

15th Annual Report 2010-2011



 **IVRCL & H**
IVRCL ASSETS & HOLDINGS LTD.

BOARD OF DIRECTORS

E. SUDHIR REDDY
Chairman

E.SUNIL REDDY
Vice Chairman & Managing Director

S.RAMACHANDRAN
Managing Director
(BOOT Projects)

R. BALARAMI REDDY
Director

T.N. CHATURVEDI
Director

V.MURAHARI REDDY
Director

P.R. TRIPATHI
Director

T.R.C BOSE
Director

A.S.PARDHA SARADHI
Company Secretary

STATUTORY AUDITORS

M/s. Chaturvedi & Partners
212A, Chiranjiv Towers,
43, Nehru Place,
New Delhi-110019.

M/s.S.R.Batliboi & Associates
Oval Office, 18, Ilabs Centre,
HITEC City, Madhapur,
Hyderabad - 500 081.

INTERNAL AUDITOR

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

REGISTRARS & SHARE TRANSFER AGENTS

M/s. KARVY Computershare Private Ltd
17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.

BANKERS

- IDBI Bank ○ HDFC Bank ○ ICICI Bank
- Indian Overseas Bank ○ Indus Ind Bank
- Karnataka Bank ○ Kotak Mahindra Bank
- State Bank of India ○ Tamilnad Mercantile Bank
- Axis Bank ○ Canara Bank

REGISTERED OFFICE

M-22/3RT,
Vijayanagar Colony,
Hyderabad – 500 057
Andhra Pradesh

CORPORATE OFFICE

MIHIR, 8-2-350/5/A/24/1-B&2,
Road No.2, Panchavati colony
Banjara Hills, Hyderabad- 500 034
Andhra Pradesh

CONTENTS

Board of Directors	1
Notice	3
Directors' Report	8
Management Discussion & Analysis	12
Report on Corporate Governance	18
Auditors' Report	29
Balance Sheet	32
Profit and Loss Account	33
Cash Flow Statement	34
Schedules	36
Consolidated Financial Statements	63

FORWARD LOOKING STATEMENT

This communication contains statements that constitute “forward looking statements” including without limitations, 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, generated market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in financial conditions of third parties dealing with us, legislative developments, and other key factors that have been indicated could adversely affect our business and financial performance.

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of IVRCL Assets & Holdings Limited will be held on Thursday, September 15, 2011 at 3.30 p. m. at KLN Prasad Auditorium, FAPCCI, 11-6-841, Red Hills, POB 14, Hyderabad 500004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors attached thereto.
2. To appoint a Director in place of Mr. R.Balarami Reddy, Director, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint a Director in place of Mr. P.R.Tripathi, a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Chaturvedi & Partners, Chartered Accountants, and M/s. S.R.Batliboi & Associates, Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next annual general meeting and that the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to them in addition to reimbursement of all out-of pocket expenses in connection with the audit of the accounts of the Company .”

SPECIAL BUSINESS:

5. **Keeping the Registers/Documents/Returns at a place other than Registered office of the Company.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of the Section 163 and other applicable provisions if any of the Companies Act, 1956, the approval of the members of the Company be and are hereby accorded to Board

of Directors of the Company to keep all the Registers, Annual Returns prepared under section 159 of the Companies Act, 1956, together with all the documents or certificates required to be annexed or attached thereto under section 161 of the Companies Act, 1956 or any one of them at Corporate office of the Company, MIHIR, 8-2-350/5/A/24/1-B & 2, Road No.2, Panchavati Colony, Banjara hills, Hyderabad- 500 034.

6. **To appoint Mr. T.R.C. Bose as Director of the Company**

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

“RESOLVED THAT Mr. T.R.C.Bose who was appointed as an Additional Director of the Company with effect from February 12, 2011 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice from a member proposing his candidature for the office of director , be and is hereby appointed as a Director of the Company.”

7. **Re-appointment of Mr.E.Sunil Reddy as Managing Director of the Company.**

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

RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 316, 317 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and statutory approvals if any, consent of the Company be and is hereby accorded for re-appointment of Mr. E. Sunil Reddy as Managing Director of the Company for a further period of five years with effect from 2nd March, 2011 and no remuneration be paid to Mr.E.Sunil Reddy during his tenure as he is drawing remuneration from Hindustan Dorr Oliver Limited, as its Managing Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds, things necessary to give effect to this resolution.

By order of the Board of Directors

A.S.Pardha Saradhi
Company Secretary

Registered Office :

M-22/3RT, Vijaynagar Colony,
Hyderabad-500057, Andhra Pradesh
Date: 28.05.2011

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. A Member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query in writing to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of Items 5, 6 and 7 follows these notes.
4. Members may please bring the Admission Slip duly filled in and may hand over the same at the entrance of the Meeting Hall.
5. 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.
6. The Register of Members and Share Transfer Books of the Company shall be closed from September 12, 2011 to September 15, 2011 (both days inclusive).
7. The relevant details of Directors seeking re-appointment under Item Nos. 2, 3, 7 and appointment under item 6 above, pursuant to Clause 49 VI.A of the Listing Agreements entered into with the Stock Exchanges are provided as an Annexure A to the notice.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 as amended, read with the Investor Education and Protection fund (awareness and Protection of Investors) Rules 2001, dividend which

remains unpaid or unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund. Shareholders who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio no. / DP ID and Client ID to the Secretarial Department, MIHIR, Road No. 2, Panchavati Colony, Banjara Hills, Hyderabad - 500 034. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investors Education and Protection Fund as above, no claim shall lie in respect thereof.

10. Pursuant to General Circular dated 8th February, 2011 issued by Ministry of Corporate Affairs, it is proposed by the Company to send all the communications henceforth to the shareholders through electronic mode and all the shareholders are requested to register their e-mail ids with the Depository Participant/Registrar & Share Transfer Agent of the Company.

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

Item No.5.

Keeping the Registers/Documents>Returns at a place other than Registered office of the Company

As per Section 163 of the Companies Act, 1956 the Register of Members & Debenture holders, Index of Members & Debenture holders, Annual Returns prepared under section 159 of Companies act, 1956 and all the certificates, documents required to be annexed or attached thereto under sections 160, 161 of the Companies Act, 1956 are to be kept at Registered office of the Company.

As the most of operations of the Company are being carried out from the corporate office at Banjara hills, Hyderabad, it is proposed by the Board of Directors of the Company to keep or maintain Registers, Annual Returns prepared under section 159 of Companies act, 1956 and all the certificates, documents required to be annexed or attached thereto under sections 160, 161 of the Companies Act, 1956 at Corporate office of the Company, MIHIR, 8-2-350/5/A/24/1-B & 2, Road No.2, Panchavati Colony, Banjara hills, Hyderabad- 500 034 for purpose of convenience.

Approval of the shareholders is sought by way of Special

resolution in the Annual General Meeting for the aforesaid item. The Board commends the resolution for approval by the Members.

Note:

None of the Directors is interested in the above resolution.

Item No.6.

Appointment of Mr. T.R.C.Bose as Director of the Company

The Board of Directors of the Company under Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, appointed Mr. T.R.C.Bose as an Additional Director of the Company with effect from 12th February, 2011.

In terms of Section 260 of the Act, Mr. T.R.C. Bose hold office up to the date of this Annual General Meeting.

The Company has received notice(s) in writing from a member along with a deposit of Rs. 500/- , proposing the candidature of Mr. T.R.C. Bose for the office of Director of the Company under Section 257 of the Act.

Mr. T.R.C. Bose had confirmed that he is not disqualified from being appointed as Director under Section 274 (1) (g) of the Act.

Approval of the shareholders is sought by way of an Ordinary resolution in the Annual General Meeting for the appointment of Mr.T. R.C. Bose as Director. The Board commends the resolution for approval by the Members.

Note:

None of the Directors is interested in the above resolution.

Item No.7

Re-appointment of Mr.E.Sunil Reddy as Managing Director of the Company.

Mr.E.Sunil Reddy was appointed as Managing Director of the Company for a term of five years at the Extra Ordinary General Meeting held on March 27, 2006. The Board of Directors of the Company at their meeting held on May 28, 2011, upon recommendation of the Compensation Committee and subject to approval of the members of the Company accorded their approval for re-appointment of Mr.E.Sunil Reddy as Managing Director for a period of five years with effect from 2nd March, 2011.

Mr.E.Sunil Reddy is the Managing Director of Hindustan Dorr Oliver Limited and he draws remuneration from the said Company. It is proposed that no remuneration be paid by the Company to Mr.E.Sunil Reddy as he is drawing remuneration from Hindustan Dorr Oliver Limited.

Approval of the shareholders is sought by way of an Ordinary Resolution in the Annual General Meeting for the re-appointment of Mr. E. Sunil Reddy as Managing Director. The Board commends the resolution for approval by the Members.

None of the Directors is interested in the above resolution except Mr.E.Sudhir Reddy who is related to Mr.E.Sunil Reddy.

By order of the Board of Directors

A.S.Pardha Saradhi
Company Secretary

Registered Office :

M-22/3RT, Vijaynagar Colony,
Hyderabad-500057, Andhra Pradesh
Date: 28.05.2011

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

Annexure -A

Name of Director	Mr. E. Sunil Reddy	Mr. R. Balarami Reddy	Mr. P. R. Tripathi	Mr. T.R.C. Bose
Date of Birth	21.07.1961	01.07.1954	24.06.1943	15.01.1941
Date of Appointment	01.03.2006	02.05.2001	05.07.2007	12.02.2011
Expertise in Specific functional areas	He has rich experience in legal matters.	He is a fellow member of the Institute of Chartered Accountants of India, and Associate member of Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India. He practiced as Chartered Accountant for a period of 7 years earlier.	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	He has 44 years of wide experience having held various senior positions and finally as Director Projects with A.P State Electricity Board presently known as Transmission Corporation of Andhra Pradesh Limited
Qualification	B.Com, B.L.	B.com, FCA, AICWA, ACS	B.E. (Hon.) A.I.S.M. (Mining) F.C.C. (Coal & Metal)	B.E. Electrical, FIEE
List of Companies in which Directorships held as on March 31, 2011	<ul style="list-style-type: none"> • IVRCL Limited • Hindustan Dorr-Oliver Limited • IVRCL Assets & Holdings Limited • Soma Hotels & Resorts Limited • Palladium Infrastructures & Projects Ltd • S.V. Equities Limited • Indus Palms Hotels & Resorts Limited • IVRCL Building Products Limited • Eragam Holdings Limited • IVR Hotels and Resorts Limited • IVRCL Megamalls Limited • HDO Technologies Limited • IVR PUDL Resorts & Clubs Private Ltd 	<ul style="list-style-type: none"> • IVRCL Limited • Hindustan Dorr-Oliver Limited • IVRCL Assets & Holdings Limited • IVRCL PSC Pipes Private Limited • IVR Enviro Projects Private Limited • IVR Hotels and Resorts Limited • IVRCL Cadagua Hoginekkal Water Treatment Company Private Limited • AP Enercon Engineers Private Limited • IVRCL Building Products Limited • First STP Private Limited <p>Foreign Companies</p> <ul style="list-style-type: none"> • IVRCL Holdings & Services Pte Limited • HDO (UK) Limited 	<ul style="list-style-type: none"> • IVRCL Limited • Hindustan Dorr Oliver Limited • Minman Consultancy Services Private Limited. • HDO Technologies Limited • IVRCL Assets & Holdings Limited • Solar Energy & Minerals Limited • Premier Explosives Limited • Dharni Sampada Private Limited • IVR Hotels and Resorts Limited. 	<ul style="list-style-type: none"> • Konaseeman Gas Power Limited • Vijai Electricals Limited • Kakatiya Cements Sugar & Industries Limited • Countrywide Power Transmission Limited • Athena Chhattisgarh Power Ltd • Sew Infrastructures Ltd • IVRCL Ltd • IVRCL Assets & Holdings Limited

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

Annexure -A

Name of Director	Mr. E. Sunil Reddy	Mr. R. Balarami Reddy	Mr. P. R. Tripathi	Mr. T.R.C. Bose
Chairman/Member of the Mandatory Committees of the Board of Directors of the Companies in which he is a Director as on March 31, 2011	IVRCL Assets & Holdings Limited —Member, Shareholder/Investors Grievance Committee	a) IVRCL Limited -Member, Investors Grievance Committee b) Hindustan Dorr-Oliver Limited -Member, Audit Committee c) IVRCL Assets & Holdings Limited -Member, Audit Committee -Member, Shareholder/Investors Grievance Committee	a) IVRCL Limited -Member, Audit Committee -Member, Shareholders/Investors Grievances Committee. b) IVRCL Assets & Holdings Limited - Member, Audit Committee c) Hindustan Dorr Oliver Limited - Member, Audit Committee d) Premier Explosives Limited - Chairman, Audit Committee	a) Kakatiya Cements Sugar & Industries Limited - Member, Audit Committee - Member, Shareholders/Investors Grievances Committee. b) IVRCL Limited - Member, Audit Committee
Equity shares held in the Company as on March 31, 2011	0	240,000	0	0

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011.

The performance of the Company for the financial year ended March 31, 2011 is summarised below:

1. FINANCIAL RESULTS:

(Rupees in Lakhs)

	Year ended 31.03.2011	Year ended 31.03.2010
Operational Income	68210.98	14311.04
Other Income	273.91	197.14
EBITDA	3866.67	1121.97
Less: Interest & Financial Charges	7223.71	1868.54
Less : Depreciation/Amortization	160.88	180.05
Profit / (Loss) Before Tax (PBT)	(3517.92)	(926.62)
Provision for Tax	1155.06	(286.76)
Profit / (Loss) After Tax (PAT)	(4672.98)	(639.86)
Balance brought forward from previous year	16179.26	16819.12
Profit available for appropriation	11506.28	16179.26
Appropriation:		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL
Balance carried to Balance Sheet	11506.28	16179.2
Paid-up capital	19704.83	12361.36
Reserves and Surplus	219323.22	216486.15

2. REVIEW OF PERFORMANCE:

1. Standalone:

Your Company achieved a turnover of Rs. 68210.98 Lakhs with Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA) of Rs. 3866.67 Lakhs for the financial year ended 31.03.2011. The corresponding figures for the previous financial year were Rs.14311.04 Lakhs and Rs. 1121.97 Lakhs respectively. The Company incurred a net loss of Rs. 4672.98 Lakhs for the year as against Rs. 639.86 Lakhs for the previous year. The loss is mainly due to interest costs on the loans taken by the Company for funding its subsidiaries (SPVs) executing various projects on BOT/BOOT basis.

2. Consolidated :

The Company achieved a consolidated turnover of Rs. 87612.73 Lakhs with Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA) of Rs. 13558.53 Lakhs for the financial year ended 31.03.2011. The corresponding

figures for the previous financial year were Rs.15903.17 Lakhs and Rs. 2538.69 Lakhs respectively. The Company incurred a consolidated net loss of Rs. 15330.58 Lakhs for the year as against Rs. 3116.96 Lakhs for the previous year. The loss is mainly attributable to Depreciation/Amortisation and Interest costs.

3. DIVIDEND:

Your Directors regret their inability to recommend any dividend for the financial year 2010-11.

4. CAPITAL STRUCTURE.

During the year under review, the share capital of the Company was altered by allotting 6,18,06,786 equity shares as bonus shares on 22.05.2010 to the then existing shareholders and 1,16,27,906 equity shares on 04.11.2010 to Unit Trust of India Investment Advisory Services Limited A/c. Ascent India Fund III by way of preferential allotment. Consequent to the said allotments the paid up capital of the Company increased to Rs. 19704.82 Lakhs.