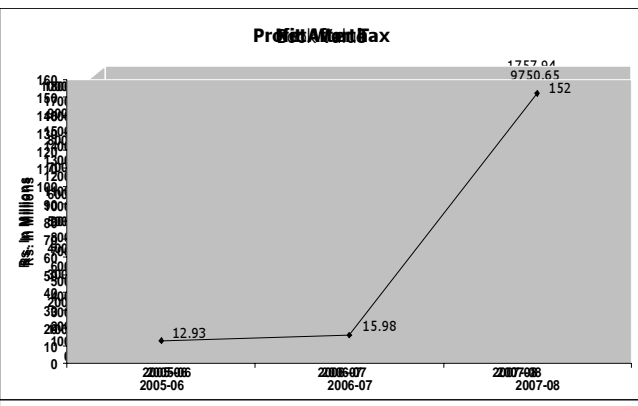
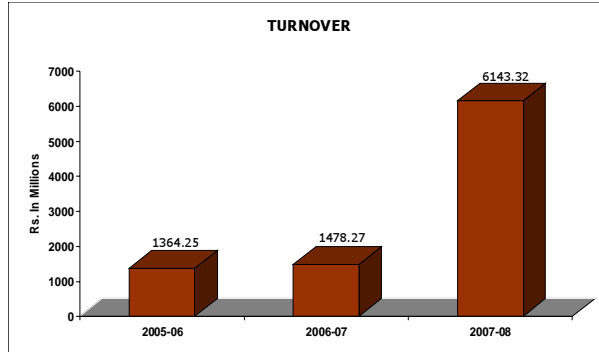
This communication contains statements that constitute “forward looking statements” including without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance.

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 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.

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

FINANCIAL PERFORMANCE



NOTICE TO SHAREHOLDERS

Notice is hereby given that the twelfth Annual General Meeting of the Members of **IVR Prime Urban Developers Limited** will be held at Prime Club House, Hill Ridge Springs, Survey No. 25, ISB Road, Gachibowli, Hyderabad - 500 032 at 4.00 PM on Monday the 8th September, 2008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2008, 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.
3. To appoint a Director in place of Mr. T.N. Chaturvedi, a Director, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P.R.Tripathi, a Director, who retires by rotation and being eligible offers himself for reappointment.
5. To re-appoint Auditors and fix their remuneration.

To consider and pass with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Statutory Auditors of the Company to hold office till the conclusion of next annual general meeting and that the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to them."

SPECIAL BUSINESS:

6. **Variation in the remuneration of Mr. E. Sunil Reddy, Managing Director**

To Consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to statutory approvals if any, the terms of remuneration of Mr. E. Sunil Reddy, Managing Director of the company be modified, with effect from February 1, 2008 for the remaining period of his present terms of appointment as follows:

- (a) Commission – Not exceeding 5% of net profits as per the provisions of Section 198 and 309 of the Companies Act, 1956, including salary and perquisites
- (b) SALARY – Rs.10,00,000/- (Rupees Ten lacs only) per month including basic salary, and other allowances as may be decided by the Board and
- (c) PERQUISITES viz., contribution to Provident Fund, Superannuation Fund, Gratuity, Leave travel concession, Medical reimbursement, Leave encashment and provision of motor car as per the Rules of the Company.

FURTHER RESOLVED THAT the other terms of appointment and remuneration, as approved by the Members of the Company by way of a resolution in the 11th Annual General Meeting held on July 5, 2007, shall remain unaltered being within the provisions of Schedule XIII of the Companies Act, 1956.

By order of the Board of Directors

(K.Krishna)

Joint General Manager (Finance) &
Company Secretary

Registered Office :

M-22/3RT, Vijaynagar Colony,

Hyderabad:500057

Date: 28.05.2008

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies 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 Item 6 of the Notice is attached and the Statement of particulars of Directors seeking reappointment 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 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 03-09-2008 to 08-09-2008 both days inclusive.
6. After declaration of dividend at the Annual General Meeting, the Dividend Warrants / Pay Orders / Drafts for the dividend amount are scheduled to be posted after 9th September, 2008 to the members, whose names appear on the Register of Members on close of business hours 2nd September, 2008. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per details to be furnished for this purpose by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
7. The dividend will be paid through ECS in respect of shareholders having demat accounts, to the credit of relative bank accounts as furnished by the depositories. Members who desire the amounts to be credited by way of dividend warrants and would like to have their bank account details incorporated in their dividend warrants may please furnish the (i) Folio Nos. (ii) Name and address of sole/first shareholder (iii) Bank Account No. (with prefix SB/CA etc) (iv)

Name of the bank and branch (iv) Full address of the Bank with Pin Code.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO: 6

Variation in the remuneration of Mr. E. Sunil Reddy, Managing Director

The Board of Directors of the company at its meeting held on 31st January 2008, as approved by the Compensation committee, made certain changes in the terms of remuneration of Mr. E. Sunil Reddy, Managing Director of the company, with effect from February 1, 2008 as stated in the resolution, for the remaining period of his present term of appointment, subject to approval of the members in the General Meeting of the Company. Variation in the remuneration in effect results in increase in monthly remuneration from Rs.2,03,500/- to Rs.10,00,000/- and reduction in commission payable within the overall remuneration limit of 5% of the net profits of the company.

In the Extraordinary General Meeting held on 27th March, 2006, Mr. E. Sunil Reddy was appointed Managing Director of the company with effect from March 27, 2006 for a period of five years.

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

Memorandum of Interest: None of the Directors except a) Mr. E. Sunil Reddy directly and b) Mr. E. Sudhir Reddy, indirectly as relative of Mr. E. Sunil Reddy, is interested in the resolution.

An abstract of the terms of variation in the remuneration of Mr. E. Sunil Reddy pursuant to Section 302 of the Companies Act, 1956, has already been communicated to the members of the Company

By order of the Board of Directors

(K.Krishna)

Joint General Manager (Finance) &
Company Secretary

Registered Office :

M-22/3RT, Vijaynagar Colony,
Hyderabad:500057
Date: 28.05.2008

Annexure - A to the Notice to Shareholders

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

Name of Director	Mr. T. N. Chatuvedi	Mr. P.R. Tripathi
Date of Birth	15.01.1959	24.06.1943
Date of Appointment	25.10.2006	23.01.2007 as Additional Director
Expertise in Specific functional areas	He has nearly twenty two years of experience in the field of auditing corporate and financial restructuring, public issues, mergers, taxation and other legal issues	He is an expert in the areas of mine planning, operation and management of mineral projects and has 41 years of experience in the mining industry
Qualification	B.Com, FCA	B.Sc (Hon.), A.I.S. M(Mining), F.C.C. (Coal & Metal)
List of other companies in which Directorship is held as on 31st March, 2008	<ul style="list-style-type: none"> a) Hindustan Dorr-Oliver Limited b) Orient Abrasives Limited c) Perfect Pac Limited d) Universal Cylinders Limited e) IVRCL Infrastructures Projects Ltd., f) IVRCL Road Toll Holdings Limited 	<ul style="list-style-type: none"> a) Minman Consultancy Services Private Ltd., b) Sarda Energy & Minerals Limited c) Jhagadia Copper Limited d) IVRCL Infrastructures & Projects Ltd., e) Hindustan Dorr-Oliver Limited f) HDO Technologies Limited g) Eastern Coal Fields Limited h) Premier Explosives Limited l) Taurian Resources Private Limited j) POL India Agencies Limited
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31st March, 2008	<ul style="list-style-type: none"> a) Orient Abrasives Limited Chairman Audit Committee Compensation Committee Member Share Transfer Committee b) Hindustan Dorr-Oliver Limited Chairman Audit Committee Member Compensation Committee c) IVRCL Infrastructures & Projects Limited Chairman Audit Committee Compensation Committee 	<ul style="list-style-type: none"> a) Hindustan Dorr-Oliver Limited Member Audit Committee b) Premier Explosives Limited Member Audit Committee c) IVRCL Infrastructures & Projects Limited Member Audit Committee
Equity shares held in the Company	20,000	Nil

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2008.

The performance of the Company for the financial year ended March 31, 2008 is summarised below:

Financial Results:

	Rs. in Millions	
	Year ended 31.03.2008	Year ended 31.03.2007
Income from Operations	6,143.32	1,478.27
Profit before Interest, Depreciation & Tax	2,509.27	357.69
Less: Interest	83.04	56.85
Less: Depreciation	7.50	4.01
Profit Before Tax	2,418.73	314.83
Provision for Tax	660.79	108.04
Profit After Tax (PAT)	1,757.94	206.79
Balance brought forward from previous year	314.10	107.31
Profit available for appropriation	2,072.04	314.10
Transfer to General Reserve	175.79	—
Proposed Dividend	256.60	—
Corporate Dividend Tax	43.61	—
Balance carried to Balance Sheet	1,596.04	314.10

Dividend:

Your Directors have pleasure in recommending a maiden dividend of 40% i.e. Rs.4/- per share of Rs.10/- each on 6,41,50,000 equity shares of Rs. 10/- each for the financial year ended 31.03.2008, which if approved at the ensuing annual general meeting, will be paid to all those members whose names appear in the Register of members as on the close of business hours on 2nd September, 2008 and to all those shareholders whose names appear on that date as beneficial owners in the list furnished by National Depository Services limited (NSDL) and Central Depository Services Limited (CDSL). The dividend payable will result in an outgo of Rs. 300.21 million including the corporate dividend tax of Rs. 43.61 million.

Review of performance:

Your Company achieved income from operations of Rs. 6,143.32 million as against Rs.1,478.27 million for the previous year.

The Profit before Tax (PBT) has substantially increased from Rs. 314.83 million of the previous year to Rs.2418.73 million for the current year ended 31st March 2008. The Earnings per share (EPS) improved significantly from Rs.4.60 in the previous year to Rs.29.72 for the year ended 31st March 2008, on the expanded capital arising out of the initial public offering.

Your Company acquired lands in its name and in the name of its wholly owned subsidiaries. Besides, the Company entered into Joint Development Agreements with other Companies and Individuals owning lands. Your Company is having a land bank of 3,244 acres as on 31st March 2008, located in and around Hyderabad, Chennai, Nagpur, Bangalore, Pune and Visakhapatnam. The Company acquired development rights from the parent company for housing development in Sectors 119,118 and 121 and commercial development by way of IT SEZ in Sector

144 of New Okhla Industrial Development Authority (NOIDA).

During the year under review, your company made arrangements for development of lands in and around Sriperumbudur near Chennai, jointly with Kotak Alternate Opportunities (India) Limited and its associates through an SPV Company i.e. IVR Hotels and Resorts Limited. Your company holds 67% of controlling interest in the said SPV Company.

The plans for development of all the lands mentioned above are likely to result in around 90 million square feet of saleable area during the next few years.

The Company's residential projects at Jigani, Begur in Bangalore, Kukatpally and Madhapur in Hyderabad, Bhajgoan, Dongeragoan, Viman Nagar in Pune and Nagpur are in progress, besides the Commercial project (Mall) at Gachibowli, Hyderabad.

Subsidiary Companies and Consolidated Financial statements :

The Company has 42 subsidiaries as on 31st March 2008. Information regarding subsidiaries under Section 212 in respect of companies which are subsidiaries as on 31.03.2008 is furnished in Annexure A to this Report.

The details of investment made by the company in its various subsidiaries during the year and the value of the investment as on 31st March 2008 have been furnished in Para 15 A (i) of Schedule -20 Notes to Accounts.

Brief financial details of the subsidiaries have been furnished in Annexure B to the Directors' Report forming part of the Annual Report. In terms of the Listing agreement with the Stock Exchanges and in accordance with the Accounting Standard 21, a consolidated Financial statement of the Company and its subsidiaries forms part of the Annual Report.

Statutory Disclosures:

Particulars of Employees

As required under the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees who were in receipt of remuneration of Rs.24,00,000 or more per annum or Rs.2,00,000 or more per month are set out in the Annexure C to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/outgo

Conservation of Energy, which is an on going process in the company's activities, is not furnished as the relative Rule is not applicable to your Company.

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.

The Company is taking all steps to be compliant with all Environmental Laws.

The Company has insured all its properties to the extent required.

The Particulars of expenditure/Earnings in Foreign currency is furnished in item No. B – 8 of Schedule 20 – Notes to Accounts.

Management Discussion and Analysis Statement

The Management Discussion and Analysis Report as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, is annexed as Annexure – D hereto and forms part of this report.

Corporate Governance Report

Your Directors adhere to the requirements set out in Clause 49 of the Listing Agreements with the Stock Exchanges. Report on Corporate Governance as stipulated in the said clause is annexed as Annexure – E hereto and forms part of this Report. The Chairman & Joint Managing Director's declaration regarding the compliance of Code of Business Conduct and Ethics for Board Members and Senior Management personnel forms part of Report on Corporate Governance.

Certificate from M/s D.Hanumanta Raju & Co, Compay Secretaries, confirming the compliance of conditions of Corporate Governance as stipulated under Clause 49, is also annexed to the Report on Corporate Governance.

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 declared and 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 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 on 31st March, 2008, and 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.

Directors:

Mr. T. N. Chaturvedi and Mr. P.R.Tripathi, Directors retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors seeking re-appointment together with the nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership of Board/

Committee and number of shares held as stipulated under clause 49 of the Listing Agreement are stated in the Notice, forming part of this Annual Report.

Auditors

M/s. Deloitte Haskins & Sells, the Statutory Auditors, retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The Company received confirmation that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgements

The Directors wish to express their appreciation of the support and cooperation extended by the State Government, banks, suppliers, clients and the holding company. The Directors also wish to thank all the employees for their contribution and continued cooperation throughout the year.

For and on behalf of the Board

E. Sudhir Reddy
Chairman & Joint Managing Director

Place : Hyderabad
Date : May 28, 2008

Statement pursuant to section 212 of the companies Act, 1956 relating to subsidiary companies

Annexure -A

Name of the Subsidiary Company	IVR Hotels and Resorts Limited 1	IVRCL Mega Malls Limited 2	Agaram Developers Private Limited 3	Pappankuzhi Developers Private Limited 4	Mummidi Developers Private Limited 5	Sammateri Developers Private Limited 6	Velursantha Developers Private Limited 7	Anupampattu Developers Private Limited 8
Number of shares held and extent of holding thereof by the holding company, IVR Prime Urban Developers Ltd as at the above date:								
a) The number of equity shares of Rs. 10/- each fully paid	239,355	50,250	10,000	10,000	10,000	10,000	10,000	10,000
b) Extent of holdings in percentage terms	66.88	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	1,268,413	(128,357)	(49,170)	(49,524)	(49,820)	(49,132)	(53,561)	(49,554)
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	—	—	—	—	—	—	—	—

Statement pursuant to section 212 of the companies Act, 1956 relating to subsidiary companies

Annexure -A

Name of the Subsidiary Company	Kunnam Developers Private Limited 9	Tirumani Developers Private Limited 10	M.M. Kuppum Developers Private Limited 11	Ilavampedu Developers Private Limited 12	Haripuram Developers Private Limited 13	Chodavaram Developers Private Limited 14	Vedurwada Developers Private Limited 15	Lamda Developers Private Limited 16
Number of shares held and extent of holding thereof by the holding company, IVR Prime Urban Developers Ltd as at the above date:								
a) The number of equity shares of Rs. 10/- each fully paid	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
b) Extent of holdings in percentage terms	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	(49,505)	(22,611)	(49,135)	(49,511)	(22,320)	(22,606)	(22,606)	(28,156)
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	—	—	—	—	—	—	—	—

Statement pursuant to section 212 of the companies Act, 1956 relating to subsidiary companies

Annexure -A

Name of the Subsidiary Company	Rudravaram Developers Private Limited 17	Kappa Developers Private Limited 18	Eta Developers Private Limited 19	Iota Developers Private Limited 20	Annaram Developers Private Limited 21	Gajuwaka Developers Private Limited 22	Geo Prime Developers Private Limited 23	Theata Developers Private Limited 24
Number of shares held and extent of holding thereof by the holding company, IVR Prime Urban Developers Ltd as at the above date:								
a) The number of equity shares of Rs. 10/- each fully paid	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
b) Extent of holdings in percentage terms	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	(22,320)	(22,595)	(22,545)	(22,728)	(22,606)	(22,320)	(22,310)	(22,250)
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company								
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	—	—	—	—	—	—	—	—

Statement pursuant to section 212 of the companies Act, 1956 relating to subsidiary companies

Annexure -A

Name of the Subsidiary Company	Duvvda Developers Private Limited 25	Gamma Developers Private Limited 26	Simhachalam Developers Private Limited 27	Siripuram Developers Private Limited 28	Kasibugga Developers Private Limited 29	Vijayawada Developers Private Limited 30	Kalyug Developers Private Limited 31	Eluru Developers Private Limited 32	IVR Prime Developers (Nellore) Pvt Limited 33
Number of shares held and extent of holding thereof by the holding company, IVR Prime Urban Developers Ltd as at the above date:									
a) The number of equity shares of Rs. 10/- each fully paid	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
b) Extent of holdings in percentage terms	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company									
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	(22,134)	(22,269)	(22,269)	(22,134)	(22,269)	(21,761)	(21,873)	(21,761)	(23,618)
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company									
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	—	—	—	—	—	—	—	—	—

Statement pursuant to section 212 of the companies Act, 1956 relating to subsidiary companies

Annexure -A

Name of the Subsidiary Company	IVR Prime Developers (Amalapuram) Pvt. Limited 34	IVR Prime Developers (Erode) Pvt. Limited 35	IVR Prime Developers (Guntur) Pvt. Limited 36	IVR Prime Developers (Kakinada) Pvt. Limited 37	IVR Prime Developers (Araku) Pvt. Limited 38	IVR Prime Developers (Pudukkottai) Pvt. Limited 39	Absorption Aircon Engg. Private Limited 40	IVR Prime Developers (Vanaprastha) Limited 41	IVR PUDL Resorts & Clubs Private Limited 42
Number of shares held and extent of holding thereof by the holding company, IVR Prime Urban Developers Ltd as at the above date:									
a) The number of equity shares of Rs. 10/- each fully paid	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
b) Extent of holdings in percentage terms	100.00	100.00	100.00	100.00	100.00	100.00	100.00	66.67	66.67
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company									
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	(22,023)	(22,023)	(21,896)	(21,896)	(22,158)	(21,896)	(412,282)	(29,382)	(29,464)
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company									
a) dealt with or provided in the accounts of the holding company	—	—	—	—	—	—	—	—	—
b) Not dealt with or provided in the accounts of the holding company (Rs.)	—	—	—	—	—	—	—	—	—

Annexure - B

Financial Information regarding subsidiary companies

(In Rupees)

Name of the Subsidiary Company	IVR Hotels and Resorts Limited 1	IVRCL Mega Malls Limited 2	Agaram Developers Private Limited 3	Pappankuzhi Developers Private Limited 4	Mummid Developers Private Limited 5	Sammati Developers Private Limited 6	Velursantha Developers Private Limited 7
Capital	3578670	502500	100000	100000	100000	100000	100000
Reserves	4499080955						
Total Assets	4502659625	502500	100000	100000	100000	100000	100000
Total Liabilities	4502659625	502500	100000	100000	100000	100000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover							
Profit Before Taxation	2795401	(128357)	(49170)	(49524)	(49820)	(49132)	(53561)
Provision for Taxation	898957						
Profit After Taxation	1896444	(128357)	(49170)	(49524)	(49820)	(49132)	(53561)
Proposed Dividend	—	—	—	—	—	—	—

Name of the Subsidiary Company	Anupampattu Developers Private Limited 8	Kumnam Developers Private Limited 9	Tirumani Developers Private Limited 10	M.M. Kuppum Developers Pvt. Limited 11	Ilavampedu Developers Private Limited 12	Haripuram Developers Private Limited 13	Chodavaram Developers Private Limited 14
Capital	100000	100000	100000	100000	100000	100000	100000
Reserves							
Total Assets	100000	100000	100000	100000	100000	100000	100000
Total Liabilities	100000	100000	100000	100000	100000	100000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover							
Profit Before Taxation	(49554)	(49505)	(22611)	(49135)	(49511)	(22320)	(22606)
Provision for Taxation	—	—	—	—	—	—	—
Profit After Taxation	(49554)	(49505)	(22611)	(49135)	(49511)	(22320)	(22606)
Proposed Dividend	—	—	—	—	—	—	—

Annexure - B**Financial Information regarding subsidiary companies****(In Rupees)**

Name of the Subsidiary Company	Vedurwada Developers Private Limited 15	Lamda Developers Private Limited 16	Rudravaram Developers Private Limited 17	Kappa Developers Private Limited 18	Eta Developers Private Limited 19	Iota Developers Private Limited 20	Annavaram Developers Private Limited 21
Capital	100000	100000	100000	100000	100000	10000	100000
Reserves							
Total Assets	100000	100000	100000	100000	100000	10000	100000
Total Liabilities	100000	100000	100000	100000	100000	10000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover							
Profit Before Taxation	(22606)	(28156)	(22320)	(22595)	(22545)	(22728)	(22606)
Provision for Taxation							
Profit After Taxation	(22606)	(28156)	(22320)	(22595)	(22545)	(22728)	(22606)
Proposed Dividend	—	—	—	—	—	—	—

Name of the Subsidiary Company	Gajuwaka Developers Private Limited 22	Geo Prime Developers Private Limited 23	Theata Developers Private Limited 24	Duvvada Developers Private Limited 25	Gamma Developers Private Limited 26	Simhachalam Developers Private Limited 27	Siripuram Developers Private Limited 28
Capital	100000	100000	100000	100000	100000	100000	100000
Reserves							
Total Assets	100000	100000	100000	100000	100000	100000	100000
Total Liabilities	100000	100000	100000	100000	100000	100000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover	—	—	—	—	—	—	—
Profit Before Taxation	(22320)	(22310)	(22250)	(22134)	(22269)	(22269)	(22134)
Provision for Taxation							
Profit After Taxation	(22320)	(22310)	(22250)	(22134)	(22269)	(22269)	(22134)
Proposed Dividend	—	—	—	—	—	—	—

Annexure - B**Financial Information regarding subsidiary companies****(In Rupees)**

Name of the Subsidiary Company	Kasibugga Developers Private Limited 29	Vijayawada Developers Private Limited 30	Kalyug Developers Private Limited 31	Eluru Developers Private Limited 32	IVR Prima Developers (Nellore) Private Limited 33	IVR Prime Developers (Amalapuram) Private Limited 34	IVR Prime Developers (Erode) Private Limited 35
Capital	100000	100000	100000	100000	100000	100000	100000
Reserves							
Total Assets	100000	100000	100000	100000	100000	100000	100000
Total Liabilities	100000	100000	100000	100000	100000	100000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover							
Profit Before Taxation	(22269)	(21761)	(21873)	(21761)	(23618)	(22023)	(22023)
Provision for Taxation	—	—	—	—	—	—	—
Profit After Taxation	(22269)	(21761)	(21873)	(21761)	(23618)	(22023)	(22023)
Proposed Dividend	—	—	—	—	—	—	—

Name of the Subsidiary Company	IVR Prime Developers (Guntur) Pvt. Limited 36	IVR Prime Developers (Kakinada) Private Limited 37	IVR Prime Developers (Araku) Private Limited 38	IVR Prime Developers (Pudukkottai) Pvt. Limited 39	Absorption Aircon Engg. Private Limited 40	IVR Prime Developers (Vanaprastha) Pvt. Limited 41	IVR PUDL Resorts & Club Private Limited 42
Capital	100000	100000	100000	100000	100000	100000	100000
Reserves							
Total Assets	100000	100000	100000	100000	100000	100000	100000
Total Liabilities	100000	100000	100000	100000	100000	100000	100000
Details of investment (except in case of investment in subsidiaries)	—	—	—	—	—	—	—
Turnover	—	—	—	—	—	—	—
Profit Before Taxation	(21896)	(21896)	(22158)	(21896)	(412282)	(44071)	(44194)
Provision for Taxation	—	—	—	—	—	—	—
Profit After Taxation	(21896)	(21896)	(22158)	(21896)	(412282)	(44071)	(44194)
Proposed Dividend	—	—	—	—	—	—	—

We M/s IVR Prime Urban Developers Limited, do hereby undertake that annual accounts of the above subsidiary companies and the related detailed information will be made available to the investors of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in its Head Office and of the subsidiary company concerned.

K. Krishna
Joint General Manager (Finance) & Company Secretary

Annexure – C

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2008

1. Name	:	Mr. E. Sunil Reddy
2. Age (Years)	:	46 Years
3. Designation/Nature of duties	:	Managing Director – Overall control of the affairs of the Company
4. Gross Remuneration	:	Rs. 47.54 Million
5. Qualifications	:	B.Com, LLB
6. Total Experience (Years)	:	21
7. Date of commencement of Employment	:	March 01, 2006
8. Last Employment	:	Director – Legal with M/s IVRCL Infrastructures & Projects Limited
9. Relationship with Directors	:	Brother of Mr. E. Sudhir Reddy, Chairman & Joint Managing Director

Notes:

1. The appointment is contractual. Other terms and conditions are as per Company Rules.
2. Gross Remuneration includes monthly Salary, P.F., Leave Encashment, taxable value of perquisites and Commission on Profits in terms of Schedule XIII of the Companies Act, 1956.

For and on behalf of the Board

Place : Hyderabad
Date : May 28, 2008

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

Annexure D to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian Real Estate Sector has witnessed a revolution, driven by the booming economy, favourable demographics and liberalized foreign direct investment (FDI) regime. Growing at a scorching 35%, the realty sector is estimated to be worth US\$ 15 billion and anticipated to grow at the rate of 30 percent annually over the next decade, attracting foreign investments worth US\$ 30 billion, with a number of IT parks and residential townships being constructed across India.

The second largest employing sector in India (including construction and facilities management), real estate is linked to a number of ancillary industries like Cement, Bricks and Steel through backward and forward linkage. Consequently, a unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times.

The Government has introduced many progressive reform measures to unlock the potential of the sector and also meet increasing demand levels.

1) Foreign Direct Investment

- a) 100 per cent FDI allowed in realty projects through the automatic route.
- b) In case of integrated townships, the minimum area to be developed has been brought down to 25 acres from 100 acres.
- c) 51 per cent FDI allowed in single brand retail outlets and 100 per cent in cash and carry through the automatic route.
- d) Minimum capital investment for wholly-owned subsidiaries and joint ventures stands at US\$ 10 million and US\$ 5 million, respectively
- e) Full repatriation of original investment after three years

- 2) Urban Land (Ceiling and Regulation) Act, 1976 (ULCRA) repealed by increasingly larger number of states.

- 3) Enactment of Special Economic Zones Act.

OUTLOOK

With the economy surging ahead, the demand for all segments of the real estate sector is likely to continue to grow, despite the shadows of sub-prime problems on the Indian Stock markets and its cascading effect on the real estate sector. Given the boom in residential housing, IT, ITES, organised retail and hospitality industries, this industry is likely to see increased investment activity. Foreign direct investment alone might see a significant growth over the next 10 years.

OPERATIONS

The Company continued its focus of identifying low cost lands in fast growing cities and suburbs which attract economic activity in manufacturing, IT/ITES, telecommunications and other sectors. Accordingly, we have acquired land in and around the cities of Chennai, Hyderabad, Bangalore, Pune, Nagpur, Viskhapatnam, besides acquiring the property development rights for 100 acres of land at NOIDA. The land bank of the company stood at 3,244 acres of land as on 31st March 2008.

The Company is having sizeable and large parcels of lands at Anekal, Begur in Bangalore Region, Karla, Dongeragoan, Bhajgoan, Paneval and Nagpur in Pune Region, Sriperumbudur, Minjur and Vayalur in Chennai Region. The lands acquired by the company are proximate to the places having potential for exponential economic growth. The plans for development of all the lands mentioned above are likely to result in around 90 million square feet of saleable area during the next few years. The

Company's development of commercial space at Gachibowli is under progress and necessary clearances are in the way. Attention is being paid for development of Small Hotels as an independent business segment at appropriate places.

RISKS AND CONCERNS:

The strengths of your parent company still operate as the strengths of your Company in development and execution of various projects both technically and financially. The Company is taking steps to be an independent developer over a period of time to reduce dependence on the parent Company.

The company has developed built-in procedures and practices to effectively mitigate the adverse effects of risks involved in the business and has laid down procedures for handling risks in carrying out the business to the best advantage of all stakeholders and to improve the shareholder value and to ensure continuity of business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has installed internal control systems which are considered adequate for controlling the operations of the Company. The company is in the process of focusing in further strengthening the internal control systems through its Finance and Legal functions to ensure that the operations adhere to the defined and established procedures and meet statutory requirements

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The company is in the initial stages of growth phase. The company has already taken adequate steps to strengthen its human resources function by defining a structured organization and recruiting and developing the required technical and managerial skills within the organization. The company is also deputing its personnel at various levels for the training programs in established institutions besides in house training so as to improve the managerial and technical skill sets.

FINANCIAL PERFORMANCE :

The Company, during the year, made initial public offering of its shares at Rs. 550 per share and raised Rs. 7782 million as equity. As a result the net worth of the company increased to Rs. 9750.65 million as at the end of the financial year.

Dues to Karnataka Bank Limited and Indian Overseas Bank were cleared during the year amounting to Rs.1125 million.

All the real estate properties are considered as inventories in consonance with the business practices including development rights from subsidiaries and others.

Loans and advances including advance for purchase of land in the current year increased from Rs.986.90 million during the previous year to Rs. 1683.55 million on account of purchase of land in and around of Hyderabad, Vizag, Bangalore, Pune and Chennai.

Provisions include enhanced tax liability, proposed dividend of Rs. 257.60 million and corporate dividend tax thereon amounting to Rs. 43.61 million besides provisions for gratuity based on actuarial estimation.

The company recorded a revenue of Rs. 6,143 million during the year as against Rs. 1,478 million of last year. Similarly the profit after tax (PAT) of the company increased from Rs. 207 million for the year 2006 - 07 to Rs. 1,758 million for the year 2007 - 08 due to increased turnover.

Earnings per Share (EPS) increased to Rs.29.72 per share for the current year as against Rs. 4.60 per share during the year.

Most of the projects undertaken by the company are under construction and are likely to be substantially completed and would yield results during the current financial year.

The company is leveraging its operations by realising the enhanced values of land holdings for increasing profitability.

Annexure E to Directors' Report

REPORT ON CORPORATE GOVERNANCE

1. IVR PRIME 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 a Chairman who is also acting as Joint Managing Director drawing no salary during the financial year. The number of Independent Directors is 50% of the total number of Directors. The number of Non-Executive independent Directors in the Company is 50% which is as 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, 2008 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, 2008 consisted of:

Non – Executive Directors

A. Independent

Mr. T.N.Chaturvedi

Mr. P.R.Tripathi

Mr. Mahesh Madduri

B. Non-Independent

Mr. R. Balarami Reddy

Executive Directors

Mr. E. Sunil Reddy (Promoter) Managing Director

Mr. E. Sudhir Reddy (Promoter) Chairman and Joint Managing director

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

Six meetings of the Board of Directors were held during the financial year 2007-08 on:

12th April 2007, 28th May 2007, 27th June 2007, 31st July 2007, 31st October 2007 and 31st January 2008

The last Annual General Meeting was held on Thursday the 5th July 2007.

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. Sudhir Reddy	C&JMD	6	YES	11	NIL	1
Mr. E. Sunil Reddy	MD	6	YES	12	Nil	1
Mr. T.N. Chaturvedi	I & NED	6	YES	12	4	0
Mr. R. Balarami Reddy	NED	6	YES	15	5	3
Mr. P.R. Tripathi	I & NED	6	YES	10	0	2
Mr. Mahesh Madduri	I & NED	6	YES	1	0	2

I & NED - Independent & Non-Executive Director

NED - Non-Executive Director

MD - Managing Director

C&JMD - Chairman and Joint Managing Director

3. AUDIT COMMITTEE

A. Constitution: The Audit Committee was constituted by the Board of Directors in accordance with the requirement of Section 292A of the Companies Act, 1956 and **three** meetings of the committee were held during the financial year 2007-08. 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. R. Balarami Reddy
 Mr. Mahesh Madduri

C. Meetings and Attendance:

Three meetings of the Audit Committee were held on 28th May 2007, 31st October 2007 and 31st January 2008

Name of the Director	No. of meetings attended
Mr. T. N. Chaturvedi - Chairman	3
Mr. R. Balarami Reddy	3
Mr. Mahesh Madduri	3

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. R. Balarami Reddy
 : Mr. Mahesh Madduri

B. Meetings and Attendance:

Two meetings of the Compensation Committee meetings were held on 28th May, 2007 and 31st January, 2008.

Name of the Director	No. of meetings attended
Mr. T. N. Chaturvedi - Chairman	2
Mr. R. Balarami Reddy	2
Mr. Mahesh Madduri	2

C. Remuneration Policy:

- i) 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.
- ii) The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director.
- iii) Sitting fees at the rate of Rs.5,000/- 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.
- iv) There is at present no other component of remuneration to non-executive directors.

D. The details of remuneration to all the Directors for the year 2007-08 are as follows:

1. Non Executive Directors (sitting fee only)		(in Rupees)	
Mr. T.N. Chaturvedi		55000	
Mr. Mahesh Madduri		55000	
Mr. P. R. Tripathi		30000	
TOTAL		140000	
2. Managing Director (No Sitting Fees)		Rs. in Million	
Name and Designation	Fixed Component Salary	Variable Component Commission	Total
Mr. E. Sunil Reddy Managing Director	4.25	43.29	47.54
TOTAL	4.25	43.29	47.54

5. SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

- A The Committee consists of Mr. P.R.Tripathi, Chairman, Mr. E.Sudhir Reddy and Mr. R.Balarami Reddy who looks into the investor grievances and coordinates with the Registrars & Transfer Agents, M/s. Karvy Computershare Private Ltd. for redressal of grievances.
 - B Mr. K. Krishna, Joint General Manager (Finance) & Company Secretary is the Compliance Officer nominated for this purpose under Clause No. 47(a) of the Listing Agreement.
- During the year, the Company received 622 complaints and all the complaints were resolved to the satisfaction of the Investors.

6. EXECUTIVE COMMITTEE:

The Board reconstituted the Executive Committee with the following directors on 28.05.2007 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 powers as are delegated from time to time.

Members:

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

Powers:

1. The Committee is authorized to borrow monies up to a limit of Rs. 25 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 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 17 times during the year.

7. GENERAL BODY MEETINGS

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

Year	Location	Date & Time
9 th AGM – 2005	M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057	At 4.00 pm on August 1, 2005
10 th AGM – 2006	M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057	At 4.00 pm on June 10, 2006
11 th AGM – 2007	M-22/3RT, Vijayanagar Colony, Hyderabad – 500 057	At 11.00 am on July 5, 2007

B **No special resolutions were passed at the 9th Annual General Meeting of the members of the Company held on August 1, 2005**

The following special resolutions were passed at the 10th Annual General Meeting of the members of the Company held on June 10, 2006

- a. To consider increase in the borrowing powers of the Company from Rs. 300 Crores to Rs. 500 Crores.

The following special resolution were passed at the 11th Annual General Meeting of the members of the Company held on July 5, 2007

- a. To confirm the appointment of Mr. E. Sudhir Reddy as Joint Managing Director of the Company.
- b. To confirm the remuneration payable to Mr. E. Sunil Reddy, Managing Director.
- c. To consider increase of borrowing powers from Rs. 500 Crores to Rs. 1000 Crores.

The following special resolutions were passed at the Extraordinary General Meeting of the members of the Company held on March 13, 2006

- a. To amend the Articles of Association of the Company in relation to increase of authorized share capital from Rs. 30 Crores to Rs. 55 Crores.
- b. To amend the Object clause of the Memorandum of Association of the Company.

The following special resolutions were passed at the Extraordinary General Meeting of the members of the Company held on March 27, 2006

- a. Preferential Allotment of warrants convertible into Equity Shares.
- b. Re-appointment of Mr. E. Sunil Reddy as Managing Director of the Company.
- c. Adoption of New set of Articles
- d. Issue of further equity shares.

The following special resolutions were passed at the Extraordinary General Meeting of the members of the Company held on May 24, 2006

- a. To consider change of Name of the Company.

The following special resolutions were passed at the Extraordinary General Meeting of the members of the Company held on August 14, 2006

- a. To amend Objects clause of the Memorandum of Association of the Company.

The following special resolutions were passed at the Extraordinary General Meeting of the members of the Company held on November 13, 2006

- a. To approve the issuance of 8, 50,000 options to the employees of the Company and its employees of holding Company and Subsidiaries etc.,
- i) Grant of options to the employees of IVR Prime urban Developers Limited under Employee Stock Option Plan (ESOP)
- ii) Grant of options to the employees of subsidiaries and Holding Company of IVR Prime Urban Developers Limited under Employee Stock Option Plan (ESOP) viz., IVR PUDL – ESOP:2006.

C. POSTAL BALLOT:

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, approval of the Members of the Company was sought by means of Postal Ballot vide Notice dated 28th November, 2007 and 4th January, 2008 for partial modification of utilization of Public issue proceeds and for inter-corporate investments exceeding the limits prescribed under Section 372A of the Companies Act, 1956, Ratification of resolution passed at the Extraordinary General Meeting of the members of the Company held on November 13, 2006 relating to ESOP Scheme respectively.'

Mr. D. Hanumanta Raju, Practising Company Secretary conducted the Postal Ballot. The voting pattern was as follows:

FOR POSTAL BALLOT NOTICE DATED 28TH NOVEMBER 2007

Particulars	Number of members	Number of Votes
Total postal ballots received	2,879	5,05,70,760
Postal Ballots - valid	2,863	5,05,70,247
Postal Ballots - Invalid	16	513
Postal ballot forms in favour of the resolution	2,725	5,05,60,752
Postal ballot forms dissent for the resolution	138	9,495

The resolution was carried, with over 99.98% in favour of the resolution

FOR POSTAL BALLOT NOTICE DATED 04TH JANUARY, 2008

Particulars	Number of members	Number of Votes
Item No.1(Inter Corporate Investment)		
Total postal ballots received	1,868	5,01,52,107
Postal Ballots - valid	1,865	5,01,51,713
Postal Ballots - Invalid	3	394
Postal ballot forms in favour of the resolution	1,720	5,01,43,689
Postal ballot forms dissent for the resolution	145	8,124
Item No. 2 (Ratification of ESOP resolution)		
Total postal ballots received	1,868	5,01,52,107
Postal Ballots - valid	1,865	5,01,51,713
Postal Ballots - Invalid	3	394
Postal ballot forms in favour of the resolution	1,708	5,00,86,290
Postal ballot forms dissent for the resolution	157	65,423

The resolution was carried, with over 99.98% in favour of the resolution for Item No.1 and with over 99.87% for Item No.2.

8 DISCLOSURES:

- (i) There has been no materially significant related party transactions 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 minor transactions are there were 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's financial statements are prepared as per Accounting Standards and the accounting principles generally accepted in India.
- (iv) There is no pecuniary relationship or transaction with the Non-Executive Directors.
- (v) 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.

- (vi) Risk Management:

The Board members are informed about the risk assessment procedures and these procedures are reviewed from time to time every month by the CEO (Managing Director) who controls risk as detailed in the Management Discussion and Analysis which forms part of this Annual Report.

9. 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.ivrprime.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., investors@ivrprime.com for speedy redressal of investor grievances

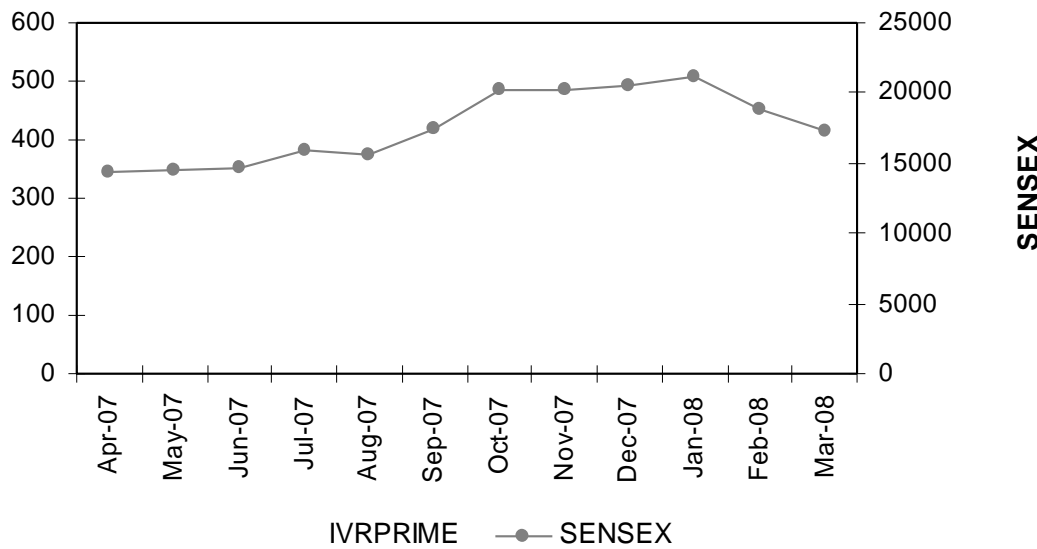
10 GENERAL SHAREHOLDER INFORMATION

- | | | |
|----|--|---|
| a. | 12 th Annual General Meeting | |
| | Date and Time | 08 th September, 2008 at 4.00 P.M |
| | Venue | Prime Club House, Hill Ridge Springs, Survey No. 25, ISB Road, Gachibowli, Hyderabad - 500 032. |
| b. | Financial Calendar | |
| | Un-audited financial results for the quarter ending June 30, 2008 | Will be published in July 2008 |
| | Un-audited/audited results for the quarter / half-year ending September 30, 2008 | Will be published in October 2008 |
| | Un-audited results for the quarter ending December 31, 2008 | Will be published in January 2009 |
| | Audited results for the year ending March 31, 2009 | Will be published in June 2009 |
| c. | Book Closure: | From 03 rd September, 2008 to 08 th September, 2008 (Both days inclusive) |

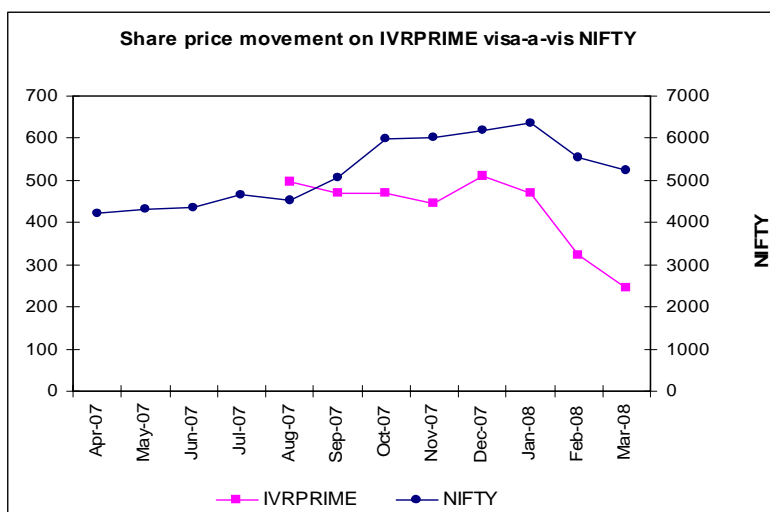
- d. Record Date (for dividend) 02nd September, 2008
(Close of business hours)
- e. Dividend payment date Will commence after 9th September, 2008
- f. The equity shares of the Company are listed on (i) Bombay Stock Exchange(BSE)
(ii) National Stock Exchange of India Limited (NSE)
- g. Stock Code:
i) Trading Symbol at The Stock Exchange, Mumbai
Scrip Code: 532881
National Stock Exchange
IVRPRIME EQ
- ii) Demat ISIN Numbers in NSDL
& CDSL Equity Shares INE414101018
- h. 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
Aug. - 07	500.00	340.25	15542.40	13779.88	495.00	343.00	4532.90	4002.20
Sep. - 07	467.00	355.00	17361.47	15323.05	468.00	358.00	5055.80	4445.55
Oct.- 07	469.00	388.20	20238.16	17144.58	468.95	370.00	5976.00	5000.95
Nov. - 07	449.00	376.80	20204.21	18182.83	444.90	349.90	6011.95	5394.35
Dec. - 07	509.90	393.10	20498.11	18886.40	509.70	376.00	6185.40	5676.70
Jan. - 08	469.80	165.00	21206.77	15332.42	468.90	155.00	6357.10	4448.50
					40.00		5545.20	4803.60
					51.50		5222.80	4468.55

Share price movement on IVRPRIME visa-a-vis SENSEX



SE website.
E and BSE



- i Registrars and Transfer Agents :
M/s. Karvy Computershare Private Limited
Karvy House, 46, Avenue 4,
Street No.1, Banjara Hills, HYDERABAD- 500 034

j. (i). **Distribution of Shareholding as on 31.03.2008**

Category (Amount)	Share/Debenture Holders		Equity	
	Number	% to Total	No. of Shares	% to Total
Upto – 5000	72453	98.39	4390532	6.84
5001 - 10000	576	0.78	435475	0.68
10001 – 20000	285	0.39	421395	0.66
20001 – 30000	77	0.10	200198	0.31
30001 – 40000	43	0.06	150402	0.24
40001 – 50000	31	0.04	144802	0.23
50001 – 100000	78	0.11	561301	0.87
10001 and above	92	0.13	57845895	90.17
TOTAL	73635	100%	64150000	100%

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

Particulars	Nature of Allotment	No. of Shares of the face Value of Rs. 10/- each	Aggregating to Rs.	Date of the listing and trading Permissions
Capital at the beginning of the year		50000000	500,000,000	N/A
Allotments made during the year : 08.08.2007	Public issue	14150000	141,500,000	NSE : 16.08.2007 BSE : 16.08.2007
Capital at the end of the year		64150000	641,500,000	

iii. Share Holding pattern as on 31.03.2008

Category	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of Share held in demat form	Total Shareholding	
					As a Percent- age of (A+B)	As a Percent- age of (A+B+C)
A.	PROMOTER AND PROMOTER GROUP					
1.	INDIAN					
a.	Individual / HUF	1	1579	1579	0.00	0.00
b.	Central Government					
	State Government	—	—	—	—	—
c.	Bodies Corporate	2	50000000	0	77.94	77.94
d.	Financial Insstitutions					
	Banks	—	—	—	—	—
e.	Others	—	—	—	—	—
	Sub -Total A(1)	3	50001579	1579	77.94	77.94
2.	Foreign					
A.	INDIVIDUALS (NRIS/ FOREIGN INDIVIDUALS)	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0
c.	Others					
	- Foreign Bodies Corporates	—	—	—	—	—
	Sub - Total A (2)	0	0	0	0	0
	Total A= A(1) + A(2)	3	50001579	1579	77.94	77.94
B.	PUBLIC SHARHOLDING					
1.	INSTITUTIONS					
a.	Mutual Funds / UTI	8	790392	790392	1.23	1.23
b.	Financial Institutions					
	/ Banks	11	451249	451249	0.70	0.70
c.	Central Government					
	State Government (s)	---	---	--	--	--
d.	Venture Capital Funds	--	--	--	--	--
e.	Insurance Companies	0	0	0	0	0
f.	Foreign Institutional					
	Investors	22	4839242	4839242	7.55	7.55
g.	Foreign Venture					
	Capital Investors	---	--	--	--	--
h.	Others	--	--	--	--	--
	Sub-Total B (1)	41	6080883	6080883	9.48	9.48

Category	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of Share held in demat form	As a Percent- age of (A+B)	As a Percent- age of (A+B+C)
2.	NON- INSTITUTIONS					
a.	Bodies Corporate	856	1888497	1888497	2.94	2.94
b.	Individuals					
(i)	Individual holding nominal share capital up to Rs. 1 Lakh	72115	5202216	5202213	8.11	8.11
(ii)	Individual holding nominal share capital up to Rs.1 Lakh	28	689253	689253	1.08	1.08
c.	OTHERS					
	Clearance Members	237	179480	179480	0.28	0.28
	Non Resident Indian	339	106272	106272	0.17	0.17
	Trusts	10	1820	1820	0.00	0.00
	Sub Total B (2)	73585	8067538	8067535	12.58	12.58
	Total B=B(1) + B (2)	73626	14148421	14148418	22.06	22.06
	Total (A+B)	73629	64150000	14149997	100.00	100.00
	Shares Held by Custodians and against which Depository Receipts have been Issud	0	0	0	0	0
	Grand Total (A+B+C)	73629	64150000	14149997	100.00	100.00

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.

Shares aggregating to 22.06 percent of the share capital have been dematerialized as on 31.03.2008. 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.

I Code of Conduct for Directors and Senior Management:

The Board at its meeting held on January 28, 2006 has adopted the Code of Conduct for Directors and Senior Management ('the Code'). This Code is a comprehensive Code applicable to all Directors, Executives as well as Non-Executive and Senior Management in (G1, G2 and G3 grades). The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers around the following theme –

“The Company’s Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.”

A copy of the Code has been put on the Company's website: www.ivrprime.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 Joint Managing Director is given below:

DECLARATION

I hereby confirm that :

The Company has 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 2007-08:

E. Sudhir Reddy
Chairman & Joint Managing Director

M. Address for Correspondence:

For all matters relating to Shares, Annual Reports etc.,

K. KRISHNA
Joint General Manager (Finance) &
Company Secretary
IVR Prime Urban Developers Limited
M-22/3RT, Vijaya Nagar Colony
HYDERABAD – 500 057

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF IVR PRIME URBAN DEVELOPERS LIMITED

We have examined the compliance of conditions of Corporate Governance by IVR Prime Urban Developers Limited, for the period ended on March 31, 2008 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 examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor 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 by the Directors and Management, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further 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 D. Hanumanta Raju & Co.,
Company Secretaries

Hyderabad
May 28, 2008

D. Hanumanta Raju
Proprietor
FCS : 4044 C.P. No. : 1709

AUDITORS' REPORT

To The Members of IVR Prime Urban Developers Limited

1. We have audited the attached Balance Sheet of **IVR Prime Urban Developers Limited** as at 31st March 2008, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement 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 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 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 of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (a) 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;
 - (b) 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;
 - (c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - (iii) 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 written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Secunderabad
May 28, 2008

P.R.Ramesh
Partner
Membership No.:70928

Annexure to the Auditors' Report

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

The nature of the Company's business/activities during the year was such that paragraphs 4(vi), (viii), (xii), (xiii), (xiv), (xv), (xviii) and (xix) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, fixed assets were physically verified during the year by the management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations 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.
- (ii) In respect of inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are 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.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has not granted any loan to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken inter corporate loans from one party (the holding company). At the year-end, the outstanding balance of such loan was Rs. 2,850 million and the maximum amount involved during the year was Rs. 3,705.31 million.
 - (c) The rate of interest and other terms and conditions of such loan are, in our opinion, prima facie not prejudicial to the interest of the company.
 - (d) The payment of principal amount and interest in respect of such loan is as per stipulations.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control systems.
- (v) 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 need to be entered in the register, maintained under the said section, have been so entered.
 - (b) Where each of such transaction (other than loans reported in para (iii) above) is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (vii) In respect of statutory dues:
- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including provident fund, employees state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise duty, cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and any other material statutory dues applicable to it were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there were no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (viii) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied during the year for the purposes for which the loans were obtained.
- (xi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have prima facie, not been used during the year for long term investment.
- (xii) We have verified the end use of funds raised by public issue with the prospectus filed with SEBI and as disclosed in Note 18 of Schedule 20 to the financial statements.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Secunderabad
May 28, 2008

P.R.Ramesh
Partner
Membership No.:70928

BALANCE SHEET AS AT MARCH 31, 2008

(Rs. in Million)

	SCHEDULES		As At 31.03.2008		As At 31.03.2007
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1		641.50		500.00
Reserves & Surplus	2		9,109.15		314.10
LOAN FUNDS					
Secured loans	3	680.74		628.05	
Unsecured Loans	4	<u>2,850.00</u>	3,530.74	<u>2,527.86</u>	3,155.91
TOTAL			<u>13,281.39</u>		<u>3,970.01</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	127.30		86.54	
Less: Depreciation		<u>11.97</u>		<u>4.60</u>	
Net Block		115.33		81.94	
Capital work-in-progress		<u>6.77</u>		<u>-</u>	
			122.10		81.94
INVESTMENTS	6		3,518.30		0.99
Deferred Tax Asset			114.10		0.79
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	9,564.78		8,807.45	
Sundry Debtors	8	142.05		676.43	
Cash & Bank Balances	9	2,707.39		21.20	
Loans & Advances	10	<u>2,458.98</u>		<u>1,100.84</u>	
		14,873.20		10,605.92	
Less: CURRENT LIABILITIES AND PROVISIONS:					
Current Liabilities	11	4,304.36		6,631.18	
Provisions	12	<u>1,041.95</u>		<u>103.64</u>	
		5,346.31		6,734.82	
NET CURRENT ASSETS			9,526.89		3,871.10
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	13		-		15.19
TOTAL			<u>13,281.39</u>		<u>3,970.01</u>
Significant Accounting Policies and Notes on accounts	20				

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

As per our report of even date attached**FOR AND ON BEHALF OF THE BOARD****For Deloitte Haskins & Sells**

Chartered Accountants

P.R.RAMESH

Partner

Membership No : 70928

Place : Hyderabad

Date: : May 28, 2008

E. SUNIL REDDY

Managing Director

R. BALARAMI REDDY

Director

K. KRISHNA

Joint General Manager (Finance) &

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

	Schedules		For the Year ended 31.03.2008		For the Year ended 31.03.2007
INCOME					
Income from Operations	14		5,958.18		1,477.62
Other Income	15		185.14		0.65
TOTAL			6,143.32		1,478.27
EXPENDITURE					
Construction Expenses	16		3,436.08		1,024.95
Employee Remuneration & Benefits	17		124.27		38.61
Administrative and Other Expenses	18		73.70		39.02
Financial Charges	19		83.04		56.85
Depreciation	5		7.50		4.01
TOTAL			3,724.59		1,163.44
Profit Before Tax			2,418.73		314.83
Provision for Taxation:					
Current Tax {includes Rs. 1.10 Million pertaining to previous year (2006-07 Rs. 6.33 Million)}		636.10		108.53	
Deferred Tax		23.79		(0.92)	
Fringe Benefit Tax		0.90	660.79	0.43	108.04
Profit after Tax			1,757.94		206.79
Balance brought forward from previous year			314.10		107.31
Available for appropriation			2,072.04		314.10
APPROPRIATIONS:					
Less: Proposed Dividend			256.60		—
Less: Corporate Dividend Tax			43.61		—
Less: Transfer to General Reserve			175.79		
Balance carried to balance sheet			1,596.04		314.10
Earning per Share of face value of Rs 10/- each Basic (Rs.)			29.72		4.60
Significant Accounting Policies and Notes on accounts	20				

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

As per our report of even date attached**FOR AND ON BEHALF OF THE BOARD****For Deloitte Haskins & Sells**

Chartered Accountants

P.R.RAMESH

Partner

Membership No : 70928

Place : Hyderabad

Date : May 28, 2008

E. SUNIL REDDY

Managing Director

R. BALARAMI REDDY

Director

K. KRISHNA

Joint General Manager (Finance) &

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

		For the Year ended 31.03.2008		For the Year ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		2,418.73		314.83
Adjustments for :				
Depreciation	7.50		4.01	
Profit on sale of investments	(1,468.29)			
Sale Proceeds of development rights	(3,600.84)			
Cost of development rights sold	2,859.49			
Dividend on mutual funds	(90.71)			
Interest Paid (Net)	448.40		55.88	
Loss on sale of fixed assets	0.29	(1,844.16)	—	59.89
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		574.57		374.72
(Increase)/Decrease in Inventories (Excluding property development rights and Earnest Money Deposit for Land development)	(269.30)		306.98	
(Increase)/Decrease in Debtors	534.39		(76.26)	
(Increase)/Decrease in Loans and Advances	(784.33)		(952.14)	
Increase/(Decrease) in Current Liabilites	(109.45)	(628.69)	(44.30)	(765.72)
CASH USED IN OPERATIONS		(54.12)		(391.00)
Direct taxes paid		(554.11)		(92.98)
NET CASH USED IN OPERATIONS (A)		(608.23)		(483.98)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(43.64)		(88.98)	
Proceeds from sale of development rights	3,600.84		—	
Purchase of Land/Development Rights	(5,480.55)		(1,990.77)	
Investment in Subsidiaries (including share application money)	(3,604.07)		(8.49)	
Proceeds from sale of investments	1,555.05		—	
Interest Received	67.10		0.26	
Dividends Received	90.71		—	
Sale of fixed Assets	1.00		—	
NET CASH USED IN INVESTING ACTIVITIES (B)		(3,813.56)		(2,087.98)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008 (Contd..)

(Rs. in Million)

		For the Year ended 31.03.2008		For the Year ended 31.03.2007
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	7,783.48		90.00	
Proceeds from Long Term Borrowings	226.05		3.0x0	
Repayment of Long Term Borrowings	(628.23)		(50.39)	
Proceeds from Short term Borrowings	3,721.82		500.31	
Repayment of Short term Borrowings	(3,767.26)		—	
Unsecured loans received from Holding company	3,015.66		2,027.54	
Repayment of unsecured loans to Holding company	(2,193.21)		—	
Interest Paid	(624.74)		26.21	
Expenditure incurred in connection with Initial Public Offering of shares	(425.59)		(15.19)	
NET CASH FROM FINANCING ACTIVITIES (C)		7,107.98		2,581.48
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		2,686.19		9.52
CASH AND CASH EQUIVALENTS AS AT 31.03.07 OPENING BALANCE		21.20		11.68
CASH AND CASH EQUIVALENTS AS AT 31.03.08 CLOSING BALANCE		2,707.39		21.20

Notes :

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

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.R.RAMESH
Partner
Membership No : 70928
Place : Hyderabad
Date: : May 28, 2008

E. SUNIL REDDY
Managing Director

R. BALARAMI REDDY
Director

K. KRISHNA
Joint General Manager (Finance) &
Company Secretary

SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
7,00,00,000 Equity shares of Rs.10 each (31.03.2007 : 7,00,00,000 Equity Shares of Rs. 10 each)	<u>700.00</u>	<u>700.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
6,41,50,000 (5,00,00,000) Equity Shares of Rs.10/- each fully paid up (39,999,500 (31.03.2007 39,999,500) equity shares of Rs. 10/- each fully paid up are held by the holding company IVRCL Infrastructures & Projects Limited)	641.50	500.00
	<u>641.50</u>	<u>500.00</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
General Reserve		
Balance as per last account	—	
Add: amount transferrred from Profit & Loss Account	<u>175.79</u>	175.79
Share Premium		
Balance as per last account	—	
Add: Amount received on Intial Public Issue	7,641.00	
Less: Adjustment of share issue expenses (net of deferred tax of Rs 137.10 Million)	<u>303.68</u>	—
Profit & Loss Account	1,596.04	314.10
	<u>9,109.15</u>	<u>314.10</u>
SCHEDULE - 3		
SECURED LOANS		
From Banks (Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachilbowli village and hypothecation of all movable assets and Corporate Guarantee of IVRCL Infrastructres & Project Ltd.)	—	624.70
From Kotak Mahindra Bank Ltd (Secured by way of equitable mortgage of Club house situated at Gachibowli Village)	219.12	—
Hire Purchase Agreements with ICICI Bank Limited	—	0.05
Hire Purchase Agreements with Tamilnadu Mercantile Bank Ltd	6.75	3.30
Short Term loan from Tamilnadu Mercantile Bank Ltd secured by pledge of Fixed Deposit Receipts	454.87	—
	<u>680.74</u>	<u>628.05</u>
SCHEDULE - 4		
UNSECURED LOANS		
Loan from Holding Company	2,850.00	2,027.55
Short term loan from Indian Overseas Bank (Repayable within one Year Rs.1120.00 Million, Previous year Rs.838.23 Million)	—	500.31
	<u>2,850.00</u>	<u>2,527.86</u>

SCHEDULE FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE – 5
FIXED ASSETS

(Rs. in Million)

Description	Gross Block at Cost				Depreciation				Net Block	
	As at 01.04.2007	Additions	Deletions	As at 31.03.2008	Up to 01.04.2007	For the Year ended 31.03.2008	On Deletions	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land – Freehold	6.06	-	-	6.06	-	-		-	6.06	6.06
Buildings	47.39	9.57	-	56.96	0.26	1.45		1.71	55.25	47.13
Leasehold Improvements	8.71	1.50	-	10.21	2.17	2.46		4.63	5.58	6.54
Plant and Machinery	1.19	0.73	-	1.92	0.01	0.07		0.08	1.84	1.18
Furniture & Fixtures	2.31	2.66	-	4.97	0.59	0.38		0.97	4.00	1.72
Office Equipment	9.36	7.17	-	16.53	0.37	0.76		1.13	15.40	8.99
Motor Vehicles	8.81	19.85	1.42	27.24	0.90	1.89	0.13	2.66	24.58	7.91
Computers	2.71	0.70	-	3.41	0.30	0.49		0.79	2.62	2.41
TOTAL	86.54	42.18	1.42	127.30	4.60	7.50	0.13	11.97	115.33	81.94
	(2.88)	(83.66)	-	(86.54)	(0.59)	(4.01)	-	(4.60)	(81.94)	(2.29)

Figures in brackets is relate to previous year

SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE - 6		
INVESTMENTS		
LONG TERM INVESTMENTS:	3,518.30	0.99
IN SUBSIDIARY COMPANIES (Unquoted) (Refer Note 15 of Schedule 20)	<u>3,518.30</u>	<u>0.99</u>
SCHEDULE - 7		
INVENTORIES - Lower of cost and net realisable value		
Residential Properties	74.76	323.30
Freehold Land	192.56	89.40
Work in progress	596.04	181.36
Property Development Rights	6,909.68	6,220.99
Earnest money deposits for land development	1,991.74	1,992.40
	<u>9,564.78</u>	<u>8,807.45</u>
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured , Considered Good)		
Debts outstanding for a period exceeding 6 months	18.36	212.57
Other Debts	123.69	463.86
	<u>142.05</u>	<u>676.43</u>
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash on hand	0.09	0.03
Cheques on hand	28.21	0.77
Balances With Scheduled Banks		
In Current Accounts	14.19	20.40
In Fixed Deposit Accounts	2,664.90	-
	<u>2,707.39</u>	<u>21.20</u>
SCHEDULE -10		
LOANS AND ADVANCES (Unsecured ,Considered Good)		
Advances recoverable in cash or in kind or for value to be received (Including Capital Advances of Rs. Nil (Previous year Rs.5.32 Million) and Share Application Money of Rs.Nil (Previous year Rs.8.00 Million)	131.27	23.75
Deposits - Others	3.63	1.57
Advances for purchase of Land	1,683.55	986.90
Other advances	0.09	0.10
Tax Deducted at Source and Advance Tax	640.44	88.52
	<u>2,458.98</u>	<u>1,100.84</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 13 of Schedule 20)	155.22	64.67
Employee Benefits	8.25	2.72
Dues to Holding Company	27.86	28.44
Advances received from customers	18.31	160.94
Other Liabilities	26.12	21.74
Retention Money	22.00	16.30
Excess share application Money	0.98	—
Interest accrued but not due on loans		82.03
Amounts payable to Holding company in respect of development rights	4,045.62	6,178.65
Overdrawn balance in Current Account with scheduled banks	—	75.69
	<u>4,304.36</u>	<u>6,631.18</u>
SCHEDULE - 12		
PROVISIONS		
Provision for Income Tax	737.20	102.20
Provision for Fringe Benefit Tax	0.05	0.25
Provision for Employee benefits	4.49	1.19
Proposed Dividend	256.60	—
Corporate Dividend Tax	43.61	—
	<u>1,041.95</u>	<u>103.64</u>
SCHEDULE - 13		
(To the extent not written off or adjusted)		
MISCELLANEOUS EXPENDITURE		
Initial Public Offer Expenses	—	15.19
	<u>—</u>	<u>15.19</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008
 (Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
SCHEDULE - 14		
INCOME FROM OPERATIONS		
Sale of Flats & Villas	624.90	1,338.85
Sale of Land	235.60	—
Sale of development rights	3,600.84	—
Profit on sale of long term Investments	1,468.29	—
Construction Revenue	28.55	138.77
	<u>5,958.18</u>	<u>1,477.62</u>
SCHEDULE - 15		
OTHER INCOME		
Dividend from mutual funds	90.71	—
Interest on Fixed Deposits with Banks and others (Tax deducted at source Rs. 17.78 Million previous year Rs. 0.06 Million)	94.30	0.26
Miscellaneous Income	0.13	0.39
	<u>185.14</u>	<u>0.65</u>
SCHEDULE - 16		
CONSTRUCTION EXPENSES:		
Opening Stock of Residential Properties	323.30	867.31
Add : Expenditure during the year	143.89	350.84
Less: Closing Stock of Residential Properties	74.76	323.30
Less: Transfer to fixed assets	—	1.39
Construction cost of Flats and Villas	392.43	893.46
Cost of sale of development rights	2,859.49	—
Cost of sales of Land	157.12	—
Sub Contractor Expenses	27.04	131.49
	<u>3,436.08</u>	<u>1,024.95</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
SCHEDULE - 17		
EMPLOYEE REMUNERATION & BENEFITS		
Salaries, Wages & Bonus	64.36	28.10
Less: amount transferred to construction of projects and development rights	7.92	14.83
	56.44	13.27
Staff Welfare expenses including gratuity accruals	17.78	7.66
Contribution to provident and other funds	2.51	1.11
Managerial Remuneration	47.54	16.57
	124.27	38.61
SCHEDULE - 18		
ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement Expenses	2.41	9.38
Vehicles Maintenance	1.62	0.79
Legal & Professional Charges	7.38	4.28
Business Promotion Expenses	1.31	1.60
Rates and taxes	2.63	1.79
Office Maintenance	5.81	4.28
Travelling Expenses	8.45	3.22
Printing & Stationery	3.05	1.20
Auditors' Remuneration	1.57	1.12
Rent	5.57	1.75
Communication Costs	1.24	0.43
Miscellaneous Expenses	1.86	4.18
Insurance	0.69	0.54
Brokerage	25.28	—
Share transfer Expenses	0.58	—
Repairs & Maintenance	3.96	4.46
Loss on sale of Fixed Assets	0.29	—
	73.70	39.02
SCHEDULE - 19		
FINANCE CHARGES		
Interest on fixed loans	534.22	161.88
Less: amount transferred to construction of projects and development rights	462.16	105.77
	72.06	56.11
Other interest		
Interest on other credit facilities	8.48	0.03
Bank and financing charges	2.50	0.71
	83.04	56.85

Significant accounting policies and Notes to accounts

SCHEDULE 20

COMPANY OVERVIEW

The Company, is engaged in the business of urban infrastructure development i.e. development of projects relating to townships, mega malls, real estate property development etc.

A. Significant Accounting Policies

1. Method of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis, in conformity in all material aspects with the generally accepted accounting principles and in compliance with the Accounting Standards specified in Section 211(3C) of Companies Act, 1956.

2. Use of Accounting Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the company 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 period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. 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. Inventories

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16. The cost of development rights is amortised over the period during which revenue is earned by the sale of development rights or other development on the land.

4. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes and incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use.

5. Depreciation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5,000/- each or below are fully depreciated in the year of purchase.

6. Revenue Recognition

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard - 9, Revenue Recognition. 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 as explained in Accounting Standard -7 Construction Contracts.

7. Investments

Long term investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Dividend income is accounted when the right to receive dividend is established.

Significant accounting policies and Notes to accounts**8 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 (AS) 15 "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

8.1 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.

8.2 Liability for Leave

Liability for leave is treated as a short term liability and is accounted for as and when earned by the employee.

8.3 Superannuation

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

8.4 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 contribute monthly at a determined rate (currently upto 12% of an employee's 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

9. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

10. Taxes on Income

Current tax in respect of income for the year has been provided as per the provisions of the Income Tax Act, 1961. 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 that have been enacted or substantively enacted by the reporting date.

11 Earnings per Share (EPS)

Basic Earnings per share is calculated by dividing Net Profit after Tax, computed in terms of the Indian GAAP, by the weighted average number of equity shares outstanding on the last day of the reporting period.

12 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.

Significant accounting policies and Notes to accounts

B. NOTES TO 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 & Loss account items and in respect of Balance Sheet items as on the Balance sheet date of the previous year. Figures of the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

2. Share Capital :

During the year the company offered 1,41,50,000 equity shares of Rs.10/- each at a premium of Rs.540/- following its Initial Public Offer.

3. Components of Deferred Tax Asset and Liability :

	(Rs. in Million)		
	As At 31.03.2007	Movement During the year	As At 31.03.2008
Deferred Tax Liability:			
Difference between book and tax Depreciation	(0.78)	(0.22)	(1.00)
Total Deferred Tax Liability	(0.78)	(0.22)	(1.00)
Deferred Tax Asset:			
Provision for bonus and Exgratia	0.24	0.84	1.08
Provision for Gratuity and Leave Encashment	1.33	3.00	4.33
Initial public offer Expenses (Total Deferred tax asset on share issue expenses Rs. 137.10 Million)	-	(27.41)	109.69*
Total Deferred Tax Asset	1.57	(23.57)	115.10
Net Deferred Tax Asset/(Liability)	0.79	(23.79)	114.10

* Includes Deferred Tax Asset on share issue expenses debited to share premium account.

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

	(Rs. in Million)	
	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Contract Revenue recognised during the year	28.55	138.77
Contract costs incurred and recognised profits, less losses	28.55	138.77
Advances received, net of recoveries from progressive bills	Nil	Nil
Gross amount due from customers for contract works	3.86	7.46
Gross amounts due to customers for contract work	Nil	Nil

5. Contingent Liabilities

	(Rs. in Million)	
	As at 31.03.2008	As at 31.03.2007
Contingent Liabilities not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs.0.29 Million; 31.03.2007 - Rs.5.32 Million)	2.72	7.34

Significant accounting policies and Notes to accounts

6. Managerial Remuneration:

(Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Salary and Allowances	3.95	1.77
Commission	43.29	14.66
Contribution to Provident and other funds	0.30	0.14
Total	47.54	16.57

6.1 Computation of net profit in accordance with Section 309(5) of the Companies Act, 1956.

(Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Profit before tax	2418.73	314.83
Add: 1. Commission to Managing Director	43.29	14.66
2. Salary and allowances to Directors	3.95	1.77
3. Contribution to Provident and other fund to Directors	0.30	0.14
4. Loss on sale of asset	0.29	–
Less: Profit on sale of Investments	(1468.29)	–
Net Profit as per Sec.309(5) for the year	998.27	331.40
Maximum Commission/Remuneration payable to Managing Director	47.54	16.57
Less: Remuneration to Managing Director charged to Profit & Loss Account	4.25	1.91
Commission payable to Managing Director	43.29	14.66

7. Construction material and stores consumed:

(Rs. in Million)

	For the Year ended 31.03.2008		For the Year ended 31.03.2007	
	Value	%	Value	%
Indigenous	30.72	100	8.96	100
Imported	–	–	–	–
Total	30.72	100	8.96	100

8. Expenditure in foreign currency:

(Rs. in Million)

Particulars	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Received from sale of dwelling units	12.72	9.68
Consultancy Charges	2.53	4.05
Traveling Expenses	–	0.12

Earnings in foreign currency:

(Rs. in Million)

Particulars	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Amounts received from sale of residential flats	12.72	9.68

Significant accounting policies and Notes to accounts
9. Related Party Disclosure:

Information regarding Related Party Transactions as per Accounting Standard As-18 Related Disclosures notified by Companies (Accounting Standards) Rules, 2006.

9.1 List of related Parties:
a. Holding Company

IVRCL Infrastructures & Projects Ltd.

b. Subsidiary Companies:

IVR Hotels and Resorts Limited
 Agaram Developers Private Limited
 Mummididi Developers Private Limited
 Velursantha Developers Private Limited
 Kunnam Developers Private Limited
 M.M.Kuppum Developers Private Limited
 Haripuram Developers Private Limited
 Vedurwada Developers Private Limited
 Rudravaram Developers Private Limited
 Eta Developers Private Limited
 Annavaram Developers Private Limited
 Geo Prime Developers Private Limited
 Duvvda Developers Private Limited
 Simhachalam Prime Developers Private Limited
 Kasibugga Developers Private Limited
 Kalyug Developers Private Limited
 IVR Prime Developers (Nellore) Private Limited

 IVR Prime Developers (Erode) Private Limited
 IVR Prime Developers (Kakinada) Private Limited
 IVR Prime Developers (Pudukkottai) Private Limited
 IVR Vaanaprastha Private Limited

IVRCL Mega Malls Limited
 Papankuzhi Developers Private Limited
 Samatteri Developers Private Limited
 Annupampattu Developers Private Limited
 Tirumani Developers Private Limited
 Ilavampedu Developers Private Limited
 Chodavaram Developers Private Limited
 Lamda Developers Private Limited
 Kappa Developers Private Limited
 Iota Developers Private Limited
 Gajuwaka Developers Private Limited
 Theata Developers Private Limited
 Gamaa Developers Private Limited
 Siripuram Developers Private Limited
 Vijayawada Developers Private Limited
 Eluru Developers Private Limited
 IVR Prime Developers (Amalapuram) Private Limited
 IVR Prime Developers (Guntur) Private Limited
 IVR Prime Developers (Araku) Private Limited
 Absorption Aircon Engineers Private Limited
 IVR PUDL Resorts & Clubs Private Limited

c. Fellow Subsidiaries:

IVRCL PSC Pipes Private Limited
 Hindustan Dorr-Oliver Limited
 IVRCL Water Infrastructures Limited
 Geo-IVRCL Engineering Limited
 Salem Tollways Limited
 Chennai Water Desalination Limited
 HDO Technologies Limited

IVR Enviro Projects Private Limited
 IVRCL Road Toll Holdings Limited
 IVRCL Steel Constructions & Services Limited
 Jalandhar Amritsar Tollways Limited
 Kumarapalayam Tollways Limited
 First STP Private Limited

d. Entities where control exists

S.V.Equities Limited
 Soma hotels & Resorts Limited.
 Indus Palms Hotels & Resorts Limited

Palladium Infrastructures & Projects Ltd.
 Eragam Holdings Ltd.

e. Key Management Personnel

Mr. E.Sudhir Reddy
 Mr. E.Sunil Reddy

Chairman & Joint Managing Director
 Managing Director

Significant accounting policies and Notes to accounts

9.2 DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31, 2008. (previous year Figures are given in brackets below the current year figures)

(Rs. in Million)

Particulars	Holding Company	Subsidiary	Fellow Subsidiary	Others
Acquisition of Development Rights				
IVRCL PSC Pipes Private Limited			4.87 (63.96)	
IVRCL Water Infrastructures Limited			— (55.50)	
Hindustan Dorr - Oliver Limited			— (45.35)	
GEO - IVRCL Engineering Limited			— (38.49)	
IVR Enviro Projects Private Limited			— (37.19)	
IVRCL Road Toll Holdings Limited			36.48 (13.72)	
IVRCL Mega Malls Limited		— (26.81)		
IVR Hotels and Resorts Limited		60.45 (24.79)		
Annupampattu Developers Private Limited		2.80 (21.08)		
Agaram Developers Private Limited		23.82 (12.07)		
Papankuzhi Developers Private Limited		— (161.79)		
Samatteri Developers Private Limited		35.98 (18.68)		
Kunnam Developers Private Limited		— (143.71)		
Mummidi Developers Private Limited		53.38 (11.48)		
Tirumani Developers Private Limited		42.56 (—)		
Ilavampedu Developers Private Limited		0.49 (19.58)		
M.M. Kuppam Developers Private Limited		1.92 (108.39)		
Haripuram Developers Private Limited		169.80 (—)		
Chodavaram Developers Private Limited		27.24 (—)		
Vedurwada Developers Private Limited		56.28 (—)		
Eta Developers Private Limited		220.84 (—)		
Iota Developers Private Limited		119.62 (—)		
Annavaram Developers Private Limited		185.45 (—)		

Significant accounting policies and Notes to accounts

Particulars	(Rs. in Million)			
	Holding Company	Subsidiary	Fellow Subsidiary	Others
Gajuwaka Developers Private Limited		83.86		
		(—)		
Theata Developers Private Limited		162.33		
		(—)		
Velursantha Developers Private Limited		124.00		
		(—)		
Lamda Developers Private Limited		160.58		
		(—)		
Rudravaram Developers Private Limited		146.10		
		(—)		
Kappa Developers Private Limited		175.66		
		(—)		
Geo Prime Developers Private Limited		185.25		
		(—)		
Gamaa Developers Private Limited		92.82		
		(—)		
Kasibugga Developers Private Limited		127.65		
		(—)		
Duvvda Developers Private Limited		93.00		
		(—)		
Simhachalam Developers Private Limited		50.06		
		(—)		
Siripuram Developers Private Limited		21.73		
		(—)		
Absorption Aircon Engineers Private Limited		65.18		
		(—)		
IVR Prime Developers (Nellore) Private Limited		92.36		
		(—)		
IVR Prime Developers (Araku) Private Limited		1.59		
		(—)		
IVR Prime Developers (Erode) Private Limited		2.06		
		(—)		
IVR Prime Developers (Amalapuram) Private Limited		3.08		
		(—)		
Eluru Developers Private Limited		18.99		
		(—)		
Vijayawada Developers Private Limited		74.96		
		(—)		
Jalandhar Amritsar Tollways Limited			—	
			(25.16)	
First STP Private Limited			5.30	
			(63.12)	
IVRCL Steel Con. & Services Limited			80.95	
			(—)	
Indus Palms Hotels & Resorts Limited				23.03
				(453.10)
Soma Hotels & Resorts Limited				—
				(115.65)
Palladium Infrastructures & Projects Limited				—
				(34.65)
S.V.Equities Limited				—
				(19.01)

Significant accounting policies and Notes to accounts

(Rs. in Million)

Particulars	Holding Company	Subsidiary	Fellow Subsidiary	Others
IVRCL Infrastructures & Projects Limited	— (6220.99)			
Total	(6220.99)	2681.89 (548.38)	127.60 (342.49)	23.03 (622.41)
Sale of Development Rights :		3600.84		
IVR Hotels and Resorts Limited		(—)		
Total		3600.84 (—)		
Advance Received				
IVRCL Infrastructures & Projects Limited	— (150.00)			
Total	(150.00)	—	—	
Retention Money payable				
IVRCL Infrastructures & Projects Limited	34.79 (16.29)			
Total	34.79 (16.29)	—	—	—
Unsecured Loan Received				
IVRCL Infrastructures & Projects Limited	2850.00 (2027.55)			
Total	2850.00 (2027.55)	—	—	—
Amount Payable towards contracts/sub-contracts				
IVRCL Infrastructures & Projects Limited	8.81 (28.44)			
Total	8.81 (28.44)	—	—	—
Subscription towards Share Capital				
Soma Hotels & Resorts Limited				— (90.00)
Total				— (90.00)
Subcontractor Expenses				
IVRCL Infrastructures & Projects Limited	175.33 (469.23)			
Total	175.33 (469.23)	—	—	—
Guarantee given on behalf of the Company				
IVRCL Infrastructures & Projects Limited	— (980.00)			
Total	— (980.00)	—	—	—
Interest Paid				
IVRCL Infrastructures & Projects Limited	482.18 (105.77)			
Total	482.18 (105.77)	—	—	—

Significant accounting policies and Notes to accounts

(Rs. in Million)

Particulars	Holding Company	Subsidiary	Fellow Subsidiary	Others
Mobilisation Advance paid				
IVRCL Infrastructures & Projects Limited	46.01			
(Advance net off amount payable against Jigani Project)	(-1.28)			
Total	46.01			
	(-1.28)			
Advance given				
Palladium Infrastructures & Projects Limited				2.04
				(—)
IVR Hotels and Resorts Limited		1.12		
		(—)		
Kalyug Developers Private Limited		0.30		
		(—)		
IVR PUDL Resorts & Clubs Private Limited		8.62		
		(—)		
Total		10.04		2.04
		(—)		(—)
Amount payable in respect of Development Rights				
IVRCL Infrastructures & Projects Limited	(—)			
	(6178.65)			
Total	(—)			
	(6178.65)			

(Rs. in Million)

Key management Personnel/Relatives	Designation	Remuneration	Rent
E.Sunil Reddy	Managing Director	47.54 (16.57)	0.60 (0.30)
E.Sudhir Reddy	Chairman & Joint Managing Director *	-	0.60 (0.30)

* The Chairman & Joint Managing Director is also the Chairman & Managing Director of IVRCL Infrastructures & Projects Limited, the Holding Company. As per terms of his appointment no remuneration has been paid to him.

Significant accounting policies and Notes to accounts

10. The Company has entered into agreements for acquiring development rights and all economic rights with the following for the transfer of development rights of land:

(Rs. in Million)

Company	2007-08		2006-07	
	Area of land (Acres)	Amount	Area of land (Acres)	Amount
Absorption Aircon Engineers Private Limited	23.79	65.18		
Gajuwaka Developers Private Limited	27.98	83.86		
IVRCL Steel Con & Services Limited	35.13	80.95		
Tirumani Developers Private Limited	33.69	42.56		
Palladium Infrastructures & Projects Limited			34.38	34.65
IVRCL Water Infrastructures Limited			27.03	55.50
Geo IVRCL Engineering Limited			45.65	38.49
Eragam Finlease Private Limited	—	12.55	43.30	25.42
IVRCL PSC Pipes Private Limited	—	4.87	35.16	63.96
IVRCL Enviro Projects Private Limited			39.52	37.19
Hindustan Dorr-Oliver Limited			45.64	45.35
IVRCL Road Toll Holdings Limited	—	36.48	36.03	13.72
Jalandhar Amristar TollWays Limited			23.36	25.16
First STP Private Limited	—	5.30	35.47	63.12
IVRCL Clubs Limited			31.94	25.11
IVRCL Mega Malls Limited			30.57	26.81
Indus Palms Hotels & Resorts Limited	0.29	23.03	96.03	453.10
Soma Hotels & Resorts Limited			36.59	115.65
Sumedha Estates (P) Limited	2.97	12.73	49.57	145.63
IVR PUDL Venkat J.V.			42.43	176.52
Anupampattu Developers Private Limited	—	2.80	27.40	21.08
Kunnam Developers Private Limited			27.32	143.71
Pappankuzhi Developers Private Limited			27.92	161.79
Ilavambedu Developers Private Limited	—	0.49	25.45	19.58
Agaram Developers Private Limited	5.34	23.82	26.53	12.07
Haripuram Developers Private Limited	23.66	169.80		
Eta Developers Private Limited	35.89	220.85		
Iota Developers Private Limited	21.58	119.61		
Duvvda Developers Private Limited	17.69	93.00		
Chodavaram Developers Private Limited	11.79	27.24		
IVR Prime Developers(Nellore) Private Limited	28.99	92.36		
M.M.Kuppam Developers Private Limited	—	1.92	35.76	108.39
Sammetteri Developers Private Limited	—	35.98	30.65	18.68
Mummididi Developers Private Limited	16.19	53.38	16.40	11.48
Vedurwada Developers Private Limited	7.88	56.28		
Siripuram Developers Private Limited	28.23	21.73		
IVR Prime Developers(Araku)Private Limited	51.67	1.59		
IVR Prime Developers(Erode)Private Limited	49.86	2.06		
IVR Prime Developers(Amalapuram)Private Limited	47.30	3.08		
IVR Prime Developers(Tuni)Private Limited	2.94	2.57		

Significant accounting policies and Notes to accounts

(Rs. in Million)

Company	2007-08		2006-07	
	Area of land (Acres)	Amount	Area of land (Acres)	Amount
Rudrayya Channayya Lonimath	43.03	35.79	20.02	11.84
Vinod Kulkarni Associates-IVRPUDLI	-	0.12	11.67	8.78
Chandra Sekhar Shitole	15.75	3.07		
Shivaprasad Shukla	31.30	39.70		
Simhachalam Prime Developers Private Limited	18.11	50.06		
Theata Developers Private Limited	31.85	162.33		
IVR Hotels and Resorts Limited	7.51	60.45	25.23	24.79
Eluru Developers Private Limited	3.44	18.99		
Kasibugga Developers Private Limited	23.13	127.65		
Velursantha Developers Private Limited	29.22	123.99		
Geo Prime Developers Private Limited	25.78	185.25		
Kappa Developers Private Limited	25.16	175.66		
Lamda Developers Private Limited	23.00	160.58		
Rudravaram Developers Private Limited	20.34	146.11		
Annavaram Developers Private Limited	25.82	185.46		
Gamaa Developers Private Limited	12.98	92.82		
Vijayawada Developers Private Limited	13.52	74.96		
S.V.Equities Limited	-	-	31.58	19.01
	822.80	2939.06	958.60	1906.58

10.1. During the previous year, the Holding Company, IVRCL Infrastructures & Projects Limited had transferred to the company, vide Memorandum of Understanding dated 14th February, 2007, the rights for development of 100.41 acres of leasehold land at NOIDA for a total consideration of Rs.6,220.99 Million and balance outstanding to Noida Development Authority as on 31.03.2008 is Rs.4,045.62 Millions (As on 31.03.2007: Rs.6,178.65 Millions)

11. DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 15

Consequent to the early application of Accounting Standard 15 (Revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India, all Employee benefits have been determined in accordance with Standard.

11.1 Leave Benefits:

Leave benefit to employees is considered as a short term liability which is determined in accordance with AS 15

11.1 Gratuity

This is a defined benefit plan the liability for which is determined on the basis of actuarial valuation and is not funded

11.1.1 Accounting policy for recognizing actuarial gains and losses.

Immediate recognition in the Statement of Profit and Loss.

11.1.2 Scheme Description

The scheme provides for a lump sum benefit, subject to a vesting period of 5 years in case of early separation, based on final salary and years of service.

11.1.3 Actuarial Valuation method: Projected Unit Credit.**11.2 Leave Benefits:**

Leave benefit to employees is considered a short term liability which is determined in accordance with AS(15) Revised - Employee Benefits

Significant accounting policies and Notes to accounts

11.3 Disclosure required in accordance with the AS 15

Components of Employer Expense

(Rs. in Million)		
Particulars	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Current Service Cost	0.54	0.05
Interest Cost	0.09	0.01
Expected Return on Plan Assets	—	—
Actuarial Losses/(Gains)	2.73	1.13
Total expense recognised in the Statement of Profit & Loss Account	3.36	1.19

Actual Contribution & Benefit Payments

(Rs. in Million)		
Particulars	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Actual benefit Payments	(0.06)	—
Actual Contributions	0.06	—

Net Asset/(Liability) recognised in Balance Sheet

(Rs. in Million)		
Particulars	As at 2007-08	As at 2006-07
Present value of Defined Benefit Obligation (DBO)	4.49	1.19
Fair Value on Plan Assets	—	—
(Net Asset)/Liability recognised in Balance Sheet	4.49	1.19

Change in Defined Benefit Obligations (DBO)

(Rs. in Million)		
Particulars	As at 2007-08	As at 2006-07
Present Value of DBO at Beginning of Year	1.19	—
Current Service Cost	0.54	0.05
Interest Cost	0.09	0.01
Actuarial (Gains)/Losses	2.73	1.13
Benefits Paid	0.06	—
Present Value of DBO at the End of Year	4.49	1.19

Change in Fair Value of Plan Assets during the year

(Rs. in Million)		
Particulars	As at 2007-08	As at 2006-07
Plan assets at Beginning of the year	—	—
Acquisition Adjustment	—	—
Actual Return on Plan Assets	—	—
Actual Company Contributions	0.06	—
Benefits Paid	(0.06)	—
Plan Assets at the End of Year	—	—

Significant accounting policies and Notes to accounts

Actuarial Assumptions

Discount Rate: 8%

Expected Return on plan Assets 8%

Salary escalation - 5%

12. Inventories includes Earnest Money Deposits for land development with group companies and advances for Joint Development Agreements Rs.1,991.74 (31.03.2007 Rs.1,992.40 Million) towards “rights for development” of land.

13. Dues to Micro Small and Medium Enterprises

The above has been complied in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

The Company had not received any intimation from “suppliers” regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act, have not been given.

14. Auditors’ Remuneration:

(Rs. in Million)

	2007-08	2006-07
a) Audit Fees	1.40	1.00
b) Service Tax	0.17	0.12
c) Others (In connection with Initial Public Officer - charged to Share Premium Account)	2.81	-

15. INVESTMENTS:

A. LONG TERM INVESTMENTS (At cost less provision for diminution in value)

i) Investments in Subsidiary Companies:

SHARES (Unquoted) —

Particulars	No. of equity shares of Face value of Rs.10 each fully paidup unless otherwise specified				Investment (Rs. in Million)	
	As at 01.04.07	Subscribed during the year	Sold during the year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Investments in subsidiary Companies Shares (Unquoted) —						
IVR Hotels and Resorts Ltd	50000	254883	65528	239355	3,513.85	0.50
IVR Mega Malls Ltd	49200	1050		50250	0.50	0.49
Annupampattu Developers Private Ltd.,		10000		10000	0.10	—
Agaram Developers Private Ltd.,		10000		10000	0.10	—
Papankuzhi Developers Private Ltd.,		10000		10000	0.10	—
Samatteri Developers Private Ltd.,		10000		10000	0.10	—
Kunnam Developers Private Ltd.,		10000		10000	0.10	—
Mummidi Developers Private Ltd.,		10000		10000	0.10	—
Tirumani Developers Private Ltd.,		10000		10000	0.10	—
Velursantha Developers Private Ltd.,		10000		10000	0.10	—
Ilavampedu Developers Private Ltd.,		10000		10000	0.10	—
M.M.Kuppam Developers Private Ltd.,		10000		10000	0.10	—

Significant accounting policies and Notes to accounts

Particulars	No. of equity shares of Face value of Rs.10 each fully paidup unless otherwise specified				Investment (Rs. in Million)	
	As at 01.04.07	Subscribed during the year	Sold during the year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Haripuram Developers Private Ltd.,		10000		10000	0.10	—
Chodavaram Developers Private Ltd.,		10000		10000	0.10	—
Vedurvada Developers Private Ltd.,		10000		10000	0.10	—
Lamda Developers Private Ltd.,		10000		10000	0.10	—
Rudravaram Developers Private Ltd.,		10000		10000	0.10	—
Kappa Developers Private Ltd.,		10000		10000	0.10	—
Eta Developers Private Ltd.,		10000		10000	0.10	—
Iota Developers Private Ltd.,		10000		10000	0.10	—
Annavaram Developers Private Ltd.,		10000		10000	0.10	—
Gajuwaka Developers Private Ltd.,		10000		10000	0.10	—
Geo Prime Developers Private Ltd.,		10000		10000	0.10	—
Theata Developers Private Ltd.,		10000		10000	0.10	—
Duvvada Developers Private Ltd.,		10000		10000	0.10	—
Gamaa Developers Private Ltd.,		10000		10000	0.10	—
Simhachalam Developers Private Ltd.,		10000		10000	0.10	—
Siripuram Developers Private Ltd.,		10000		10000	0.10	—
Kasibugga Developers Private Ltd.,		10000		10000	0.10	—
Absorption Aircon Engineers Private Ltd.,		4500		4500	0.05	—
Vijayawada Developers Private Ltd.,		10000		10000	0.10	—
Kalyug Developers Private Ltd.,		10000		10000	0.10	—
Eluru Developers Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers(Nellore) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers(Amalapuram) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers(Erode) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers(Guntur) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers (Kakinada) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers(Araku) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers (Pudukkottai) Private Ltd.,		10000		10000	0.10	—
IVR Prime Developers (Vanaprastha) Private Ltd.,		10000		10000	0.10	—
IVR PUDL Resorts & Clubs Private Ltd.,		10000		10000	0.10	—
TOTAL					3518.30	0.99

Significant accounting policies and Notes to accounts
 B. Current Investments (at lower of cost and fair value)

Investments in Liquid Mutual Funds (Quoted)

(Rs. in Million)

Name of the Mutual Fund	Balance as at 01.04.2007		Purchased during the year		Sold during the year	Balance As at 31.03.2008
	No. of Units	Amount	No. of Units	Amount	No. of Units	No. of Units/ Amount
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	-	—	49,992,682	500.00	49,992,682	—
Kotak Liquid (Institutional Premium) -Daily Dividend	—	—	16,355,771	200.00	16,355,771	—
HDFC Liquid Fund Premium Plus Plan - Dividend Option Reinvest	—	—	20,103,574	250.00	20,103,574	—
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	—	—	245,231	250.00	245,231	—
LICMF Liquid Fund - Dividend Plan	—	—	36,429,541	400.00	36,429,541	—
LICMF Liquid Fund - Dividend Plan	—	—	45,536,926	500.00	45,536,926	—
Fidelity Cash Fund - Super Inst - D Div.	—	—	29,999,700	300.00	29,999,700	—
Fidelity Cash Fund - Super Inst - D Div	—	—	19,999,800	200.00	19,999,800	—
Birla Sun Life Liquid Plus - Instl. - Daily Dividend - Reinvestment	—	—	49,902,690	500.00	49,902,690	—
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend - Option : Reinvest	—	—	47,008,386	500.00	47,008,386	—
ICICI Prudential - Flexible Income Plan Dividend - Daily - Reinvest Dividend	—	—	49,997,500	500.00	49,997,500	—
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	—	—	19,993,802	200.00	19,993,802	—

Significant accounting policies and Notes to accounts

(Rs. in Million)

Name of the Mutual Fund	Balance as at 01.04.2007		Purchased during the year		Sold during the year	Balance As at 31.03.2008
	No. of Units	Amount	No. of Units	Amount	No. of Units	No. of Units/ Amount
Sundaram BNP Paribas Money Fund Super Inst - Daily Divident Reinvestment	—	—	9,905,600	100.00	9,905,600	—
ING Liquid Plus Fund - Institutional Daily Dividend	—	—	9,987,915	100.00	9,987,915	—
TATA Liquid Super High Investment Fund - Daily Dividend	—	—	628073	700.00	628,073	—
TATA Equity Opportunities Fund - Plan A (Dividend)	—	—	2,033,000	50.00	2,033,000	—
Total		—		5,250.00		—

16. Earnings Per Share

Particulars	2007-08	2006-07
Profit available for equity shareholders - Rs. in Million	1,757.94	206.79
Weighted average number of equity shares outstanding	59,162,705	45,401,096
Weighted average number of equity shares - Basic & Diluted	59,162,705	45,401,096
Earnings per share:		
Face value of Rs.10 each		
Basic and Diluted Rupees	29.72	4.60

17. Segment Reporting:

Business Segment:

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

Geographical Segment:

During the year, the Company's business was only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is required.

Significant accounting policies and Notes to accounts

18. During the year, the Company had allotted and issued 1,41,50,000 fully paid equity shares of Rs.10 each for cash at a premium of Rs.540 per equity share aggregating to Rs.7,782.50 Million to the public.

The details of funds raised through IPO and utilisation of said funds are as follows:

	(Rs. in Million)	
Funds raised through Initial Public Offer		7,782.50
Utilisation of Funds		
Repayment of loan to Parent Company	1,471.80	
Repayment of loan to Karnataka Bank Limited	419.67	
Payment towards Development rights	857.06	
Development and construction cost of projects	407.76	
General corporate purposes	2,216.21	
Total funds utilised up to 31.03.2008		5,372.50
Balance as at 31.03.2008		2,410.00

As on 31st March, 2008 unutilized funds have been temporarily invested in short term fixed deposits with scheduled banks.

The company obtained consent of the members on 10th January, 2008 through postal ballot relating to partial modification of utilisation of public issue funds from that stated in the prospectus.

19. Unsecured Loan from Holding Company

The Company has taken loan from IVRCL Infrastructures & Projects Limited for general corporate purposes. Maximum amount outstanding during the year was Rs.3,705.31 Million and the balance as on 31.03.08 is Rs.2,850 Million (As on 31.03.07 was Rs.2,027.55)

20. Information required under 4C, of Part-II of Schedule VI to the Companies Act, 1956 relating to the licensed capacity, installed capacity and actual production is not applicable.

Signatures to Schedules 1 to 20 forming part of the Financial statements.

FOR AND ON BEHALF OF THE BOARD

E.Sunil Reddy
Managing Director

R.Balarami Reddy
Director

K.Krishna
Joint General Manger (Finance) &
Company Secretary

Date:28.05.2008
Place: Hyderabad

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS

IVR PRIME URBAN DEVELOPERS LIMITED

1. We have audited the attached Consolidated Balance Sheet of IVR Prime Urban Developers Limited (the Company, its subsidiaries constitute 'the Group') as at March 31, 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the 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. We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of Rs. 7662.24 Million as at March 31, 2008, total revenue of Rs.Nil, Group's share of loss of Rs. 0.37 million and net cash flows amounting to Rs. 883.01 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, 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:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P.R.Ramesh
Partner
Membership No.: 70928

Date : 28.05.2008
Place: Secunderabad

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008 (Rs. in Million)

	SCHEDULES		As At 31.03.2008		As At 31.03.2007
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	641.50		500.00	
Reserves and Surplus	2	<u>8,777.52</u>	9,419.02	<u>314.10</u>	814.10
Minority Interest			1491.12		8.11
LOAN FUNDS					
Secured Loans	3	680.74		628.05	
Unsecured Loans	4	<u>2,850.00</u>		<u>2,527.86</u>	
			3,530.74		3,155.91
TOTAL			<u>14,440.88</u>		<u>3,978.12</u>
APPLICATION OF FUNDS					
GOODWILL ON CONSOLIDATION					
			913.90		0.13
FIXED ASSETS:					
	5				
Gross Block		127.30		88.80	
Less: Depreciation		<u>11.97</u>		<u>4.60</u>	
Net Block		115.33		84.20	
Capital work-in-progress		<u>6.77</u>		<u>0.66</u>	
			122.10		84.86
Deferred Tax Asset			114.10		0.79
CURRENT ASSETS, LOANS AND ADVANCES:					
Inventories	6	12,431.80		8,807.45	
Sundry Debtors	7	142.04		676.43	
Cash and Bank Balances	8	3,599.06		29.85	
Loans and Advances	9	<u>2,469.33</u>		<u>1,098.37</u>	
		<u>18,642.23</u>		<u>10,612.10</u>	
Less: CURRENT LIABILITIES AND PROVISIONS:					
Current Liabilities	10	4,308.60		6,631.31	
Provisions	11	<u>1042.85</u>		<u>103.64</u>	
		5,351.45		6,734.95	
NET CURRENT ASSETS			13,290.78		3,877.15
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	12		-		15.19
TOTAL			<u>14,440.88</u>		<u>3,978.12</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS					
	19				

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

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.R.RAMESH
Partner
Membership No : 70928
Place : Hyderabad
Date : May 28, 2008

E. SUNIL REDDY
Managing Director

R. BALARAMI REDDY
Director

K. KRISHNA
Joint General Manager (Finance) &
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008
(Rs. in Million)

Particulars	Schedules		For the Year ended 31.03.2008		For the Year ended 31.03.2007
INCOME					
Income from Operations	13		2,357.34		1,477.62
Other Income	14		193.90		0.65
TOTAL			2,551.24		1,478.27
EXPENDITURE					
Construction expenses	15		576.59		1,024.95
Employee remuneration & benefits	16		124.60		38.61
Administrative and other expenses	17		80.75		39.02
Financial charges	18		83.08		56.85
Depreciation	5		7.50		4.01
Prior period Adjustment			0.29		-
TOTAL			872.81		1,163.44
Profit Before Tax			1,678.43		314.83
Provision for Taxation:					
Current Tax (includes Rs 1.10 Million pertaining to previous year (2006-07 Rs 6.33 Million)		636.98		108.53	
Deferred Tax		23.79		(0.92)	
Fringe Benefit Tax		0.92		0.43	
			661.69		108.04
Profit After Tax Before Minority Interest			1,016.74		206.79
Add/ (less) Minority Interest			(0.63)		-
Profit After Tax and Minority Interest			1,016.11		206.79
Balance brought forward from Previous Year			314.10		107.31
Less: Proposed Dividend			256.60		-
Less: Corporate Dividend Tax			43.61		-
Less: Transfer to General Reserve			175.79		-
Balance carried to Balance Sheet			854.21		314.10
Earning per Share of face value of Rs 10/- each					
Basic (Rs.)			17.17		4.59
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	19				

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

As per our report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Deloitte Haskins & Sells

Chartered Accountants

P.R.RAMESH

Partner

Membership No : 70928

Place : Hyderabad

Date: : May 28, 2008

E. SUNIL REDDY

Managing Director

R. BALARAMI REDDY

Director

K. KRISHNA

Joint General Manager (Finance) &

Company Secretary

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in Million)

		For the Year ended 31.03.08		For the Year ended 31.03.07
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1,678.43		314.83
Adjustment for :				
Depreciation	7.50		4.01	
Preliminary expenses written off	0.66		—	
Dividend from mutual funds	(90.71)		—	
Interest Paid (Net)	439.89		55.88	
Loss on sale of fixed assets	0.29		—	
Profit on sale of land	(0.24)	357.39	—	59.89
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,035.82		374.72
(Increase)/Decrease in Inventories	(173.65)		306.98	
(Increase)/Decrease in Debtors	534.39		(76.26)	
(Increase)/Decrease in Loans and Advances	(788.34)		(952.14)	
Increase/(Decrease)in Current Liabilites	(105.32)	(532.92)	(44.24)	(765.66)
CASH USED IN OPERATIONS		1,502.90		(390.94)
Direct taxes including Fringe Benefit Tax		(556.59)		(92.98)
NET CASH USED IN OPERATIONS (A)		946.31		(483.92)
B.CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(957.42)		(89.17)	
Purchase of Land/Development Rights	(5,583.71)		(1,990.77)	
Interest Received	69.28		0.26	
Dividend Received	90.71		—	
Sale of fixed assets	3.50		—	
NET CASH USED IN INVESTING ACTIVITIES (B)		(6,377.64)		(2,079.68)
C.CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	8,193.67		90.00	
Proceeds from Long Term Borrowings	226.05		3.00	
Repayment of Long Term Borrowings	(628.23)		(50.39)	
Proceeds from Short term borrowings	3,721.82		500.31	
Repayment of Short term Borrowings	(3,767.26)		—	
Unsecured loans received from Holding company	3,015.66		2,027.55	

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd..)

		(Rs. in Million)	
		For the Year ended 31.03.08	For the Year ended 31.03.07
Repayment of unsecured loans to Holding company	(2,193.21)		—
Increase in Minority Interest	1,482.37		0.25
Interest Paid	(624.74)		26.21
Expenditure incurred in connection with Initial Public Offering of shares	(425.59)		(15.19)
NET CASH FROM FINANCING ACTIVITIES (C)		9,000.54	2,581.74
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		3,569.21	18.14
CASH AND CASH EQUIVALENTS AS AT 31.03.2007 OPENING BALANCE		29.85	11.71
CASH AND CASH EQUIVALENTS AS AT 31.03.2008 CLOSING BALANCE		3,599.06	29.85

Notes :

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

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

P.R.RAMESH

Partner

Membership No : 70928

Place : Hyderabad

Date: : May 28, 2008

FOR AND ON BEHALF OF THE BOARD

E. SUNIL REDDY

Managing Director

R. BALARAMI REDDY

Director

K. KRISHNA

Joint General Manager (Finance) &

Company Secretary

SCHEDULES (Consolidated Accounts)**(Rs. in Million)**

	As at 31.03.2008	As at 31.03.2007
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
70,000,000 Equity shares of Rs.10 each (31.03.2007 : 70,000,000 Equity Shares of Rs. 10 each)	700.00	700.00
	<u>700.00</u>	<u>700.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
6,41,50,000 (5,00,00,000) Equity Shares of Rs. 10/- each fully paid up (39,999,500 (31.03.07 39,999,500) equity shares of Rs. 10/- each fully paid up are held by the holding company IVRCL Infrastructures & Projects Limited)	641.50	500.00
	<u>641.50</u>	<u>500.00</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
General Reserve	175.79	314.10
Share premium	7747.52	—
Profit and Loss Account	854.21	—
	<u>8777.52</u>	<u>314.10</u>
SCHEDULE - 3		
SECURED LOANS		
TERM LOANS		
From Banks (Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachilbowli village and hypothecation of all movable assets and Corporate Guarantee of IVRCL Infrastructures & Projects Ltd.)	—	624.70
From Kotak Mahindra Bank Ltd (Secured by way of equitable mortgage of Club house situated at Gachibowli Village)	219.12	—
Hire Purchase Agreements with ICICI Bank Limited	—	0.05
Hire Purchase Agreements with Tamilnadu Mercantile Bank Ltd	6.75	3.30
Short Term loan from Tamilnadu Mercantile Bank Ltd secured by pledge of Fixed Deposit Receipts	454.87	—
	<u>680.74</u>	<u>628.05</u>
SCHEDULE - 4		
UNSECURED LOANS		
Loan from Holding company	2850.00	2027.55
Short term loan from Indian Overseas Bank (Repayable within one Year Rs1120 Million previous year Rs.838.23 Million)	—	500.31
	<u>2850.00</u>	<u>2527.86</u>

SCHEDULE (Consolidated Accounts)**SCHEDULE – 5****Consolidated Fixed Assets***(Rs. in Million)*

Name of the Asset	Gross Block at Cost				Depreciation				Net Block	
	As at 01.04.2007	Additions	Deletions	As at 31.03.2008	Up to 01.04.2007	For the Year ended 31.03.2008	On Deletions	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land - Freehold	8.31	-	2.26	6.05	-	-	--	-	6.05	8.31
Buildings	47.39	9.57	-	56.96	0.26	1.45	--	1.71	55.25	47.13
Leasehold Improvements	8.71	1.50	-	10.21	2.18	2.46	--	4.64	5.57	6.53
Plant and Machinery	1.19	0.73	-	1.92	0.01	0.07	--	0.08	1.84	1.18
Furniture & Fixtures	2.31	2.66	-	4.97	0.58	0.38	--	0.96	4.01	1.73
Office Equipment	9.36	7.17	-	16.53	0.37	0.76	--	1.13	15.40	8.99
Motor Vehicles	8.81	19.85	1.42	27.24	0.89	1.89	0.13	2.65	24.59	7.92
Computers	2.72	0.70	-	3.42	0.31	0.49	-	0.80	2.62	2.41
TOTAL	88.80	42.18	3.68	127.30	4.60	7.50	0.13	11.97	115.33	84.20
	(5.13)	(83.67)	-	(88.80)	(0.59)	(4.01)	-	(4.60)	(84.20)	(4.54)

Figures in brackets relate to previous year

SCHEDULES (Consolidated Accounts)**(Rs. in Million)**

	As at 31.03.2008	As at 31.03.2007
SCHEDULE - 6		
INVENTORIES		
- Lower of cost and net realisable value		
Residential Properties	74.76	323.30
Freehold Land	3,052.06	89.40
Work in progress	603.56	181.36
Property Development Rights	6,709.68	6,220.99
Earnest Money Deposits for land development	1,991.74	1,992.40
	<u>12,431.80</u>	<u>8,807.45</u>
SCHEDULE - 7		
SUNDRY DEBTORS		
(Unsecured,Considered Good)		
Debts outstanding for a period exceeding six months	18.36	212.57
Other debts	123.68	463.86
	<u>142.04</u>	<u>676.43</u>
SCHEDULE -8		
CASH & BANK BALANCES		
Cash on Hand	1.11	0.65
Cheques on hand	28.21	0.77
Balances with Scheduled Banks		
In Current Accounts	18.34	20.93
In Fixed Deposit Accounts	3,551.40	7.50
	<u>3,599.06</u>	<u>29.85</u>
SCHEDULE -9		
LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	127.55	15.75
Deposits-others	3.63	1.57
Advances for purchase of Land	1,683.55	991.90
Other advances	11.69	0.63
Tax Deducted at Source and AdvanceTax	642.91	88.52
	<u>2,469.33</u>	<u>1,098.37</u>

SCHEDULES (Consolidated Accounts)**(Rs. in Million)**

	As at 31.03.2008	As at 31.03.2007
SCHEDULE -10		
CURRENT LIABILITIES		
Sundry Creditors	159.21	64.80
Employee benefits	8.25	2.72
Dues to Holding Company	27.86	28.44
Advances received from customers	18.31	160.94
Other Liabilities	26.37	21.74
Retention Money	22.00	16.30
Excess share application money	0.98	-
Interest accrued but not due on loans	-	82.03
Amounts payable to Holding Company in respect of development rights	4,045.62	6,178.65
Overdrawn balance in Current Account with scheduled banks	-	75.69
	<u>4,308.60</u>	<u>6,631.31</u>
SCHEDULE -11		
PROVISIONS		
Provision for Income Tax	738.09	102.20
Provision for Fringe Benefit Tax	0.07	0.25
Provision for Employee benefits	4.48	1.19
Proposed Dividend	256.60	-
Corporate Dividend Tax	43.61	-
	<u>1,042.85</u>	<u>103.64</u>
SCHEDULE -12		
(To the extent not written off or adjusted)		
MISCELLANEOUS EXPENDITURE		
Preliminary expenses	0.66	
Less: Amortized during the year	0.66	
Initial Public Offer Expenses	-	15.19
	<u>-</u>	<u>15.19</u>

SCHEDULES (Consolidated Accounts)**(Rs. in Million)**

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
SCHEDULE - 13		
INCOME FROM OPERATIONS		
Sale of Flats & Villas	624.90	1,338.85
Sale of Land	235.60	138.77
Profit on sale of Investments	1,468.29	—
Construction revenue	28.55	—
	<u>2,357.34</u>	<u>1,477.62</u>
SCHEDULE -14		
OTHER INCOME		
Dividend from mutual funds	90.71	—
Interest on Fixed Deposits with Banks & others (Tax deducted at source Rs19.10 Million previous yearRs 0.06 Million)	102.82	0.26
Miscellaneous income	0.37	0.39
	<u>193.90</u>	<u>0.65</u>
SCHEDULE -15		
CONSTRUCTION EXPENSES		
Opening Stock of Residential Properties	323.30	867.31
Add : Expenditure during the year	143.89	350.84
Less: Closing Stock of Residential Properties	74.76	323.30
Less: Transfer to fixed assets	—	1.39
Construction cost of Flats and Villas	392.43	893.46
Cost of sale of Land	157.12	—
Sub Contractor Expenses	27.04	131.49
	<u>576.59</u>	<u>1,024.95</u>

SCHEDULES (Consolidated Accounts)**(Rs. in Million)**

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
SCHEDULE - 16		
EMPLOYEE REMUNERATION AND BENEFITS		
Salaries, wages and bonus	64.69	28.10
Less: amount transferred to construction of projects and development rights	7.92	14.83
	<u>56.77</u>	<u>13.27</u>
Staff welfare expenses including gratuity accruals	17.78	7.66
Contribution to provident and other funds	2.51	1.11
Managerial remuneration	47.54	16.57
	<u>124.60</u>	<u>38.61</u>
SCHEDULE - 17		
ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement Expenses	2.41	9.38
Vehicles Maintenance	1.62	0.79
Legal & Professional Charges	8.79	4.28
Business Promotion Expenses	1.31	1.60
Rates and taxes	6.20	1.79
Office Maintenance	5.84	4.28
Travelling Expenses	8.61	3.22
Printing & Stationery	3.09	1.20
Auditors' Remuneration	2.59	1.12
Rent	5.64	1.75
Communication Costs	1.24	0.43
Miscellaneous Expenses.	1.95	4.18
Insurance	0.69	0.54
Brokerage	25.28	-
Share transfer Expenses	0.58	-
Repairs and Maintenance	3.96	4.46
Loss on sale of Fixed Asset	0.29	-
Preliminary Expenses Written off	0.66	-
	<u>80.75</u>	<u>39.02</u>
SCHEDULE - 18		
FINANCIAL CHARGES		
Interest on fixed loans	534.22	161.88
Less: amount transferred to construction of projects and development rights	462.16	105.77
	<u>72.06</u>	<u>56.11</u>
Other Interest		
Interest on other credit facilities	8.50	0.03
Bank and Financing Charges	2.52	0.71
	<u>83.08</u>	<u>56.85</u>

SCHEDULE 19**Consolidated Notes to Accounts****A. Significant Accounting Policies****1. Method of Accounting**

The financial statements are prepared under the historical cost convention, on accrual basis, in conformity in all material aspects with the generally accepted accounting principles and in compliance with the Accounting Standards specified in section 211(3C) of Companies Act, 1956.

2. Use of Accounting Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the company 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 period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. 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. Inventories

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16. The cost of development rights is amortised over the period during which revenue is earned by the sale of development rights or other development on the land.

4. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes and incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use.

5. Depreciation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5,000/- each or below are fully depreciated in the year of purchase.

6. Revenue Recognition

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard - 9, Revenue Recognition. 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 as explained in Accounting Standard -7, Construction Contracts.

7. Investments

Long term investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Dividend income is accounted when the right to receive dividend is established.

8 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 (AS) 15 "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

Notes to the Consolidated Financial Statements

8.1 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.

8.2 Liability for Leave

Liability for leave is treated as a short term liability and is accounted for as and when earned by the employee.

8.3 Superannuation

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

8.4 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 contribute monthly at a determined rate (currently upto 12% of an employee's 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

9. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

10. Taxes on Income

Current tax in respect of income for the year has been provided as per the provisions of the Income Tax Act, 1961. 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 that have been enacted or substantively enacted by the reporting date.

11 Earnings per Share (EPS)

Basic Earnings per share is calculated by dividing Net Profit after Tax, computed in terms of the Indian GAAP, by the weighted average number of equity shares outstanding on the last day of the reporting period.

12. 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.

Notes to the Consolidated Financial Statements

B. NOTES TO 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 & Loss account items and in respect of Balance Sheet items as on the Balance sheet date of the previous year. Figures of the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.
2. CRITERIA FOR PREPARATION OF CONSOLIDATED ACCOUNTS
 - 2.1 IVR Prime Urban Developers Limited has presented Consolidated Financial Statements by consolidating its stand-alone financial statements with its Subsidiary Companies in accordance with Accounting Standard-21 (Consolidated Financial Statements).
 - 2.2 The Financial Statements of the subsidiaries have been prepared according to uniform accounting policies and in accordance with generally accepted accounting principles and accounting policies of the parent company. The effects of inter company transactions between consolidated companies are eliminated in consolidation.
3. **Disclosure of Particulars regarding the subsidiaries considered in the consolidation for the periods of account:**

S.No.	Name of the Subsidiary	Controlling Interest With Voting Power	Country of Incorporation
1.	IVR Hotels & Resorts Limited	66.88%	India
2.	IVRCL Mega Malls Limited	100%	India
3.	Agaram Developers Private Limited	100%	India
4.	Pappankuzhi Developers Private Limited	100%	India
5.	Mummidi Developers Private Limited	100%	India
6.	Sammateri Developers Private Limited	100%	India
7.	Velursantha Developers Private Limited	100%	India
8.	Anupampattu Developers Private Limited	100%	India
9.	Kunnam Developers Private Limited	100%	India
10.	Tirumani Developers Private Limited	100%	India
11.	M.M.Kuppum Developers Private Limited	100%	India
12.	Ilavampedu Developers Private Limited	100%	India
13.	Haripuram Developers Private Limited	100%	India
14.	Chodavaram Developers Private Limited	100%	India
15.	Vedurwada Developers Private Limited	100%	India
16.	Lamda Developers Private Limited	100%	India
17.	Rudravaram Developers Private Limited	100%	India
18.	Kappa Developers Private Limited	100%	India
19.	Eta Developers Private Limited	100%	India
20.	Iota Developers Private Limited	100%	India
21.	Annavaram Developers Private Limited	100%	India
22.	Gajuwaka Developers Private Limited	100%	India
23.	Geo Prime Developers Private Limited	100%	India
24.	Theata Developers Private Limited	100%	India
25.	Duvvda Developers Private Limited	100%	India
26.	Gamma Developers Private Limited	100%	India
27.	Simhachalam Prime Developers Private Limited	100%	India
28.	Siripuram Developers Private Limited	100%	India
29.	Kasibugga Developers Private Limited	100%	India
30.	Vijayawada Developers Private Limited	100%	India
31.	Kalyug Developers Private Limited	100%	India

Notes to the Consolidated Financial Statements

S.No.	Name of the Subsidiary	Controlling Interest With Voting Power	Country of Incorporation
32.	Eluru Developers Private Limited	100%	India
33.	IVR Prime Developers (Nellore) Private Limited	100%	India
34.	IVR Prime Developers (Amalapuram) Private Limited	100%	India
35.	IVR Prime Developers (Erode) Private Limited	100%	India
36.	IVR Prime Developers (Guntur) Private Limited	100%	India
37.	IVR Prime Developers (Kakinada) Private Limited	100%	India
38.	IVR Prime Developers (Araku) Private Limited	100%	India
39.	IVR Prime Developers (Pudukkottai) Private Limited	100%	India
40.	Absorption Aircon Engineers Private Limited	100%	India
41.	IVR Vaanaprastha Private Limited	66.67%	India
42.	IVR PUDL Resorts & Clubs Private Limited	66.67%	India

4. Principles of consolidation:

The Consolidated Financial Statements relate to IVR Prime Urban Developers Limited (the Company) and its subsidiary Companies. The Consolidated Financial Statements have been prepared on the following basis:

- 4.1** The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 - Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.
- 4.2** The difference between the cost of investments in the subsidiary companies over the net assets is recognised in the financial statements as Goodwill upon consolidation.
- 4.3** The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the parent company i.e., March 31, 2008.
- 4.4** Minority interests' share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

5. Components of Deferred Tax Asset and Liability :

	<i>Rs. Millions</i>		
	As At 31.03.2007	Movement During the year	As At 31.03.2008
Deferred Tax Liability:			
Difference between book and tax Depreciation	(0.78)	(0.22)	(1.00)
Total Deferred Tax Liability	(0.78)	(0.22)	(1.00)
Deferred Tax Asset:			
Provision for bonus and Exgratia	0.24	0.84	1.08
Provision for Gratuity and Leave Encashment	1.33	3.00	4.33
Initial public offer Expenses (Total Deferred tax asset on share issue expenses Rs. 137.10 Million)	-	(27.41)	109.69*
Total Deferred Tax Asset	1.57	(23.57)	115.10
Net Deferred Tax Asset/(Liability)	0.79	(23.79)	114.10

* Includes Deferred Tax Asset on share issue expenses debited to share premium account.

Notes to the Consolidated Financial Statements

6. In terms of the disclosures required to be made under the Accounting Standard (AS) 7 (revised 2002) notified by Companies (Accounting Standards) Rules, 2006 for 'Construction Contracts', the amounts considered in the financial statements up to the Balance Sheet date are as follows:

(Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Contract Revenue recognised during the year	28.55	138.77
Contract costs incurred and recognised profits, less losses	28.55	138.77
Advances received, net of recoveries from progressive bills	Nil	Nil
Gross amount due from customers for contract works	3.86	7.46
Gross amounts due to customers for contract work	Nil	Nil

7. Contingent Liabilities

(Rs. in Million)

	As at 31.03.2008	As at 31.03.2007
Contingent Liabilities not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs.0.29 Million; 31.03.2007 - Rs.5.32 Million)	2.72	7.34

8. Managerial Remuneration:

(Rs. in Million)

	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Salary and Allowances	3.95	1.77
Commission	43.29	14.66
Contribution to Provident and other funds	0.30	0.14
Total	47.54	16.57

9. Construction material and stores consumed:

(Rs. in Million)

	2007-08		2006-2007	
	Value	%	Value	%
Indigenous	30.72	100	8.96	100
Imported	–	–	–	–
Total	30.72	100	8.96	100

Notes to the Consolidated Financial Statements

10. Related Party Disclosure:

Information regarding Related Party Transactions as per Accounting Standard AS-18-Related Party Disclosures notified by Companies (Accounting Standards) Rules, 2006.

10.1 List of related Parties:

a. Holding Company

IVRCL Infrastructures & Projects Limited

b. Fellow Subsidiaries:

IVRCL PSC Pipes Private Limited

IVR Enviro Projects Private Limited

Hindustan Dorr-Oliver Limited

IVRCL Road Toll Holdings Limited

IVRCL Water Infrastructures Limited

IVRCL Steel Constructions & Services Limited

Geo-IVRCL Engineering Limited

Jalandhar Amritsar Tollways Limited

Salem Tollways Limited

Kumarapalayam Tollways Limited

Chennai Water Desalination Limited

First STP Private Limited

HDO Technologies Limited

c. Entities where control exists

S.V.Equities Limited

Palladium Infrastructures & Projects Ltd.

Soma hotels & Resorts Limited

Eragam Holdings Limited

Indus Palms Hotels & Resorts Limited

d. Key Management Personnel

Mr. E.Sudhir Reddy Chairman & Joint managing Director

Mr. E.Sunil Reddy Managing Director

Notes to the Consolidated Financial Statements

10.2 DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31 2008 (previous year figures are given in brackets below the current year figures)

Particulars	Holding Company	Fellow Subsidiary	Others (Rs. in Million)
Acquisition of Development Rights			
IVRCL PSC Pipes Private Limited		4.87 (63.96)	
IVRCL Water Infrastructures Limited		— (55.50)	
Hindustan Dorr - Oliver Limited		— (45.35)	
GEO - IVRCL Engineering Limited		— (38.49)	
IVR Enviro Projects Private Limited		— (37.19)	
IVRCL Road Toll Holdings Limited		36.48 (13.72)	
Jalandhar Amritsar Tollways Limited		— (25.16)	
First STP Private Limited		5.30 (63.12)	
IVRCL Steel Con. & Services Limited		80.95 (—)	
Indus Palms Hotels & Resorts Limited			23.03 (453.10)
Soma Hotels & Resorts Limited			— (115.65)
Palladium Infrastructures & Projects Limited			— (34.65)
S.V.Equities Limited			— (19.01)
IVRCL Infrastructures & Projects Limited	— (6220.99)		
Total	— (6220.99)	127.60 (342.49)	23.03 (622.41)
Advance Received			
IVRCL Infrastructures & Projects Limited	— (150.00)		
Total	— (150.00)		
Retention Money payable			
IVRCL Infrastructures & Projects Limited	34.79 (16.29)		
Total	34.79 (16.29)		
Unsecured Loan Received			
IVRCL Infrastructures & Projects Limited	2850.00 (2027.55)		
Total	2850.00 (2027.55)		

Notes to the Consolidated Financial Statements

(Rs. in Million)

Particulars	Holding Company	Fellow Subsidiary	Others
Amount Payable towards Contracts/Sub-contracts			
IVRCL Infrastructures & Projects Limited	8.81 (28.44)		
Total	8.81 (28.44)	—	—
Subscription towards Share Capital			
Soma Hotels & Resorts Limited			— (90.00)
Total			— (90.00)
Subcontractor Expenses			
IVRCL Infrastructures & Projects Limited	175.33 (469.23)		
Total	175.33 (469.23)	—	—
Guarantee given on behalf of the Company			
IVRCL Infrastructures & Projects Limited	— (980.00)		
Total	— (980.00)	—	—
Interest Paid			
IVRCL Infrastructures & Projects Limited	482.18 (105.77)		
Total	482.18 (105.77)	—	—
Mobilisation Advance paid			
IVRCL Infrastructures & Projects Limited	46.01		
(Advance net off amount payable against Jigani Project)	(-1.28)		
Advance given			
Palladium Infrastructures & Projects Limited			2.04 (—)
Total			2.04 (—)
Amount payable in respect of Development Rights			
IVRCL Infrastructures & Projects Limited	(—) (6,178.65)		
Total	(—) (6,178.65)		

Key management Personnel/Relatives	Designation	Remuneration	Rent
E.Sunil Reddy	Managing Director	47.54 (16.57)	0.60 (0.30)
E.Sudhir Reddy	Chairman & Joint Managing Director*	—	0.60 (0.30)

*The Chairman & Joint Managing Director is also the Chairman & Managing Director of IVRCL Infrastructures & Projects Limited, the Holding Company. As per terms of his appointment no remuneration has been paid to him.

Notes to the Consolidated Financial Statements

11. The Company has entered into agreements for acquiring development rights and all economic rights with the following for the transfer of development rights of land :

(Rs. in Million)

Company	2007-08		2006-07	
	Area of land (Acres)	Amount	Area of land (Acres)	Amount
IVRCL Steel Con & Services Limited	35.13	80.95	—	—
Palladium Infrastructures & Projects Limited	—	—	34.38	34.65
IVRCL Water Infrastructures Limited	—	—	27.03	55.50
Geo IVRCL Engineering Limited	—	—	45.65	38.49
Eragam Finlease Private Limited	—	12.55	43.30	25.42
IVRCL PSC Pipes Private Limited	—	4.87	35.16	63.96
IVRCL Enviro Projects Private Limited	—	—	39.52	37.19
Hindustan Dorr-Oliver Limited	—	—	45.64	45.35
IVRCL Road Toll Holdings Limited	—	36.48	36.03	13.72
Jalandhar Amristar Tollways Limited	—	—	23.36	25.16
First Stp Private Limited	—	5.30	35.47	63.12
IVRCL Clubs Limited	—	—	31.94	25.11
Indus Palms Hotels & Resorts Limited	0.29	23.03	96.03	453.10
Soma Hotels & Resorts Limited	—	—	36.59	115.65
Sumedha Estates (P) Limited	2.97	12.73	49.57	145.63
IVR PUDL Venkat J.V.	—	—	42.43	176.52
IVR Prime Develpoers (Tuni) Private Limited	2.94	2.57	—	—
Rudrayya Channayya Lonimath	43.03	35.79	20.02	11.84
Vinod Kulkarni Associates-IVRPUDLI	—	0.12	11.67	8.78
Chandra Sekhar Shitole	15.75	3.07	—	—
Shivaprasad Shukla	31.30	39.70	—	—
S.V.Equities Limited	—	—	31.58	19.01
	131.41	257.16	685.37	1,358.20

Notes to the Consolidated Financial Statements

12. During the previous year, the Holding Company, IVRCL Infrastructures & Projects Limited had transferred to the company, vide Memorandum of Understanding dated 14th February, 2007, the rights for development of 100.41 acres of leasehold land at NOIDA for a total consideration of Rs.6,220.99 Million and balance outstanding to Noida Development Authority as on 31.03.08 is Rs.4045.62 Millions (As on 31.03.07: Rs.6178.65 Millions)

13. DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 15

13.1 Gratuity

This is a defined benefit plan the liability for which is determined on the basis of actuarial valuation and is not funded

13.1.1 Accounting policy for recognising actuarial gains and losses.

Immediate recognition in the Statement of Profit and Loss.

13.1.2 Scheme Description

The scheme provides for a lump sum benefit, subject to a vesting period of 5 years in case of early separation, based on final salary and years of service.

13.1.3 Actuarial Valuation method: Projected Unit Credit.

13.2 Leave Benefits:

Leave benefit to employees is considered a short term liability which is determined in accordance with AS(15) Employee Benefits

13.3 Disclosure required in accordance with the AS 15

Components of Employer Expense

Particulars	Rs. Millions	
	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Current Service Cost	0.54	0.05
Interest Cost	0.09	0.01
Expected Return on Plan Assets	—	—
Actuarial Losses/(Gains)	2.73	1.13
Total expense recognised in the Statement of Profit & Loss Account	3.36	1.19

Actual Contribution & Benefit Payments

Particulars	Rs. Millions	
	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Actual benefit Payments	(0.06)	-
Actual Contributions	0.06	-

Net Asset/(Liability) recognised in Balance Sheet

Particulars	Rs. Millions	
	As at 2007-08	As at 2006-07
Present value of Defined Benefit Obligation (DBO)	4.49	1.19
Fair Value on Plan Assets	-	-
(Net Asset)/Liability recognised in Balance Sheet	4.49	1.19

Notes to the Consolidated Financial Statements

Change in Defined Benefit Obligations (DBO)

Rs. Millions

Particulars	As at 2007-08	As at 2006-07
Present Value of DBO at Beginning of Year	1.19	-
Current Service Cost	0.54	0.05
Interest Cost	0.09	0.01
Actuarial (Gains)/Losses	2.73	1.13
Benefits Paid	0.06	-
Present Value of DBO at the End of Year	4.49	1.19

Change in Fair Value of Plan Assets during the year

Rs. Millions

Particulars	As at 2007-08	As at 2006-07
Plan assets at Beginning of the year	-	-
Acquisition Adjustment	-	-
Actual Return on Plan Assets	-	-
Actual Company Contributions	0.06	-
Benefits Paid	(0.06)	-
Plan Assets at the End of Year	-	-

Actuarial Assumptions

Discount Rate: 8%

Salary escalation - 5%

14. Inventories include Earnest Money Deposits for land development with group companies and advances for Joint Development Agreements Rs.1,991.74 (31.03.2007 Rs.1,992.40 Million) towards "rights for development" of land.

15. Auditors' Remuneration:

(Rs. Million)

	2007-08	2006-07
a) Audit Fees	2.33	1.00
b) Service Tax	0.28	0.12
c) Others (in connection with Initial Public Offer -charged to Share Premium account)	2.81	-

16. Segment Reporting:

Business Segment:

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

Geographical Segment:

During the year, the Company's business was only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is required.

Notes to the Consolidated Financial Statements
17 Earnings Per Share

Particulars	2007-08	2006-07
Profit available for equity shareholders - Rs. in Million	1,016.11	206.80
Weighted average number of equity shares outstanding	59,162,705	45,041,096
Weighted average number of equity shares -Basic and Diluted	59,162,705	45,041,096
Earnings per share: Face value of Rs.10 each		
Basic and Diluted Rupees	17.17	4.59

18. Unsecured Loan from Holding Company

The Company has taken loan from IVRCL Infrastructures & Projects Limited for general corporate purposes. Maximum amount outstanding during the year was Rs.3,705.31 Million and the balance as on 31.03.08 is Rs.2,850 million (As on 31.03.07-Rs.2,027.55 million.)

19. Information required under 4C, of Part-II of Schedule VI to the Companies Act, 1956 relating to the licensed capacity, installed capacity and actual production is not applicable.

Signatures to Schedules 1 to 19 forming part of the Financial statements.

FOR AND ON BEHALF OF THE BOARD

E.Sunil Reddy
Managing Director

R.Balarami Reddy
Director

K.Krishna
Joint General Manger (Finance) &
Company Secretary

Date:28.05.2008
Place: Hyderabad

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital Raised during the year

(Rs. in Millions)

Public Issue Rights Issue
 Bonus Issue Private Placement
 i.e., ESOPs, FCCB
 Conversion and QIPs

III. Position of Mobilisation & Deployment of Funds

(Rs. in Millions)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves
& Surplus
 Secured Loans Unsecured Loans
 Deferred Tax
 Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Deferred. Tax Asset
 Accumulated Losses Mis Expenditure

IV. Performance of Company

(Rs. in Millions)

Turnover Total Expenditure
 Profit/(Loss)
 before Tax Profit/(Loss)
 after Tax
 Earnings Per
 Share in Rs. Dividend Rate (%)

V. Generic Names of two Principal Products / Services of the Company (As per monetary terms)

Item Code (ITC Code) Not allotted
 Product Description Real Estate