CONTENTS

BOARD OF DIRECTORS

(AS ON 30 SEPT 2010)

Shri SPS Bakshi
Chairman-cum-Managing Director

Shri A.K. Ratwani
Director (Projects)

Shri R. Asokan
Director, IF Wing, DHI

Shri Harbhajan Singh
Joint Secretary, DHI

REFERENCE INFORMATION

REGISTERED OFFICE

Core 3, SCOPE Complex
7 Lodhi Road
New Delhi - 110 003.
Phone No: 91-11-24361666
Fax : 91-11-24362436
E-mail : epico@epi.gov.in
Website : www.epi.gov.in

REGIONAL OFFICES

Eastern Regional Office-Kolkata
50, Chowringhee Road
(8th & 9th floors)
Kolkata - 700 071.
Phone : 91-33- 22824426-27-29
Fax : 91-33- 22824428
E-mail : ero@epi.gov.in

Western Regional Office-Mumbai
“Bakhtawar”, 6A, 6th Floor
Nariman Point
Mumbai – 400 021.
Phone : 91-22-22027585,
91-22-22026347
Fax : 91-22-22882177
E-Mail : wromumbai@epi.gov.in

Northern Regional Office-Delhi
Core-3, 2nd Floor, SCOPE Complex
7 Lodhi Road
New Delhi – 110 003.
Phone : 91-11-24361666
Fax : 91-11-24368293
E-mail : nro@epi.gov.in

Southern Regional Office-Chennai
3D, East Coast Chambers
92, G.N. Chetty Road
T. Nagar,
Chennai - 600 017.
Phone : 91-44-28156886,
91-44-28156421
Fax : 91-44-28156629
E-Mail : sro@epi.gov.in

North Eastern Regional Office
Vastav complex (Ist floor)
Tripura Road, Jaya Nagar
Beltola
Guwahati -781028.
Phone : 0361-2229982
Fax : 0361-2229983
E-mail : nero@epi.gov.in

BANKERS

Allahabad Bank
Bank of Baroda
Canara Bank
HDFC Bank
Corporation Bank
Dena Bank
IDBI Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Hyderabad
State Bank of Saurashtra
Syndicate Bank
Union Bank of India

AUDITORS

M/s. Walker Chandiok & Co.
Chartered Accountants
L-41, Connaught Circus
New Delhi-110 001.

BRANCH AUDITORS

M/s. G.P. Agrawal & Co.
Chartered Accountants
7-A Kiran Shankar Ray Road
Kolkata- 700 001.

M/s. Singavi Oturkar & Kelkar
Chartered Accountants
Flat no. A-202, 2nd Floor
A wing, Gulmohar Apartments
Near Bhandari Hall
P L Kale Guruji Marg
Dadar(W),
Mumbai-400 028.

M/s. Sekar & Mohan
Chartered Accountants
Shop No.10, First Floor
18, Natesan street ,T. Nagar
Chennai-600 017.

FINANCIAL PERFORMANCE OF EPI OF LAST 5 YEARS

₹ in lacs

Particulars/Years	2005-06	2006-07	2007-08	2008-09	2009-10
A. Operating Statistics					
Turnover	63737.95	76360.86	85105.51	95870.53	106199.83
Other Income	1854.51	2065.55	2130.53	3079.91	2447.11
Total income (a)	65592.46	78426.41	87236.04	98950.44	108646.94
Total expenditure (b)	63917.23	76213.54	84866.95	96091.69	105606.30
Gross Margin (a-b)	1675.23	2212.87	2369.09	2858.75	3040.64
Interest	203.26	363.99	263.90	214.70	242.81
Depreciation	140.74	93.79	91.57	78.16	55.28
Profit Before Tax (PBT)	1331.23	1755.09	2013.62	2565.89	2742.55
Income Tax including Fringe Benefit Tax	92.08	225.42	260.43	322.34	(1258.80)
Profit after Tax (PAT)	1239.15	1529.67	1753.19	2243.55	4001.35
Dividend	708.45	708.45	708.45	708.45	708.45
Dividend Tax	99.36	99.36	136.18	120.40	117.67
Wealth Tax	Nil	Nil	0.08	Nil	Nil
Retained Surplus	431.34	721.86	908.48	1414.70	3175.23
No. of Employees	469	469	499	472	435
No. of Equity Shares	9094400	9094400	9094400	9094400	9094400
B. Financial Position					
Share Capital	3542.27	3542.27	3542.27	3542.27	3542.27
Reserve and Surplus	6134.82	6856.68	7235.82	8650.52	11825.75
Shareholder's Fund	9677.09	10398.95	10778.09	12192.79	15368.02
Misc. expenses to the extent not written off	204.63	0.00	0.00	0.00	0.00
Net Worth	9472.46	10398.95	10778.09	12192.79	15368.02
C. Financial Ratios					
Gross margin /Turnover %	2.63	2.90	2.78	2.98	2.86
Profit Before Tax (PBT)/Turnover %	2.09	2.30	2.37	2.68	2.58
Profit Before Tax (PBT)/Networth%	14.05	16.88	18.68	21.04	17.85
Profit After Tax (PAT)/Networth %	13.08	14.71	16.27	18.40	26.04
Turnover per Employee (₹ In lakhs)	135.90	162.82	170.55	203.12	244.14
Dividend paid / Profit after tax %	57.17	46.31	40.41	31.58	17.71
Dividend paid / Profit before tax %	53.22	40.37	35.18	27.61	25.83
Earning per Share(in ₹)	13.63	16.82	19.28	24.67	44.00
Book Value Per Share of ₹ 38.95 each (in ₹)	104.16	114.34	118.51	134.07	168.98

CHAIRMAN'S STATEMENT

Dear Shareholders,

I welcome you all to the 40th Annual General Meeting of your Company.

Economic Scenario

During the year 2009-10, the global economic scenario continued to be of recession in most of Europe and U.S.A. However, Indian economy was resilient and performed commendably during the year. There was strong showing by the industrial and service sectors during the year. Of the various sectors, Infrastructure development continues to be the most promising as the Government plans large spending on creation and upgradation of infrastructure facilities. Your Company will also benefit from such spendings by securing and executing some of the projects coming up in various States.

Operating Performance

I am pleased to inform that your Company has continued to achieve growth in its operations during the year under review. It has achieved a turnover of ₹ 1061.99 crores (previous year ₹ 958.70 crores) recording a growth of over 10%.

During the year 2009-10, your Company has secured 26 projects valuing ₹ 2144.77 crores from various reputed clients against the MOU target of ₹ 1200 crores.

Financial Performance

During the year 2009-10, your Company has net profit before tax of ₹ 27.42 crores against a profit of ₹ 25.66 crores during the previous year.

The net worth of your Company has also increased from ₹ 121.92 crores to ₹ 153.68 crores during the year under review.

Your Directors have recommended a dividend of 20% of the paid-up share capital of the Company.

Performance under MOU

The performance of your Company was rated as "Excellent" for the fourth successive year in 2008-09. For the year 2009-10, based on audited data, the performance of your Company qualifies for "Excellent" rating.

Awards received

The overall performance of your Company has received wide recognition and it has received a number of awards during the year under review.

Corporate Social Responsibility

Your Company is working on a plan to train unskilled labour in various vocations in and around the areas where it is executing its projects. This skills so imparted will go a long way in making available skilled manpower, presently in short supply, and will also empower such manpower to earn their livelihoods and lead a life of honour and dignity.

Corporate Governance

Your Company continues to accord highest priority to principle of good Corporate Governance. Towards this end, emphasis is being laid on transparent working and accountability at all levels in the working of your Company.

Future Scenario

Realising that the future belongs to high value high technology projects, your Company is making efforts to form strategic alliances where the strengths of each party can be used to complement the strength of the other and qualify for such projects. Your Company is also making efforts to secure projects in new fields like Mass Transportation, Mass Housing and infrastructure development projects.

Acknowledgement

The success in the operations and growth of the Company has been made possible with alround cooperation received from employees, the Board of Directors of the Company and the Government of India. I sincerely acknowledge and record appreciation for the sincere and hard work put in by the employees of your Company in achieving the targets. I am confident that they will continue to put in their best efforts for achieving further progress and growth of the Company. I also acknowledge with gratitude the cooperation and guidance received from the Board of Directors of your Company, the Ministry of Heavy Industries & Public Enterprises, other Government Departments, Statutory Auditors and Comptroller & Auditor General of India. My sincere thanks are also due to our valuable clients, business associates and banks who have reposed their faith in your Company.

(SPS Bakshi)
Chairman-cum-Managing Director

NOTICE

Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the fortieth Annual General Meeting of the Company will be held at 3.00 p.m. on 30th September, 2010 at its Registered and Corporate office, Core 3, SCOPE Complex, (4th Floor), 7 Lodhi Road, New Delhi – 110003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To make formal appointment of Directors.

Special Business

1. To consider and if thought fit, to pass with or without modification(s), the following resolutions:

Ordinary Resolution for sub-division of capital

"RESOLVED that, pursuant to the provisions of section 94 of the Companies Act,1956 each of existing equity shares of ₹ 38.95 each in the capital of the company which has already been fully paid up, be sub-divided into equity shares of ₹ 10/- each and be credited accordingly as fully paid up".

Ordinary Resolution for alteration of capital clause

"FURTHER RESOLVED that clause V of the Memorandum of Association be altered as under:

i) ₹ 9094046000 be inserted after the word "company" in line 1.

ii) Words "23,34,80,000 equity shares of ₹ 38.95 each" be replaced by "909404600 equity shares of ₹ 10/- each".

Special Resolution for alteration of Articles of Association

"FURTHER RESOLVED that Article 5 of Article of Association be altered as under:

(a) "In Article 5(a) Words- " ₹ 9094046000/-"inserted in clause (a) after the word "Company is" and words "23,34,80,000 equity shares of ₹ 38.95 each" are substituted by "90,94,04,600 (Ninety crore ninety four lakh four thousand six hundred only) equity shares of ₹ 10/- each."

(b) Article 5(b) – Deleted.

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds or things which may be required to give effect to these resolutions".

2. To consider and if thought fit, to pass with or without modification(s), the following resolutions for creation of trust as **ordinary resolution :**

   "RESOLVED that, a trust be and is hereby created for the fractions of share so created as a result of the splitting of the shares".

"FURTHER RESOLVED that said Trust may keep the shares in safe custody for and behalf of the existing shareholders and upon listing of the shares on stock exchange, the said shares may be sold and proceed may be distributed proportionately".

"FURTHER RESOLVED that Board of Director's, EPI be and is hereby authorized to appoint Trustees and finalize the Trust Deed for the said purpose".

3. To consider and if thought fit, to pass with or without modification(s), the following resolutions as a **special resolution:**

   "RESOLVED that pursuant to the provisions of section 16, 21, 31, 44 and other applicable provisions of the Companies Act, 1956 if any, the consent of the members be and is hereby accorded to the conversion of this Company into a Public Limited Company."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to make application, file forms, etc. for change of status of the Company and to do all such acts, deeds and things as may be required or deemed expedient to implement this resolution".

4. To consider and if thought fit, to pass with or without modification(s), the following resolutions for alteration in Articles of Association of the Company and to move the following as **special resolution:**

   "RESOLVED that the articles of association of the Company be altered by the following additions, deletions, substitutions/modifications to the company's Articles of Association".

1). In Article 1 following Definitions be added.

i). Following Definition inserted after the definition of "The Act"-

"Beneficial Owner" means a person, whose name is recorded as such with the depository as defined under clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

ii). Following Definitions inserted after the definition of "The Company"-

a) "Dematerialisation"means the process by which Shares/Debenture holder can get physical share/debenture certificate converted into electronic balance in his account maintained with the participant of a depository.

b). "Depositories Act" means the Depositories Act, 1996 and includes where the context so admits, any re-enactment or statutory modification thereof and Rules and Regulations made there under for the time being in force.

c). "Depository" means a depository as defined under Clause (e) of the Sub-section (1) of Section 2 of the Depositories Act, 1996.

d) "Depository Participant" means a participant as defined under Clause (g) of the Sub-section (1) of Section 2 of the Depositories Act, 1996.

iii). Words "interim dividend and" inserted in the definition of Dividend after the word "includes".

iv). Following Definition inserted after the definition of "Executor" or "Administrator"- "Functional Director" means whole-time Director of the Company.

v). Following Definition inserted after the definition of "Persons".

"Postal Ballot" means Postal Ballot includes Voting by Shareholders by postal or electronic mode instead of voting by being present personally in the general meeting of the company.

vi). Following Definitions inserted after the definition of "Regulations of the Company"-

a) "SEBI" means the Securities & Exchange Board of India.

b) "Rematerialisation" means the process of conversion of electronic holding back into the physical form and issue of fresh share/debenture certificates in favour of share/ debenture holders.

c) "Registered Owner" means a depository whose name is entered as such in the records of the company.

d) "Security" has the meaning assigned to it in section 2 of the Securities Contract (Regulation) Act 1956 and includes shares, scrips, bonds, debentures, etc.

2) Article 2 –"Company to be a "private" company"- Deleted.

3) Article2A -"Company to be a "public" company" - Inserted.

"The Company is a public company within the meaning of the Companies Act 1956".

4) (a) "In Article 5(a) Words-" ₹ 9094046000/-"inserted in clause (a) after the word "Company is" and words "23,34,80,000 equity shares of ₹ 38.95 each" are substituted by "90,94,04,600 (Ninety crore ninety four lakh four thousand six hundred only) equity shares of ₹ 10 each."

(b) Article 5(b) - Deleted.

5) Article 5A - Buy Back of Shares - Inserted.

"Notwithstanding any of the provisions of these Articles, the Company shall have the power, subject to and in accordance with the relevant provisions of the Act and other applicable provisions of law, and subject to such approvals, permissions and sanctions, if any, as may be necessary, to purchase, acquire or hold its own Shares or other specified securities as defined in the Act, on such terms and conditions and in such manner, and up to such limits as may be prescribed by law from time to time and make payment out of its free reserves or security premium account of the Company or out of the proceeds of an issue other than fresh issue of Shares made specifically for buy back purpose. Provided that, nothing herein contained shall be deemed to affect the provisions of Section 100 to 104 of the Act in so far as and to the extent they are applicable".

6) In Article 6, following lines inserted at the end of existing article –

"Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting".

7) In Article 7, following lines inserted at the end of existing article –

"All correspondence, dividend shall be addressed and paid only to the first holder of the share in case the shares are held in joint names. Provided that in case of securities held by members in dematerialized form, no certificate shall be issued".

8) Existing Article 8 replaced by following:

"(a) No Certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn, or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilized unless the certificate in lieu of which it is issued is surrendered to the Company.

(b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub of counterfoil to the effect that it is "Issued in lieu of share- certificate No .... Sub-divided\ replaced or consolidation of shares."

(c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the board and on payment of such fee, not exceeding rupees two as the board may from time to time fix and on such terms, if any, as to evidence and indemnity as to payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

(d) When a new share certificate has been issued in pursuance of clause (c) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “Duplicate issued in lieu of share-certificate No......”The word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.

(e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the ,Register of Members by suitable cross references in the “Remarks” column.

(f) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(g) The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of Share certificates referred to in sub-Article (f).”

9) In Article 12 words “6 percent” substituted by “15 per cent” and following lines inserted at the end of existing article:

“Money paid in advance of calls shall not in respect thereof confer right to dividend or to participate in the profits of the company.”

10) In Article 13, following lines inserted in the beginning of existing Article:

“That where calls are made on partly paid up shares:-

(i) Call notice shall be sub-divided into smaller units when so required by the registered shareholders and duplicate call notices shall be issued at the request of the persons beneficially entitled on production of satisfactory evidence that they are so beneficially entitled.

(ii) Payment of call moneys shall be accepted from the beneficial holders on production of sub-divided or duplicate call notices without insisting that the shares in respect of which these call moneys are paid shall be transferred into the names of the beneficial holders.

(iii) The surrender of call money receipts shall be accepted when allotment letters are presented to the Company to be exchanged for share certificates regardless of the persons in whose favour the receipts have been made out and the Board shall not required the surrender of any other receipts from the registered shareholder(s) of the issue of discharge or indemnity from him or them before issuing the share certificate(s).”

11) In Article14 words “single person” substituted by “person (solely or jointly with others)” and following lines inserted at the end of existing article –

“Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company’s lien if any on such shares”

12) Article16A -Register and Index of Members/Debenture holder - Inserted

“The Company shall cause to be kept at its Registered Office or at such other place as-may be decided by the Board of Directors, in accordance with section 163 the Register and Index of Members/ Debenture holders in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of Shares/Debentures held in physical and dematerialized form or in any medium as may be permitted by law including any form of electronic medium.

The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of Members/Debenture holders for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, Register of Members/Debenture holders for the resident in that State or Country”

13) Article 17 - Transfer of Shares - Deleted.

14) Article 17B - Transfer & Transmission of shares and debentures – Inserted.

“(a) Subject to the provisions of the Listing Agreements between the Company and the Stock Exchanges, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except; When the transferee is in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein:-

When any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor; when the transferor objects to the transfer provided he serves on the company within a reasonable time a prohibitory order of a court of competent jurisdiction.

(b) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document”.

15) Article 18 - Notice of refusal to register transfer - Deleted.

16) Article 18 (A) - Notice of refusal to register transfer - Inserted.

“Subject to the provisions of Section 111 and 111 A of the Act, the provisions of the Listing Agreement with the Stock Exchanges and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled direction and by giving reason, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused”.

17) In Article 19, following words inserted after the word “members or”-

“Debenture holders or holder-of any share or Debenture or whose name appear as the Beneficial Owner of the Shares in the records of Depository as the holder of any share”.

18) Article 19A- Dematerialisation - Inserted.

“Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provisions of the Depositories Act to dematerialise any or all of its shares, Debentures and other marketable securities and to offer the same for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members or Debenture holders with the details of persons holding shares or debentures both in material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of the existing shares or debentures or any future issue”.

19) In Article 21, following words inserted after the word “of the Act”-

“or any statutory modification thereof-for-the time being shall be duly complied with in respect of all transfers of shares and registration thereof. The company shall use common form of transfer.”

20) In Article23, following points inserted at the end of existing Article –

“23(a) Nothing contained in these Articles 7,8,20,21, and 22 shall apply to the issue of share certificates and transfer of shares debentures or other marketable securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository.”

Applicability of Depositories Act;

23 (b) In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificate and where shares and securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of the Shares, debentures and other marketable securities held by the depository on behalf of a beneficial owner as defined in the Depositories Act, Section 153, 153A, 153B, 187B, 187C and 372 of the Companies Act 1956, shall not apply as provided under sub-section (2) of Section 9 of the Depositories Act, 1996”.

21) In Article 24, following lines inserted in the beginning of existing Article –

“Subject to provisions of Companies Act 1956 and other laws as applicable time to time”.

And following lines inserted at the end of the existing Article –

“by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated.”

22) Article 25A- Nomination - Inserted.

“(i) Every Shareholder/Debenture holder or a Depositor under the Company’s Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his shares/ Bonds/Debentures or deposits in the company shall vest in the event of his death.

(ii) Where the Shares or Bonds or Debentures or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds or debentures or deposits in the company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such Shares/ Bonds/Debentures or Deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the Shares/Bonds/Debentures or Deposits in the Company, the nominee shall on the death of the Share/Bond/Debenture holder or a Depositor, or on the death of the joint holders as the case may be become entitled to all the rights in such Shares/Bonds/ Debentures or deposits, as the case may be, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the Share/ Bonds/Debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to Shares/Bonds/ Debentures or deposits in the Company, in the event of his death, during the minority".

23) Article 25B - Transmission of Securities by Nominee - Inserted.

"A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.

(i) To be registered himself as holder of the Share/Bond/Debenture or Deposits, as the case may be; or

(ii) To make such transfer of the Share/Bond/Debenture or deposits, as the case may be, as deceased Share/Bond/Debenture holder or Depositor could have made;

(iii) If the nominee elects to be registered as holder of the Share/Bond/Debenture or Deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Share/ Bond/Debenture holder or Depositor, as the case may be,

(iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the Share/ Bond/Debenture or Deposits except that he shall not, before being registered as a member in respect of his Share/Bond/Debenture or Deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share/ Bond/Debenture or Deposits and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the Share/ Bond/Debenture or deposits, until the requirements of the notice have been complied with".

24) Article 29A - Further issue of shares - Inserted.

"29A (i).Subject to provisions of sec 81 of the Companies Act, 1956 where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on these shares at that date and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the offer, if not accepted will be deemed to be declined; and after the expiration of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered the Directors may dispose off the same in such manner as they think most beneficial to the Company".

"29A(ii)The provisions of sec 81(1A) of Companies Act 1956 read with Rules made thereon and prescribed guidelines of SEBI as amended from time to time will be applicable for allotment of further shares on preferential basis."

25) In Article 30, words "President approval" substituted by "share-holders' approval".

26) Article 32A - Payment of commission - Inserted.

"Subject to provisions of Section 76 of the Act, the Company may, at any time, pay a commission/incentive to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or procuring or agreeing to procure subscriptions whether absolute or conditional-for-any shares in, or debentures of the company provided that the commission/incentive shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued. Such commission/incentive may be satisfied by payment of cash or allotment of fully or partly paid shares/debentures or partly in one way and partly in the other".

27) Article 32B - Payment of Brokerage - Inserted.

"The Company may also pay a reasonable and lawful sum of brokerage or fee in lieu of brokerage".

28) In Article 36, following lines inserted at the end of existing Article –

"Debentures, Debenture-stock, Bonds or other securities with the right to allotment of or conversion into shares shall be issued only with the consent of the Company in General Meeting".

29) In Article 44, following words inserted after the word "dividends" –

"for appointment of Directors in the place of those retiring and the appointment of and the fixing of the remuneration of the Auditors."

30) In Article 45 words "Subject to the provision of Act" inserted in the beginning of Article and word "Two" substituted by "Five" and words "or by duly authorized representative" inserted after the word "person".

31) In Article 48, word "fifteen" substituted by "thirty".

32) In Article 51, words "Subject to provisions of Companies Act, 1956" inserted in the beginning of existing Article.

33) Article 56A - Postal ballot – Inserted.

"Notwithstanding anything contained in the Articles of the Company, the Company do adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) and/or other ways as may be prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 in respect of the matters specified in said rules as modified from time to time instead of transacting such business in a General Meeting of the company subject to compliances with the procedure for such Postal Ballot and/or other requirements prescribed in the rules in this regard".

34) In Article 69, following lines inserted after the word "General Meeting" –

"Provided further that the Debenture/Debenture Stock, Loan/loan stock, Bonds or other Security conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the company in General Meeting".

35) In Article 70, words "58 years of age to posts in scale of pay of Rs.2500-3000 and above" substituted by "the age of superannuation in the equivalent pay scale of E8 (IDA PAY Pattern)" and following point inserted at the end of Article –

"22. To exercise the enhanced powers delegated by the Government of India to the Company from time to time".

36) In Article 71 following point inserted after the point (ii) of existing Article-

"(iiA) Not less than two-third of the total number of Directors of the Company shall be persons whose period of office shall be liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act, be appointed by the company in General meeting. At every Annual General meeting of the Company, 1/3rd of such Directors for the time being as are liable to retire by rotation or if their number is not three or multiple of three, then the-number nearest -to-1/3rd, shall retire from office at the Annual General meeting at which a director retires, as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. The Chairman & Managing Director and the ex-officio Govt. Director shall not be subject to retirement under this clause.

And words "Subject to the provisions of Section 292 and 293 of the act" inserted in the beginning of point (iv) of existing Article.

37) In Article 74 following lines inserted at the end of existing Article –

"A Director(s) may, however sign a share/debenture Certificate by affixing his signature(s) thereon by means of any machine, equipment or other mechanical/ electronic means such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director(s) shall be responsible for the safe custody of such machine equipment or other metal used for the purpose."

38) In Article 81 words "Subject to the provisions of the Act" inserted in the beginning of existing Article.

39) Article104- Unclaimed dividend - Deleted.

40) Article104A - Investor Education and protection Fund - Inserted.

"No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by the law and the Company shall comply with all the provisions of section 205A of the Act in respect of unclaimed unpaid dividend."

41) In Article 107 words "in accordance with Section 209 of the Act" inserted after the words "books of accounts".

42) In Article 119, following point inserted after point "(a)" of existing Article-

"(b) such service shall be deemed to have been effected:

(i) In the case of a notice of a meeting , at the expiration of forty- eight (48) hours after the letter containing the notice is posted ; and

(ii) In any other case, at the time at which the letter would be delivered in the ordinary course of post."

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds or things which may be required to give effect to this resolution".

(Kumudani Sharma)
Company Secretary

NOTES:

1. The explanatory statements pursuant to section 173(2) of the Companies Act, 1956, in respect of above resolutions are enclosed.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
3. Nomination Form in duplicate is sent herewith to all members of the Company with a request to return the same duly filled.
4. Shri Rajiv Bansal, Joint secretary, Ministry of Heavy Industries & Public Enterprises, ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 08.01.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
5. Shri Harbhajan Singh, Joint Secretary, Ministry of Heavy Industries & Public Enterprises, has been appointed as Part time official Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 08.01.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
6. Shri Arun Datta ceased to be the Director on the Board of the Company by tendering his resignation on 19.06.2009 which was accepted by Department of Heavy Industry pursuant to order no. 16 (13)/2001-TSW dated 15.02.2010.
7. Shri A.K.Mitra, ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 11.05.2007 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, on completion of his tenure.
8. Shri G.D.Moorjani, ceased to be the Director on the Board of the Company, on attaining the age of superannuation on 31.08.2010 vide order No. 16(17)/2005-TSW dated 31.08.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
9. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection by the members at the registered office of the Company between 11:00 a.m. and 5:00 p.m. on all working days upto the date of Annual General Meeting.

Explanatory statement u/s 173(2) of the Companies Act, 1956 forming part of the Notice

Item No. 1 – Sub-division of the existing equity shares of ₹ 38.95 each into equity shares of ₹10 each.

Govt. of India plans to encourage CPSEs to enter in to the Capital Market by divesting its stake in Miniratna / Navratna / Maharatna Companies through Public Offer. Further as per Issue of Capital and Disclosure Requirement (ICDR) regulation issued by SEBI ,the face value of equity shares of company whose issue price is less than ₹ 500 and is proposed to be listed on stock exchange should be ₹ 10/- each.

Since proposed issue price of the Company's IPO is likely to be less than ₹ 500/-, the Company proposes to split its share of ₹ 38.95 each into a share of face value of ₹ 10/- each. Consequent upon the splitting of shares, capital clause V of Memorandum and Article 5 of the Articles of Association require to be amended.

None of the Directors are interested in the above resolution.

Item No. 2 – Creation of Trust consequent upon sub-division of shares.

As a result of splitting of shares proposed at Special Business Item No. 1, with the existing shareholding pattern of shareholders, the fraction of shares will be created. The details of existing and proposed share holding pattern and fraction created will be available to members in the meeting for their information. To deal with fraction, it is proposed that a Trust may be created. The Trust shall keep these fractional shares till shares are listed on the Stock Exchange and upon listing these fractions shall be disposed off in the market and proceeds will be credited to each Shareholder respectively.

The Board of Directors have recommended the above proposal.

None of the Directors are interested in the above resolution.

Item No. 3 & 4–Amendment in Article of Association**.**

EPI is a Private Limited Company incorporated in 1970. Keeping in view, the disinvestment programme of Govt. of India through Public Offer, the Company is required to be converted into Public Limited Company.

Further, in view of the requirement of Stock Exchanges and SEBI guidelines, various Articles in Articles of Association need to be amended to provide for free transferability of shares, Dematerialization, Nomination, Postal Ballot, Investor Education and Protection fund etc.

Accordingly, the proposed changes after being vetted by Stock Exchanges and the consultant were placed before the Board who have recommended same to the shareholders.

None of the Directors are interested in the above resolution.

A copy of existing articles, together with the proposed alteration to the articles, is available for inspection at the registered office of the Company between the business hours on any working day.

To

All Shareholders of EPI

Copy to:

1. All Directors of EPI
2. Secretary to the Govt. of India,
   Ministry of Heavy Industries & Public.
   Enterprises, (Deptt. of Heavy Industry)
   Udyog Bhawan, New Delhi-110001
3. M/s. Walker Chandiok & Co
   Chartered Accountants,
   Statutory Auditors.
   L-41, Connaught Circus,
   New Delhi-110 001

(Kumudani Sharma)
Company Secretary

Date : 21.09.2010
Place : New Delhi

DIRECTORS' REPORT

Dear Members

The Directors have the pleasure in presenting the 40th Annual Report togetherwith the audited accounts of the Company for the financial year ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS

During the year, Company has earned gross margin of ₹ 30.41 crores (previous year ₹ 28.59 crores) and after charging depreciation of ₹ 0.55 crores (previous year ₹ 0.78 crores), interest of ₹ 2.43 crores (previous year ₹ 2.15 crores) there is net profit before tax of ₹ 27.42 crores (previous year ₹ 25.66 crores). Thus, your Company has been able to improve its overall performance consistently.

The summarised financial results of the Company are given below:-

(₹ in Crores)

S.No	Description	2009-10	2008-09
1.	Turnover	1061.99	958.70
2.	Gross Margin	30.41	28.59
3.	Interest paid	2.43	2.15
4	Depreciation	0.55	0.78
5.	Net profit before tax	27.42	25.66
6.	Tax (including FBT)	(12.59)	3.22
7.	Net profit after tax	40.01	22.43
8.	Net worth	153.68	121.92

2. PERFORMANCE

During the year 2009-10, your Company has achieved turnover of ₹ 1061.99 crores as against previous year turnover of ₹ 958.70 crores registering a growth of 10.77% over previous year.

3. CAPITAL STRUCTURE

The authorised and paid-up share capital of the Company remains at ₹ 909.40 crores and ₹ 35.42 crores respectively.

4. DIVIDEND & RESERVES

Your Directors recommend dividend of 20% on the paid up capital of the Company for the year 2009-10. The dividend shall be paid after seeking approval of the shareholders at the Annual General Meeting of the Company. The total outgo on account of dividend and dividend tax for the year 2009-10 will be ₹ 7.08 crores and ₹ 1.17 crores (previous year ₹ 7.08 crores and ₹ 1.20 crores respectively).

Feroz-Shah Kotla Cricket Stadium, New Delhi

Your Directors propose an amount of ₹ 3.25 crores (previous year ₹ 2.00 crores) to be transferred to General Reserve of the Company and balance profits be carried forward. Accordingly, an amount of ₹ 118.25 crores (Previous year ₹ 86.51 crores) shall be available in "Reserve and Surplus" account as on 31st March, 2010.

5. MARKETING ACHIEVEMENTS

During the Financial year 2009-10, Company has secured 26 projects valuing ₹ 2144.77 crores. Some of the major projects secured are "Construction of Medical College & Hospital at Baltikuri, Kolkata valuing ₹ 761.70 crores, "Construction of ESI Medical & PG Institute at Joka, Kolkata valuing ₹ 514.58 crores and "Construction of Flood Lighting along Indo- Bangladesh Border in the State of Mizoram valuing ₹ 150.00 crores.

6. ORDER BOOK POSITION

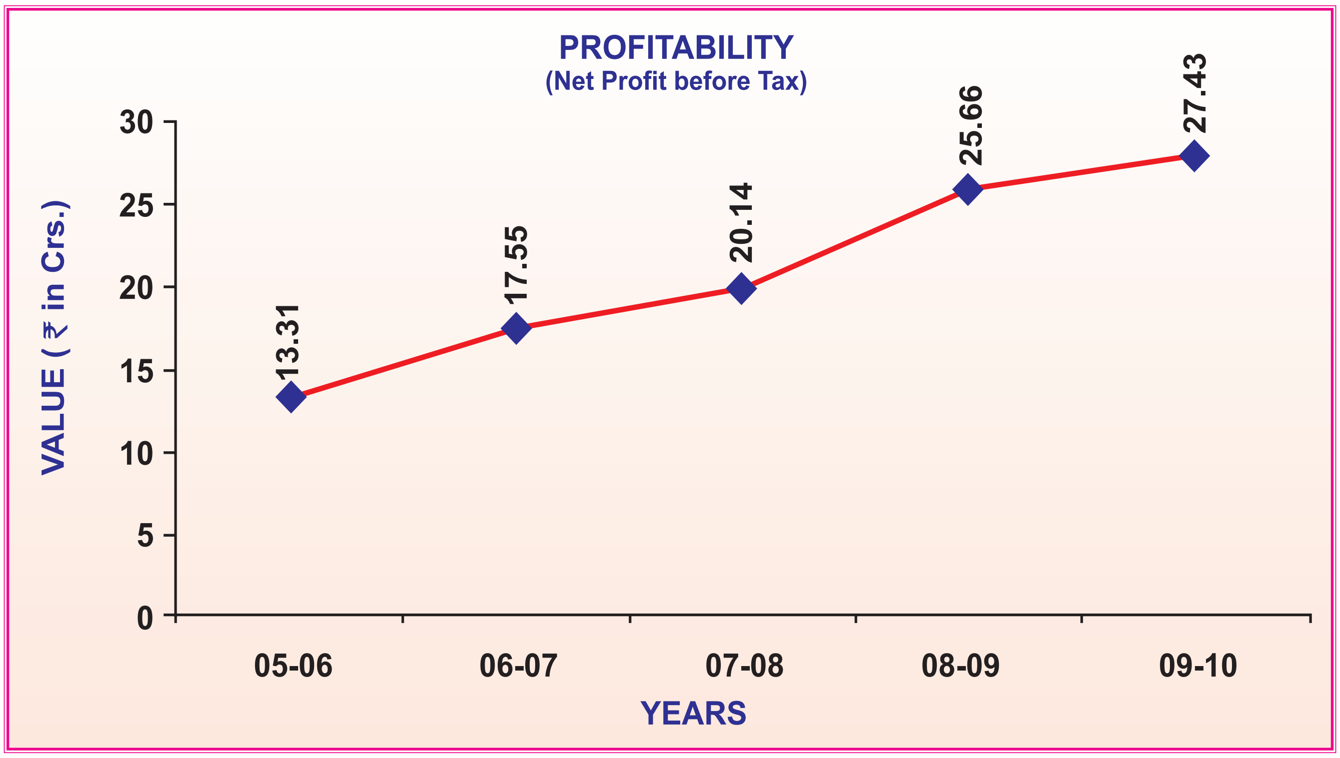
During the financial year 2010-2011, your Company has secured 10 orders worth ₹ 897.00 crores.

7. PERFORMANCE RATING UNDER MOU

The performance of your Company has been rated as "Excellent" by the Department of Public Enterprises (DPE) for the year 2008-09. This is the fourth consecutive year in which Company's performance has been rated "Excellent" by DPE. For the year 2009-10, also the performance of your Company qualifies for "Excellent" rating based on the audited data of the Company.

8. CORPORATE GOVERNANCE

The Company believes that good corporate governance practices in the long term leads to creation of wealth for all its stakeholders. A Report on Corporate Governance practices being followed by the Company and Management Discussion and Analysis Report are annexed to the Directors' Report.



9. QUALITY AND ENVIRONMENTAL MANAGEMENT

EPI has been certified ISO 9001:2000 and ISO 14001:2004 covering Quality and Environmental Management Systems (QEMS). The scope of certification including Design, Procurement and Implementation of Multi- disciplinary Industrial and other Construction Projects from Concept to Commissioning. The Company has been re-certified for ISO 14001:2004 i.e. EMS for a further period of 3 years w.e.f. 03.10.2008. The Company has also been certified for Occupational Health & Safety Assessment Series (OHSAS) 18801:2007 i.e. Occupational Health & Safety Management System (OHSMS) in respect of Corporate Office".

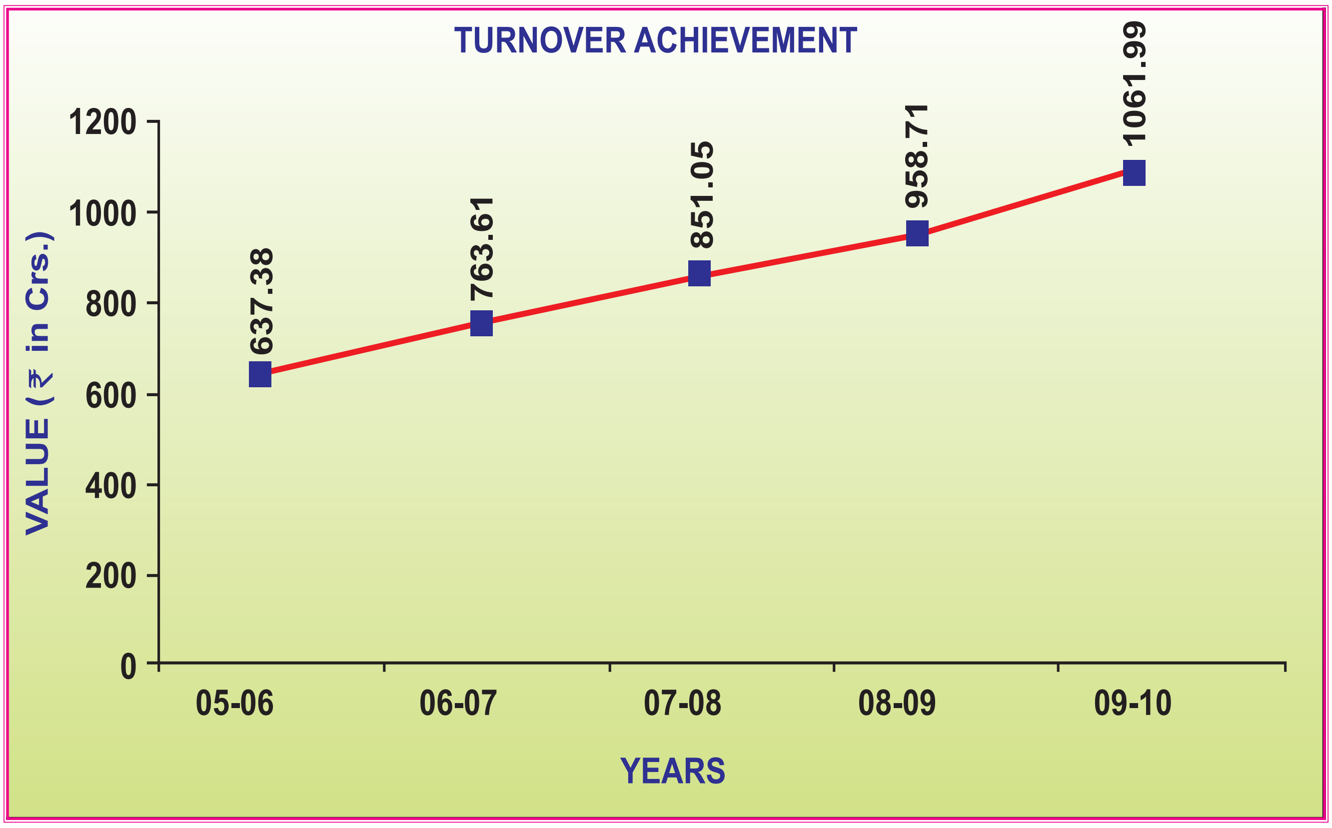
10. VIGILANCE ACTIVITIES

Vigilance Wing of the Company headed by Chief Vigilance Officer has played its role in maintaining integrity in the organisation apart from inculcating habits of adherence to systems and procedures amongst the employees. It has also ensured that CVC's instructions were strictly implemented by the Company. A major thrust is given on preventive vigilance, streamlining and strengthening systems and procedures in addition to transparency in policy matters and management functions.

During the year 2009-10, Notice inviting tenders (NITs) of all types of work/ purchases were uploaded on company's website and payment to various vendors, suppliers, sub contractors and employees were made through e- payment system. Inspection of projects were carried out and corrective actions were suggested wherever required.

11. HUMAN RESOURCE

Your Company believes that human resource is the biggest asset to the organisation with whose contribution Company had walked miles and shall take big leap into future. The Company believes that in fulfillment of its business plan, the employees of the Company should be suitably leveraged. As on 31st March, 2010, Company had strong force of 435 employees



12. SC/ST PERSONNEL

The number of SC/ST employees on the rolls of the Company as on 31st March, 2010 was 99 which constituted 22.96% of the total strength.

13. PHYSICALLLY CHALLANGED PERSON

The Company endeavours to take responsibility of adequate representation of physically challenged person in its work force. Reservation has been provided for physically handicapped as per the Rules / Policy.

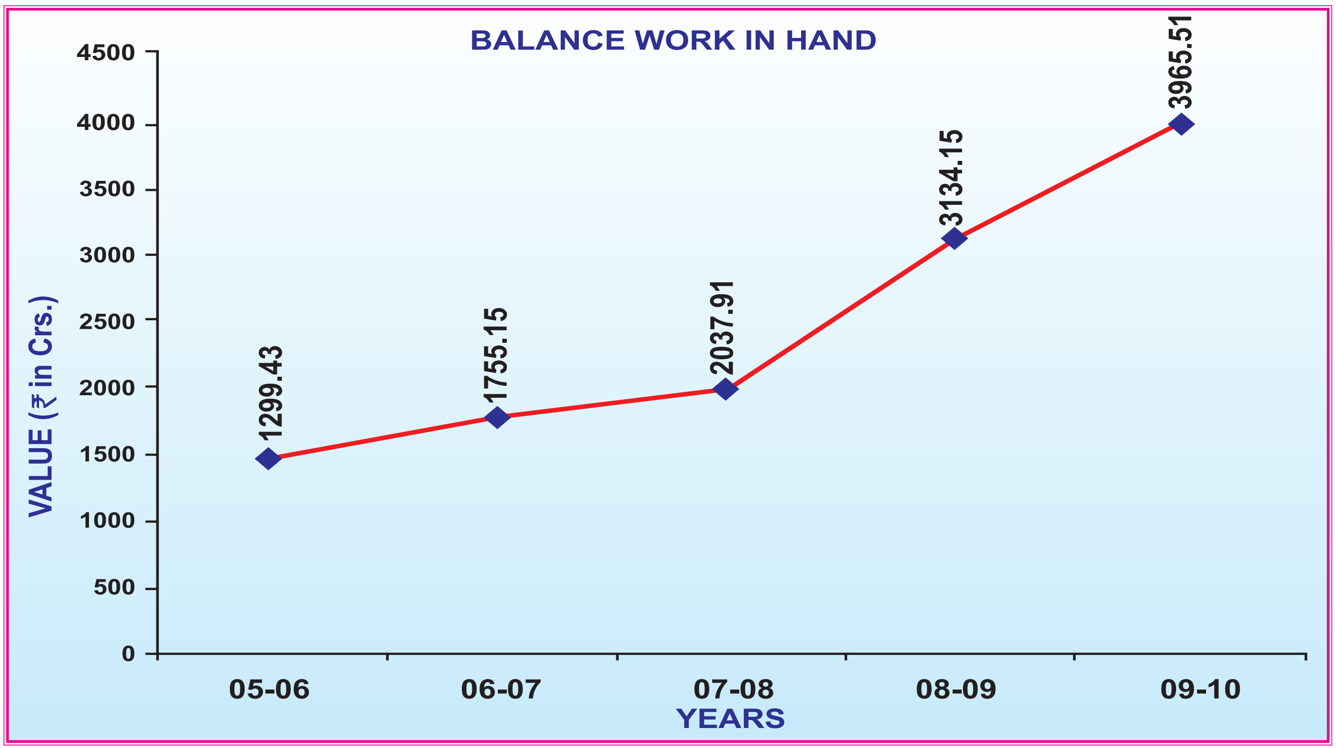
14. PROPAGATION OF RAJBHASHA

Your Company has made serious efforts to promote the usage of Hindi. Quarterly Meetings of Official Language Implementation Committee were held regularly and decisions of the Committee meetings were implemented. Various Hindi Competitions like Dictation, Noting- Drafting, Essay Writing, Hastakashar, Debate, Chitra Abhivayakti, Quiz, Poem Recitation were organized for EPI Employees, their children and spouses during Hindi Pakhwara. Employees were motivated to work in Hindi through training programmes, workshops, awards and personal orders. The wards of employees were awarded for their better performance in Hindi subject through our Pratibha Puraskar Yojana. Company has various schemes rewarding the employees who work in Hindi and give importance to official language.

15. AWARDS RECEIVED

The performance of EPI is now being recognized widely and it has recently been conferred the following awards:

- "Best Professionally Managed Company". The award conferred by the Construction Industry Development Council, New Delhi and given away by Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council on 7th March, 2010 at New Delhi.
- "Business Leadership Award" conferred on Shri SPS Bakshi, CMD, EPI at New Delhi by the Institute of Economic Studies, New Delhi (March, 2010)



- “Amity Corporate Excellence Award for Execution of Multidisciplinary Projects” was conferred on 26th February, 2010 by Amity International Business School, NOIDA.
- “Excellence Award” was presented to Shri SPS Bakshi, CMD, EPI by Mr. Karn Dabbaransi, former Deputy Prime Minister of Thailand at Bangkok on 5th February, 2010 by the Institute of Economic Studies, New Delhi.

16. EXPENDITURE ON FOREIGN TRAVEL, BRAND PROMOTION AND ADVERTISING/PUBLICITY

During the year under review, the total expenditure incurred on foreign tours was ₹ 4.25 lacs (previous year ₹ 4.32 lacs), brand promotion ₹ 16.37 lacs (previous year ₹ 17.25 lacs) and advertisement/ publicity ₹ 29.17 lacs (previous year ₹ 48.44 lacs).

17. ECONOMY IN ADMINISTRATIVE EXPENDITURE

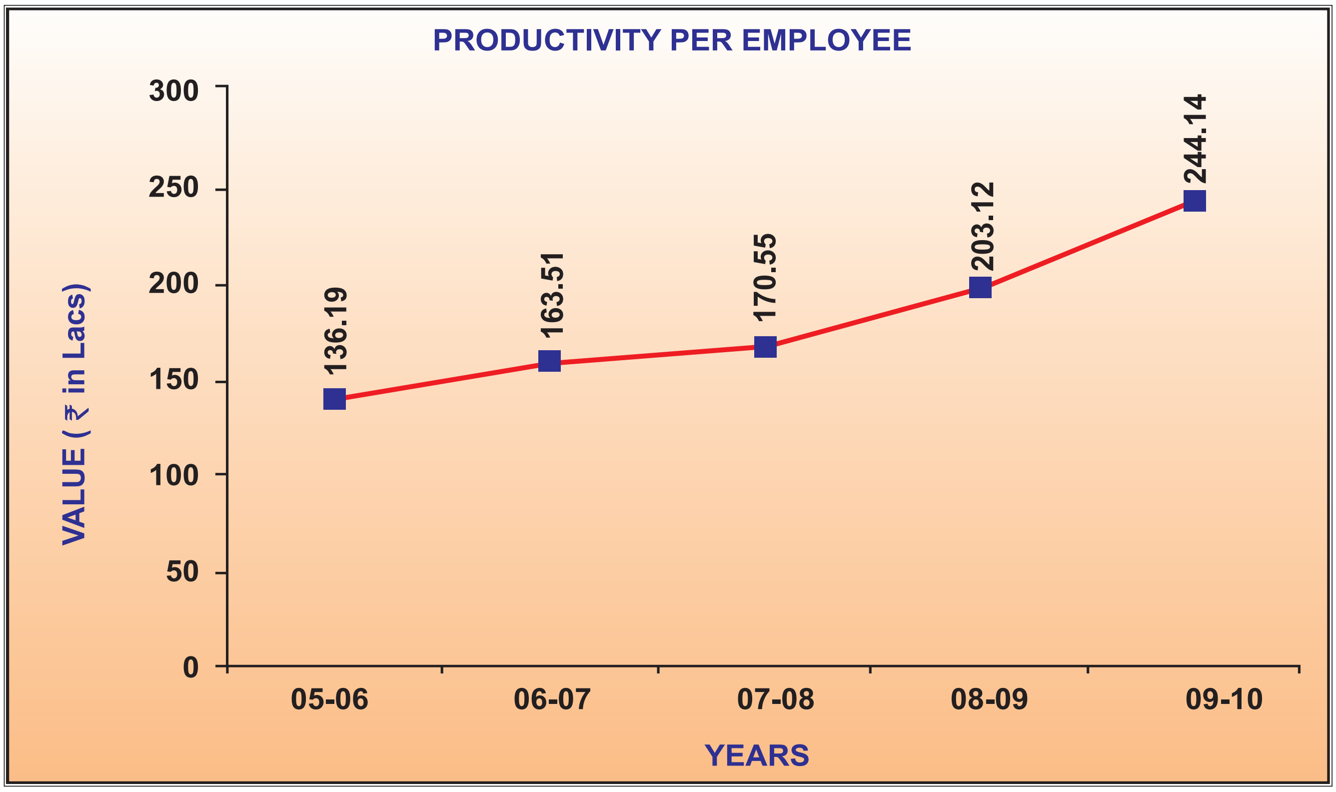
Keeping in view the Govt. directives, efforts were made to achieve economy in administrative expenditure in EPI during the year 2009-10.

18. BOARD OF DIRECTORS

Presently, the Board of Director of the Company consists of four members, two Directors are Functional Directors including the Chairman-cum-Managing Director, and two Directors are Part-time Official Directors from the Administrative Ministry. Following changes took place in the Directorship of the Company from the date of last Annual General Meeting:-

Shri Harbhajan Singh , Joint Secretary Ministry of Heavy Industries & Public Enterprises, was appointed as Part-time official Director on the Board vide order No. 16(12)2001-TSW dated 08.01.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI).

Shri Rajiv Bansal, Joint Secretary Ministry of Heavy Industries & Public Enterprises, ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated



08.01.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI).

Shri Arun Datta ceased to be the Director on the Board of the Company by tendering the resignation letter dated 19.06.2009 which was accepted by DHI vide order no. 16 (13)/2001-TSW dated 15.02.2010.

Shri A.K.Mitra, ceased to be the Director on the Board of the Company, on completion of his tenure on 10.05.2010 vide order No. 16(12)/2001-TSW dated 11.05.2007 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

Shri G.D.Moorjani, ceased to be the Director on the Board of the Company, on attaining the age superannuation on 31.08.2010 vide order No. 16(17)/2005-TSW dated 31.08.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

19. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken 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
- That the annual accounts have been prepared on a going concern basis.

33kv Sub Station in Uttar Pradesh

20. AUDITORS

M/s. Walker Chandiok & Co., Chartered Accountants were appointed as Statutory Auditors and Branch Auditors for Northern Regional Office of the Company for the financial year 2009-10. M/s. G. P. Agrawal & Co., M/s. Singavi Oturkar & Kelkar and M/s. Sekar & Mohan were appointed as Branch Auditors for the Eastern, Western and Southern Regional Offices respectively. Report of the Statutory Auditors on the Accounts of the Company for the year ended on 31st March, 2010 and Company's replies thereto are annexed to the Report. The comments on accounts for the year ended 31st March, 2010 by the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956 are given in the addendum to this Report.

21. ENERGY EFFICIENCY

Recognizing the need to conserve energy particularly in industry and commerce, EPI implemented the concept of Energy Efficiency Management by formulating an energy efficiency action plan. During the year 2009-10, Company replaced all CRT Computer Monitors with TFT monitors whose energy consumption is much lower than those of CRT monitors. And as a result approx 20254 units of energy were saved. Besides this, stress was laid on provision for energy efficient lighting in offices where potential of energy saving exists. EPI is making efforts to introduce energy efficient features like power factor improvement, cable sizing, provision of energy efficiency lighting, building management system for HVAC, auto load transfer and PLC synchronizing of DG system , automatic switching of external lighting, use of branded equipment etc. in the projects being executed by EPI as an executing agency.

Union Bank of India Building, Mumbai

22. DISCLOSURE OF PARTICULARS

In accordance with the provisions of section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information on conservation of energy, technology absorption and foreign exchange earnings and outgo is detailed as under:

22.01 Conservation of Energy

The pressing need to conserve energy in all forms of its application enjoys the attention of the company. Though company's activities do not involve direct use of energy in manufacturing processes, however importance of reducing energy consumption levels and reuse through recuperative and regeneration technologies are kept in constant focus of designers of plant, equipment and processes involving utilization of energy in the form of heat and others. For the designs used for projects involving chemical reaction with heat exchange processes, heating, chilling, calcinations. etc, reduction of levels of consumption and maximizing conservation of energy is achieved through the use of latest methods and features including energy efficient equipment, recuperators of waste heat, modern construction equipment with enhanced insulation characteristic coupled with modern process control system based on digital sensing, control and signaling technologies.

22.02 Technology Absorption

(a) Research and Development

As a turnkey project executing organisation, EPI is constantly striving to develop design and engineering activities to cater to the market requirements in India and abroad. Specific emphasis is laid to use the materials suitable under Indian condition with reduction of dependency on importation. In this regard specific thrust shall be given for use of Geo- textile material in disaster management like the river bank protection, erosion of soil. Similar efforts are also being directed towards Hydel projects, Light Rapid Transportation System (LRTP), Sky Walk, laying of Sewage and Water Supply Pipeline through use trenchless Technology, Chemical Process Plant etc. which shall enable the company to achieve unique position in the construction industry.

(b) Technology Absorption

The Company, endowed with certification of ISO-9001:2000 quality management system and ISO 14001:2004 environment management system covering its total range of operations.

Specific project-based collaborations are also arranged to meet the needs of modern industrial projects. The methodology of operating technological collaborations for Indian projects ensure adoption of the technical features to match Indian conditions and development of Indian manufacturers to substitute components of imported origin. Close liaison with technical collaborators at all stages covering design, manufacture, assembly, erection & installation coupled with the in-house, detailed engineering activities form the major thrust areas wherein absorption of the latest technologies are progressively achieved.

The Company is making continuous efforts to constantly upgrade technology and Construction techniques and to look in to the aspects of appropriate designing and value engineering. The

Wss at Variav - View of 10m Dia intake Well in 15m deep riverbed with 14m Dia Pumphouse & 60mld Wtp

Zonal Office Building for Punjab National Bank, Ludhiana (Punjab)

company reviews the design and drawings for various projects and provides engineering solution, including standardization of design data to help in marketing efforts and conceptualization of new projects with technical back up in alignment design, geo-technical analysis, etc. EPI is using latest technology and state of the art equipments in execution of infrastructure projects.

22.03 Foreign exchange earnings and outgo

During the year 2009-10, there is an outgo of foreign exchange to the tune of ₹ 4.25 lacs (previous year ₹ 4.32 lacs) towards design & consultancy, import of equipments & spare parts and foreign travel and your Company has earned foreign exchange of ₹ 17.03 lacs (previous year ₹ 94.18 lacs).

23. STATUTORY INFORMATION REGARDING EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A)

Information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed to the Directors' Report.

24. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation to all the employees for their sincere cooperation, dedication and commitment, which contributed to the success of Company. Sincere thanks are also expressed to vendors, sub–contractors and consultants in implementation of the projects and support and guidance received from Banks, Financial Institutions, Govt. Auditors & Statutory Auditors. Your Directors are also thankful for the support and guidance received from Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry and other Ministries and Organisations of the Government of India and State Governments.

For and on behalf of the Board

(S.P.S. Bakshi)
Chairman-cum-Managing Director
DIN: 02548430

Place : New Delhi.
Dated : 14-09-2010

INFORMATION REQUIRED U/S 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARICULARS OF EMPLOYEES) RULES 1975

(A) Particulars of employees throughout the financial year who were in receipt of remuneration not less than ₹ 24,00,000/- or more per annum

S.No.	Name (S/SH)	Nature of Duties	Qualification and experience of the employees	Date of commencement of employment	Age (Yrs.)	Remuneration	Last Employment held	Reamarks
1	A.K. Angress	GGM	B.Sc. (Engg.) Elec.	24.03.79	60	30,67,543/-	Retired	
2	A.K.Ratwani	Director (Projects)	AMIE (Civil) & MBA (Marketing)	01.09.06	53	25,38,744/-	NBCC	

(B) Particulars of employees employed for part of the financial year who were in receipt of remuneration not less than ₹ 2,00,000/- per month

S.No.	Name (S/SH)	Nature of Duties	Qualification and experience of the employees	Date of commencement of employment	Age (Yrs.)	Remuneration	Last Employment held	Remarks
1	D.P. Rajora	AGM (Shipp.)	B.COM, MBA	22.02.77	60	8,71,771/-	Retired	
2	N. Swarup	DGM (HR)	B.A, PGDBM	01.12.77	60	13,46,143/-	Retired	
3	J. Roy	Mgr. (Store)	B.Sc. (Hons.)	24.05.78	60	8,22,333/-	Retired	
4	A.K. Sen	ED	B.Sc. (Engg.) Elec. ICWA Int.	11.08.78	60	20,32,333/-	Retired	
5	A.S. Kharb	GGM	B.E. (Civil)	04.12.78	60	17,48,677/-	Retired	
6	C.T. Sundaram	ED	B.E. (Civil)	18.04.79	60	17,91,814/-	Retired	
7	H.H. Shah	DGM (P)	B.Com., CA	05.06.79	60	14,06,200/-	Retired	
8	D. Saha	GGM	B.Sc. (Engg.) Mech.	07.09.79	60	28,40,072/-	Retired	
9	S. Boral	Sr. Mgr. (Degn.)	LME	24.09.79	60	10,00,489/-	Retired	
10	L. Ram	GM	B.Sc. (Engg.) Mech.	20.08.80	60	15,01,879/-	Retired	
11	D. Banerjee	GM	B.E. (Engg.) Mech.	27.08.80	60	29,46,794/-	Retired	
12	S.K. Bandopadhya	GM	B.E. (Engg.) Mech.	15.06.81	60	16,97,038/-	Retired	

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Engineering Projects (India) Limited (EPI) believes in promoting the principles of sound corporate governance and its essential character is shaped by high standard of transparency, trust and integrity, performance orientation, responsibility and accountability, professionalism, social responsiveness, ethical business practices. It constantly endeavours to achieve the high standards of corporate governance for enhancement of long- term stakeholders' value.

EPI has adopted a philosophy on Code of Corporate Governance which is as follows:

"To Exercise Professionalism and be Effective, Responsive and Transparent in order to create value for all the stakeholders of the Company"

2. BOARD OF DIRECTORS

The Board of EPI consisted of eight members, of whom three are Functional Directors (including Chairman–cum–Managing Director), two are Nominees of Govt of India and three are Independent Directors. The Independent Directors are usually drawn from the fields of Management, Engineering, and Economics & Accounts etc. The Directors on the Board are appointed by the Administrative Ministry of Government of India in terms of the Article 68 of Articles of Association of the company.

The Board of the Company met six times in a year (09.06.09, 01.07.09, 20.08.09, 06.10.09, 16.12.09, 11.03.10) and all information required in accordance with DPE Guidelines was placed before the Board.

Details of the composition of the Board of Directors, their tenure, category of the director, attendance at the Board Meeting, General Meeting & other directorship held during the year 2009-10 are given below:

Name	Meeting attended	AGM attended	Other Directorship	Period
(a) Functional Directors				
Shri S.P.S. Bakshi Chairman–Cum-Managing Director DIN :02548430	6/6	Yes	Nil	05.02.09 to 04.02.14
Shri A.K. Ratwani Director (Projects) DIN :00730349	6/6	Yes	Nil	01.09.06 to 31.08.11
Shri G.D. Moorjani Director(Finance) DIN :01454008	6/6	Yes	Nil	11.04.07 to 31.08.10
(b) Govt. Nominees				
Shri Harbhajan Singh Joint Secretary, Ministry of Heavy Industries & Public Enterprises DIN:02922092	1/1	N/A	8	08.01.10-till further orders

Shri Rajiv Bansal Joint Secretary, Ministry of Heavy Industries & Public Enterprises DIN:00245460	2/2	No	6	24.08.09 to 08.01.10
Dr. Surajit Mitra Additional Secretary, Ministry of Heavy Industries & Public Enterprises DIN :00122304	2/3	N/A	6	26.04.07 to 24.08.09
Shri R. Asokan Director, Ministry of Heavy Industries & Public Enterprises DIN :01079166	5/6	Yes	5	01.02.08- till further orders
(c) Independent Directors				
Shri Arun Datta DIN : 00180069	1/5	No	1	14.09.05 to 15.02.10
Shri Anjan Kumar Mitra DIN :00888372	6/6	Yes	1	11.05.07 to 10.05.10

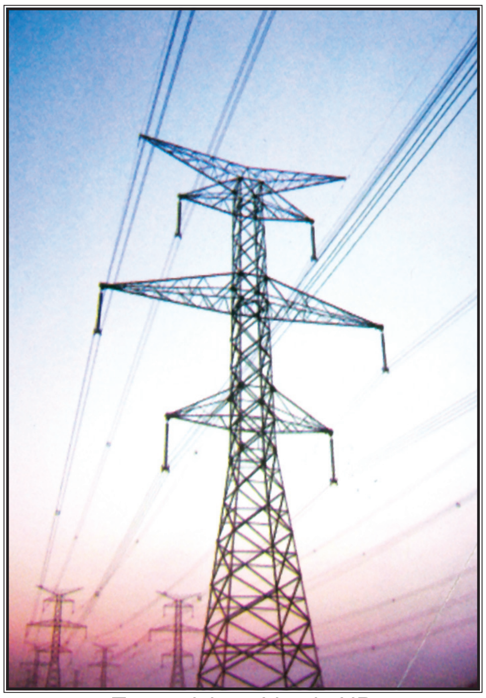
As on 31st March, 2009, there was one vacancy of Independent Director. During the year, Shri Arun Datta an Independent Director resigned from the directorship and Shri Anjan Kumar Mitra, another Independent Director completed his tenure on 10.05.2010. As a result, there are presently three vacancies of the Independent Directors on the Board. On 31st August, 2010, Shri G.D.Moorjani Director (Finance) had superannuated, leaving the post of Director (Finance) vacant.

Brief Resume of the Directors presently on the Board.

(i) **Shri S.P.S. Bakshi (51 years)** Shri S.P.S. Bakshi joined EPI as Chairman-cum-Managing Director in February, 2009. Shri Bakshi is a Post Graduate in Highways & Trans. Engineering and MBA in Human Resource Development. He is a Fellow Member of the Institution of Engineers (India) and a Member of the Institute of Transportation Engineers, USA. Shri Bakshi has a rich and comprehensive experience of 30 years in the field of Project Planning & Management with special reference to Implementation of Mega Buildings & Airports and Highway Projects on turnkey basis. He has also handled projects on Public Private Partnership basis. Shri S.P.S. Bakshi has worked at senior positions in Airports Authority of India and National Highways Authority of India before joining EPI. He has handled major Infrastructure Airports and Highways Projects of national importance. He is also an Institutional Member of AIMA and Member Governing Body of DAV Public School.

(ii) **Shri A.K. Ratwani (53 years)** Shri A.K. Ratwani joined EPI as Director (Projects) in September, 2006. Shri Ratwani is a Civil Engineer and holds qualification of MBA in Marketing. Shri Ratwani has rich and varied experience spanning over 30 years in Marketing, Project Management, Project Execution and Real Estate Projects. Shri Ratwani has handled multi-disciplinary projects both in India and abroad. Before joining EPI, he has worked over 28 years in Organisations in Construction Industry & PSUs. With his extensive experience in Project Management and Execution, Shri Ratwani has streamlined the operation of the company for better management of its resources which has resulted in efficient operations and improved profitability of EPI. With his marketing acumenship, the present order book position of EPI has gone up considerably over previous years.

(iii) Shri Harbhajan Singh (54 years) Shri Harbhajan Singh, Joint Secretary, Govt. of India, joined the Board of EPI on 8th January, 2010 as Nominee of Govt. of India. Before his tenure as Jt. Secretary, Deptt. of Heavy Industry, Shri Singh had held various important positions which include Addl. Secretary (Medical education Deptt., Govt. of UP), Commissioner (Food & civil supplies, Lucknow), Jt Secy & Financial Advisor (Ministry of Coal & Mines), Director (Ministry of Civil Aviation), Director (Geology & Mines Deptt., UP), Secretary (Indl. Dev Deptt., UP), Distt. Magistrate (Saharanpur, Kanpur Nagar) etc. Shri Singh is an IAS, 1983 Batch, Uttar Pradesh cadre. Shri Singh is also Nominee Director on the Board of Andrew Yule & Company Ltd., Cement Corporation of India Ltd., Heavy Engineering Corporation Ltd., Hindustan Paper Corporation Ltd., HMT International Ltd., HMT Ltd , HMT (Machine Tool) Limited and NTPC-BHEL Power Projects Private Ltd (NBPPL).


Transmisison Line in UP

(iv) Shri R. Asokan (54 years) Shri R. Asokan is Director, Integrated Finance Wing, Department of Heavy Industry, Government of India. He joined the Board of EPI as Nominee Director w.e.f 01.02.2008. Shri Asokan is a Cost & Works Accountant and Post graduate in Commerce. Prior to his tenure in Department of Heavy Industry, Shri Asokan has worked in Department of Economic Affairs, Deptt of Industrial policy & Promotion (BICP, Tariff Commission), Deptt of Expenditure, Deptt of Company Affairs and Deptt of Fertilizers. Before joining Indian Cost Accounts Services in 1989, Shri Asokan has worked for 9 years with Neyveli Lignite Corporation Ltd. Shri Asokan is also Nominee Director on the Board of Cement Corporation of India, Bharat Bhari Udyog Nigam Ltd., NEPA Ltd., Andrew Yule & Company Ltd. and Hindustan Paper Corporation Ltd.

3. AUDIT COMMITTEE

The Audit Committee was constituted in accordance with Guidelines on Corporate Governance for CPSEs in the meeting of the Board of Directors held on January 17th 2008, with terms and references and role and power of the committee being same as proposed in the Guidelines. The composition of the Committee as on 31.03.2010 is as under:-

Name	Designation	Category
Shri Anjan Kumar Mitra	Chairman	Independent Director
Shri R. Asokan	Member	Govt. Nominee
Shri A.K. Ratwani	Member	Director (Projects)

During the year 09-10, four meetings of the Audit Committee were held on 23rd July, 2009, 20th August, 2009 , 16th February, 2010 and 26th March, 2010.

4. REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted in the meeting of Board of Directors held on 6th October, 2009. Shri Anjan Kumar Mitra, an Independent Director was appointed as Chairman in place of Shri R. Asokan, Govt. Nominee. The composition of the Committee as on 31.03.2010 is as under:

Name	Designation	Category
Shri Anjan Kumar Mitra	Chairman	Independent Director
Shri R. Asokan	Member	Govt. Nominee
Shri G.D Moorjani	Member	Director (Finance)

During the year, no meeting of the Remuneration Committee was held.

5. DISCLOSURES

Details of the remuneration paid to the Functional Directors and sitting fees paid to Independent Directors during the year 2009-10 are as under:

A: Functional Directors (In ₹)

Directors	Salary	Perquisite	Total
Shri S.P.S. Bakshi Chairman–cum-Managing Director	20,62,369.00	16,0641.00	22,23,010.00
Shri A.K. Ratwani Director (Projects)	24,13,883.00	1,24,861.00	25,38,744.00
Shri G.D. Moorjani Director (Finance)	21,51,499.00	81,107.00	22,32,606.00

B: Independent Directors (In ₹)

Directors	Sitting Fees
Shri Arun Datta	6,000
Shri Anjan Kumar Mitra	52,000

(i) During the year, there was no related party transaction except salary paid to Functional Directors and sitting fees paid to Non-Functional Directors.

(ii) The Statutory Compliance Report together with the status of the statutory dues is being placed before the Board regularly.

(iii) It is reaffirmed that no penalties, strictures have been imposed by any statutory body except sales tax matter which is under appeal.

(iv) The Company is complying with all the requirements of the Guidelines on Corporate Governance for CPSEs issued by the DPE except the Composition of Board and its Sub – Committees which is pending due to vacancy of the Independent Directors and formulation of Risk Management Policy.

(v) During the year, Presidential Directives issued by the Government of India has been complied by the Company.

(vi) During the year, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure and no expenses which are of personal nature have been incurred for the Board of Directors and Top Management.

6. GENERAL BODY MEETINGS

Year	Date and Time of AGM	Location
2008-09	September 29th, 2009 at 3.00 p.m	Core 3, SCOPE Complex. Lodhi Road, New Delhi
2007-08	September 26th, 2008 at 3.30 p.m	Core 3, SCOPE Complex. Lodhi Road, New Delhi
2006-07	September 21st, 2007 at 3.30 p.m	Core 3, SCOPE Complex. Lodhi Road, New Delhi

7. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India and seven CPSEs. The Government of India holds 99.98% of the paid up capital of the Company. The Company displays complete Annual Reports on its website for the information of its shareholders together with other important information pertaining to the Company. Annual Report and other papers related to shareholders are being sent regularly in physical form.

8. AUDIT QUALIFICATIONS

The comments on accounts for the year ended on 31st March, 2010 by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 and Statutory Auditor are given in the addendum to the Directors' Report along with the comments of the Company.

9. TRAINING OF BOARD OF DIRECTORS

The Company furnishes a set of documents and booklets to the directors on their joining the Board. This includes important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance Guidelines etc. The Directors are also sponsored for the seminars/conferences organized in this respect.

10. CODE OF CONDUCT

The Board of Directors has laid down the Code of Business Conduct and Ethics for the Board members and Senior Management of the Company. The copy of the Code is displayed on the Website of the Company http//www.epi.gov.in. All Board members and key officials of the company have affirmed their compliance with the code. A declaration to this effect is annexed to this Report.

11. COMPLIANCE CERTIFICATE

This Report duly complies with the requirements of Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in Annexure-VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly. The certificate obtained from practicing Company Secretary regarding compliance of conditions of Guidelines of Corporate Governance of CPSEs has been annexed to the Report.

DECLARATION BY CHAIRMAN-CUM-MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2009-10.

I, S.P.S.Bakshi, Chairman-cum-Managing Director Engineering Projects (India) Limited, do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of business Conduct and Ethics of the Company during 2009-10.

(S.P.S.Bakshi)
Chairman-cum-Managing Director
DIN: 02548430

Place: New Delhi
Date: 07.09.2010

AGB & ASSOCIATES

COMPANY SECRETARIES

1st Floor, 970, Sector 21 D
Faridabad-121001, NCT of Delhi
E-mail : gargajay24@yahoo.co.in,
agbassociates@yahoo.in
Ph. : 95-129-4080970
Mobile : 9811386723, 9873186723

CORRPORATE GOVERNANCE CERTIFICATE

To
The Members,
Engineering Projects India Limited
Core 3, Scope Complex,
7 Institutional Area, Lodhi Road,
New Delhi-110003

We have examined the compliance of the conditions of Corporate Governance by Engineering Projects India Limited, (hereinafter referred as 'the Company') for the year ended on 31st March, 2010 as stipulated in 'Guidelines on Corporate Governance vide notification No. 1 No. 18(8)/2005-GM originally isued on 22.6.2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereninafter referred as 'Guidelines').

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in abovementioned guidelines. 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, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Guidelines.

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

Place : New Delhi
Delhi : 14.09.2010

Signature :
For AGB & Associate

(K.B. Mudgal)
Company Secretaries
C.P.No. 8790

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Development

The fiscal year 2009-10 was the year which policy maker would like to remember. The fast paced recovery of the economy in 2009-10 underscores the effectiveness of the policy response of the Govt. in the wake of the financial crises. The broad based recovery creates scope for a gradual rollback, in due course so as put the economy back onto the growth path of 9% p.a. However, double digit inflation remained a major concern. At global level, the pace and shape of recovery however remains uncertain. High unemployment rates, growing fiscal deficit contraction of credit to productive sector are the concern of developed economies. For emerging economies which are on path of recovery, there are challenges emanating from increased capital flow and ramification of monetary growth, inflation, exchange rate uncertainty alongwith policy implication for the capital account.

In the current fiscal year, infrastructural services gradually revived with easing of supply bottlenecks in certain sector and with demand recovery in others. However, considering the dimension of infrastructural deficit, growth in infrastructural facilities are needed to be accelerated on a big scale. Raising the infrastructural facilities to a desired level is a challenge. Initiative required are multifaceted and include those promoting flow of domestic and global resources to infrastructure facilitating formulation, approval financial closure of award of projects easing implementation hurdles in terms of dispute in land acquisition rehabilitation contractual issues shortage of raw material, capital goods and fuel, environmental disputes and inadequate availability of skilled manpower. Efforts legislative, administrative and executive are being taken to ameliorate the bottlenecks in realization of infrastructural projects. Hence, opportunities are immense. The Planning Commission has estimated that as compared to 4.5% GDP in 2003-04 investment in 2007-08 has rose to 6%. However reaching a target of 9% fixed for XIth plan is challenging task at Governmental level, all efforts are being made to reduce the difference.

SWOT Analysis

Strengths

- EPI has the capability of undertaking large multidisciplinary Industrial and Construction projects on turnkey basis within the country and outside.
- EPI has expertise in project management in almost all areas of engineering and construction domain such as civil and structural works, buildings, coal & material handling systems, metallurgical sector projects, process plants, environment & pollution control, oil & petrochemicals, Defence related projects, Transmission lines/sub-stations, water supply, sewage & drainage projects, irrigation/canal works, Roads & highways, Airport, sports stadium.
- EPI can also offer end to end engineering, procurement and construction services. Further EPI has Regional offices at different geographical locations to undertake operations across India.
- EPI has been awarded certification like ISO-9001:2000 (quality management system), ISO-14001:2004 (environment management system) and OHSAS-18001:2007 (occupational health and safety assessment system).

Weaknesses

- Average age of employees at EPI is high at 47.9 years. Huge number of senior employees retiring within next two years leading to a senior management continuation crisis.
- EPI has no presence in sectors with huge potential such as Telecom, Manufacturing, Pharma, Automotives, Real Estate etc and has limited presence in other areas with huge potential like Power, Mining etc.

Opportunities

- Over ₹17,50,000 crores of infrastructure expenditure is envisaged over the next 6-7 years in India across various sectors. Out of this over 70% would involve engineering and construction expertise, which is the domain in which EPI operates.
- Further, higher infrastructure spending is earmarked for urban renewal projects under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), MRTS, Water supply and sanitation, irrigation projects, airport infrastructure, leading to heightened activity in EPI's core areas of expertise.
- 6% of total GDP would be available for infrastructure sector for the coming years.

Threats

- Many smaller players of yesteryears have gained critical mass and are executing projects of larger scope and value.
- The infrastructure services market has been crowded by multiple players.
- Low entry barriers exist for EPC contractors in the irrigation and WSS sectors as low technology/expertise is required to execute EPC jobs in these sectors.

Segment wise and product wise Performance

Housing & building works continued to be highest contributor to the turnover of the Company. Its contribution has increased from 42% to 57% of the turnover during 2008-09 to 2009-10 followed by Water supply and Environmental Scheme Projects whose contribution to the turnover during 2009-2010 is almost same as of last financial year. The percentage share of Dams & Irrigation Projects has declined from 17 % in 2008-2009 to 10% in 2009-2010, whereas Industrial, Process Plant, Material Handling & Electrical Projects has slightly improved from 7% to 9% in 2009-2010. The table below presents the segment wise analysis of the operations of the Company:

(₹ in Cr.)

Sl. No	Segments of Projects	2007-08		2008-09		2009-10	
		Turnover	%	Turnover	%	Turnover	%
1	Housing & Building Works	372.41	44	408.03	42	603.20	57
2	Dams & Irrigation Projects	215.73	25	163.76	17	106.32	10
3	Industrial, Process Plant, Material Handling & Electrical Projects	65.14	8	66.66	7	95.88	9
4	Water Supply & Environmental Schemes	100.45	12	144.16	15	144.23	14

5	Transportation Structures	84.40	10	45.90	5	34.12	3
6	Other Projects	12.92	1	130.19	14	78.25	7
	Total	851.05	100	958.70	100	1062.00	100

Outlook

The Company believes that there is a strong need for diversification and rationalization of strategies, to make investments in various technology led Infrastructure activities and to venture into international market. It also believes to build a brand EPI which is recognized and respected globally.

Risk and Concern

EPI is executing most of the contracts for Govt. of India, State Govt. and PSUs. However risk of local interference-strike/Bandh, contractor's reluctance to fulfil statutory obligations and risk of abnormal increase in cost of construction material resulting in discontinuation of work by Contractor, affects the work at the projects site and revenue of EPI. Even the balance work cannot be executed by other agencies without pumping in additional money. In order to mitigate these risks, strong relations with the local project staff/union and local administration is maintained, obligations are explained to the Contractor while awarding the contract and where possible price escalation clause is included in the contract.

Internal control Systems and their adequacy

The Company had evolved a system of internal control commensurate with the size of the Company. To make the internal control more effective and project specific, comprehensive internal audit manual and other accounting manuals are being updated. The Internal Audit cell directly reports to Chairman-cum-Managing Director. Internal control and audit systems are being reviewed periodically by Audit Committee and corrective measures are taken for continuous improvement.

Discussion on financial performance with respect to the operational performance

The turnover of the Company increased by 10.77% over the previous year from ₹ 958.70 crores to ₹ 1061.99 crores in 2009-10, the gross margin increased by 6.36% from ₹ 28.59 crores to ₹ 30.41 crores in 2009-10. The net profit before tax also rose to ₹ 27.42 crores in 2009-10 from ₹ 25.66 crores in the previous year registering an increase of 6.86%. As a result, the net worth of the Company increased from ₹ 121.92 crores in 2008-09 to ₹ 153.68 crores in 2009-10.

The capital structure of the Company remained unchanged with paid up capital of ₹ 35.42 crores divided into 90,94,400 equity share of ₹ 38.95 each during the year. Your Board has proposed a dividend of 20% of paid up capital.

Material Development in Human Resource, Industrial Relations front, including number of the people employed

During the year 2009-10, an extensive exercise on manpower planning, covering all regions and all employees have been carried out. For optimum utilization of the manpower project reallocation has been done on geographical basis and job description of all the executives across all levels and functional areas have been redefined. To assess the competency of the executives, a new performance appraisal system with bell curve approach, in line with the DPE guidelines has been introduced.

In the field of training and development, your Company has been focusing on the emerging trends such as corporate governance, gender concern, economy meltdown, quality control in road and bridge, e-procurement, global competitive technology strategy and United Nations global compact etc.

Environmental Protection and Conservation, Technological Conservation, Renewable Energy Developments, Foreign Exchange Conservation

(a) Environmental Protection & Conservation

Environment Protection & Conservation has commanded due attention and as a result environment management system has been developed as an integral part of company's activities and built the necessary steps in the manual of procedures.

The specific steps taken at the various work sites in compliance with such procedural requirements cover:

1. Re- Orientation & modification of layout of industrial plants, structures
2. Tree plantation at project sites, avoidance of cutting trees.
3. Control with a view to eliminate emission of toxic gases, spillage of oils lubricants, chemical and other pollutants by operation and maintenance of pollution control systems, equipment of industrial plants, machineries and vehicles used at project sites
4. Avoidance of fire hazards by adopting fire prevention systems and practice of fire fighting drills.
5. Location specific emergency preparedness and response plan is circulated and informed to all personnel engaged in field work and displayed at site office, notice boards.
6. Necessary safety measures at Project Site.

(b) Technological Conservation

The technical requirements of projects under construction are adhered to by working out the design, based on environmental concerns and process data. The corresponding specifications of processes and equipments are followed to establish the plant which is made available to the customer after inspection and testing.

Micro-tunnelling, a modern technological methodology has been adopted for underground laying of large diameter RCC pipe-lines by the Company during the current year.

Technological documentation of various projects are preserved at centralized locations for reference and use in applications required by the Company in future.

(c) Renewable Energy Developments

The Company has formulated a long-term vision for embracing new technologies covering use of renewable form of energy. Some forms of renewable energy like solar energy, wind and ocean-based energy are expected to demand the attention on policy makers to fuel the growth of viable technologies to be used in industries in future, and the Company aims to gear up its capabilities.

(d) Foreign Exchange Conservation

The Company's policy outlook has enabled utilization of developing technologies in installation of modern production & processing facilities in India. Many such plants involve machineries, equipment & facilities from indigenous sources after adaptation of foreign-based technological design to operate under Indian conditions, thereby reducing direct importation of plant & equipment to a minimum. Significant conservation of foreign exchange has been possible through assimilation of advance design & technical features using Indian expertise in detailed engineering, manufacturing & assembly of facilities, based on new technology developed abroad.

Corporate Social Responsibility

The Company has been discharging its social responsibility by participating in various social welfare schemes. In order to provide a complete frame work and platform for greater participation, and to align itself to the government guidelines and their international standards such as United Nations Global Compact Principle the Corporate Social Responsibility Policy and Plan has been reframed. Further, your company has also framed Work Place Policy on HIV/AIDs aimed at risk reduction, impact reduction and vulnerability reduction. Company organized welfare activities for unskilled work force working at the project sites and also plant trees in and around project area to mitigate the effect of the construction activities

Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in economic environment in India, exchange rate fluctuations, tax, laws, litigations and labour relations.

High Court Building, Bilaspur

Annexure to Director's Report
Auditor's Report and Company's Reply

Auditors Report/Comments	Reply of the Company
1. We have audited the attached Balance Sheet of Engineering Projects (India) Limited (the "Company") as at 31 March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements') in which are incorporated financial statements of Eastern, Western & Southern Regional Offices audited by Branch Auditors appointed by the Comptroller and Auditor General of India. 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 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 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.	
4. Further to our comments in the Annexure referred to 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;	No Comments
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of accounts and proper returns adequate for the purposes of our audit have been received from branches not visited by us;	No Comments
(c) The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with while preparing our report;	No Comments
(d) The financial statements dealt with by this report are in agreement with books of account;	No Comments
(e) In respect of disqualification of Directors, Department of Companies Affairs vides their clarification No.G.S.R. 829 (E) dated 21 October, 2003 has exempted Government Companies from provision of section 274(1) (g) of the Companies Act, 1956;	No Comments

(f) As mentioned in Note 2 on Schedule 20 (B), pending settlement of claim of National Thermal Power Corporation Limited (one of the PSUs) relating to cost of interior works and furnishings etc. amounting to ₹ 4,605,400, capitalization and consequential depreciation has not been recorded. We are unable to express opinion on consequential impact on revenue, assets and liabilities;	Disclosed in Note 2 of Schedule – 20(B)
(g) As mentioned in Note 3 (a) on Schedule 20 (B), debit and credit balances of various clients, associates, suppliers and others are subject to reconciliation and confirmation. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those balances;	Disclosed in Note 3 (a) of Schedule – 20(B)
(h) As mentioned in Note 3 (b) on Schedule 20 (B), free materials issued by client and supplied to Associates are subject to reconciliation and confirmation. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those balances;	Disclosed in Note 3 (b) of Schedule – 20(B)
(i) As mentioned in Note 5 on Schedule 20 (B), Company has disputed termination of contracts in Courts/Permanent Machinery of Arbitration (Ministry of Law & Justice, Govt. of India). Liability if any, on account of invocation of Risk and Purchase Clause where same have been invoked by clients, has not been provided since it has not been ascertained and intimated by clients. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those cases;	Disclosed in Note 5 of Schedule – 20(B)

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report, subject to the effects of such adjustments as mentioned in Para 4 (f) to (i), if any, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
ii) the Profit and Loss Account, of the profit for the year ended on that date; and
iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

for Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No. – 001076N

For Engineering Projects (India) Ltd.

Sd/-
per B P Singh
Partner
Membership No. 70116

(S.P.S. Bakshi)
Chairman-cum-Managing Director

Place : New Delhi
Date : 14th Sept., 2010

Annexure to the Auditors' Report to the members of Engineering Projects (India) Limited, on the Financial Statements for the year ended 31 March, 2010

Auditor's Report/Comments	Reply of the Company
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:	
(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.	No Comments
(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.	No Comments
(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year	No Comments
(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.	No Comments
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.	No Comments
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.	No Comments
(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (b) to (d) of the Order are not applicable.	No Comments
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.	No Comments
(iv) In our opinion, there is an adequate internal control system 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. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system. However, there is scope for strengthening the internal control procedure.	Noted
(v) The company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.	No Comments

(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.	No Comments
(vii) The company has an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.	Scope and coverage of internal audit has been well defined and audit is being conducted accordingly.
(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.	No Comments
(ix) (a) The Company is generally regular in depositing the undisputed statutory dues including income tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. However, we are unable to express our opinion for liability on account of non compliance of provisions of tax deducted at source under Income tax act 1961 and liability, if any in respect of Service Tax, Provident Fund and Employees State Insurance on account of associates due to lack of control by way of cross verification and sales tax acts of various states. Further, we have been informed that the provisions of the Employee State Insurance Act and Investor education and protection fund are not applicable to Company. Undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable are as follows:	Generally Company is regular in deducting and depositing all statutory dues in time. In rare cases there is some delay in depositing income tax which are also being deposited along with interest as per section 201 (IA) of the Income Tax Act 1961. Regional offices/Site Offices have been advised to strictly ensure that Associates furnish documentary proof of payment of statutory dues i.e. PF, ESI etc. and Tax deducted at source is deposited as per the provisions of Income Tax Act/ Sales Tax Act's of various states. Moreover in regard to Service Tax, Sales Tax, Provident Fund and ESI on account of Associates, the Associates are registered with the concerned authorities and are liable for any non-compliance.

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS - Professional	100,137	2009-10	June 7, 2009	August 11, 2010
Income Tax Act, 1961	TDS - Professional	21,432	2009-10	August 7, 2009	July 27, 2010
Income Tax Act, 1961	TDS - Professional	9,828	2009-10	September 7, 2009	July 27, 2010

Income Tax Act, 1961	TDS - Professional	22,981	2009-10	September 7, 2009	August 11, 2010
Income Tax Act, 1961	TDS - Professional	35,204	2009-10	October 7, 2009	July 27, 2010

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess etc on account of dispute, are as follows:

Disclosed in Note No. B-1(a) of Schedule 20. The cases are being followed up at appropriate level for early settlement.

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Delhi Sales Tax Act, 1975	Penalty	40,000	1990-91	Assistant Commissioner, Sales Tax
Delhi Sales Tax Act, 1975	CST	9,745,379	1995-96, 1997-98 & 1998-99	Additional Commissioner, Sales Tax
Orissa Sales Tax Act, 1947	Orissa sales tax	17,501	1997-98	Commercial Tax Office
UP Trade Tax Act, 1948	UP trade tax	872,500	1993-94	Sales Tax Tribunal
Tamilnadu General Sales Tax Act, 1959	TNGST	10,196,988	1997-1998	Sales Tax Tribunal Additional Branch
Karnataka Sales Tax Act, 1957	Additional demand	5,913,918	2003-2004	Deputy Commissioner Commercial Tax Office Fast Track – 41 CD 2 & 4, Bangalore
Karnataka Sales Tax Act, 1957	Additional demand	3,553,779	2004-2005	Deputy Commissioner Commercial Tax Office Fast Track – 41 CD 2 & 4, Bangalore
Gujarat Sales Tax Act, 1969	VAT Gujarat	205,694	2004-2005	Dy. Commissioner, Commercial Tax (Appeal), Ahmedabad, Gujarat
Gujarat Sales Tax Act, 1969	VAT Gujarat	16,298,974	2005-2006	Gujarat Value Added Tax Tribunal, Ahmedabad, Gujarat
TOTAL		4,68,44,733		

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.	No Comments
(xi) The Company has no dues payable to a financial institution or a bank or debenture holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.	No Comments
(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.	No Comments
(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.	No Comments
(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.	No Comments
(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.	No Comments
(xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable.	No Comments
(xvii) The Company did not have any borrowings outstanding during the year. Accordingly, the provisions of clause 4 (xvii) of the Order are not applicable	No Comments
(xviii) The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.	No Comments
(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable.	No Comments
(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.	No Comments
(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.	No Comments

for Walker, Chandiok & Co
Chartered Accountants
Firm Registration No. – 001076N

Sd/-
per B P Singh
Partner
Membership No. 70116

For Engineering Projects (India) Ltd.

(S.P.S. Bakshi)
Chairman-cum-Managing Director

Place : New Delhi
Date : 14th Sept., 2010

BALANCE SHEET AS AT 31.03.2010

(Amount in ₹)

	Schedule	2009-2010	2008-2009
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	354,226,880	354,226,880
Reserve and surplus	2	1,182,574,732	865,051,997
Loan funds			
Secured loan		-	-
Unsecured loan		-	-
		1,536,801,612	**1,219,278,877**
APPLICATION OF FUNDS			
Fixed assets			
Gross block		163,917,594	159,417,345
Less: Accumulated depreciation		115,252,432	115,007,253
Net block	3	**48,665,162**	**44,410,092**
Investment		-	-
Deferred tax asset (net)	4	86,825,892	-
Current assets, loans and advances			
Work-in-progress	5	25,784,262,339	24,883,553,329
Inventories	6	10,127,862	892,576
Sundry debtors	7	1,326,320,426	1,567,250,012
Cash and bank balances	8	2,298,003,437	1,534,821,413
Other current assets	9	21,314,850	56,267,921
Loans and advances	10	12,287,604,466	9,945,269,060
		41,727,633,380	37,988,054,311
Less: Current liabilities and provisions			
Current liabilities	11	39,934,482,659	36,467,013,076
Provisions	12	391,840,163	346,172,450
		40,326,322,822	36,813,185,526
Net current assets		**1,401,310,558**	**1,174,868,785**
Miscellaneous expenditure (to the extent not written off or adjusted)		-	-
		1,536,801,612	**1,219,278,877**

Significant accounting policies and notes to the financial statements	20

The schedules referred to above, accounting policies and notes to Accounts form an integral part of the financial statements

For and on behalf of Board of Directors

(Kumudani Sharma)	(M.K. Anand)	(A.K. Ratwani)	(S.P.S.Bakshi)
Company Secretary	**Executive Director (Finance)**	**Director (Projects)**	**Chairman-cum-Managing Director**

This is the Balance Sheet referred to in our report of even date

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registeration No. - 001076N

per **B P Singh**
Partner
Membership No. 70116

Place : New Delhi
Date : 14th September, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	Schedule	2009-2010	2008-2009
INCOME			
Value of work done		10,615,327,987	9,577,074,452
Claims received		6,330,480	68,522,417
Other income	13	35,592,338	69,679,831
Excess provision/ liabilities written back		29,176,293	2,971,879
Interest income	14	178,266,460	176,796,017
		10,864,693,558	**9,895,044,596**
EXPENDITURE			
Direct expenditure	15	10,088,710,959	9,039,462,794
Claims paid		6,297,608	38,050,851
Administrative expenditure	16	455,370,044	433,164,097
Finance cost	17	24,281,492	21,470,285
Depreciation	3	5,528,202	7,815,578
Provision for doubtful advances		3,849,337	94,319
Foreign exchange fluctuation (net)		-	1,010,928
		10,584,037,642	**9,541,068,852**
Profit before tax and prior period items		**280,655,916**	**353,975,744**
Prior period adjustments (net)	18	(6,400,673)	(97,386,429)
Profit before tax and after prior period items		**274,255,243**	**256,589,315**
Tax expense			
Current tax - minimum alternate tax		46,400,000	28,668,746
Deferred tax credit		(86,825,892)	-
Minimum alternate tax credit entitlement		(85,453,506)	-
Fringe benefit tax		-	3,565,524
Profit after tax and prior period items		**400,134,641**	**224,355,045**
Balance brought forward from previous year		800,841,977	679,372,478
Profit available for appropriation		**1,200,976,618**	**903,727,523**
Appropriations			
Interim dividend		-	35,422,688
Proposed dividend		70,845,376	35,422,688
Corporate dividend tax		11,766,530	12,040,170
General reserve		32,500,000	20,000,000
Balance carried to balance sheet		1,085,864,712	800,841,977
		1,200,976,618	**903,727,523**

Basic and diluted earnings per share	19	44.00	24.67
Significant accounting policies and notes to the financial statements	20		

The schedules referred to above, accounting policies and notes to accounts form an integral part of the financial statements

For and on behalf of Board of Directors

(Kumudani Sharma)	(M.K. Anand)	(A.K. Ratwani)	(S.P.S. Bakshi)
Company Secretary	**Executive Director (Finance)**	**Director (Projects)**	**Chairman-cum-Managing Director**

This is the Profit and Loss Account referred to in our report of even date

for Walker, Chandiok & Co
Chartered Accountants
Firm Registeration No. - 001076N

Place : New Delhi
Date : 14 September, 2010

per B P Singh
Partner
Membership No. 70116

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Schedule - 1		
Share capital		
Authorised		
233,480,000 equity shares of Rs. 38.95 each (previous year 233,480,000 equity shares of Rs. 38.95 each)	9,094,046,000	9,094,046,000
	9,094,046,000	**9,094,046,000**
Issued, subscribed and paid-up		
9,094,400 equity shares of Rs. 38.95 each fully paid up (previous year 9,094,400 equity shares of Rs. 38.95 each fully paid up)	354,226,880	354,226,880
	354,226,880	**354,226,880**
Schedule - 2		
Reserves and surplus		
Capital reserve	210,020	210,020
General reserve		
Opening balance	64,000,000	44,000,000
Add : Addition during the year	32,500,000	20,000,000
	96,500,000	64,000,000
Profit and loss account		
Opening balance	800,841,977	679,372,478
Add: Addition during the year	285,022,735	121,469,499
	1,085,864,712	800,841,977
	1,182,574,732	**865,051,997**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

Schedule - 3

Fixed assets

(Amount in ₹)

Particulars	Gross block				Accumulated depreciation				Net block	
	1 April 2009	Additions	Deletions/ adjust-ments	31 March 2010	1 April 2009	For the year	Deletions/ adjust-ments	31 March 2010	31 March 2010	31 March 2009
Leasehold land	1,615,856	-	-	1,615,856	-	-	-	-	1,615,856	1,615,856
Building - leasehold	47,119,595	3,401,484	-	50,521,079	17,708,1 77	806,576	-	18,514,753	32,006,326	29,411,418
Building - freehold	1,270,132	-	-	1,270,132	554,792	21,338	-	576,130	694,002	715,340
Construction equipment	47,001,000	-	-	47,001,000	44,572,613	80,207	-	44,652,820	2,348,180	2,428,387
Furniture and fixture	9,541,663	1,038,505	11,450	10,568,718	7,056,183	485,957	11,450	7,530,690	3,038,028	2,485,480
Office equipment	13,421,283	2,096,189	955,722	14,561,750	10,517,469	1,241,535	917,422	10,841,582	3,720,168	2,903,814
Data processing machine and computers	35,567,460	3,508,395	4,583,052	34,492,803	31,239,427	2,757,698	4,354,151	29,642,974	4,849,829	4,328,033
Vehicles	3,880,356	5,900	-	3,886,256	3,358,592	134,891	-	3,493,483	392,773	521,764
Total	**159,417,345**	**10,050,473**	**5,550,224**	**163,917,594**	**115,007,253**	**5,528,202**	**5,283,023**	**115,252,432**	**48,665,162**	**44,410,092**
Previous year	159,386,817	2,987,845	2,957,317	159,417,345	109,188,187	8,070,862*	2,251,796	115,007,253	44,410,092	-

* Depreciation of ₹ 8,070,862 includes depreciation for the earlier year of ₹ 255,384

(Amount in ₹)

	2009-2010	2008-2009
Schedule - 4		
Deferred tax asset (net)		
Deferred tax liability arising on account of :		
Depreciation	7,871,051	-
	7,871,051	-
Less :		
Deferred tax asset arising on account of :		
Provision for doubtful advances/ debtors	49,965,373	-
Provision for employee benefits	44,731,570	-
	94,696,943	-
	86,825,892	-
Schedule - 5		
Work-in-progress		
Opening balance	24,883,553,329	19,487,905,572
Add: Work done for the year	10,615,327,987	9,577,074,452
	35,498,881,316	29,064,980,024
Less: Contracts completed	9,714,618,977	4,181,426,695
	25,784,262,339	**24,883,553,329**
Schedule - 6		
Inventories		
(As taken, valued and certified by the management)		
Stock of construction material at cost	10,127,862	892,576
(includes material held by associates amounting to ₹ 9,235,286)		
	10,127,862	**892,576**
Schedule - 7		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	619,566,611	765,404,574
Considered doubtful	22,538,855	22,538,855
Others (considered good)	706,753,815	801,845,438
	1,348,859,281	1,589,788,867
Less: Provision for doubtful debts	22,538,855	22,538,855
	1,326,320,426	**1,567,250,012**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Schedule - 8		
Cash and bank balances		
Cash in hand	157,875	138,760
Cheques in hand	112,698,597	1,941,321
Postage imprest	3,468	409
Cheques in transit	-	22,000,000
Balance with schedule banks in:		
current accounts	358,834,293	60,463,920
deposits accounts	1,558,014,190	1,289,151,288
deposits accounts (pledged)	268,295,014	161,125,715
	2,298,003,437	**1,534,821,413**
Schedule - 9		
Other current assets		
Interest accrued but not due on deposits	21,314,850	56,267,921
	21,314,850	**56,267,921**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

		2009-2010		2008-2009
Schedule - 10				
Loans and advances				
(Unsecured, considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Loans to employees		11,895,047		14,463,909
(includes loans to officers ₹ 1,794,284, previous year ₹ 526,929 and maximum balance during the year ₹ 2,650,526, previous year ₹ 2,874,538)				
Advances for works				
Secured against material at site		114,516,389		117,559,051
Secured against bank guarantees		988,732,897		661,831,230
Others (includes ₹ 58,383,656 (previous year ₹ 58,583,655) considered doubtful)	58,608,582		58,608,583	
Less: Provision for doubtful advances	58,383,655	224,927	58,383,655	224,928
Recoverable from employees		1,147,654		940,378
Recoverable from others (includes ₹ 29,944,350 (previous year ₹ 31,632,803) considered doubtful)	9,435,174,868		7,846,081,407	
Less: Provision for doubtful advances	29,944,350	9,405,230,518	31,632,803	7,814,448,604
Tax deducted at source		219,630,353		169,882,000
Minimum alternate tax credit entitlement		85,453,506		-
Security deposit and retention money				
Works (includes ₹ 39,395,706 (previous year ₹ 39,395,706) considered doubtful)	1,469,995,622		1,187,824,315	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

		2009-2010		2008-2009
Less: Provision for doubtful advances	39,395,706	1,430,599,916	39,395,706	1,148,428,609
Others	30,329,517		17,646,609	
Less: Provision for doubtful security deposit and retention money (includes ₹ 156,228 (previous year ₹ 156,228) considered doubtful)	156,258	30,173,259	156,258	17,490,351
		12,287,604,466		**9,945,269,060**
Schedule - 11				
Current liablities				
Sundry creditors				
Dues to micro, small and medium enterprises		8,157,326		5,831,117
Dues to others		10,451,466,993		8,705,780,285
Advance from clients		2,108,409,162		1,870,368,714
Security deposit, earnest money and retention money payable		1,403,740,760		1,042,981,049
Amount billed to client		25,962,708,418		24,842,051,911
		39,934,482,659		**36,467,013,076**
Schedule - 12				
Provisions				
Employee benefits		223,145,524		223,910,782
Proposed dividend		70,845,376		35,422,688
Corporate dividend tax		11,766,530		6,020,085
Fringe benefit tax		11,013,987		11,013,987
Income tax		75,068,746		69,804,908
		391,840,163		**346,172,450**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Schedule - 13		
Other income		
Miscellaneous income	24,266,514	49,440,522
Profit on sales of fixed assets	23,963	59,357
Consultancy fee	4,654,514	9,978,306
Rent	6,647,347	10,201,646
	35,592,338	**69,679,831**
Schedule - 14		
Interest income		
On deposits (including TDS of ₹ 99,627, previous year ₹ 466,329)	123,315,270	125,112,062
Loan from employees	1,035,322	1,207,085
Others - subcontractors/clients	39,215,731	47,413,906
Interest on income tax refund	14,700,137	3,062,964
	178,266,460	**17 6,796,017**
Schedule - 15		
Direct expenditure		
Civil, mechanical and electrical jobs including imported equipment	9,925,423,288	8,864,607,088
Design and consultancy charges	21,647,189	20,139,148
Other direct expenses	41,600,226	57,932,968
Repair and maintenance of plant and machinery	536,630	341,294
Salary and allowances - project staff	85,886,886	87,473,364
Contribution to provident and other funds - project staff	12,896,198	7,311,449
Liquidated damages	-	100,000
Royalty	720,542	1,270,186
Amounts written off - projects	-	287,297
	10,088,710,959	**9,039,462,794**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Schedule - 16		
Administrative expenditure		
(a) Salary, allowances and benefits to staff :		
Salary and allowances	198,507,158	168,161,088
Contribution to provident and other funds	14,972,298	14,038,049
Bonus	33,250	91,000
Medical	34,552,677	30,205,221
Welfare	17,642,394	22,017,280
Gratuity	8,613,147	40,459,885
Training	910,592	827,406
Leave encashment	37,082,910	18,385,902
Provident fund trust loss	1,482,552	-
Interest subsidy employees	57,203	228,250
	313,854,181	**294,414,081**
(b) Administration		
Travelling and conveyance (includes site living hardship expenses ₹ 8,512,636, previous year ₹ 9,255,642 and travelling expenses of directors ₹ 1,311,925, previous year ₹ 1,615,005)	44,412,169	44,819,030
Rent	4,558,511	3,277,780
Printing and stationery	4,173,043	4,472,240
Postage, telephone and telegram	8,219,821	9,468,648
Bank charges and guarantee commission	12,033,712	10,420,870
Publicity and advertisement	2,917,001	4,844,174
Sales promotion	1,008,765	653,722
Entertainment (includes for Directors, Chairman and Managing Director ₹ 274,694, previous year ₹ 184,866)	1,637,930	1,725,152
Repairs and maintenance		
Building	1,034,558	741,085
Office	21,885,033	21,251,310
Vehicles	735,748	1,321,181
Other fixed assets	274,949	255,597
Rates and taxes	1,988,750	2,379,728
Petrol, oil and lubricants	1,934,771	1,499,996
Insurance	891,217	459,533
Water, power and electricity charges	7,944,207	7,700,899
Legal and professional charges	14,361,508	13,747,040

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Payment to auditors		
Audit fees	500,000	375,000
Tax audit fees	150,000	112,500
Service tax	66,950	50,214
Travelling and other expenses	400,000	400,000
Guest house expenses (net)	134,807	167,322
Tendering expenses	3,469,051	3,347,170
Gifts and donations	22,330	-
Miscellaneous expenses	6,579,848	5,245,924
	141,334,679	**138,736,115**
(c) Other expenses		
Assets written off	-	7,037
Loss on sale of fixed assets	181,184	6,864
	181,184	**13,901**
	455,370,044	**433,164,097**
Schedule - 17		
Finance cost		
Interest on book overdraft	453,780	2,715,288
Interest - subcontractors/clients	23,827,712	18,754,997
	24,281,492	**21,470,285**
Schedule - 18		
Prior period adjustment (net)		
I. Expenditure		
A. Project expenditure		
Civil, mechanical and electrical jobs	6,087,003	25,142,854
Repair and maintenance of plant and equipments	13,936	94,626
Design and consultancy	88,168	101,124
Other direct expenses	84,560	8,453
Salary and allowances - project staff	-	10,060
Sales tax expenses	-	693,757
Claim paid	21,050	-
	6,294,717	**26,050,874**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
B. Administrative expenditure		
Salaries and allowances	9,865	80,550,738
Medical	50,466	217,598
Staff welfare	42,301	328,142
Travelling and conveyance	332,804	724,711
Rent	54,780	534,380
Printing and stationery	1,542	39,696
Postage, telephone and telegram	42,453	70,221
Bank charges and guarantee commission	-	280,900
Repairs and maintenance		
Building	-	230,391
Office	33,005	14,120
Vehicles	-	43,371
Computer expenses	14,000	15,253
Water, power and electricity	6,441	10,515
Petrol, oil and lubricants	-	6,436
Legal and professional charges	218,411	473,819
Depreciation	-	255,284
Entertainment	6,925	6,809
Tendering expenses	-	458
Advertising and publicity	-	41,113
Fringe benefit tax	-	289,185
Miscellaneous	5,618	8,077
	818,611	**84,141,217**
C. Interest - others	**7,894,915**	**463**
Total (A+B+C)	**15,008,243**	**110,192,554**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
II. INCOME		
Recoveries of bank guarantee charges	-	713,719
Encashment of bank guarantee	-	825,000
Interest on advances to customers	7,955,767	-
Recoveries from completed projects	-	5,211,237
WCT refund	-	4,819,982
Refund of TDS	220,000	51,527
Royalty	-	890,320
Miscellaneous	431,803	294,340
	8,607,570	**12,806,125**
Net expenditure (II-I)	**(6,400,673)**	**(97,386,429)**
Schedule - 19		
Earnings per share		
Profit after tax and prior period items	400,134,641	224,355,045
Profit attributable to equity shareholders	**400,134,641**	**224,355,045**
Weighted average number of equity shares outstanding	9,094,400	9,094,400
Face value per share (₹)	38.95	38.95
Earnings per share - basic and diluted (₹)	44.00	24.67

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2010

Schedule - 20

A. *Significant accounting policies*

1. Basis of accounting

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the "Act").

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

3. Revenue recognition

a) Work done:
   - (i) Work done for the year is arrived at by subtracting opening work-in-progress from accumulated work-in-progress for each contract.
   - (ii) Valuation of work-in-progress :
     Work-in-progress is valued by taking cumulative actual costs incurred up to the end of the year without considering miscellaneous income, plus proportionate estimated profit, based on contract cost reviewed at the end of each year allocated on "Percentage of Completion Method.
   - (iii) At the year end works executed but not measured/partly executed are accounted for based on certification of Engineers.
   - (iv) In case of projects foreclosed/terminated, revenue is recognised only to the extent of contract value of which recovery is probable.
   - (v) Revenue from consultancy services is recognised on proportionate completion method. In respect of cases where ultimate collection with reasonable certainty is lacking at the time of claim, recognition is postponed till collection is made.
   - (vi) In case of contracts where loss is anticipated adjustment of entire loss is made.

b) Escalation and extra works not provided for in the contract with client and insurance claims are accounted for on cash basis.

c) Liquidated damages arising from contractual obligations in respect of contracts under dispute/negotiation and not considered payable/receivable are not accounted for till final settlement.

Schedule – 20 (Cont'd)

d) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

e) Revenue from rent is recognized on accrual basis, based on the lease agreements with the tenants except where the ultimate collection is considered doubtful.

4. Inventory

a) Construction materials, consumables and Stores & spares excluding steel, cement and pipes are charged to contract cost at the time of purchase. Sale proceeds on account of disposal of such left out materials are accounted as miscellaneous income in the year of sale.

b) Stock of Steel, Cement and pipes are valued at lower of cost or net realisable value. Cost includes freight and other related incidental expenses and is arrived at on weighted average cost.

5. The contract is considered as closed for accounting purposes upon final billing, commissioning certificate, commercial run, foreclosure and/or termination whichever is earlier.

Till closure of each contract, cumulative value of `Amount billed to client' is shown under 'current liabilities' and cumulative amount of work done is shown as "Work-in- progress" under current assets.

On closure/foreclosure/termination of a contract `Amount billed to client' is set off against value of "work-in-progress".

6. Foreign exchange transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate.

The exchange differences arising on such conversion and on settlement of the transactions are dealt with in the profit and loss account.

7. Fixed assets and depreciation:

a) Fixed assets (gross block) are stated at historical cost. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

b) Depreciation on fixed assets is calculated according to straight-line method on pro-rata basis and 95% of the cost is written off during the expected useful life of assets. The construction equipment and Vehicles at project sites are depreciated over a period of five years based on technical evaluation. Other fixed assets are depreciated at the rates estimated by the management (as mentioned in 'e' below) which are greater than or equal to the corresponding rates prescribed in schedule XIV of the Companies Act, 1956.

c) Fixed asset costing ₹ 5,000 or less and mobile phones are fully depreciated in year of purchase.

d) Lease hold building are amortised over the period of lease or over the specified period calculated as per the rates adopted by the Company which ever is shorter. Lease hold land (perpetual) is valued at cost.

Schedule – 20 (Cont'd)

a) The following rates of depreciation have been adopted on straight line method and are being consistently followed over the years :-

Building	1.68%
Temporary construction	100.00%
Construction equipment	19.00%
Furniture and fixtures	6.33%
Office equipment	11.88%
Data processing machines and computers including softwares	47.50%
Mobile phone	100.00%
Vehicles	19.00%

The depreciation rates are indicative of the expected useful lives of assets.

8. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits of Companies (Accounting Standards) Rules 2006.

a) Provident fund

The Company's contribution to the Provident Fund is remitted to separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Profit and Loss Account. Shortfall, if any, in the fund assets, based on the Government specified minimum rate, will be made good by the Company and charged to profit and loss account. In terms of the Guidance on implementing the revised AS-15, of Companies (Accounting Standards) Rules 2006, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any.

b) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is estimated annually by independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the profit and loss account in the year to which such gains or losses relate.

c) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Schedule – 20 (Cont'd)

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the profit and loss account in the year to which such gains or losses relate.

d) Other short term benefits

Expense in respect of other short term benefits including performance awards is recognized on the basis of amount paid or payable for the period during which services are rendered by the employee.

9. Provisions, contingent liabilities and contingent assets

Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

10. Impairment of assets

At each balance sheet date, the Company assesses 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 carrying amount 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 reassessed 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.

11. Taxation

Provision for tax for the year comprises estimated current income-tax determined as higher of the amount of tax payable in respect of taxable income for the period or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income tax Act, 1961 and deferred tax being the tax effect of temporary timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Schedule – 20 (Cont'd)

Minimum Alternate Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the future. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to utilize that credit during the specified period.

12. Leases

Lease payments under operating leases are recognised as expense in the Profit and Loss account on straight line basis over the lease term.

13. Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

B. Notes to financial statements

1. Contingent Liability exists in respect of -

(a) Sales Tax/Works Contract tax demand in respect of completed assessments under dispute/appeal, amounting to ₹ 46,844,733 (previous year ₹ 57,422,810) against which an amount of ₹ 7,826,291 (previous year ₹ 7,826,291) has been deposited with the respective authorities.

(b) Guarantees issued by banks in favour of various clients on behalf of the Company ₹ 4,687,155,524 (previous year ₹ 3,193,666,567).

(c) Indemnity bonds issued to clients ₹ 276,156,189 (previous year ₹ 166,728,852).

(d) Corporate guarantees issued to clients ₹ 10,000,000 (previous year ₹ 10,000,000)

(e) Claims against the Company not acknowledged as debts ₹ 6,120,462,891 (previous year ₹ 7,345,220,722).

2. Company had let out its premises at SCOPE Building to National Thermal Power Corporation (one of the PSUs), which vacated premises during February 2002 and left some furniture and fixture amounting to ₹ 4,605,400. It was agreed that cost of left out furniture and fixture would be paid at mutually agreed price. The PSU has retained an amount of ₹ 4,913,684 on account of rent payable against which provision has been made by the company. Pending settlement of issue, capitalisation and consequential depreciation has not been recorded in the accounts.

3. (a) Debit and Credit balances of various clients, associates and suppliers are subject to reconciliation and confirmation.

Schedule – 20 (Cont'd)

(b) Free materials issued by client and supplied to associates are subject to reconciliation and confirmation.

4. Particulars in foreign currency:

a. **Expenditure in foreign currency:**

(Amount in ₹)

Particulars	2009-2010	2008-2009
Foreign travel	424,972	432,151

b. **Income in foreign currency:**

(Amount in ₹)

Particulars	2009-2010	2008-2009
Design and consultancy	1,703,133	5,084,077
Others	-	4,334,321

5. Few contracts have been terminated/ foreclosed. Company has disputed termination of contracts in Courts/Permanent Machinery of Arbitration (Ministry of Law & Justice, Govt. of India). Liability if any, on account of invocation of Risk and Purchase Clause where same have been invoked by clients, has not been provided since it has not been ascertained and intimated by clients. Terminations were caused due to abnormal conditions not attributable to the Company. Management is hopeful of getting necessary remissions against above contracts.

6. (a) Conveyance deeds in respect of building at Scope Complex, New Delhi included in fixed assets at a cost of ₹ 37,441,925 (previous year ₹ 37,441,925) is pending for execution in the name of Company. Liability, if any, on account of execution of conveyance deeds would be provided in the year of its registration.

   (b) Company has availed non fund based credit limits from banks against pledge of fixed deposits amounting to ₹ 147,201,303 (previous year ₹ 133,189,715) and equitable mortgage of office building at Scope Complex, New Delhi ₹ 37,441,925 (previous year ₹ 37,441,925).

   (c) Company has availed fund based credit limits from bank against pledge of fixed deposits amounting to ₹ 100,000,000 (previous year ₹ Nil).

   (d) Company has pledged fixed deposits amounting to ₹ 21,093,711 (previous year ₹ 27,936,000) with clients/others on account of earnest money deposit/security deposit.

7. The Company is engaged in the business of construction activities, which as per Accounting Standard 17 on "Segment Reporting" of the Companies (Accounting Standards) Rules 2006, is considered to be the only reportable business segment. The Company is operating in India which is considered as a single geographical segment.

8. The Company had carried forward losses and unabsorbed depreciation available for set off under the Income Tax Act, 1961, however till the previous year the Company had not recognised the net deferred tax assets and minimum alternate tax credit entitlement in view of uncertainty regarding generation of sufficient taxable income in future. During the year the Company has generated taxable profit after the adjustment of the brought forward losses and unabsorbed depreciation and recorded an amount of ₹ 46,337,870 as minimum alternate tax.

Schedule – 20 (Cont'd)

Considering the reasonable/ virtual certainty of the generation of sufficient future taxable income, the Company has recognised the deferred tax assets and minimum alternate tax credit. Further, during the year, the Company has also recognised the minimum alternative tax credit in lieu of minimum alternate taxes paid in the financial year 2005-06 to 2008-09.

9. Disclosure pursuant to requirements of Accounting Standard 7 "Construction Contracts" of Companies (Accounting Standards) Rules 2006,

(Amount in ₹)

S.No.	Particulars	2009-2010	2008-2009
1	Contract revenue during the year	10,615,327,987	9,577,074,452
2	Contract costs incurred and profit recognised upto the reporting date	25,784,262,339	24,883,553,329
3	Advances received	2,108,529,162	1,870,368,714
4	Gross amount due from customers for contract work- presented as an asset	68,724,640	151,038,737
5	Gross amount due to customers for contract work – presented as a liability	247,170,719	109,537,319
6	Retention money payable	1,345,732,621	990,350,421

10. Employee benefits:

The company has classified various employee benefits as under:

a) Contribution to Provident Fund ₹ 27,368,496 (previous year ₹ 20,849,498) has been charged to Profit and Loss Account. Contribution amounting to ₹ 10,620,238 (previous year ₹ Nil) is contributed to provident fund trust out of the provision for employee remuneration provided in previous year financial statements.

Further, the fund has interest shortfall of ₹ 1,481,638 (previous year ₹ Nil) for the year which has been charged to Profit and Loss Account.

b) The company also provides for gratuity, long term compensated absences, post retirement medical benefits, leave travel concession and Long services award on actuarial basis.

(A) Changes in defined benefit obligation (2009-10)

(Amount in ₹)

	Gratuity	Long terms compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 1 April 2009	156,972,928	120,603,839	4,695,125	53,501,470	4,650,463
Current service cost	6,875,182	7,282,226	234,954	1,439,583	2,268,574
Interest cost	12,557,834	9,648,307	375,610	4,280,118	372,037

Schedule – 20 (Cont'd)

Settlement cost/(credit) benefits paid	22,372,354	(18,109,120)	(565,400)	(2,855,013)	(2,054,806)
Actuarial (gain)/loss on obligations	1,264,504	20,152,377	(48,599)	9,374,941	(714,309)
Defined benefit obligation as at 31 March 2010	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959

(A) Changes in defined benefit obligation (2008-09)

(Amount in ₹)

	Gratuity	**Long terms compensated absences**	**Long service award**	**Post retire-ment medi-cal benefit**	**Leave travel concession**
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 1 April 2008	125,716,444	117,221,678	4,231,918	43,989,787	4,260,121
Current service cost	8,134,345	6,561,872	238,174	1,408,768	2,456,678
Interest cost	10,057,316	9,377,734	338,553	3,519,183	340,810
Settlement cost/(credit) benefits paid	19,786,090	(15,003,741)	(390,090)	(2,660,829)	(1,865,889)
Actuarial (gain)/loss on obligations	32,850,913	2,446,296	276,570	7,244,561	(541,257)
Defined benefit obligation as at 31 March 2009	156,972,928	120,603,839	4,695,125	53,501,470	4,650,463

(B) Changes in the fair value of gratuity (plan assets - funded scheme)

(Amount in ₹)

	2009-10	**2008-09**
	(Funded)	(Funded)
Fair value of plan assets as at 1 April 2009	116,513,043	117,582,099
Expected actual return on plan assets	12,084,373	10,582,690
Actuarial gains / (losses)	-	-
Contributions	40,459,885	8,134,345
Benefits paid	22,372,354	19,786,090
Fair value of plan assets as at 31 March 2010	146,684,947	11,6513,043

Schedule – 20 (Cont'd)

(C) Amount recognized in the Balance Sheet (2009-10)

(Amount in ₹)

	Gratuity	Long terms compensated absences	Long service award	Post retire-ment medi-cal benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 31 March 2010	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959
Fair value of plan assets as at 31 March 2010	146,684,947	-	-	-	-
Amount not recognized as an asset (limit in Para 59 (b))	-	-	-	-	-
Liability/(asset) recognized in balance sheet	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959
Included in cur-rent liabilities and provisions	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959

(C) Amount recognized in the Balance Sheet (2008-09)

(Amount in ₹)

	Gratuity	Long terms compensated absences	Long service award	Post retire-ment medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 31 March 2009	156,972,928	120,603,839	4,695,125	53,501,470	4,650,463
Fair value of plan assets as at 31 March 2009	116,513,043	-	-	-	-
Amount not recognized as an asset (limit in Para 59 (b))	-	-	-	-	-

Schedule – 20 (Cont'd)

Liability/(asset) recognized in balance sheet	156,972,928	120,603,839	4,695,125	53,501,470	4,650,463
Included in current liabilities and provisions	156,972,928	120,603,839	4,695,125	53,501,470	4,650,463

(D) Expenses recognized in the Profit and Loss Account (2009-10)

(Amount in ₹)

	Gratuity	**Long terms compensated absences**	**Long service award**	**Post retirement medical benefit**	**Leave travel concession**
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Current service cost	6,875,182	7,282,226	234,954	1,439,583	2,268,574
Past service cost	-	-	-	-	-
Interest cost	12,557,834	9,648,307	375,610	4,280,118	372,037
Expected return on plan assets	12,084,373	-	-	-	-
Curtailment/ settlement cost/ (credit)	-	-	-	-	-
Net actuarial (gain)/loss recognized in the period	1,264,504	20,152,377	(48,599)	9,374,941	(714,309)
Effect of the limit in para 59(b) of Accounting Standard 15 (Revised 2005)	-	-	-	-	-
One year renewable term assurance (OYRTA) premium	-	-	-	-	-
Total expenses recognized in the Profit and Loss Account	8,613,147	37,082,910	561,965	15,094,642	1,926,302

Schedule – 20 (Cont'd)

(D) Expenses recognized in the Profit and Loss Account (2008-09)

(Amount in ₹)

	Gratuity	Long terms compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Current service cost	8,134,345	6,561,872	238,174	1,408,768	2,456,678
Past service cost	-	-	-	-	-
Interest cost	10,057,316	9,377,734	338,553	3,519,183	340,810
Expected return on plan assets	10,582,690	-	-	-	-
Curtailment/ settlement cost/(credit)	-	-	-	-	-
Net actuarial (gain)/loss recognized in the period	32,850,913	2,446,296	276,570	7,244,561	(541,257)
Effect of the limit in para 59(b) of Accounting Standard 15 (Revised 2005)	-	-	-	-	-
One year renewable term assurance (OYRTA) premium	-	-	-	-	-
Total expenses recognized in the Profit and Loss Account	40,459,884	18,385,902	853,297	12,172,512	2,256,231
Included in contribution to provident and other funds (Schedule 15)	-	-	-	-	-

Schedule – 20 (Cont'd)

For determination of the employee benefits liability of the Company, the following actuarial assumptions were used (2009-10)

	Gratuity	Long terms compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%

For determination of the employee benefits liability of the Company, the following actuarial assumptions were used (2008-09)

	Gratuity	Long terms compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%

11. Related party disclosures

In accordance with Accounting Standard-18 "Related Party Disclosures" of the Companies (Accounting Standards) Rules 2006, the names of related parties along with aggregate amount of transactions and year end balances with them as identified and certified by the management are given as follows-

(i) Key Management Personnel with whom these transactions during the year :
Shri S. P. S. Bakshi, Chairman-cum- Managing Director
Shri A K Ratwani, Director (Projects)
Shri G.D. Moorjani, Director (Finance)
Shri Anjan Kumar Mitra, Director
Shri Arun Datta, Director (till February 15, 2010)

(ii) The following transactions were carried out with related parties in ordinary course of business :

(Amount in ₹)

	2009-2010	2008-2009
Salary	5,179,895	2,426,093
House rent	1,003,569	99,000
Medical expenses	240,750	99,619
Contribution to provident fund	570,146	187,507
Sitting fees	58,000	108,000

Schedule – 20 (Cont'd)

Chairman-cum-Managing Director and Whole Time Directors are allowed to use the company's car for non-duty journey upto 1,000 km per month on payment of ₹780/₹520/₹490/₹325. Gratuity and leave encashment are also payable as per the Rules of the company.

12. Quantitative details for the stock of construction material as on 31 March, 2010 are given below:

	31 March, 2010		31 March, 2009	
	Quantity	**Value (₹)**	**Quantity**	**Value (₹)**
Steel pipe	352.85 RM	892,576	352.85 RM	892,576
Steel	286.74 MT	9,235,287	-	-

13. Lease rental expenses under the cancellable operating leases amounting to ₹ 4,558,511 (previous year ₹ 3,277,780) for the year have been charged to profit and loss account.

14. Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of confirmations received from these entities and information available with the Company. There was no amount due for more than forty five days payable to these identified entities at any time during the year.

14. There are no other items requiring disclosure pursuant to Para 4-C and Para 4-D of part II of Schedule VI of the Companies Act, 1956.

15. Management has made an assessment and found that there is no impairment in the value of fixed assets.

16. Previous year figures have been regrouped/ recast wherever considered necessary to make them comparable with those for the current year.

For and on behalf of Board of Directors

(Kumudani Sharma)	(M.K. Anand)	(A.K. Ratwani)	(S.P.S. BAKSHI)
Company Secretary	**Executive Director (Finance)**	**Director (Projects)**	**Chairman-cum-Managing Director**

Place : New Delhi

Date : 14 September, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

		2009-2010	2008-2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax and prior period items	280,655,916	353,975,744
	Adjustments for:		
	Prior period adjustment (net)	(6,400,673)	(97,386,429)
	Depreciation	5,528,202	8,070,862
	Interest income	(123,315,270)	(125,112,062)
	Interest expense	453,780	2,715,288
	Amounts written off	-	287,297
	Assets written off	-	7,037
	(Profit)/ loss on sale of fixed assets (net)	157,221	(52,493)
	Provision for doubtful advances	3,849,337	94,319
	Excess provision/ liabilities written back	(29,176,293)	(2,971,879)
	Operating profit before working capital changes	**131,752,220**	**139,627,684**
	Adjustments for :		
	Increase in inventories and work-in-progress	(909,944,296)	(5,383,830,206)
	(Increase)/ decrease in trade/other receivable and loans and advances	(843,859,001)	907,000,170
	Increase in trade/other payables and provision	2,369,686,321	4,297,091,612
	Cash generated from/ (used in) operations	**747,635,244**	**(40,110,740)**
	Direct taxes paid	(90,884,515)	(15,832,669)
	Net cash generated from/ (used in) operating activities	**656,750,729**	**(55,943,409)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(10,050,473)	(2,987,845)
	Proceeds from sale of fixed assets	109,980	758,014
	Movement in restricted cash	(107,169,299)	(6,682,447)
	Interest received	158,268,341	83,242,553
	Net cash generated from investing activities	**41,158,549**	**74,330,275**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	(453,780)	(2,715,288)
	Dividend paid	(35,422,688)	(70,845,376)
	Taxes on dividend	(6,020,085)	(12,040,170)
	Net cash used in financing activities	**(41,896,553)**	**(85,600,834)**
	Net increase/ (decrease) in cash and cash equivalent	656,012,725	(67,213,968)
	Cash and cash equivalents in the beginning of the year	1,373,695,698	1,440,909,666
	Cash and cash equivalents at the close of the year	**2,029,708,423**	**1,373,695,698**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

(Amount in ₹)

	2009-2010	2008-2009
Note:		
CASH AND CASH EQUIVALENT INCLUDE:		
Cash and cheques in hand and remittances in transit	112,859,940	24,080,490
Balances with bank - current accounts	358,834,293	60,463,920
Balances with bank - deposit account	1,558,014,190	1,289,151,288
Cash and cash equivalents	**2,029,708,423**	**1,373,695,698**
Balances in deposit accounts (pledged)	268,295,014	161,125,715
Cash and bank balances as per Balance Sheet	**2,298,003,437**	**1,534,821,413**

For and on behalf of Board of Directors

(Kumudani Sharma)	(M.K. Anand)	(A.K. Ratwani)	(S.P.S. Bakshi)
Company Secretary	**Executive Director (Finance)**	**Director (Projects)**	**Chairman-cum-Managing Director**

This is the Cash Flow Statement referrred to in our report of even date

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registeration No. - 001076N

Place : New Delhi
Date : 14 September 2010

per **B P Singh**
Partner
Membership No. - 70116

ENGINEERING PROJECTS (INDIA) LTD.

ADDITIONAL INFORMATION STATEMENT PURSUANT TO SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956

I. Registration Details Registration No. — U27109DL1970GOI 117585 — State Code: 55

Balance Sheet — 31.03.2010

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Development of Funds (Amount in ₹ Thousands)

	Total Liabilities	Total Assets
Sources of Funds	41863124	41863124
	Paid up Capital	Reserve & Surplus
	354227	1182575
	Secured Loans	Unsecured Loans
	Nil	Nil
Application of Funds	Net Fixed Assets	Investments
	48665	Nil
	Deferred Tax Assets(Net)	
	86826	
	Net Current Assets	Misc.Expenditure
	1401311	Nil
	Accumulated Losses	
	Nil	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
10873301	10599046
Profit Before Tax	Profit After Tax
274255	400135
Earning per share in ₹	Dividend rate%
44.00	20%

V. Generic Names of Three principal product/services of Company (as per monetary terms)

Item Code No. (ITC Code)	Nil
Product Description	Contruction and Projects related activities
Item Code No. (ITC Code)	Nil
Product Decription	Nil
Item Code No. (ITC Code)	Nil
Product description	Nil

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ENGINEERING PROJECTS (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of **Engineering Projects (India) Limited** for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Secton 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 September 2010.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Compantes Act, 1956 of the financial statement of **Engineering Projects (India) Limited** for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of the audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptoller and Auditor General of India

(M.K. Biswas)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi.

Place : New Delhi
Dated : 28.09.2010

Engineering the Future

EPI - a multi disciplinary ..... Turnkey Construction Company having over 39 years of excellent track record in the following fields :

Civil & Structural :

• Townships and Housing Complexes • High Rise Buildings • Grain Silos & TV Towers • Deep Excavations and Foundations • Sports Stadia • Dams & Canals • Infrastructure Development • Industrial Structures • Hospitals & Airports

Material Handling :

• Coal Handling • Plants & Systems • Ash Handling • Fertilizer Handling • Ore Handling • Cross Country Conveyors

Metallurgical :

• Furnaces - Reheating/Walking Beam/Electric Arc & Others • Lime and Dolomite Kilns • Calcination Plants • Coke Ovens • Foundries/Sand Plants/Cupolas/Tube Mills • Slag Granulation

Water Supply & Environmental Schemes :

• Rural and Urban Water Supply • Sewage Treatment Plants • Effluent Treatment Plants • Trunk Water Pipelines

Oil & Petrochemical :

• Ore Beneficiation • Coal Washeries • Sulphuric Acid Plants • Nitric Acid Plants • Calcium Carbide Plants • Oil Extraction Plants

Project Management Services :

• For Institutional & Residential Buildings • Utility Services • Development Works for Nation's PSU & Govt. Departments

इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.

ENGINEERING PROJECTS (INDIA) LTD.

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