

# 41<sup>वीं</sup> 1<sup>st</sup>

## वार्षिक रिपोर्ट ANNUAL REPORT 2010-2011



इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.  
ENGINEERING PROJECTS (INDIA) LTD.  
(A GOVERNMENT OF INDIA ENTERPRISE)



Release of Hand Book on Important Check for Building & Allied Works by Shri Praful Patel, Hon'ble Union Minister of Heavy Industry & Public Enterprises on EPI's 41st Foundation Day in the presence of Dr. A Sai Prathap Hon'ble Minister of State for Heavy Industry & Public Enterprises, Shri B.S. Meena Secretary, Heavy Industry & Shri SPS Bakshi, CMD.

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## **MISSION /VISION AND OBJECTIVES**

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### **MISSION /VISION**

To be leading turnkey Project Execution Company, committed to quality and timely completion of projects, continuously enhancing stakeholder value.

### **OBJECTIVES**

- i) Focus and maintain business in its most profitable segments while expanding into new business segments.
- ii) Deliver exceptional client service with an unrelenting focus on value creation.
- iii) Pursue operational excellence with a strong focus on quality and margins.

## BOARD OF DIRECTORS (AS ON 29TH SEPT, 2011)



**Shri SPS Bakshi**  
*Chairman-cum-Managing Director*



**Shri A.K. Verma**  
*Director (Finance)*



**Shri R. Asokan**  
*Director, IF Wing, DHI*



**Shri Niraj Kumar**  
*Director, DHI*



**Dr. K.S. Rao**  
*Independent Director*

# MAJOR AREAS OF OPERATION



## 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,  
(8<sup>th</sup> & 9<sup>th</sup> 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, 6<sup>th</sup> Floor,  
Nariman Point,  
Mumbai – 400 021  
Phone : 91-22- 22027585,  
22026347  
Fax : 91-22-22882177  
E-Mail : wromumbai@epi.gov.in

Northern Regional Office-Delhi  
Core-3, 2<sup>nd</sup> 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,  
28156421,  
Fax : 91-44-28156629  
E-Mail : sro@epi.gov.in

North Eastern Regional Office  
Vastav complex (1st 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  
State Bank of India  
State Bank of Hyderabad  
Syndicate Bank  
Union Bank of India

### AUDITORS

M/s. Walker Chandiook & 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  
West Bengal  
  
M/s. Singavi Oturkar & Kelkar,  
Chartered Accountants  
609, 'B' wing, Gurukrupa Building  
Opp. Plaza Cinema,  
N.C.Kelkar Road, Dadar(West),  
Mumbai-400 028.  
Maharashtra

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

## FINANCIAL PERFORMANCE OF EPI OF LAST 5 YEARS

₹ in lacs

Particulars/Years	2006-07	2007-08	2008-09	2009-10	2010-11
<b>A. Operating Statistics</b>					
Turnover	76360.86	85105.51	95870.53	106199.83	110368.72
Other Income	2065.55	2130.53	3079.91	2447.11	2490.07
Total income (a)	78426.41	87236.04	98950.44	108646.94	112858.79
Total expenditure (b)	76213.54	84866.95	96091.69	105606.30	110359.87
Gross Margin (a-b)	2212.87	2369.09	2858.75	3040.64	2498.92
Interest	363.99	263.90	214.70	242.81	186.11
Depreciation	93.79	91.57	78.16	55.28	55.04
Profit Before Tax (PBT)	1755.09	2013.62	2565.89	2742.55	2257.77
Income Tax including Fringe Benefit Tax	225.42	260.43	322.34	(1258.80)	752.70
Profit after Tax (PAT)	1529.67	1753.19	2243.55	4001.35	1505.07
Dividend	708.45	708.45	708.45	708.45	708.45
Dividend Tax	99.36	136.18	120.40	117.67	114.93
Wealth Tax	Nil	0.08	Nil	Nil	Nil
Retained Surplus	721.86	908.48	1414.70	3175.23	681.69
No. of Employees	469	499	472	435	434
No. of Equity Shares	9094400	9094400	9094400	9094400	35422688
<b>B. Financial Position</b>					
Share Capital	3542.27	3542.27	3542.27	3542.27	3542.27
Reserve and Surplus	6856.68	7235.82	8650.52	11825.75	12507.44
Shareholder's Fund	10398.95	10778.09	12192.79	15368.02	16049.71
Misc. expenses to the extent not written off	0.00	0.00	0.00	0.00	0.00
Net Worth	10398.95	10778.09	12192.79	15368.02	16049.71
<b>C. Financial Ratios</b>					
Gross margin /Turnover %	2.90	2.78	2.98	2.86	2.26
Profit Before Tax (PBT)/Turnover %	2.30	2.37	2.68	2.58	2.05
Profit Before Tax (PBT)/Networth%	16.88	18.68	21.04	17.85	14.07
Profit After Tax (PAT)/Networth %	14.71	16.27	18.40	26.04	9.38
Turnover per Employee (₹ In lakhs)	162.82	170.55	203.12	244.14	254.31
Dividend paid / Profit after tax %	46.31	40.41	31.58	17.71	47.07
Dividend paid / Profit before tax %	40.37	35.18	27.61	25.83	31.38
Earning per Share( in ₹ )	16.82	19.28	24.67	44.00	4.25
Book Value Per Share of ₹ 38.95 each (in ₹) and ₹ 10/- for the financial year 2010-11	114.34	118.51	134.07	168.98	45.31



## CHAIRMAN'S STATEMENT

### Dear Shareholders,

I welcome you all to the 41<sup>st</sup> Annual General Meeting of your Company. The Annual Report containing, Directors Report, audited accounts and the Auditors Report & company's Reply thereon has already been circulated. With your permission, I shall take them as read.

### Economic Scenario

The Indian economy continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 Countries. During the year, our economy grew at 8.6% and is expected to grow at a steady rate of 8-9 % for the next decade. During the year, the growth of core infrastructure sector remained moderate.

### Operating Performance

During the year, turnover of your Company has increased from ₹ 1061.99 crores of the previous year to ₹ 1103.69 crores.

Your Company has secured 13 projects valuing ₹ 1411.48 crores.

### Financial Performance

During the year 2010-11, your Company has earned net profit before tax of ₹ 22.58 crores against a profit of ₹ 27.42 crores during the previous year. This reduction in profit is mainly on account of increase in gratuity limits, loss of PF Trust and decrease in income from interest. All out efforts are being made to improve the profitability. However the net worth of the Company has increased from ₹ 153.68 crores in 2009-10 to ₹ 160.50 crores in 2010-11.

During the year, the equity Share of ₹ 38.95 each was splitted in to Equity Share of ₹ 10 each. Further, your Company was converted into Public Limited Company w.e.f. 9<sup>th</sup> December, 2010 and Shares of Company have been dematerialised with National Securities Depository Limited (NSDL).

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 fifth consecutive year in 2009-10.

### Corporate Social Responsibility

Your Company has a CSR Policy in line with CSR Guidelines issued by DPE. During the year 2010-11, your Company undertook the training & enhancement of skills in various trade for the persons living in and around the project at Joka, West Bengal. Further "Children day care at work" & "Construction of Borewell for portable water at ABHOY MISSION, Phulati Road, Tripura" were also undertaken.

### Corporate Governance

During the year, your Company adopted Corporate Governance Guidelines 2010 issued by DPE. Your Company is committed towards pursuing the highest standards of Corporate Governance in the overall interest of all the stakeholders of the Company. Your Company always focuses on transparent process and structures in overall working of the Company.

## Future Scenario

Your Company is focusing to undertake high value projects, Overseas Projects, MRTS Projects and has entered in to strategic alliances for taking up projects on BOT/JV basis. Our focus has now to be mainly on high technology, consultancy and high value projects with higher percentage margins.

## Acknowledgement

I, on behalf of the Board of Directors and on my own behalf, place on record my appreciation for the outstanding commitment and hard work of the employees whose sincere and continued efforts have yielded excellent results. I am also thankful for the continuing support and guidance received from Members of the Board, Government of India, particularly the Deptt. of Heavy Industry, other Government Departments, Shareholders, Statutory Auditors, Comptroller & Auditor General of India, Business Associates and Banks. I also wish to place on record my sincere thanks to the esteemed clients who have reposed full confidence in your Company. We are confident to have full support of all our stakeholders as we make all out efforts for greater success in future.



(S.P.S. Bakshi)

Chairman-cum-Managing Director



Corporate Office Building of National Highways Authority of India, Delhi

## NOTICE

Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the 41<sup>st</sup> Annual General Meeting of the Company will be held on Thursday, 29<sup>th</sup> September, 2011 at 4.30 p.m. at its Registered and Corporate office, Core 3, SCOPE Complex, (4<sup>th</sup> Floor), 7 Lodhi Road, New Delhi – 110 003 to transact the following business:

### Ordinary Business


1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2011 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.

### Special Business

1. Appointment of Director

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

“RESOLVED that Shri Niraj Kumar who was appointed as an Additional Director of the Company by the Board of Directors with effect from 17.08.2011 and who hold the office under said Articles up to the date of this Annual General Meeting and who is eligible for re appointment under the relevant provision of the Companies Act, 1956 and in respect of whom Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

  
(Kumudani Sharma)  
Company Secretary

### NOTES:

1. 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.
2. Nomination Form in duplicate is sent herewith to all members of the Company with a request to return the same duly filled.
3. Dr. K.S.Rao was appointed as the Part time non-official Director of the Company vide order No. 16(27)2008-TSW dated 15.12.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry. He assumed the charge on 16.12.2010.
4. Shri A.K.Verma was appointed as Director (Finance) of the Company vide order No. 16(33) 2008-TSW dated 06.01.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 01.02.2011.
5. Shri Harbhajan Singh, Joint Secretary, Ministry of Heavy Industries & Public Enterprises ceased to the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.
6. Shri Niraj Kumar, Director, Department of Heavy Industry was appointed as Part time Official Director on the Board of the Company, vide order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.



7. Shri A.K.Ratwani ceased to be the Director on the Board of the Company, on completion of his tenure on 31.08.2011 in accordance with order No. 16(15)/2005-TSW dated 11.08.2006 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.

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

### **Item No. 1 – Appointment of Director**

Shri Niraj Kumar was appointed as Additional Director on the Board w.e.f 17<sup>th</sup> August, 2011 consequent to his appointment as Part time Official Director by the Govt. of India. In terms of Article 68 read with Article 3 of Article of Association of the Company, he hold the office as additional Director upto the date of next Annual General Meeting and is eligible for reappointment. A notice has been received proposing his candidature for the office of Director as required by section 257 of the Companies Act, 1956.

The Board recommends appointment of Shri Niraj Kumar.


None of the Directors are interested in the above resolution

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 Chandiook & Co  
Chartered Accountants,  
Statutory Auditors.  
L-41, Connaught Circus,  
New Delhi-110 001

  
(Kumudani Sharma)  
Company Secretary

Date : 07.09.2011

Place : New Delhi

## NOMINATION FORM

To

The Company Secretary  
Engineering Projects (India) Limited  
Core-3, SCOPE Complex,  
7 Lodhi Road,  
New Delhi – 110 003

Dear Sir / Madam

I hereby nominate Shri \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Designation)

as my nominee to represent at the 41st Annual General Meeting (and any other adjourned meeting thereof) of the Shareholders of EPI to be held on 29th September, 2011.

Thanking you,

Yours' faithfully,

Signature  
Designation

Place:

Date:



## DIRECTORS' REPORT

### Dear Members

The Directors have the pleasure in presenting the 41<sup>st</sup> Annual Report togetherwith the audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011.

### I. FINANCIAL HIGHLIGHTS

During the year 2010-11, your Company has achieved turnover of ₹ 1103.69 crores as against previous year turnover of ₹1061.99 crores. It earned gross margin of ₹ 24.99 crores and after charging depreciation of ₹ 0.55 crores and interest of ₹ 1.86 crores, there is net profit before tax of ₹ 22.58 crores.

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

(₹ in Crores)

S.No	Description	2010-11	2009-10
1.	Turnover	1103.69	1061.99
2.	Gross Margin	24.99	30.41
3.	Interest paid	1.86	2.43
4	Depreciation	0.55	0.55
5.	Net profit before tax	22.58	27.42
6.	Tax (including FBT)	7.53	(12.59)
7.	Net profit after tax	15.05	40.01
8.	Net worth	160.50	153.68

### 2. CAPITAL STRUCTURE

The authorised and paid-up share capital of the Company remained at ₹ 909.40 crores and ₹ 35.42 crores respectively. During the year 2010-11, the equity shares of ₹ 38.95/- each were splitted into equity share of ₹ 10 each. As a result of splitting of the shares, the fractions of shares were created for which shareholders trust has been created. The trust shall be responsible for the safe custody of the shares and the benefits accrued thereon. These shares have been dematerialized with National Securities Depository Limited (NSDL). Further, EPI was also converted into Public Limited Company w.e.f. 9<sup>th</sup> December, 2010 and Memorandum and Articles of Association were revised accordingly.

### 3. DIVIDEND & RESERVES

Your Directors recommend dividend of 20% on the paid up capital of the Company for the year 2010-11. 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 2010-11 will be ₹ 7.08 crores and ₹ 1.15 crores.

Your Directors propose an amount of ₹ 1.50 crores to be transferred to General Reserve of the Company and balance profits be carried forward. Accordingly, an amount of ₹ 125.07 crores shall be available in "Reserve and Surplus" account as on 31<sup>st</sup> March, 2011.

#### 4. MARKETING ACHIEVEMENTS

During the financial Year 2010-11, Company has secured 13 projects valuing ₹ 1411.48 crores. Some of the major projects secured are given below:

S. No.	Name & Place of the Project	Client	Value (₹in crs)
1.	Augmentation of Raw Material Receipt & Handling Facilities with New OHP, Part-B (Pkg. No. 061) of Bhilai Steel Plant, Bhilai.	Steel Authority of India, Bhilai Steel Plant, Bhilai, (C.G.)	550.82
2.	Augmentation of Fuel & Flux Crushing Facilities (Pkg. No. 064) of Bhilai Steel Plant, Bhilai.	Steel Authority of India, Bhilai Steel Plant, Bhilai, (C.G.)	287.81
3.	Execution work for Finishing and Furnishing of Income Tax Portion in MCD Civic Centre, New Delhi (On Deposit Basis).	Income Tax (OSD) (INFRA), Central Revenue Building, New Delhi	100.00
4.	Construction of Multipurpose Cyclone Shelters at 20 Locations in North 24 Parganas and 15 Locations in Purba Medinipur Distt. of West Bengal (On Deposit Basis).	National Disaster Management Authority, (NDMA), on behalf of Prime Minister's Office, New Delhi	90.91
5.	Construction of Centre for Railway Research (G+7) Buildings and Science Block (G+7) Buildings at IIT, Kharagpur, West Bengal (On Deposit Basis).	Indian Institute of Technology, Kharagpur	60.00
6.	Project Management Consultant (PMC) for Proposed Extension of Laboratory Building & New Animal House at IICB, Jadavpur Campus, Kolkata (On Deposit Basis).	Indian Institute of Chemical Biology (IICB), Jadavpur, Kolkata	75.00
7.	Augmentation of Water Supply Scheme at Yanam.	Public Works Department, Govt. of Puducherry, Yanam	46.29

#### 5. ORDER BOOK POSITION

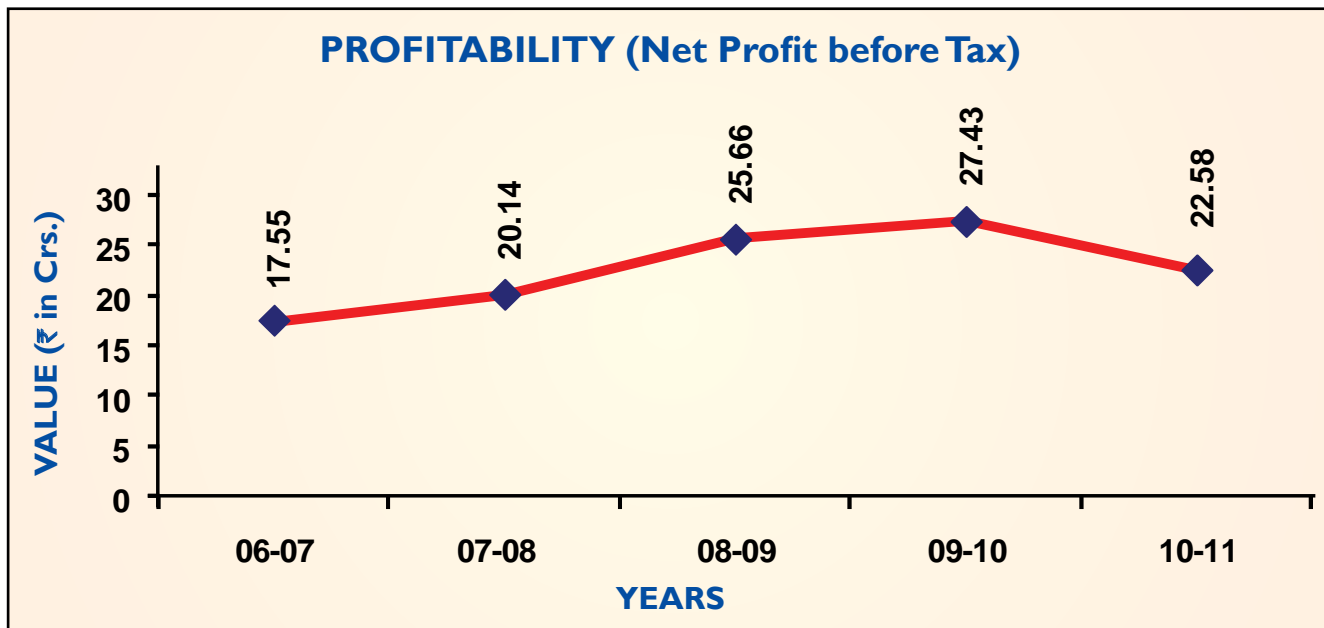
During the current year 2011-12, your Company secured orders worth ₹ 371.19 crores till July 2011.

#### 6. PERFORMANCE RATING UNDER MOU

The performance for the year 2009-10 has been rated as "Excellent" by the Department of Public Enterprises (DPE). This is the fifth consecutive year in which Company's performance has been rated "Excellent" by DPE.

## 7. CORPORATE GOVERNANCE

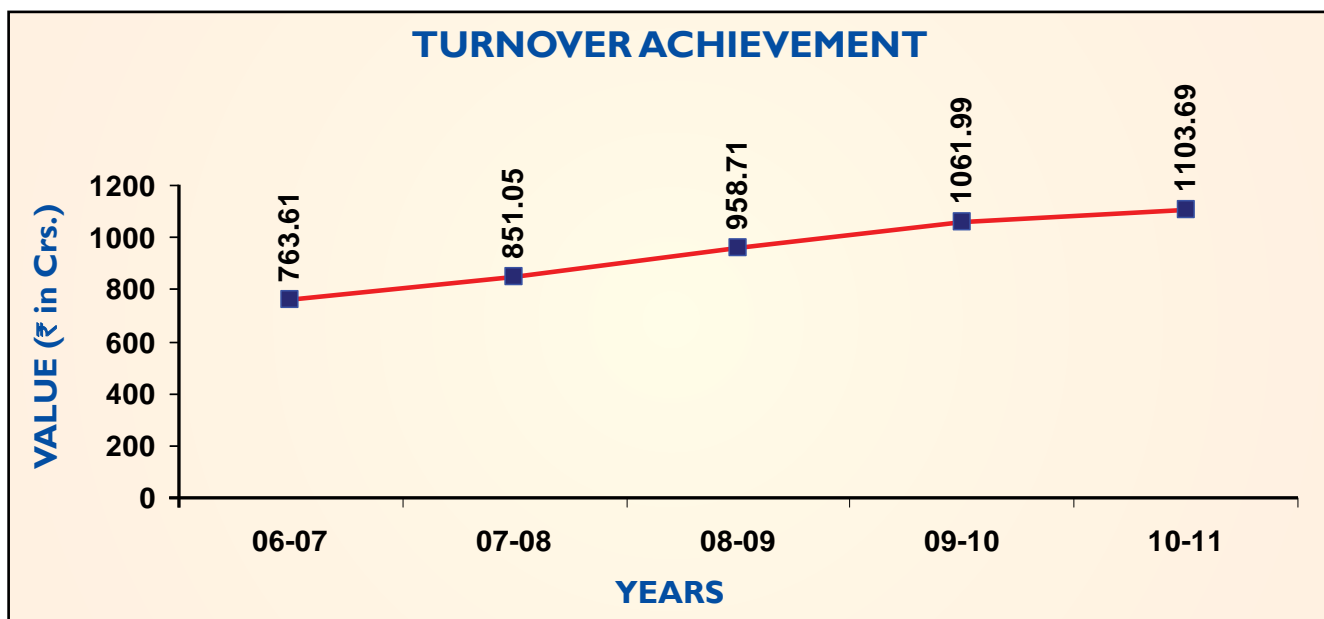
The Company believes that good corporate governance practices in the long term leads to creation of wealth for all its stakeholders. A Report on Corporate Governance practices being followed by the Company and Management Discussion and Analysis Report are annexed to the Directors' Report.



## 8. VIGILANCE ACTIVITIES

Vigilance Wing is headed by Chief Vigilance Officer and plays important role in maintaining integrity in the organisation. Preventive vigilance is done through periodic inspections and taking corrective actions well in advance. Further, "Vigilance Awareness Period with effect from 25.10.2010 to 01.11.2010" was observed in corporate /Regional/Site offices. Several steps like technical examinations, introduction of "Hand Book on Important Check for Building and allied Works" were taken to enhance the transparency in operations during the period under reference.

During the year, all NITs were posted on Company's website and tender documents are made available in a downloadable format. All high value tenders were also published in newspapers.





## 9. HUMAN RESOURCE

Your Company takes pride for its human resource utilization 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 31<sup>st</sup> March, 2011, Company had strong force of 434 employees.

## 10. SC/ST PERSONNEL

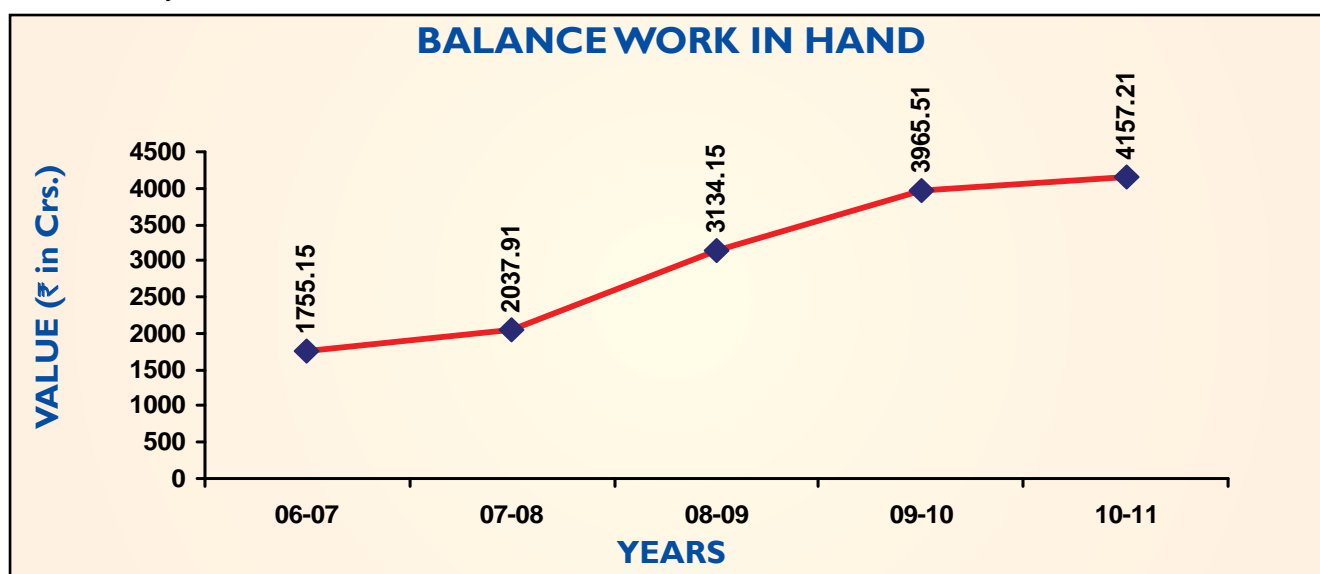
The number of SC/ST employees on the rolls of the Company as on 31<sup>st</sup> March, 2011 was 97 which constituted 22.50% of the total strength.

## 11. PHYSICALLY CHALLENGED PERSON

With a view to focus on its roles as socially conscious organization, Company endeavors 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. Various other initiatives are also taken by the Company for the welfare of the physically challenged person such as enhanced transport subsidy etc.

## 12. PROPAGATION OF RAJBHASHA

Your Company has made serious efforts to promote the usage of Rajbhasha. Quarterly meetings of Official Language Implementation Committee were held regularly and decisions of Committee were implemented. Various competition like Dictation, Noting-Drafting, Essay Writing, Hastakashar, Debate, Chitra Abhivyakti, Quiz, Poems Recitation etc. were organized during Hindi Pakhwara. Employees were motivated to work in Hindi through training programmes, workshops, awards and personal contacts. Company has schemes for giving monetary awards to the employees on Quarterly and Annual basis for encouragement of employees to work in Hindi under the Nakar Puraskar Yojana. The wards of employees were awarded every year for their better performance in Hindi subject through our Pratibha Puraskar Yojana.



## 13. ECONOMY IN ADMINISTRATIVE EXPENDITURE

Keeping in view the Govt. Directives, efforts were made to achieve economy in administrative expenditure in EPI during the year 2010-11.

## 14. BOARD OF DIRECTORS

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

Dr. K.S.Rao was appointed as Part- time non Official Director on the Board of the Company vide order No. 16(27) 2008-TSW dated 15.12.2010 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 16.12.2010

Shri A.K.Verma was appointed as Director (Finance) of the Company vide order No. 16(33) 2008-TSW dated 06.01.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 01.02.2011.

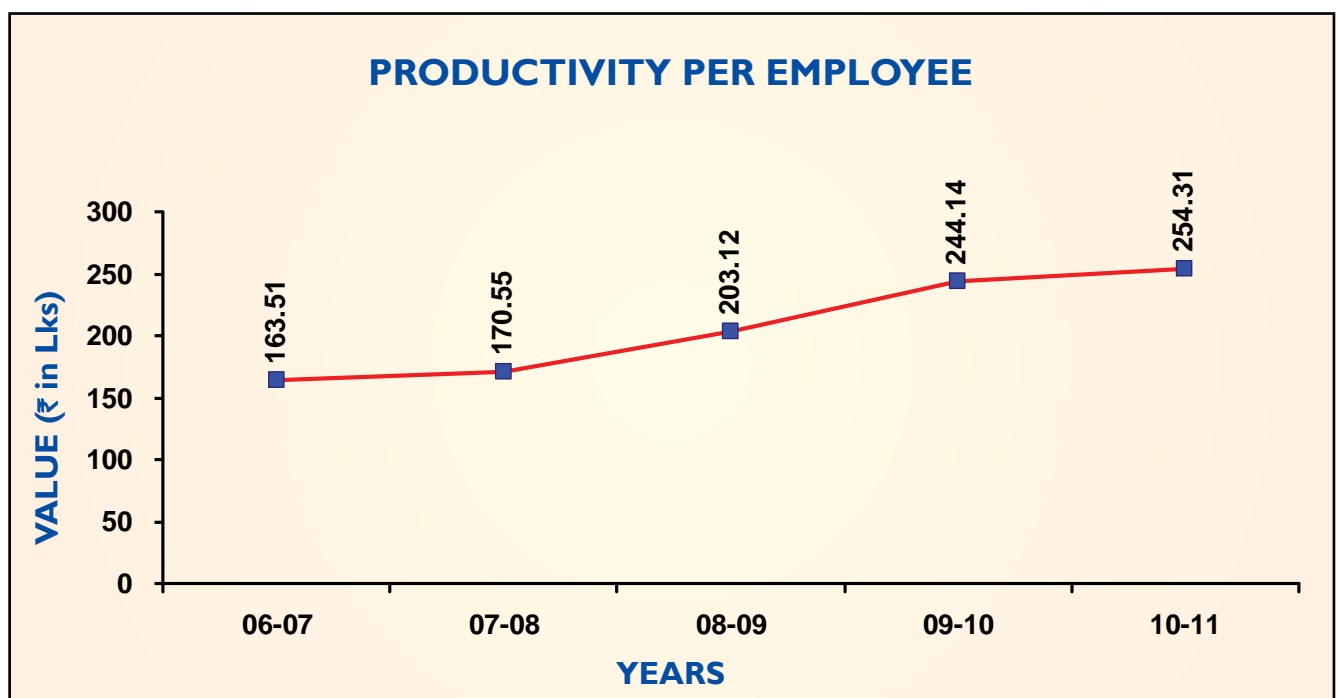
Shri Harbhajan Singh, Joint Secretary, Ministry of Heavy Industries & Public Enterprises ceased to the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.

Shri Niraj Kumar, Director, Department of Heavy Industry was appointed as Part time Official Director on the Board of the Company, vide order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.

## 15. 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 31<sup>st</sup> March, 2011 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.

## 16. AUDITORS

M/s. Walker Chandiook & Co., Chartered Accountants were appointed as Statutory Auditors and Branch Auditors for Northern Regional Office of the Company for the financial Year 2010-2011. 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 31<sup>st</sup> March 2011 and Company's replies thereto are annexed to the Report. The comments on accounts for the year ended 31<sup>st</sup> March, 2011 by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in the addendum to this Report.

## 17. 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:

### 17.01 Energy Efficiency and its Conservation

Energy Action Plan 2010-2011 was implemented and conventional tubelights/chokes were replaced with energy efficient fixtures/chokes and existing fans/air conditioners with star rated equipments.

Though company's activities do not involve direct use of energy in manufacturing processes, the need to conserve energy in all forms is accorded due importance.

### 17.02 Technology Absorption

#### a) Research and Development

In line with MOU signed with Govt. of India for the year 2010-11, your company has made studies on utilization of waste materials in construction work and looking the possibilities to use fly ash bricks in building construction, Blast furnace slag from steel industries as binder in soil stabilization and use of incinerator ash with concreting.

#### b) Technology Absorption

Specific project-based collaborations are also arranged to meet the needs of modern industrial projects. 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 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.

### 17.03 Foreign exchange earnings and outgo

During the year 2010-11, there is an outgo of foreign exchange to the tune of ₹ 6.37 lacs and foreign exchange earnings are nil.

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

None of the employees was in receipt of remuneration in excess of ₹ 5,00,000/- per month or ₹ 60,00,000/- per annum during the year ended 31<sup>st</sup> March, 2011.

## 19. ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the cooperation and support 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. Your Directors express their gratitude to various clients and Banks for the confidence reposed by them and appreciate the contribution of the sub-contractors, vendors and consultants in implementation of the projects. Your Directors are also thankful to the Government Auditors and the Statutory Auditors for their suggestions. Your Directors wish to place on record their appreciation for the dedication and commitment of every member of the EPI family who has contributed towards the growth of EPI.

For and on behalf of the Board



(S.P.S. Bakshi)

Chairman-cum-Managing Director

DIN: 02548430

Place: New Delhi.

Dated: 06.09.2011



Jackwell – Pumhouse In WSS Project, Nashik

## REPORT ON CORPORATE GOVERNANCE

### I. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Engineering Projects (India) Limited (EPI) firmly believes and accords highest importance to transparency, accountability and equity in all facets of its operations. EPI constantly endeavours to achieve the highest level of standards of corporate governance in order to enhance 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, Economics and 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 four times in a year (29.04.10, 14.09.10, 22.12.10, 28.03.11,) and all information required in accordance with DPE Guidelines were placed before the Board.

**Details of the composition of the Board of Directors, tenure, category of the director, attendance at the Board Meeting, General Meeting & other directorship held during the year 2010-2011 are given below:**

Name	Meeting attended	AGM attended	Other Directorship	Period
<b>(a) Functional Directors</b>				
<b>Shri S.P.S. Bakshi</b> Chairman-Cum-Managing Director DIN : 02548430	4/4	Yes	Nil	05.02.09 to 04.02.14
<b>Shri A.K. Ratwani</b> Director (Projects) DIN : 00730349	4/4	Yes	Nil	01.09.06 to 31.08.11
<b>Shri G.D. Moorjani</b> Director (Finance) DIN : 01454008	1/1	N/A	Nil	11.04.07 to 31.08.10
<b>Shri A.K. Verma</b> Director (Finance) DIN : 03428630	1/1	N/A	Nil	01.02.11 to 31.01.16
<b>(b) Govt. Nominees</b>				
<b>Shri Harbhajan Singh</b> Joint Secretary, Ministry of Heavy Industries & Public Enterprises DIN : 02922092	4/4	No	7	08.01.10 to 17.08.11

<b>Shri R. Asokan</b> Director, Ministry of Heavy Industries & Public Enterprises DIN : 01079166	4/4	Yes	4	01.02.08- till further orders
<b>(c) Independent Director</b>				
<b>Shri Anjan Kumar Mitra</b> DIN : 00888372	1/1	N/A	1	11.05.07 to 10.05.10
<b>Dr. K.S. Rao</b> DIN : 03383447	2/2	N/A	Nil	16.12.10 to 15.12.13

During the year 2010-11, Dr. K.S. Rao was appointed as Independent Director and Shri A.K.Verma was appointed as Director (Finance). As on 31<sup>st</sup> March, 2011, EPI has three functional Directors, two Govt. nominees and one Independent Director. Two position of Independent Director are vacant. The Govt. of India in terms of Article 68 of Articles of Association of the Company is in process of filling these vacancies. On 17<sup>th</sup> August, 2011, Shri Niraj Kumar, Director, Department of Heavy Industry was appointed as Part time Official Director in place of Shri Harbhajan Singh, Joint Secretary, Ministry of Heavy Industries & Public Enterprises.

### 3. DISCLOSURE ABOUT DIRECTORS

As per disclosures made by the directors in terms of section 299 of the Companies Act, 1956, no relationship exists between directors inter-se. Since the appointment of all Directors including part time directors is done by the Government, it has not been possible to have an item in the notice of AGM for appointment of directors as per sections 255 to 257 of the Companies Act, 1956, which require determining not less than 2/3<sup>rd</sup> of the directors as persons whose period of office is liable to determination by retirement of directors by rotation at a general meeting. Further, the Government appoints part-time directors including independent directors with a fixed tenure due to which there is no scope for actually retiring any director by rotation every year and hence, it has become impossible to give effect to section 255 to 257 of the Companies Act, 1956.

#### Brief Resume of the Directors presently on the Board.

- (i) **Shri S.P.S. Bakshi (52 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. Before joining EPI, Shri S.P.S. Bakshi has worked at senior positions in Airports Authority of India and National Highways Authority of India. He has handled major Infrastructure Airports and Highways Projects of national importance.
- (ii) **Shri A.K. Ratwani (54 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.

- (iii) **Shri A.K. Verma (51 Years)** Shri A.K. Verma joined EPI as Director (Finance) on 1<sup>st</sup> February, 2011. He has rich experience of about 30 years in Finance, Accounts and Auditing fields. He holds qualification of M.Com, MBA, LL.B and is also a fellow member of the Institute of Cost and Works Accountants of India. Shri Verma has been associated in various Railways, Highways, Buildings projects in the nature of Turnkey, Items rates, Cost Plus/Deposit work in India and abroad. Shri Verma has rich and comprehensive experience in the field as costing of cash projects including financial modeling for BOT/Annuity/Concession projects, project financing, finalization of accounts for construction companies, budget & budgetary control tools, foreign currency hedging and cross currency risk. Before joining EPI, Shri Verma has worked with IRCON International Ltd. and various other Public Sector companies.
- (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 01.02.08. 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.
- (v) **Shri Niraj Kumar (45 years)** Shri Niraj Kumar is Director, Department of Heavy Industry Govt. of India. He joined the Board of EPI on 17<sup>th</sup> August, 2011 as Nominee of Govt. of India. Shri Kumar is from Indian Postal Service, 1992 Batch. He is a B.Sc. (Geology) from Patna University. During his service in the Department of Posts, he has worked in different parts of the country including Rajasthan, Tamil Nadu. In the year 2002 he joined Raipur as Director, Postal Services, Chhattisgarh Circle. In 2004, he joined as Director in the Ministry of Communications and IT, Department of Posts at Dak Bhawan, New Delhi. He also worked as Additional General Manager, Business Development & Marketing Directorate. Shri Kumar has also represented the country in various seminars/conferences conducted abroad.
- (vi) **Dr. K.S. Rao (53 Years)** Dr. K.S. Rao, Professor, Department of Commerce & Management Studies, Andhra University, Visakhapatnam joined EPI, as an Independent Director on 16<sup>th</sup> December, 2010. He has rich and comprehensive experience of 26 years in the field of Teaching and Research. He is Life Member in "All India Commerce Association" and "Commerce Association of Kerala". He is also a member of "Research Development Association" and "Indian Accounting Association". Dr. K. Sambasiva Rao has been awarded with "UGC career Award". He served as a member in various working group meetings for development of instructional material organized by PSSCIVE (NCERT Wing). He is also a Governing Body Member in various Degree Colleges affiliated to Andhra University

#### 4. 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 17<sup>th</sup> 2008, with terms and references and role and power of the committee being same as proposed in the Guidelines.

During the year, Shri Anjan Kumar Mitra, Independent Director and Chairman of Audit Committee completed his tenure on 10<sup>th</sup> May, 2010. Consequent upon completion of tenure of Shri Mitra, Audit Committee couldn't be reconstituted as there was no independent Director on the Board of EPI. On 16<sup>th</sup> December, 2010, Dr. K.S.Rao was appointed as Independent Director and Audit Committee was reconstituted on 22<sup>nd</sup> December, 2010. The composition of the Committee as on 31.03.2011 is as under:-



Name	Designation	Category
Dr. K.S. Rao	Chairman	Independent Director
Shri R. Asokan	Member	Govt. Nominee
Shri A.K. Ratwani	Member	Director (Projects)

In view of above, one meeting of the Audit Committee was held on 18<sup>th</sup> January, 2011 during the year.

## 5. REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted in accordance with Guidelines on Corporate Governance for CPSEs in the meeting of Board of Directors held on 22<sup>nd</sup> December 2010 to induct Dr.K.S.Rao, an Independent Director, in place of Shri A.K.Mitra who completed his tenure on 10<sup>th</sup> May 2010 as the member on the Board. Further on appointment of Shri A.K.Verma, Director (Finance), the Committee was further reconstituted to induct Shri Verma in place of Shri A.K.Ratwani, Director (Projects) on 28<sup>th</sup> March, 2011. The composition of the Committee as on 31.03.2011 is as under:

Name	Designation	Category
Dr. K.S. Rao	Chairman	Independent Director
Shri R. Asokan	Member	Govt. Nominee
Shri A.K. Verma	Member	Director (Finance)

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

## 6. DISCLOSURES

Details of the remuneration paid to the Functional Directors and sitting fees paid to Independent Directors during the year 2010-11 are as under :

### A: Functional Director

(In ₹)

Directors	Salary	Perquisite	Total
Shri S.P.S. Bakshi Chairman-cum-Managing Director	21,65,021	1,90,216	23,55,237
Shri A.K. Ratwani Director (Projects)	18,81,085	1,56,168	20,37,253
Shri A.K. Verma Director (Finance) (w.e.f. 01.02.2011)	2,08,659	6360	2,15,019
Shri G.D. Moorjani Director(Finance) (superannuated on 31.08.2010)	21,82,954	40307	22,23,261

### B: Independent Directors:

Directors	Sitting Fees
Shri Anjan Kumar Mitra	₹ 6000
Dr. K.S.Rao	₹ 16000



- (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 as Govt. of India is in process of filling the vacancies of the Independent Directors.
- (v) During the year, no Presidential Directive was issued by the Government of India.
- (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.
- (vii) The Company has formulated a Whistle Blower Policy and no Personnel has been denied access to Audit Committee.
- (viii) The percentage of Administrative expenditure & office expenses to total expenses has increased to 4.66% as against previous year percentage of 4.30%. This increase is mainly on account of increase in salary. However the percentage of finance cost to total expenses has reduced to 0.17% as against previous year percentage of 0.23%.

## 7. GENERAL BODY MEETINGS

Financial Year	Date and Time of AGM	Location
2009-10	September 30 <sup>th</sup> , 2010 at 3.00 p.m	Core 3, SCOPE Complex, Lodhi Road, New Delhi
2008-09	September 29 <sup>th</sup> , 2009 at 3.00 p.m	Core 3, SCOPE Complex, Lodhi Road, New Delhi
2007-08	September 26 <sup>th</sup> , 2008 at 3.30 p.m	Core 3, SCOPE Complex, Lodhi Road, New Delhi

## 8. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India, seven CPSEs and a trust created on behalf of these CPSEs. The Government of India holds 99.98% of the paid up capital of the Company. The Company displays complete Annual Report 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.

## 9. AUDIT QUALIFICATIONS

The comments on Accounts for the year ended on 31<sup>st</sup> March, 2011 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.

## 10. 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, Role and Responsibility of Directors etc. The Directors are also sponsored for the seminars/conferences organized in this respect.

## 11. WHISTLE BLOWER POLICY

In compliance to Guidelines on Corporate Governance for CPSEs 2010, Company formulated a Whistle Blower Policy. All employees are eligible to make protected disclosures to the Chairman, Audit Committee preferably in writing. The identity of the Whistle Blower and the subject are kept confidential and complete protection is given to Whistle Blower from any unfair treatment like threat, transfer, refusal of promotion etc.

## 12. 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.

## 13. 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 practising Company Secretary regarding compliance of conditions of guidelines of Corporate Governance of CPSEs has been annexed to the Report.



Ore Processing Plant, Jharkhand For UCIL

## **DECLARATION BY CHAIRMAN-CUM-MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2010-11.**

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 2010-11.



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

Place: New Delhi

Date: 06.09.2011



Sardar Vallabh Bhai Patel University



# AGB & ASSOCIATES

COMPANY SECRETARIES

1st Floor, 970, Sector-21D,  
Faridabad-121001, NCT of Delhi  
E-Mail Id : gargajay24@yahoo.co.in  
agbassociates@yahoo.in  
Tel : 0129-4080970, 9811386723, 9873186723

## CORPORATE GOVERNANCE CERTIFICATE

To  
The Members,  
Engineering Projects India Limited,  
Core 3, Scope Complex,  
7 Institutional Area, Lodhi Road,  
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, 2011 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010' vide Notification No. 1 No. 18((8)/2005-GM originally issued on 22.06.2007 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 (hereinafter 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 effectiveness with which the Management has conducted the affairs of the Company.

Place : New Delhi  
Date : 6<sup>th</sup> September, 2011

Signature  
For AGB & Associates

(K.B. Mudgal)  
ACS : 24233; CP 8790

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development

The global economy continues to recover amidst ongoing policy support and improving financial market conditions. The recovery process was led by emerging economies especially in Asia as growth remained weak in advanced economies. The global economies continued to face challenges such as high level of unemployment, inflation, oil price etc. Despite the sign of renewed activity in manufacturing and initial improvement in retail sales, the economic recovery in Europe was clouded by acute fiscal strains in some countries.

During 2010-11, our economy grew at 8.6% and growth is expected to be around 9% in next fiscal year. The growth has been broad based with a rebound in the agriculture sector even manufacturing and services have registered impressive gain. Saving and Investment has been rising. However, food inflation, higher commodity prices and volatility in global commodity market have been areas of concerns. To sustain this momentum of growth, substantial investment in infrastructure sector is required and expansion in investment in infrastructure including housing will drive the construction industry. It is expected that construction industry shall grow by 10%. Govt. has kept a target of spending ₹ 2.14 lakh crore in the infrastructure sector amounting to 48.5% of Govt. Budgetary Support 2011-12.

The level of investment and capacity addition in first three years of the XIth Plan vis - a - vis a financial and physical performance present an optimistic outlook. However, for time bound capacity addition embodying value for money certain challenges need to be overcome.

### SWOT Analysis

#### Strengths

- Integrated engineering project management and Construction Company having rich experience of handling wide range of projects and turnkey execution capabilities in major areas of operation.
- In-house design, engineering and project management capabilities.
- A team of competent professionals.
- Pan India presence and five regional offices at different geographical locations to undertake operations across India.
- Exposure in execution of international projects.
- Consistent performance.
- Debt free company.

#### Weaknesses/Risk/Concern

- Operate in a competitive market,
- Problem in hiring and retaining best human resource
- High liquidity with private player is also putting EPI in disadvantageous position.
- Restrictions for equity/ capital investment affect growth prospects of the company.

#### Opportunities

- Major expansion of steel plants & power projects.
- Large value projects in infrastructure being proposed for urban renewal projects of water supply, drainage, roads, urban transportation system.



- Major investment in canals, Dams, river connectivity works is planned in future.
- Various Projects on “Deposit work basis” from Central/State government also being proposed.
- Development of surplus land of Government and PSUs.

### Threats

- Smaller multiple players have crowded the infrastructure sector.
- Low entry barriers for EPC contractors in the irrigation and WSS sectors.
- Prolonged delay in land acquisition and environmental clearances.
- Security concerns in certain regions.
- Lack of quality awareness in the Industry.

### 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 57% to 69.42% of the turnover during 2010-2011. The percentage share of Dams & Irrigation Projects has declined from 10% to 7.82% in 2010-2011. The table below presents the segment wise analysis of the operations of the Company:

(₹ in Cr.)

SI. No	Segments of Projects	2008-2009		2009-2010		2010-2011	
		Turnover	%	Turnover	%	Turnover	%
1	Housing & Building Works	408.03	42	603.20	57	766.15	69.42
2	Dams & Irrigation Projects	163.76	17	106.32	10	86.31	7.82
3	Industrial, Process Plant, Material Handling & Electrical Projects	66.66	7	95.88	9	75.36	6.83
4	Water Supply & Environmental Schemes	144.16	15	144.23	14	77.91	7.06
5	Transportation Structures	45.90	5	34.12	3	2.46	0.22
6	Other Projects	130.19	14	78.25	7	95.50	8.65
	<b>Total</b>	<b>958.70</b>	<b>100</b>	<b>1062.00</b>	<b>100</b>	<b>1103.69</b>	<b>100</b>

### Outlook

As per revised estimates of Eleventh plan, investment in infrastructure sector is likely to be ₹ 20, 54,205 crore. Further, a preliminary assessment suggest that investment in infrastructure during Twelfth Plan would be around ₹ 40, 99,240 crore. This would open up the opportunities for the Company in the areas like Roads & Bridges, Irrigation, Water Supply & Sanitation, Ports etc.

### 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 3.93% over the previous year from ₹1061.99 crores to ₹1103.69 crores in 2010-11, the gross margin reduced from ₹30.41 crores to ₹24.99 crores in 2010-11. The net profit before tax also reduced to ₹22.58 crores in 2010-11 from ₹27.42 crores in the previous year on account of increase in gratuity limits, loss of PF Trust and decrease in income from interest. As a result, the net worth of the Company increased from ₹153.68 crores in 2009-10 to ₹160.50 crores in 2010-11.

The authorised and paid-up share capital of the Company remains at ₹909.40 crores and ₹35.42 crores respectively. During the year 2010-2011, the equity shares of ₹ 38.95 each was splitted into equity share of ₹10 each. As a result of splitting of the share, the fractions of shares were created for which shareholders trust has been created. The trust shall be responsible for the safe custody of the shares and the benefits accrued till shares of the Company are listed on the Stock Exchange.

Further, EPI was converted into Public Limited Company w.e.f. 9<sup>th</sup> December, 2010 and Memorandum and Articles of Association were revised accordingly and shares of the Company have been dematerialized with National Securities Depository Limited (NSDL).

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

Your Company realises that appreciation in human asset could be achieved through training therefore it has been focusing on the providing training on emerging trends such as corporate governance, gender concern, quality control in road and bridge, e-procurement, global competitive technology strategy and United Nations global compact etc.

During the year, industrial relations in the Company remained cordial.

## Environmental Protection and Conservation, Technological Conservation, 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.

Emphasis is given on Planting of trees at construction site, Water harvesting systems, Utilization of natural lights, Thermal insulation, Environment friendly construction materials, Energy efficient lighting system, Intelligent building management systems.

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

### (c) 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 advancing design & technical features using Indian expertise in detail engineering, manufacturing & assembly of facilities based on new technology developed abroad.

### **Corporate Social Responsibility**

Your Company conducts CSR activities with a focus on sustainability in different areas. The Company had created a non lapsable CSR fund to undertake various projects.

During the Year to ensure the sustainability, your Company undertook the training and enhancement of skills in various trades like Masonry, Shuttering, Carpentry, Bar Bending, Plumbing etc. for the persons living in and around the project at Joka, West Bengal. Further, “Children day care at work place” and “construction of Borewell for potable drinking water at ABHOY MISSION (ABHOY ASHRAM), Phultali Road, Sekerkote, Bishalgargh Su-Division, Bishalgargh, Tripura” were also undertaken by EPI as CSR Projects.

### **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
<p>1. We have audited the attached Balance Sheet of Engineering Projects (India) Limited (the "Company") as at 31<sup>st</sup> March 2011, 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 &amp; 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.</p>	
<p>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.</p>	
<p>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.</p>	
<p>4. As more fully described in Note 3 to Schedule 20(B), balances due to/ from clients, associates, suppliers and others are subject to reconciliation and confirmation. This is the continuing matter from the preceding financial year ended 31<sup>st</sup> March 2010 and caused us to qualify our audit opinion on the financial statements of that year. We are unable to ascertain and report the impact of potential adjustments that may arise on account of reconciliation and final settlement of those balances on the financial statements for the year ended 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010;</p>	<p>Disclosed in Note 3 (a) of Schedule 20 (B)</p>
<p>5. As more fully described in Note 5 to Schedule 20(B), liability that may arise on account of invocation of Risk and Purchase Clause by clients, has not been provided, since the Company has disputed termination of contracts in Courts/ Permanent Machinery of Arbitration (Ministry of Law &amp; Justice, Govt. of India) and amount cannot be ascertained till the intimation of the liability by the client and the final settlement of disputed terminations. This is the continuing matter from the preceding financial year ended 31<sup>st</sup> March 2010 and caused us to qualify our audit opinion on the financial statements of that year. We are unable to ascertain and report the impact of potential adjustments that may arise on account of final settlement of these cases on the financial statements for the year ended 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010;</p>	<p>Disclosed in Note 5 of Schedule 20 (B)</p>


6. 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;
  - 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;
  - c) The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with while preparing our report;
  - d) The financial statements dealt with by this report are in agreement with books of account;
  - e) In respect of disqualification of directors, Department of Companies Affairs vides their clarification No.G.S.R. 829 (E) dated 21<sup>st</sup> October 2003 has exempted Government Companies from provision of section 274(1) (g) of the companies Act 1956; and
  - f) Subject to our comment in paragraph 4 and 5 above, 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 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<sup>st</sup> March 2011;
    - 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, Chandiook & Co**  
**Chartered Accountants**  
**Firm Registration No. – 001076N**

**For Engineering Projects (India) Ltd.**

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

Place : New Delhi  
Date : 06.09.2011

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

## ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF ENGINEERING PROJECTS (INDIA) LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2011

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) Inventory of the Company comprises of construction work in progress and stock of material. The inventory (except stock lying with contractor, confirmation for which have been obtained) 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. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.	No Comments



- (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 strengthened to be commensurate with its size and the nature of its business. Noted for further strengthening. Moreover, scope and coverage of internal audit has been well defined and audit is 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. Further, we have been informed that the provisions of the Employee's State Insurance Act and Investor Education and Protection Fund are not applicable to Company. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable. No Comments
- (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 disposal of cases.

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 Officer

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
<b>Total</b>		<b>46,844,733</b>		


- (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, Chandio & Co**  
**Chartered Accountants**  
**Firm Registration No. – 001076N**

**For Engineering Projects (India) Ltd.**

Sd/-  
per B P Singh  
Partner  
Membership No. 70116  
Place : New Delhi  
Date : 6<sup>th</sup> September, 2011

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



SVBP Agriculture University Meerut


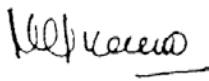


## BALANCE SHEET AS AT 31.03.2011

		(Amount in ₹)	
	Schedule	2010-2011	2009-2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	354,226,880	354,226,880
Reserve and surplus	2	1,250,743,214	1,182,574,732
<b>Loan funds</b>			
Secured loan		-	-
Unsecured loan		-	-
		<b>1,604,970,094</b>	<b>1,536,801,612</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		162,905,362	163,917,594
Less: Accumulated depreciation		112,922,762	115,252,432
<b>Net block</b>	<b>3</b>	<b>49,982,600</b>	<b>48,665,162</b>
<b>Investment</b>		-	-
<b>Deferred tax asset (net)</b>	<b>4</b>	<b>85,201,948</b>	<b>86,825,892</b>
<b>Current assets, loans and advances</b>			
Work-in-progress	5	35,327,981,776	25,784,262,339
Inventories	6	18,282,798	10,127,862
Sundry debtors	7	1,312,985,128	1,326,320,426
Cash and bank balances	8	3,026,591,956	2,298,003,437
Other current assets	9	25,665,862	21,314,850
Loans and advances	10	15,877,565,653	12,287,604,466
		55,589,073,173	41,727,633,380
<b>Less: Current liabilities and provisions</b>			
Current liabilities	11	53,647,562,691	39,934,482,659
Provisions	12	471,724,936	391,840,163
		54,119,287,627	40,326,322,822
<b>Net current assets</b>		<b>1,469,785,546</b>	<b>1,401,310,558</b>
Miscellaneous expenditure (to the extent not written off or adjusted)		-	-
		<b>1,604,970,094</b>	<b>1,536,801,612</b>


**Significant accounting policies and notes to financial statements** 20

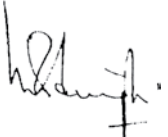
The schedules referred to above, accounting policies and notes to financial statements form an integral part of the financial statements

**For and on behalf of board of directors**

 (Kumudani Sharma) <b>Company Secretary</b>	 (N.K. Sharma) <b>General Manager (Finance)</b>	 (A.K. Verma) <b>Director (Finance)</b>	 (S.P.S. Bakshi) <b>Chairman-cum-Managing Director</b>
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This is the Balance Sheet referred to in our report of even date

  
For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No. 001076N

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

Place : New Delhi  
Date : 06<sup>th</sup> September 2011



Construction of OIBD Bhawan at NOIDA




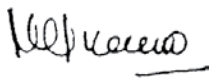


## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

		(Amount in ₹)	
	Schedule	2010-2011	2009-2010
<b>INCOME</b>			
Value of work done		11,035,508,344	10,615,327,987
Claims received		31,458,035	6,330,480
Other income	13	46,088,717	35,592,338
Excess provision/ liabilities written back		27,469,998	29,176,293
Interest income	14	145,353,933	178,266,460
		<b>11,285,879,027</b>	<b>10,864,693,558</b>
<b>EXPENDITURE</b>			
Direct expenditure	15	10,512,700,194	10,088,710,959
Claims paid		8,142,804	6,297,608
Administrative expenditure	16	514,647,702	455,370,044
Finance cost	17	18,611,448	24,281,492
Depreciation	3	5,503,624	5,528,202
Provision for doubtful advances		-	3,849,337
		<b>11,059,605,772</b>	<b>10,584,037,642</b>
<b>Profit before tax and prior period items</b>		<b>226,273,255</b>	<b>280,655,916</b>
Prior period adjustments (net)	18	(496,459)	(6,400,673)
<b>Profit before tax and after prior period items</b>		<b>225,776,796</b>	<b>274,255,243</b>
Tax expense			
Current tax		78,000,000	46,400,000
Deferred tax expenses/ (credit)		1,623,944	(86,825,892)
Minimum alternate tax credit entitlement		(4,353,896)	(85,453,506)
<b>Profit after tax and prior period items</b>		<b>150,506,748</b>	<b>400,134,641</b>
Balance brought forward from previous year		1,085,864,712	800,841,977
<b>Profit available for appropriation</b>		<b>1,236,371,460</b>	<b>1,200,976,618</b>
<b>Appropriations</b>			
Proposed dividend		70,845,376	70,845,376
Corporate dividend tax		11,492,890	11,766,530
General reserve		15,000,000	32,500,000
Balance carried to balance sheet		1,139,033,194	1,085,864,712
		<b>1,236,371,460</b>	<b>1,200,976,618</b>

<b>Basic and diluted earnings per share (₹)</b>	19	4.25	11.30
<b>Significant accounting policies and notes to financial statements</b>	20		

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

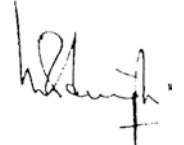
**For and on behalf of board of directors**

			
(Kumudani Sharma)	(N.K. Sharma)	(A.K. Verma)	(S.P.S. Bakshi)
<b>Company Secretary</b>	<b>General Manager (Finance)</b>	<b>Director (Finance)</b>	<b>Chairman-cum-Managing Director</b>

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



**For Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No. 001076N



per **B P Singh**

Partner

Membership No. 70116

Place : New Delhi

Date : 06<sup>th</sup> September, 2011



Walking Beam Furnace at Vizag Steel Plant, Vizag

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 1</b>		
<b>Share capital</b>		
<b>Authorised</b>		
909,404,600 equity shares of ₹ 10 each (previous year 233,480,000 equity shares of ₹ 38.95 each)	9,094,046,000	9,094,046,000
	<b>9,094,046,000</b>	<b>9,094,046,000</b>
<b>Issued, subscribed and paid-up</b>		
35,422,688 equity shares of ₹ 10 each fully paid up (previous year 9,094,400 equity shares of ₹ 38.95 each fully paid up)	354,226,880	354,226,880
	<b>354,226,880</b>	<b>354,226,880</b>
 Note:		
During the year, the Company sub-divided each equity share of ₹ 38.95 into 3.895 equity shares of ₹ 10.00 each.		
<b>Schedule - 2</b>		
<b>Reserves and surplus</b>		
Capital reserve	210,020	210,020
General reserve		
Opening balance	96,500,000	64,000,000
Add : Addition during the year	15,000,000	32,500,000
	111,500,000	96,500,000
Profit and loss account		
Opening balance	1,085,864,712	800,841,977
Add: Addition during the year	53,168,482	285,022,735
	1,139,033,194	1,085,864,712
	<b>1,250,743,214</b>	<b>1,182,574,732</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

### Schedule - 3 Fixed assets

(Amount in ₹)

Particulars	Gross block			Accumulated depreciation			Net block		
	1 April 2010	Additions	Deletions/ adjustments	31 March 2011	1 April 2010	For the year	Deletions/ adjustments	31 March 2011	31 March 2010
Leasehold land	1,615,856	-	-	1,615,856	-	-	-	1,615,856	1,615,856
Building - leasehold	50,521,079	-	-	50,521,079	18,514,753	823,489	-	31,182,837	32,006,326
Building - freehold	1,270,132	-	-	1,270,132	576,130	36,755	-	657,247	694,002
Construction equipment	47,001,000	-	1,222,544	45,778,456	44,652,820	1,615	1,161,417	2,285,438	2,348,180
Furniture and fixture	10,568,718	438,361	8,820	10,998,259	7,530,690	390,131	8,533	3,085,971	3,038,028
Office equipment	14,561,750	1,019,414	506,706	15,074,458	10,841,582	1,159,197	468,877	3,542,556	3,720,168
Data processing machine and computers	34,492,803	3,820,495	5,534,059	32,779,239	29,642,974	2,891,259	5,233,677	5,478,683	4,849,829
Vehicles	3,886,256	2,016,124	1,034,497	4,867,883	3,493,483	223,160	982,772	2,134,012	392,773
<b>Total</b>	<b>163,917,594</b>	<b>7,294,394</b>	<b>8,306,626</b>	<b>162,905,362</b>	<b>115,252,432</b>	<b>5,525,606</b>	<b>7,855,276</b>	<b>49,982,600</b>	<b>48,665,162</b>
Previous year	159,417,345	10,050,473	5,550,224	163,917,594	115,007,253	5,528,202	5,283,023	48,665,162	

\* Depreciation of ₹ 5,525,606 includes depreciation for the earlier year of ₹ 21,982

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 4</b>		
<b>Deferred tax asset (net)</b>		
Deferred tax liability arising on account of :		
Depreciation	7,659,632	7,871,051
	<b>7,659,632</b>	<b>7,871,051</b>
Less :		
Deferred tax asset arising on account of :		
Provision for doubtful advances/ debtors	48,726,498	49,965,373
Provision for employee benefits	44,135,082	44,731,570
	<b>92,861,580</b>	<b>94,696,943</b>
	<b>85,201,948</b>	<b>86,825,892</b>
<b>Schedule - 5</b>		
<b>Work-in-progress</b>		
Opening balance	25,784,262,339	24,883,553,329
Add: Work done for the year	11,035,508,344	10,615,327,987
	<b>36,819,770,683</b>	<b>35,498,881,316</b>
Add: Prior period adjustments	1,653,820	-
	<b>36,821,424,503</b>	<b>35,498,881,316</b>
Less: Contracts completed	1,493,442,727	9,714,618,977
	<b>35,327,981,776</b>	<b>25,784,262,339</b>
<b>Schedule - 6</b>		
<b>Inventories</b>		
(As taken, valued and certified by the management)		
Stock of construction material at cost	18,282,798	10,127,862
(includes material held by associates amounting to ₹ 17,390,222 (previous year ₹ 9,235,286))		
	<b>18,282,798</b>	<b>10,127,862</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 7</b>		
<b>Sundry debtors</b>		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	717,602,595	619,566,611
Considered doubtful	22,538,855	22,538,855
Others (considered good)	595,382,533	706,753,815
	<b>1,335,523,983</b>	<b>1,348,859,281</b>
Less: Provision for doubtful debts	22,538,855	22,538,855
	<b>1,312,985,128</b>	<b>1,326,320,426</b>
<b>Schedule - 8</b>		
<b>Cash and bank balances</b>		
Cash in hand	86,047	157,875
Cheques in hand	-	112,698,597
Postage imprest	673	3,468
Balance with schedule banks in:		
current accounts	162,641,067	358,834,293
deposits accounts	2,660,461,540	1,558,014,190
deposits accounts (pledged)	203,402,629	268,295,014
	<b>3,026,591,956</b>	<b>2,298,003,437</b>
<b>Schedule - 9</b>		
<b>Other current assets</b>		
Interest accrued but not due on deposits	25,665,862	21,314,850
	<b>25,665,862</b>	<b>21,314,850</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)			
		2010-2011		2009-2010
<b>Schedule - 10</b>				
<b>Loans and advances</b>				
(Unsecured, considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Loans to employees (includes loans to officers ₹1,976,624, (previous year ₹1,794,284) and maximum balance during the year ₹2,353,076 (previous year ₹2,650,526))		11,011,603		11,895,047
Advances for works				
Secured against material at site		157,156,351		114,516,389
Secured against bank guarantees		834,911,092		988,732,897
Others (includes ₹58,146,671 (previous year ₹58,383,655) considered doubtful)	58,371,599		58,608,582	
Less: Provision for doubtful advances	58,146,671	224,928	58,383,655	224,927
Recoverable from employees		1,007,797		1,147,654
Recoverable from others (includes ₹ 29,944,350 (previous year ₹ 29,944,350) considered doubtful)	13,057,829,872		9,435,174,868	
Less: Provision for doubtful advances	29,944,350	13,027,885,522	29,944,350	9,405,230,518
Tax deducted at source		260,556,215		219,630,353
Minimum alternate tax credit entitlement		56,758,614		85,453,506
Security deposit and retention money				
Works (includes ₹39,395,706 (previous year ₹39,395,706) considered doubtful)	1,561,644,728		1,469,995,622	

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

		2010-2011		2009-2010
				(Amount in ₹)
Less: Provision for doubtful advances	39,395,706	1,522,249,022	39,395,706	1,430,599,916
Others	5,960,767		30,329,517	
Less: Provision for doubtful advances (includes ₹ 156,258, previous year ₹ 156,258 considered doubtful)	156,258	5,804,509	156,258	30,173,259
		<b>15,877,565,653</b>		<b>12,287,604,466</b>
<b>Schedule - 11</b>				
<b>Current liabilities</b>				
Sundry creditors				
Dues to micro, small and medium enterprises		2,082,926		8,157,326
Dues to others		13,520,605,764		10,451,466,993
Advance from clients		2,880,621,081		2,108,409,162
Security deposit, earnest money and retention money payable		1,619,802,138		1,403,740,760
Amount billed to client		35,624,314,368		25,962,708,418
Interest payable to micro, small and medium enterprises		136,414		-
		<b>53,647,562,691</b>		<b>39,934,482,659</b>
<b>Schedule - 12</b>				
<b>Provisions</b>				
Employee benefits		261,398,605		223,145,524
Corporate social responsibility		836,630		-
Proposed dividend		70,845,376		70,845,376
Corporate dividend tax		11,492,890		11,766,530
Fringe benefit tax		7,131,477		11,013,987
Income tax		120,019,958		75,068,746
		<b>471,724,936</b>		<b>391,840,163</b>



## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 13</b>		
<b>Other income</b>		
Miscellaneous income	44,335,425	24,266,514
Profit on sales of fixed assets	389,576	23,963
Consultancy fee	1,363,716	4,654,514
Rent	-	6,647,347
	<b>46,088,717</b>	<b>35,592,338</b>
<b>Schedule - 14</b>		
<b>Interest income</b>		
On deposits (including TDS of ₹ 271,421, (previous year ₹ 99,627))	103,543,512	123,315,270
Loan from employees	784,828	1,035,322
Others - subcontractors/clients	41,025,593	39,215,731
Interest on income tax refund	-	14,700,137
	<b>145,353,933</b>	<b>178,266,460</b>
<b>Schedule - 15</b>		
<b>Direct expenditure</b>		
Civil, mechanical and electrical jobs including imported equipment	10,282,931,356	9,925,423,288
Design and consultancy charges	22,387,372	21,647,189
Other direct expenses	92,895,980	41,600,226
Repair and maintenance of plant and machinery	392,069	536,630
Salary and allowances - project staff	94,743,815	85,886,886
Contribution to provident and other funds - project staff	9,962,674	12,896,198
Liquidated damages	9,093,494	-
Royalty	293,434	720,542
	<b>10,512,700,194</b>	<b>10,088,710,959</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 16</b>		
<b>Administrative expenditure</b>		
<b>(a) Salary, allowances and benefits to staff :</b>		
Salary and allowances	200,053,593	198,507,158
Contribution to provident and other funds	24,562,814	14,972,298
Bonus	-	33,250
Medical	30,681,419	34,552,677
Welfare	16,602,162	17,642,394
Gratuity	40,312,381	8,613,147
Training	515,635	910,592
Compensated absences	33,328,941	37,082,910
Provident fund trust loss	12,451,206	1,482,552
Interest subsidy employees	-	57,203
	<b>358,508,151</b>	<b>313,854,181</b>
<b>(b) Administration</b>		
Travelling and conveyance (includes site living hardship expenses ₹8,115,761, (previous year ₹8,512,636) and travelling expenses of directors ₹1,329,666, (previous year ₹1,311,925)	44,766,542	44,412,169
Rent	4,394,822	4,558,511
Printing and stationery	4,520,124	4,173,043
Postage, telephone and telegram	6,667,222	8,219,821
Bank charges and guarantee commission	11,621,383	12,033,712
Publicity and advertisement	3,530,241	2,917,001
Sales promotion	1,397,610	1,008,765
Entertainment (includes for Directors, Chairman and Managing Director ₹ 233,152, previous year ₹ 274,694)	1,574,992	1,637,930
Repairs and maintenance		
Building	1,423,607	1,034,558
Office	29,234,551	21,885,033
Vehicles	1,302,101	735,748
Other fixed assets	458,683	274,949

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

Rates and taxes	2,292,521	1,988,750
Petrol, oil and lubricants	2,019,458	1,934,771
Insurance	918,279	891,217
Water, power and electricity charges	8,516,407	7,944,207
Legal and professional charges	16,645,222	14,361,508
Payment to auditors		
Audit fees	500,000	500,000
Tax audit fees	150,000	150,000
Service tax	66,950	66,950
Travelling and other expenses	400,000	400,000
Guest house expenses (net)	376,759	134,807
Tendering expenses	3,191,033	3,469,051
Gifts and donations	3,997	22,330
Sponsorship fee	162,875	-
Expense on corporate social responsibility	2,000,000	-
Miscellaneous expenses	7,748,658	6,579,848
	<b>155,884,037</b>	<b>141,334,679</b>
<b>(c) Other expenses</b>		
Loss on sale of fixed assets	255,514	181,184
	<b>255,514</b>	<b>181,184</b>
	<b>514,647,702</b>	<b>455,370,044</b>
<b>Schedule - 17</b>		
<b>Finance cost</b>		
Interest on book overdraft	194,559	453,780
Interest - subcontractors/clients	18,280,475	23,827,712
Interest on micro, small and medium enterprises dues	136,414	
	<b>18,611,448</b>	<b>24,281,492</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>Schedule - 18</b>		
<b>Prior period adjustment (net)</b>		
<b>I. Expenditure</b>		
<b>A. Project expenditure</b>		
Civil, mechanical and electrical jobs	1,191,549	6,087,003
Repair and maintenance of plant and equipments	-	13,936
Design and consultancy	-	88,168
Other direct expenses	-	84,560
Claim paid	-	21,050
	<b>1,191,549</b>	<b>6,294,717</b>
<b>B. Administrative expenditure</b>		
Salaries and allowances	11,324	9,865
Medical	136,249	50,466
Staff welfare	124,210	42,301
Travelling and conveyance	180,904	332,804
Rent	17,500	54,780
Printing and stationery	2,929	1,542
Postage, telephone and telegram	105,648	42,453
Repairs and maintenance		
Office	176,408	33,005
Other fixed assets	17,397	-
Computer expenses	-	14,000
Water, power and electricity	25,334	6,441
Petrol, oil and lubricants	10,865	-
Legal and professional charges	58,200	218,411
Membership and subscription	9,500	-
Depreciation	21,982	-
Entertainment	36,171	6,925
Rates and taxes	6,285	-
Fringe benefit tax	53,611	-
Miscellaneous	47,566	5,618
	<b>1,042,083</b>	<b>818,611</b>
<b>C. Interest - others</b>	-	<b>7,894,915</b>
<b>Total (A+B+C)</b>	<b>2,233,632</b>	<b>15,008,243</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

	(Amount in ₹)	
	2010-2011	2009-2010
<b>II. INCOME</b>		
Recoveries of bank guarantee charges	1,153,186	-
Interest on advances to customers	-	7,955,767
Refund of TDS	-	220,000
Miscellaneous	583,987	431,803
	<b>1,737,173</b>	<b>8,607,570</b>
<b>Net expenditure (II-I)</b>	<b>(496,459)</b>	<b>(6,400,673)</b>
<b>Schedule - 19</b>		
<b>Earnings per share</b>		
Profit after tax and prior period items	150,506,748	400,134,641
Profit attributable to equity shareholders	<b>150,506,748</b>	<b>400,134,641</b>
Weighted average number of equity shares outstanding	35,422,688	35,422,688
Face value per share (₹)	10.00	10.00
Earnings per share - basic and diluted (₹)	4.25	11.30

**Note:**

During the year, the Company sub-divided each equity share of ₹ 38.95 into 3.895 equity shares of ₹10.00 each. Accordingly, the earnings per share of the previous year has been restated.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

### 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. In respect of cases where ultimate collection with reasonable certainty is lacking at the time of claim, recognition is postponed till collection is made.
- 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 the contract costs exceed the contract revenues, anticipated loss is recognised immediately.

**Schedule – 20 (Cont'd)**

- b) Escalation and extra works not provided for in the contract with client and insurance claims are accounted for on receipt 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.
- 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 Rs. 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 under perpetual lease is not being amortised and are carried at cost.



## Schedule – 20 (Cont'd)

- e) 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



## Schedule – 20 (Cont'd)

the balance sheet date is estimated on the basis of actuarial valuation performed by an 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.

### 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.

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



## Schedule – 20 (Cont'd)

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 ₹ 4,68,44,733 (previous year ₹ 46,844,733) against which an amount of ₹ 8,027,655 (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 ₹ 4,868,658,545 (previous year ₹ 4,687,155,524).
  - c) Indemnity bonds issued to clients ₹ 360,256,189 (previous year ₹ 276,156,189).
  - d) Corporate guarantees issued to clients ₹ 96,700,000 (previous year ₹ 10,000,000)
  - e) Claims against the Company not acknowledged as debts ₹ 6,297,795,970 (previous year ₹ 6,120,462,891).
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) The Company has sent out letters requesting confirmation of debit and credit balances to various clients, associates and suppliers. In the absence of adequate response, these balances are subject to reconciliation and confirmation.  
(b) Free materials issued by client and supplied to associates are subject to reconciliation and confirmation.

## Schedule – 20 (Cont'd)

### 4. Particulars in foreign currency:

#### a. Expenditure in foreign currency:

(Amount in ₹)

Particulars	2010-11	2009-10
Foreign travel	618,186	424,972
Advertisement and publicity	19,211	-

#### b. Income in foreign currency:

(Amount in ₹)

Particulars	2010-11	2009-10
Design and consultancy	-	1,703,133

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 confident 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 ₹ 141,615,685 (previous year ₹ 147,201,303) and equitable mortgage of office building amounting to ₹ 37,441,925 (previous year ₹ 37,441,925) at Scope Complex, New Delhi.
- (c) Company has availed fund based credit limits of ₹ 100,000,000 from bank against pledge of fixed deposits amounting to ₹ 40,000,000 (previous year ₹ 100,000,000).
- (d) Company has pledged fixed deposits amounting to ₹ 21,786,944 (previous year ₹ 21,093,711) 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. Disclosure pursuant to requirements of Accounting Standard 7 "Construction Contracts" of Companies (Accounting Standards) Rules 2006,

(Amount in ₹)

S. No.	Particulars	2010-11	2009-10
1	Contract revenue during the year	11,035,508,344	10,615,327,987
2	Contract costs incurred and profit recognised upto the reporting date	35,321,171,787	25,784,262,339

**Schedule – 20 (Cont'd)**

3	Advances received	2,880,621,081	2,108,409,162
4	Gross amount due from customers for contract work-presented as an asset	507,837,093	68,724,640
5	Gross amount due to customers for contract work – presented as a liability	804,169,685	247,170,719
6	Retention money payable	1,566,691,520	1,345,732,621

**9. Employee benefits:**

The company has classified various employee benefits as under:

- a) Contribution to Provident Fund ₹ 34,525,488 (previous year ₹ 27,368,496) has been charged to Profit and Loss Account. Contribution amounting to ₹ 4,368,647 (previous year ₹ 10,620,238) 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 ₹ 12,451,206 (previous year ₹ 1,481,638) 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 (2010-11)**

(Amount in ₹)

Particulars	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 2010	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959
Current service cost	7,014,930	7,170,243	156,222	1,358,183	2,276,487
Interest cost	13,200,338	11,864,098	398,794	5,587,993	384,367
Past service cost	81,096,978	-	-	-	-
Settlement cost/ (credit) benefits paid	(44,867,861)	(32,336,007)	(592,860)	(4,710,292)	(1,454,984)
Actuarial (gain)/loss on obligations	(48,528,489)	14,294,600	889,709	2,555,752	(1,288,458)
Defined benefit obligation as at 31 March 2011	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371

**Schedule – 20 (Cont'd)**

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

(Amount in ₹)

Particulars	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
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

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

(Amount in ₹)

Particulars	2010-11	2009-10
	(Funded)	(Funded)
Fair value of plan assets as at 1 April 2010	146,684,947	116,513,043
Expected actual return on plan assets	11,734,796	12,084,373
Actuarial gains / (losses)	736,553	-
Contributions	8,613,147	40,459,885
Benefits paid	(44,867,861)	22,372,354
Fair value of plan assets as at 31 March 2011	122,901,582	146,684,947

**(C) Amount recognized in the Balance Sheet (2010-11)**

(Amount in ₹)

Particulars	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 31 March 2011	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371
Fair value of plan assets as at 31 March 2011	122,901,582	-	-	-	-

**Schedule – 20 (Cont'd)**

Amount not recognized as an asset (limit in Para 59 (b))	-	-	-	-	-
Liability/(asset) recognized in balance sheet	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371
Included in current liabilities and provisions	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371

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

Particulars	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 31 <sup>st</sup> 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 <sup>st</sup> 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 current liabilities and provisions	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959

**(D) Expenses recognized in the Profit and Loss Account (2010-11)**
**(Amount in ₹)**

Particulars	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	7,014,903	7,170,243	156,222	1,358,183	2,276,487
Past service cost	81,096,978	-	-	-	-
Interest cost	13,200,338	11,864,098	398,794	5,587,993	384,367

**Schedule – 20 (Cont'd)**

Expected return on plan assets	(11,734,796)	-	-	-	-
Curtailment/ settlement cost/ (credit)	-	-	-	-	-
Net actuarial (gain)/ loss recognized in the period	(49,265,042)	14,294,600	889,709	2,555,752	(1,288,458)
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	40,312,381	33,328,941	1,444,725	9,501,928	1,372,396

\*Included in contribution to provident and other funds (Schedule 16)

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

(Amount in ₹)

Particulars	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	-	-	-	-	-

## Schedule – 20 (Cont'd)

Total expenses recognized in the Profit and Loss Account	8,613,147	37,082,910	561,965	15,094,642	1,926,302
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**For determination of the employee benefits liability of the Company, the following actuarial assumptions were used (2010-11)**

	Gratuity	Long terms compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
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 (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%

## 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 their were transactions during the year :
  - Shri S. P. S. Bakshi, Chairman-cum- Managing Director
  - Shri A K Ratwani, Director (Projects)
  - Shri A.K. Verma , Director (Finance) (w.e.f. 1 February 2011)
  - Shri G.D. Moorjani, Director (Finance) (till 31 August 2010)
  - Shri Anjan Kumar Mitra, Director (till 10 May 2010)
  - Shri K. S. Rao, Director (w.e.f. 16 December 2010)
- ii) The following transaction were carried out with related parties in ordinary course of business

(Amount in ₹)

	2010-11	2009-10
Salary	5,052,253	5,179,895
House rent	1,080,076	1,003,569
Medical expenses	205,300	240,750



## Schedule – 20 (Cont'd)

Contribution to provident fund	493,141	570,146
Sitting fees	22,000	58,000


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 compensated absences are also payable as per the Rules of the company.

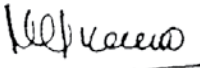
## 12. Quantitative details for the stock of construction material as on 31 March, 2011 are given below:

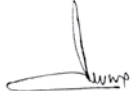
	31 March, 2011		31 March, 2010	
	Quantity	Value (₹)	Quantity	Value (₹)
Steel pipe	352.85 RM	892,576	352.85 RM	892,576
Steel	530.902 MT	17,390,222	286.74 MT	9,235,287


13. Lease rental expenses under the cancellable operating leases amounting to ₹ 4,394,822 (previous year ₹ 4,558,511) for the year has 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 except disclosed in Schedule 11 of the financial statements.
15. 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.
16. Management has made an assessment and found that there is no impairment in the value of fixed assets.
17. 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)

  
(N.K. Sharma)

  
(A.K. Verma)

  
(S.P.S. Bakshi)

**Company Secretary    General Manager (Finance)    Director (Finance)    Chairman-cum-Managing Director**

Place : New Delhi

Date : 06<sup>th</sup> September, 2011


## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

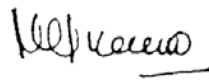
	(Amount in ₹)	
	2010-11	2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax and prior period items</b>	226,273,255	280,655,916
<b>Adjustments for:</b>		
Prior period adjustment (net)	(496,459)	(6,400,673)
Depreciation	5,525,606	5,528,202
Interest income	(103,543,512)	(123,315,270)
Interest expense	194,559	453,780
(Profit)/ loss on sale of fixed assets (net)	(134,062)	157,221
Provision for doubtful advances	-	3,849,337
Excess provision/ liabilities written back	(27,469,998)	(29,176,293)
<b>Operating profit before working capital changes</b>	<b>100,349,389</b>	<b>131,752,220</b>
<b>Adjustments for :</b>		
Increase in inventories and work-in-progress	(9,551,874,373)	(909,944,296)
Decrease/ (Increase) in trade/other receivable and loans and advances	6,097,448,016	(843,859,001)
Increase in trade/other payables and provision	4,117,796,806	2,369,686,321
<b>Cash generated from operations</b>	<b>763,719,838</b>	<b>747,635,244</b>
Direct taxes paid	(44,808,372)	(90,884,515)
<b>Net cash generated from operating activities</b>	<b>718,911,466</b>	<b>656,750,729</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(7,294,394)	(10,050,473)
Proceeds from sale of fixed assets	585,412	109,980
Movement in restricted cash	64,892,385	(107,169,299)
Interest received	99,192,500	158,268,341
<b>Net cash generated from investing activities</b>	<b>157,375,903</b>	<b>41,158,549</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(194,559)	(453,780)
Dividend paid	(70,845,376)	(35,422,688)
Taxes on dividend	(11,766,530)	(6,020,085)


## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011


	(Amount in ₹)	
	2010-11	2009-10
<b>Net cash used in financing activities</b>	<b>(82,806,465)</b>	<b>(41,896,553)</b>
Net increase in cash and cash equivalent	793,480,904	656,012,725
Cash and cash equivalents in the beginning of the year	2,029,708,423	1,373,695,698
<b>Cash and cash equivalents at the close of the year</b>	<b>2,823,189,327</b>	<b>2,029,708,423</b>
<b>Note:</b>		
<b>CASH AND CASH EQUIVALENT INCLUDE:</b>		
Cash and cheques in hand and remittances in transit	86,720	112,859,940
Balances with bank - current accounts	162,641,067	358,834,293
Balances with bank - deposit account	2,660,461,540	1,558,014,190
<b>Cash and cash equivalents</b>	<b>2,823,189,327</b>	<b>2,029,708,423</b>
Balances in deposit accounts (pledged)	203,402,629	268,295,014
<b>Cash and bank balances as per Balance Sheet</b>	<b>3,026,591,956</b>	<b>2,298,003,437</b>

For and on behalf of board of directors

  
(Kumudani Sharma)


  
(N.K. Sharma)

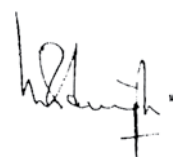
  
(A.K. Verma)

  
(S.P.S. Bakshi)

**Company Secretary    General Manager (Finance)    Director (Finance)    Chairman-cum-Managing Director**

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

  
For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No. 001076N



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

Place : New Delhi  
Date : 06<sup>th</sup> September, 2011



## ENGINEERING PROJECTS (INDIA) LTD. ADDITIONAL INFORMATION STATEMENT PURSUANT TO SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956

I.	Registratkon Details	U27109DL1970GOI 117585	State Code	55
	Registtation No.			
	Balance Sheet	31.03.2011		
II.	Capital Raised during the year (Amount in ₹ Thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III.	Potition of Mobilisation and Development of Funds (Amount in ₹ Thousands)			
		Total Liabilities	Total Assets	
	Source of Funds	55724258	55724258	
		Paid up Capital	Reserve & Surplus	
		354227	1250743	
		Secured Loans	Unsecured Loans	
		Nil	Nil	
	Application of Funds	Net Fixed Assets	Investments	
		49983	Nil	
		Deferred Tax Assets (Net)		
		85202		
		Net Current Assets	Misc. Expenditure	
		1469786	Nil	
		Accumulated Losses		
		Nil		
IV.	Performance of Company (Amount in ₹ Thousands)			
		Turover	Total Expenditure	
		11287616	11061839	
		Profit Before Tax	Profit After Tax	
		225777	150507	
		Earning per share in ₹	Divident rate%	
		4.25	20%	
V.	Generic Names of Three principal product/services of Company (as per monetary terms)			
	Item Code No. (ITC Code)		Nil	
	Product Description	Contruccion and Projects related activities		
	Item Code No. (ITC Code)		Nil	
	Product Description		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 31.03.2011**

The preparation of financial statements of Engineering Projects (India) Limited for the year ended 31st March 2011 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 Section 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 06 September 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Engineering Projects (India) Limited for the year ended 31st March 2011. 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 my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the  
Comptroller and Auditor General of India**



**(Ila Singh)**

**Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-I,  
New Delhi**

**Place : New Delhi**

**Dated : 30 September 2011**



# Engineering the Future



EPI - a multi disciplinary ..... Turnkey Construction Company having over 41 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.

Core-3, Scope Complex, 7, Lodhi Road, New Delhi - 110 003 Te;. : +91-11-24361666, 24363591

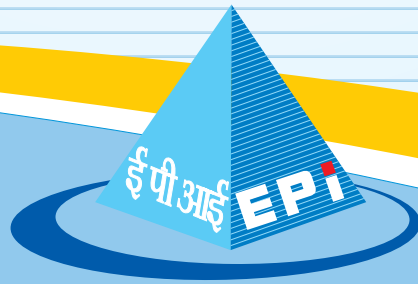
Fax : +91-11-24363426, E-mail : epico@epi.gov.in

Website : <http://www.epi.gov.in>





Shri Praful Manoharbai Patel, Hon'ble Minister for Heavy Industries and Public Enterprises, receiving cheque towards final dividend for the year 2010-11



इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.  
ENGINEERING PROJECTS (INDIA) LTD.

Core-3, Scope Complex, 7 Lodhi Road New Delhi - 110 003 Tel.: +91-11-24361666,  
Fax: +91-11-24363426, Email: [epico@epi.gov.in](mailto:epico@epi.gov.in)  
Website : <http://epi.gov.in>