

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

AUDITORS' REPORT TO THE MEMBERS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

We have audited the attached Balance Sheet of NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date, and also the Cash Flow statement for the year ended on that date, in which the accounts of Units, Branches and other offices audited by Branch Auditors in accordance with the letter of appointment of the Comptroller & Auditor General of India are incorporated. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The reports on the accounts of 84 Units / Branches / offices of the Company that have been audited by three Branch Auditors were forwarded to us and we have incorporated the same in preparing this report

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order 2003 and the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations which to best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper Books of Accounts as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report subject to our observations in Para (e) below, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e. In our opinion and to the best of our information and according to the explanations given to us, and subject to: -

1) *Accounting policy no 4, 6, and 17 regarding recognition of Revenue and Provision for warranty are in contravention of "Construction Contracts" AS-7, as notified by the Companies (Accounting Standard) Rules, 2006.*

2) *In case of delayed projects where clients have not yet granted final extension of time, the liability on account of liquidated damages for such delay has not been provided as it is not ascertainable at this stage.*

3) *Debtors*

As informed to us the company does not have a documented policy for determining the outstanding as doubtful and creating provision for the same. Further to this an age wise and bill wise analysis of outstanding is not available. In the absence of above, we are unable to comment on the extent of realization of outstanding. However, out of total provision of Rs 84.17 crores an adhoc provision of Rs 16.09 crores exist against Debtors as on 31-03-2009 and in the opinion of management it is sufficient to cover for bad and doubtful debts.

4) *Loans and Advances.*

The company does not have a documented policy for determining the outstanding as doubtful and making the provision for the same. An adhoc provision of Rs.23.03 crores exists against loans and advances as on 31-03-2009. Hence, we cannot comment on the adequacy of the existing provision.

5) *Advances and Provisional payment of Tax Rs 12117492/- appearing in Schedule F is subject to reconciliation.*

6) *The Corporation has done booking of revenue on contracts on the basis of self certified bills in cases where measurement / certification remain pending from the client side. In the absence of sufficient information on the acceptance of the bills as yet by the clients, we can not comment on the certainty of claims / sale bills raised on its clients.*

7) *The Corporation has booked 'Value of Work Done' with gross amount in case where it is collecting payment on behalf of sub contractors / third parties, instead of with net of amount payable / earmarked for sub contractor.*

8) *Note no. 2(a), 4,5 and 10 of Notes on Accounts given in Schedule-Q annexed hereto.*

The impact of above qualifications is not quantifiable.

The said accounts read with other Significant Accounting Policies and other Notes, give the information required by the Companies Act,1956, in the manner so required, and gives true and fair view, in conformity with the accounting principles generally accepted in India;

- i) In the case of the Balance Sheet, of the state of Company's affairs as at 31st March, 2009 and,
- ii) In the case of Profit and Loss Account, of the loss for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For O.P. Tulsyan & Co.
Chartered Accountants

(Rakesh Agarwal)
Partner
M. No. 81808

Place: New Delhi
Date: ,2009

ANNEXURE-I REFERRED TO IN PARA 2 OF OUR AUDIT REPORT OF EVEN DATE

- i) a) Subject to the remarks given below, the Corporation has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets *except for Temporary Construction*.
- b) According to the information and explanation given to us, the Fixed Assets were Physically verified by the Management during the year in a phased manner *except those under custody of clients and inter unit transfers in transit amounting to Rs.26.85 lakhs (previous year Rs. 30.89 lakhs)*. Although there exists a system for physical verification, *yet in most of the units, the reports were not made available to us to confirm whether or not physical verifications were actually conducted*.

Location of Tools and Plant & Machinery items has not been provided in Tools and Plant Register in most of the units. Also, identification and marking has not been affixed in respect of most of the T&P items including Office Furniture.

- c) In our opinion, fixed assets disposed off during the year do not effect the going concern assumption.
- ii) a) As informed to us, physical verification of inventory has been conducted by the Management at the end of the year *excluding materials in transit and inventory lying with third parties at some of the site locations or under custody of clients*.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are generally reasonable and adequate in relation to the size of the Corporation and nature of its business.
- c) The Corporation has generally maintained proper records of inventory. As explained to us, discrepancies noticed between physical verification as compared to the Book records have been charged/credited to Contract Account.
- iii) a) According to the information and explanations given to us, the Corporation has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register required to be maintained under Section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the Corporation has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register required to be maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable

alternative sources do not exist for obtaining comparable quotations thereof, we are informed that there exists an adequate internal control system commensurate with the size of the Corporation and nature of its business for the purchase of inventory and fixed Assets in the corporation. During the course of our audit, we have not observed any failure to correct major weaknesses in internal control system.

- v) According to the information and explanations given to us, there are no transactions that need to be entered into a Register required to be maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of any party during the year.
- vi) As per the information given to us, the Corporation has not accepted any Deposits from the Public in terms of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) *As informed, the Corporation has an internal audit system. However, in our opinion, considering the size and nature of the Corporation's business, the system needs to be strengthened especially with regard to verification, identification and proper accounting of unusable scrap, reconciliation of balances of Project Authorities, Sub-contractors and other parties outstanding for many years in Sundry Debtors, Advances and other amounts, Mobilization Advance & Interest thereon, Fixed Deposits in Banks, Suspense and inter unit accounts and Sundry creditors & Other Liabilities. The Scope of the System should be enlarged to cover all activities and larger number of units*
- viii) We have been informed that the Central Government has not prescribed the Maintenance of Cost records under the Provisions of Section 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Corporation is generally regular in depositing with appropriate authorities undisputed statutory dues including, provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

However, there are past years arrears of Provident Fund dues as on 31st March 2009 amounting to Rs 3489.36 Lakhs (Previous year Rs 4250.57 Lakhs)

We have been informed that Provisions of the Employees State Insurance Act, 1948 are not applicable to the Corporation.

According to the information and explanations given to us, undisputed statutory dues payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess which were in arrears, as at 31st March, 2009 are given in Annexure – II to our report.

- b) According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are given in Annexure – III to our report.
- x) As at 31st March, 2009, the accumulated losses of the Corporation are more than Fifty percent of its net worth. The Corporation has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. Accumulated losses have fully eroded the paid up capital.
- xi) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues of a financial institution, banks or debenture holders.
- xii) The Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Corporation is not a chit fund or a nidhi / mutual benefit fund/society.
- xiv) The Corporation is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Corporation has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) In our opinion and according to the information and explanations given to us by the management, term loans are applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Corporation has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Corporation has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- xx) The Corporation has not raised money by public issue during the year.

xxi) According to the information and explanations given to us, no fraud on or by the Corporation has been noticed or reported during the course of our audit.

For O.P.Tulsyan & Co.
Chartered Accountants

(Rakesh Agarwal)
Partner
M. No. 81808

Place: New Delhi
Date: _____, 2009





CASH FLOW STATEMENT

	(Rs. in lac)	
	FY 2008-09	FY 2007-08
<u>Cash flow from Operating Activities</u>		
Cash receipts from customers	58,603.87	62,259.87
Cash paid to suppliers and employees	(62,005.99)	(53,743.87)
Cash generated from operations	(3,402.12)	8,516.00
<u>Cash flow from Investing activities</u>		
Sale proceeds of Fixed Assets	144.89	236.95
Purchase of Fixed Assets	(57.12)	(61.64)
Interest on Bank deposits and others	875.86	770.84
	963.63	341.73
<u>Cash flow from financing activities</u>		
Proceeds from Borrowings	2.21	(190.25)
repayment of short term loans	1,983.20	(1,666.06)
Interest paid	(140.88)	(213.43)
	1,844.53	(2,069.74)
Increase/(Decrease) in cash	(593.96)	7,392.42
Cash in hand at the begning of the year	16,491.57	9,099.15
Cash in hand at the end of the year	15,897.61	16,491.57

Note: 1.Cash and cash equivalents consist of cash in hand and balances with banks.

2.Figures in brackets represent outflow of cash.

3.Figures of the previous year have been regrouped wherever necessary.

(RAJNI AGARWAL) (RAVINDRA GARG)
COMPANY SECRETARY DIRECTOR (F)

(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR

As per our report of even date
 FOR O.P. TULSYAN & COMPANY
 Chartered Accountants

New Delhi:
 Dated

PARTNER
 M.No. 81808

19. Segmental results of the Corporation as required by Accounting Standard - 17

PRODUCT WISE

(Rs. In lac)

	Infrastructure	Power	Communication	Other	Total
Value of workdone	13756.04	4399.03	3191.88	61209.43	82556.38
Value of workdone for Corp.	0.29	3.51	0.00	0.00	3.80
Depreciation - Contract a/c	2.24	16.75	5.92	6.93	31.84
Works expenses	13056.56	4129.82	3110.86	57341.08	77638.32
Gross profit/loss (-)	697.53	255.97	75.10	3861.42	4890.02
Depreciation-P&L a/c	5.22	2.18	0.76	23.34	31.50
Administrative expenses	664.13	400.55	510.21	8274.68	9849.57
Other income	308.40	115.62	183.85	936.61	1544.48
Net profit/loss (-)	336.58	-31.14	-252.02	-3499.99	-3446.57

ZONE WISE

	Southern	North Central	Bhubneshwar	Eastern	North Eastern	North	Central	Total
Value of workdone	2561.84	5507.22	1000.75	751.25	38247.29	1136.55	33351.48	82556.38
Value of workdone for Corp.	0.00	0.00	0.00	0.00	2.02	1.78	0.00	3.80
Depreciation - Contract a/c	1.62	4.33	0.10	6.61	1.28	15.87	2.03	31.84
Works expenses	2362.70	5247.96	1015.08	790.56	35910.57	1050.71	31260.74	77638.32
Gross profit/loss (-)	197.52	254.93	-14.43	-45.92	2337.46	71.75	2088.71	4890.02
Depreciation-P&L a/c	0.64	2.38	0.71	1.17	14.44	2.07	10.09	31.50
Administrative expenses	342.98	1197.71	310.64	475.87	3827.09	274.26	3421.02	9849.57
Other income	16.69	342.12	36.66	99.70	703.26	73.85	272.20	1544.48
Net profit/loss (-)	-129.41	-603.04	-289.12	-423.26	-800.81	-130.73	-1070.20	-3446.57

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. ACCOUNTING FOR INCOME AND EXPENDITURE

Income and Expenditure in general are accounted for in the current year's Financial Statements. Adjustments arising out of change in accounting estimates or those arising of a contingency relating to prior periods are accounted for as a part of the current year's financials.

3. CLASSIFICATION OF EXPENDITURE

All expenditure is accounted for under their natural heads, and wherever necessary, allocation of expenditure on functional basis is presented by way of a note.

4. METHOD OF RECKONING OF PROFIT

Profit from construction/erection contracts spread over number of accounting-years is computed every year based on value of work done and expenditure incurred/accrued during the year.

5. BORROWING COST

1. Borrowing cost on working capital requirement is charged off to revenue in the period in which they are incurred.
2. Borrowing cost, which is directly attributable to the acquisition, construction of Fixed Assets is capitalised as part of the assets.

6. TURNOVER

Value of work done is taken as certified by the Chief Executive of the Corporation and includes: -

- i) The work done measured and certified by the contractees.
- ii) The work done considered realizable and recoverable remaining to be measured upto 31st March by the contractees.

- iii) The work done in earlier years but not accounted for in such years as realization of the same was considered doubtful and settlement for which is reached.
- iv) Quantum of escalation based on the formula mutually accepted with the contractees.
- v) Work done for works where agreements are not signed/executed and for which adjustments are carried out on the basis of rates as per tenders submitted/draft agreements/letters of intent.
- vi) Claims for extra/substituted items and other claims considered realizable by the corporation pending determination of exact amount for settlement of rates etc.

Value of work done, however, excludes:

Work done in earlier years and taken credit of in such years but is considered doubtful of recovery during the current year.

7. DEPRECIATION

Depreciation on Fixed Assets is charged on Straight Line Method based on the rates specified in Schedule XIV of the amended Companies Act 1956.

Library Books, the unit cost of which is less than Rs.500/- are charged off. Other books are depreciated @ 5.15% p.a.

Temporary Construction and Assets specifically required to be constructed/erected at Contract Sites for enabling the Corporation to execute the Contract are depreciated, after reducing estimated salvage value, on straight line basis during the life of the Project as per latest anticipated programme of completion intimated to the Project Authorities.

8. GRATUITY AND LEAVE SALARY

- i) The liability towards contribution to Gratuity Fund in respect of Regular Staff and Workers is based on actuarial valuation as at the year-end.
- ii) Liability for Leave Salary is accounted for on actuarial basis.

9. FOREIGN EXCHANGE TRANSACTIONS

1. The rates of conversion for items of income and expenditure are taken at average rate for 12 months of relevant year.
2. Assets and liabilities are translated at closing rates as on 31st March of the relevant year.

10. INVENTORIES

Stock of material, stores and spares including construction materials are valued at cost (using First in First out method). This is subject to additions of 3% stock storage charges in case of material issued through stores and upto 1% adjustment owing to discrepancy of inventory.

11. EXPENDITURE ON PAYMENTS TO SUB-CONTRACTORS

Pending receipt of bills from Sub-contractors or finalization of rates, provision is made to the extent and proportionate to the work done if it is included in value of work done.

12. DEFERRED REVENUE EXPENDITURE

Expenditure, if substantial, on items the benefit of which will be available for the period exceeding one financial year during the whole period of the contract is temporarily transferred till the work is completed to “Deferred Revenue Expenditure”. This expenditure is charged off in Accounts based on the life of the Project as per latest anticipated programme of completion intimated to Project Authorities.

13. PRIOR PERIOD EXPENSES/INCOME

Transaction related to earlier year(s) in respect of individual items of expenditure/income not exceeding Rs.5000/- in each case are not accounted for in the Prior period Expenditure/Income in the profit and loss account.

14. PREPAID EXPENSES

Expenditure upto Rs.5000/- in each case incurred in advance relating to the subsequent year(s) is accounted for on cash basis.

15. ACCOUNTING OF SCRAP

Revenue on sale of scrap, empties, salvaged or waste material is reckoned on realization.

16. INTEREST

Interest payable and receivable are accounted for on accrual basis except interest receivable on advance to staff, which is accounted for on receipt basis.

17. CONTRACTUAL OBLIGATION

Any expenditure on repairs and maintenance during the warranty period is charged to Profit & Loss Account of that financial year.

18. EXPORT INCENTIVE

CCS and EXIM Scrip benefits are reckoned on realization.

19. CLAIMS LODGED WITH OTHER PARTIES

Claims lodged with other parties are accounted for on realization.

20. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rupees)

PARTICULARS	SCHEDULE	AS AT 31-3-2009	AS AT 31-3-2008
SOURCES OF FUNDS			
1. Shareholders Funds :			
Share Capital	"A"	298420000	298420000
2. Loan Funds :			
a) Secured Loans	"B"	49098946	48878131
b) Unsecured Loans	"C"	7389957186	6715979464
		<u>7737476132</u>	<u>7063277595</u>
APPLICATION OF FUNDS			
1. Fixed Assets :	"D"		
a) Gross Block		511720372	547899288
b) Less: Depreciation		431582250	464446022
c) Net Block		<u>80138122</u>	<u>83453266</u>
2. Investments	"E"	15000	30000
3 Deffered Revenue Asset		57680238	
4 Current Assets, Loans & Advances :	"F"		
a) Current Assets		6859979921	4499259533
b) Loans & Advances		1316237941	1359508652
c) Inter-Unit Balance		1118214	499635
		<u>8177336076</u>	<u>5859267820</u>
Less: Current Liabilities & Provisions:	"G"		
a) Liabilities		8520712240	6543419608
b) Provisions		324751859	316847022
		<u>8845464099</u>	<u>6860266630</u>
Net Current Assets		-668128023	-1000998810
5 a) Miscellaneous Expenditure (to the extent not written off or adjusted)	"H"	0	0
b) Profit & Loss Account :		8267770795	7980793139
		<u>7737476132</u>	<u>7063277595</u>
Notes to Accounts	"Q"		

Schedules "A" to "Q" and Accounting Policies form an integral part of the Balance Sheet and Profit & Loss Account.

(RAJNI AGARWAL)
COMPANY SECRETARY

(RAVENDRA GARG)
DIRECTOR (F)

(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR

As per our report of even date
FOR O.P. TULSYAN & COMPANY
Chartered Accountants

New Delhi:
Date

PARTNER

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2009

(Amount in Rupees)

PARTICULARS	SCHEDULE	2008-2009	2007-2008
I N C O M E :			
Work Done for the year		8255638359	7115287615
Cost of Work Done for the Corporation		379967	561322
Other Income	"I"	154448996	178432937
	TOTAL :	8410467322	7294281874
E X P E N D I T U R E :			
Construction & Work Expenses	"J"	7768502489	6623853501
Personnel	"K"	296177055	256933121
Administration	"L"	35592195	37587231
Other Expenses	"M"	32719401	31129472
Provisions	"N"	181844786	177150935
	TOTAL :	8314835926	7126654260
Profit/Loss(-) Before Interest and Tax		95631396	167627614
Less: Interest	"O"	433395437	505919145
Less: Prior Period Adjustments (Net)	"P"	5350150	26441725
Profit/Loss(-) before tax		-343114191	-364733256
Provision for Tax			
i. Income Tax		0	0
ii. Fringe Benefit Tax		1543703	1499285
Profit/Loss(-) for the year after tax		-344657894	-366232541
Deferred Tax Revenue		57680238	0
Net Profit after Tax Revenue		-286977656	-366232541
Balance Profit/Loss (-) b/f from previous year		-7980793139	-7614560598
Carried forward to Balance Sheet		-8267770795	-7980793139
Notes to Accounts	"Q"		
Basic Earning per share		(-) 1154.94	(-) 1227.23
Diluted Earning per share		(-) 1154.94	(-) 1227.23

Schedules "A" to "Q" and Accounting Policies form an integral part of the Balance Sheet and Profit & Loss Account.

(RAJNI AGARWAL)
COMPANY SECRETARY

(RAVENDRA GARG)
DIRECTOR (F)

(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR

As per our report of even date
FOR O.P. TULSYAN & COMPANY
Chartered Accountants

New Delhi:

Date

PARTNER

SCHEDULES TO THE B A L A N C E S H E E T

SCHEDULE -- "A"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
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SHARE CAPITAL

Authorised :

7000000 Equity Shares of Rs. 1000/- each
(Previous Year 300000 Equity Shares of
Rs. 1000/- each)

7000000000

300000000

Issued, Subscribed & Paid up :

298420 Equity Shares of Rs. 1000/- each fully paid up
(Previous Year 298420 Equity Shares of
Rs. 1000/- each)

298420000

298420000

TOTAL:

298420000

298420000

SCHEDULE -- "B"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
SECURED LOANS		
a) From Project Authorities secured against Hypothecation of Machinery, Equipment & Vehicles	42078665	48878131
b) Union Bank of India, Silchar against FDRs	7000000	0
Add: Interest accrued and due	20281	0
	<u>7020281</u>	<u>0</u>
TOTAL :	<u>49098946</u>	<u>48878131</u>

SCHEDULE -- "C"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
UNSECURED LOANS		
A. Long Term Loans		
From Govt. of India	2352377000	2352377000
Add: Interest accrued and due	4393972034	3918314220
	<u>6746349034</u>	<u>6270691220</u>
B. Short Term Loans		
From Project Authorities for works	643608152	445288244
TOTAL :	<u>7389957186</u>	<u>6715979464</u>

Rs.6,74,63,49,034 includes Rs.6,46,89,55,081 convertible into Equity Capital as per Govt. of India decision

SCHEDULE -- "D"

FIXED ASSETS

(Amount in Rupees)

Sl. No.	Description	GROSS BLOCK (AT COST)			LESS: DEPRECIATION			NET BLOCK			
		As at 31-3-2008	Additions during the year	Dedn./Adjustments during the year	As at 31-3-2009	Up to 31-3-2008	During the year	Dedn./Adjustments during the year	Up to 31-3-2009	As at 31-3-2009	As at 31-3-2008
1	Free Hold Land	23372849	0	0	23372849	0	0	0	0	23372849	23372849
2	Lease Hold Land	4091830	0	0	4091830	608948	41332	0	650280	3441550	3482882
3	Buildings on Free Hold Land	3403319	0	0	3403319	1073805	55474	0	1129279	2274040	2329514
4	Buildings on Lease Hold Land	3013754	0	0	3013754	911423	37949	0	949372	2064382	2102331
5	Temporary Constructions	104778665	37080	2069785	102745960	104778665	37080	2069785	102745960	0	0
6	Machinery	277613768	144788	21361507	256397049	251684574	1383679	19850438	233217815	23179234	25929194
7	Vehicles	41870140	3611950	6874825	38607265	31715953	1861207	6531291	27045869	11561396	10154187
8	Works Equipment	58913143	171522	10705405	48379260	51359276	1003675	9876667	42486284	5892976	7553867
9	Office Furniture & Equipments	30403390	1710446	878790	31235046	21955081	1858583	844647	22969017	8266029	8448309
10	Library Books	438430	36212	602	474040	358297	30678	601	388374	85666	80133
Total :		547899288	5711998	41890914	511720372	464446022	6309657	39173429	431582250	80138122	83453266
Previous Year :		632736551	6164126	91001389	547899288	543330577	6562985	85447540	464446022	83453266	89405974

NOTE: Net Block includes inter-unit transfers in transit Rs.26.85 lacs (Previous Year Rs.30.89 lacs)

SCHEDULE -- "E"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
INVESTMENTS		
Investment (at cost)		
In Government Securities		
Long Term		
Non-traded/Unquoted :		
National Saving Certificates (Face Value Rs.15000) (Pledged as Security with Project Authorities)	15000	30000
TOTAL:	15000	30000

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
CURRENT ASSETS LOANS AND ADVANCES		
A) CURRENT ASSETS :		
1) Inventories (at cost):		
Stores and Spares (including construction material in hand, at sites and in transit) at cost (FIFO)	<u>38234909</u>	<u>52709643</u>
	38234909	52709643
2) Tools & Implements at 5% of cost (including in transit)	85786	100969
3) Sundry Debtors (Unsecured consi- dered good unless otherwise stated) :		
a) Debts outstanding for a period exceeding six months considered good :	541716097	928920008
Considered Doubtful	<u>841676862</u>	<u>804538913</u>
	1383392959	1733458921
Less: Provision for Doubtful Debts	<u>841676862</u>	<u>804538913</u>
	541716097	928920008
b) Other Debts Considered Good	<u>4744666275</u>	<u>2008906921</u>
	5286382372	2937826929
Less: Payable for material etc.	<u>586078267</u>	<u>638293359</u>
	4700304105	2299533570
c) Receivables from Project Authorities on account of services rendered etc.	<u>497154389</u>	<u>459641495</u>
	5197458494	2759175065
4) Cash and Bank Balance :		
a) i) Cash in hand	1562808	2028105
ii) Cheques in hand	<u>404998109</u>	<u>442775693</u>
	406560917	444803798
b) Balance with Scheduled Banks :		
i) In Current Accounts	776818189	225934493
ii) In Fixed Deposits/Saving Bank Accounts (Staff Security Contra)	2182479	1610412
iii) In Fixed Deposits with Banks	406179830	981636320
Less: Provision	<u>1985841</u>	<u>4834213</u>
	1183194657	1204347012

SCHEDULE -- "F" (Contd...)

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
c) Balance in Current Accounts with Non-Scheduled Banks :		
i) Rafidian Bank, Iraq	15850381	15850381
ii) Rasheed Bank, Iraq	22518777	22518777
iii) Nepal Bank Limited, Nepal	6009	6009
	<u>38375167</u>	<u>38375167</u>
Less: Provision	<u>38369158</u>	<u>38369158</u>
	6009	6009
	1589761583	1649156819
5) Other Current Assets :		
Interest Receivable/Accrued	34439149	38117037
Sub Total:	6859979921	4499259533
B. LOANS AND ADVANCES :		
(Considered Good, unless otherwise stated)		
1) Advances and other amounts recoverable in cash or in kind or for value to be received :		
a) Secured	134102746	83735018
b) Others Considered Good	674555894	773137775
Considered Doubtful	<u>239731064</u>	<u>173677237</u>
	914286958	946815012
Less: Provision	<u>239731064</u>	<u>173677237</u>
	674555894	773137775
2) Advances to Directors	0	12402
3) Security Deposit with Project Authorities	581301136	556275280
Less: Provision	<u>92320015</u>	<u>78063446</u>
	488981121	478211834
4) Security Deposit with Others	8848407	14266064
Less: Provision	<u>2367719</u>	<u>2201219</u>
	6480688	12064845
5) Advance & Provisional payment of Tax	<u>12117492</u>	<u>12346778</u>
	1316237941	1359508652
6) Inter Unit Remittance (Net)	1118214	499635
TOTAL : (I + II)	8177336076	<u>5859267820</u>

SCHEDULE --- "G"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
CURRENT LIABILITIES AND PROVISIONS :		
a) Current Liabilities :		
i) Sundry Creditors	765529533	903495778
ii) Earnest Money/ Security Deposits :		
a) From Staff	2189499	2051404
b) From Others	967722322	896887499
iii) Interest Accrued but not due:		
Secured Loans	40762840	51063804
Unsecured Loans	204123467	250172410
iv) Other Liabilities	6540384579	4439748713
	<u>8520712240</u>	<u>8520712240</u>
		#####
b) Provisions :		
i) For loss of Stores/Spares and Machinery	40243475	27539457
ii) For Workmen's Compensation and terminal benefits	46122	176122
iii) For Obsolescence of Stores & Spares	6935755	5955089
iv) For Trade/Commercial Tax	24296117	26698373
v) Gratuity	126158534	119476306
vi) For Leave Encashment	127053856	136973841
vii) For Other Contingencies	18000	27834
	<u>324751859</u>	<u>316847022</u>
		#####
TOTAL :	<u>8845464099</u>	<u>#####</u>

SCHEDULE --- "H"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2009	AS AT 31-3-2008
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	0	0

SCHEDULE --- "I"

(Amount in Rupees)

PARTICULARS	2008-2009	2007-2008
OTHER INCOME :		
Miscellaneous Receipts	21411892	22121510
Interest Received (Gross) on :		
a) Bank Deposits	61399799	66901960
b) Others	22508674	23635443
	83908473	90537403
Profit on sale of Fixed Assets	11771030	18141177
Provisions/Liabilities written back	32743230	28278491
Hire Charges of Machinery	1230807	3850118
Profit on Sale of Scrap, Stores, Small Tools & Equipments	376484	11039384
Unclaimed Credit Balances Written Back	3007080	1684714
Rebate and Discount	0	2780140
TOTAL:	154448996	178432937

SCHEDULE --- "J"

(Amount in Rupees)

PARTICULARS	2008-2009	2007-2008
CONSTRUCTION AND WORKS EXPENSES :		
Material Consumed :		
Opening Balance -- Stores & Spares (Including Construction materials in hand, at site and in transit)	52709643	70963106
Purchases	12228384	62985088
	<u>64938027</u>	<u>133948194</u>
Less: Closing Balance -- Stores & Spares (including Construction materials in hand, at site and in transit)	<u>38234909</u>	<u>52709643</u>
	26703118	81238551
Incidental Charges :		
Storage Charges	652060	1776521
Stock Discrepancy	40575	25850
	<u>692635</u>	<u>1802371</u>
Wages & Other Payments to Workmen :		
Wages & Allowances	180119890	119875684
Liveries	58569	129229
Incentives	13856	588031
Travelling Expenses	1717840	2267935
Gratuity	2902418	1731389
	<u>184812573</u>	<u>124592268</u>
Payment to Sub-contractors	7144027076	6338436935
Motive Power & Fuel	724947	1727322
Machinery Charges :		
Rates & Taxes of Machines & Tools	38546137	248904
Insurance	80496	129122
Repairs---Workshop Building	291206	199524
	<u>38917839</u>	<u>577550</u>
Repairs to Building	128241	77255
Carriage & Freight	486661	824404
Tools & Stores Written off	225816	167135
Depreciation	3158980	3465273
Commercial/Trade Tax	1486352	41518838
Other Incidental Charges on Works	367138251	29425599
TOTAL:	<u>7768502489</u>	<u>6623853501</u>

SCHEDULE --- "K"**(Amount in Rupees)**

PARTICULARS	2008-2009	2007-2008
PERSONNEL :		
Salary , Wages and Allowances (including Leave Salary and Pension Contribution)	231683566	211132611
Contribution to Provident Fund	20135807	18398012
Gratuity	19685762	10824699
VRS Expenses	18508160	11430031
Staff Welfare Expenses	6163760	5147768
TOTAL :	296177055	256933121

SCHEDULE --- "L"**(Amount in Rupees)**

PARTICULARS	2008-2009	2007-2008
ADMINISTRATION :		
Travelling Expenses (including for Directors Rs.283211/- Previous Year Rs.237711/-)	13033859	13754342
Rent	4889917	5276623
Repairs and Maintenance:		
Buildings	1123012	1615716
Others	959839	1122054
	2082851	2737770
Printing & Stationery	2136770	2269772
Postage, Telephone & Telegrams	3442964	3745637
Electricity and Water Expenses	1833181	2940135
Advertisement and Publicity	3749580	1834443
Legal and Professional Charges	2584737	3634771
Bank Charges	908277	859385
Payment to Auditors :		
Audit Fee for Statutory Audit (including audit fee of Gratuity & CPF Trust Rs.5,360/-)	225301	216641
For Tax Audit	66742	60674
Audit Fee for Internal Audit	357580	0
	649623	216641
Travelling Expenses--Auditors	280436	257038
TOTAL :	35592195	37526557

SCHEDULE --- "M"**(Amount in Rupees)**

PARTICULARS	2008-2009	2007-2008
OTHER EXPENSES :		
Miscellaneous Expenses	7151642	7060583
Vehicles Running, Maintenance, Hiring etc.	15715643	16567537
Bad Debts Written off	4262997	1670097
Depreciation	3150677	3097712
Rates and Taxes	105080	43451
Insurance	266013	355334
Technical Fee/Consultancy	1650044	875943
Loss on Sale/Write off of Fixed Assets	139584	70716
Loss on sale of Stores	277721	1388099
TOTAL:	32719401	31129472

SCHEDULE --- "N"**(Amount in Rupees)**

PARTICULARS	2008-2009	2007-2008
PROVISIONS :		
Doubtful Debts and Advances	118695786	106917353
Gratuity Workers	14659887	11020409
Leave Encashment	0	22477014
Provision for Losses of CPF	29003137	31963447
Others	19485976	4772712
TOTAL:	181844786	177150935

SCHEDULE --- "O"**(Amount in Rupees)**

PARTICULARS	2008-2009	2007-2008
INTEREST :		
Interest :		
a) Loans from Central Govt.	408167430	478776303
b) Others	25228007	27142842
	433395437	505919145
TOTAL :	433395437	505919145

SCHEDULE --- "P"**(Amounts in Rupees)**

PARTICULARS	2008-2009	2007-2008
PRIOR PERIOD EXPENSES & INCOME		
(A) EXPENSES:		
Salary, Wages & Other benefits to employees	1030960	500879
Payment to Sub-contractors for work done	1779748	19670752
Project Authorities	0	141737
Others	3250921	7637335
Total (i)	6061629	27950703
(B) INCOME		
Recovery of excess payment made to employees	5000	15665
Others	706479	1493313
Total (ii)	711479	1508978
Net Amount (i-ii)	5350150	26441725

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

SCHEDULE - 'Q'

NOTES ON ACCOUNTS

Annexed to and forming part of the Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date.

1. Contingent Liability:

- a) Claims against the Corporation not acknowledged as debts, amounting to Rs.13334.81 lac (Previous year Rs. 14185.51 lac) and counter claims of the Corporation against these claims amounting to Rs. 13403.91 lac (Previous Year Rs. 9243.08 lac) have not been accounted for in books.
 - b) The Banks on behalf of the Corporation have given guarantees amounting to Rs.139.44 lac as on 31st March 2009 (Previous Year Rs. 294.77 lac) against FDR's amounting to Rs. 46.96 lac (Previous Year Rs. 196.52 lac).
 - c) Foreseeable losses in respect of on going projects remaining to be executed have not been provided for, as it is not feasible to ascertain such losses till completion of the projects.
 - d) Estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs. NIL (Previous Year Rs. NIL).
2.
 - a) Debit and Credit balances shown under Sundry Debtors, Loans & Advances. Sundry Creditors and Secured and Unsecured Loans are subject to confirmation / reconciliation.
 - b) The value of current assets, loan and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet. (after Provision)
 3. As required by Accounting Standard AS 28 – “Impairment of Assets” notified by the Companies (Accounting Standard) Rules, 2006, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.



4. The reconciliation of Inter unit accounts is in progress and pending completion of reconciliation exercise, any treatment/provision for un-reconciled / un-responded entries can't be given. The net difference between debit and credit entries is accounted for in current assets/current liabilities as the case may be, the following are the balances of Inter unit accounts
- Total of Debit Entries Rs. 67776.29 Lac
 - Total of Credit Entries Rs. 67765.11 Lac
 - Net Difference Rs. 11.18 Lac
5. The Corporation has not complied with the provision of TDS of Income Tax Act 1961 in the booking of interest expenses on mobilization advance in respect of Konkan Railway and Baroda Works Units amounting to Rs119.64 Lacs and 94.66 Lacs respectively.
6. The Corporation follows integrated system of Accounts and hence figures of purchase have been worked out by adding closing stock to direct materials issued (at issue rate) and deducting opening stock there from and after making adjustments for stock discrepancy and stock storage charges. Issue of materials to Sub-contractors on recoverable basis is, however, considered under payment to Sub-contractor forming part of construction and work expenses.
7. The Corporation had a project at Iraq that has since been closed. No conversion has been made in respect of value of assets and liabilities, detailed as under, and the rupee value of the same as on 31-03-1995 has been taken as the rupee value as on 31-03.2009 for the reason that Iraqi currency is not repatriable. However there exists a provision for bad debts against the net recovery due.

<u>Nature of Amount</u>	<u>Amount in Iraqi Dinar</u>	<u>Amount in INR as on 31.03.1995</u>
Balance with Iraq Banks	381403.165	38369158.00
Amount recoverable from the Iraqi Client	2174227.277	218727264.04
Amount payable to the Iraqi Sub contractors / service providers	186534.226	18765343.13

8. Interest @ 18% per annum on the balance amount of mobilization advance of Rs. 71,49,197 taken at NLP Baramula and 12% and 19% on loan of Rs.18,29,156 and Rs.6,61,305 respectively at Ramam has not been provided in view of pending settlement of dues of the Corporation by them.
9. With regard to Loan from Government of India (GOI) and accrued interest thereon amounting to Rs. 646.89 Crores, the approval for conversion to equity capital and further writing it down to 10% of the value, Ministry of Water Resources, Government of India has conveyed its approval vide letter no 6/9/2004 P.II (PSU)(Vol.III)/254 dated 05.02.2009

As per the terms of the sanction, the following position emerges in respect of GOI Loan:

(Amt in Rs.)

Nature of Outstanding	Amount eligible for conversion as on 05.02.09	Total amount as on 31.03.2009	Balance to be paid to Govt.
- Loan	219,43,77,000	235,23,77,000	15,80,00,000
- Interest	427,45,78,081	439,39,72,034	11,93,93,953

The implementation scheme is pending as on the balance sheet date on account of fulfillment of related statutory formalities.

10. In respect of Taj Corridor Project, the Corporation has filed a Writ Petition before the Hon'ble High Court at Allahabad praying settlement of claim of Rs 43.11 crore which inter alia includes payment of Rs 20 crore already sanctioned by Govt. of UP. The corporation has not created provision for doubtful debts in respect of amount due against work done on Taj Corridor Project amounting to Rs 26.11 crore
11. Segmental Reporting AS – 17 notified by the Companies (Accounting Standard) Rules, 2006, is not applicable since the corporation primarily operates in one segment i.e. construction.

12. No provision for the income tax or Minimum Alternative Tax (MAT) has been made in view of the losses incurred during the year and carry forward of earlier years accumulated losses and unabsorbed depreciation.

The company has unabsorbed depreciation and carry forward losses available for setoff under the Income Tax Act 1961, However in view of inability to assess future taxable income, the extent of net deferred tax assets which may be adjusted in the subsequent year is not ascertainable with virtual certainty at this stage the same has not been recognised in these account on prudence basis.

13. Earning / (Loss) per share

“Earning per share” of the Corporation is calculated in accordance with AS-20, notified by the Companies (Accounting Standard) Rules, 2006:

Particulars	Current Year	Previous Year
a) Basic:	(Amount in Crores)	
Profit / (-) Loss attributable to equity shares (A) for the year	(-)34.46	(-)36.62
Weighted average number of shares outstanding during the year (B)	298420	298420
Basic Earning / (Loss) per share (in Rs.) (A/B)	(-) 1154.94	(-)1227.23
Nominal value per equity share	1000.00	1000.00

- b) Diluted: The diluted earning per share is the same as the basic earning per share.

14. Related Party Disclosures

(In accordance with Accounting Standard 18, notified by the Companies (Accounting Standard) Rules, 2006.

- 1) Related Parties
 - (a) Subsidiary Companies Nil
 - (b) Key management personnel during the FY 2008-09
 - Sh. Arbind Kumar CMD
 - Sh. A.K. Jhamb Director (E)
 - Sh. R.P. Vaishnaw Director (F)
 - (up to 15.05.2008)
 - Sh. Ram Mohan Mishra Director
 - Sh. M.E. Haque Director
 - (up to 22.01.2009)
 - Sh. Ashok Kumar Director
 - Sh. O.N. Marwaha Director
 - Dr. (Prof.) Vinayshil Gautam Director
- 2) Relatives of key management personnel and their enterprises where transactions have taken place Nil
- 3) Other related parties where control exists Nil

Particulars of Transactions during the year Ended 31st March, 2009
(Rs. in Lac)

Nature of Transactions	Key Management Personnel	
	2008-09 Details as per 15(C) below	2007-08 Details as per 15(C) below
Directors' remuneration	--	--
Unsecured Loan	--	--
Other	--	--

15. Additional information pursuant to schedule VI of the Companies Act, 1956 to the extent applicable:
 - a) The Corporation is executing its projects by consuming its own materials and materials supplied by clients and also getting its works executed through Contractors, resulting into intermixing of various components and non-ascertainment of particulars required under para 3(a) & 4D(c) of part II of Schedule-VI of the Companies Act, 1956.

- b) Maximum debit balance lying in the personal account of Directors/Officers is Rs 0.24 lac (Previous Year Rs. 0.12 lac) during the year.
- c) Remuneration to Directors included under the various heads in the Profit & Loss Account is as under:

Sl. No.	Particulars	(Amount in Rupees)	
		Year ended 31-03-2009	Year ended 31-03-2008
A)	Salary & Allowance	1247320	1071461
B)	Leave Encashment	49694	--
C)	LTC and TA	283211	237711
D)	Contribution to PF/CPF	126458	100896
E)	Group Insurance	300	24
F)	Rent (includes payment and recoveries on account of Directors residence)	428700	322154
G)	Gratuity	64655	34222

- d) The maximum balance held with Non-scheduled Banks/Post Offices on any day during the year under report was as under :

Sl. No.	Name of the Foreign Bank	Amount as on 31.03.2009	2008-2009	2007-2008
1)	Rafidian Bank , Iraq	ID 157558.463		
2)	Rasheed Bank, Iraq	ID 223844.702		
3)	Nepal Bank Ltd., Kathmandu, Nepal	\$ 648.96		
4)	Nepal Bank Ltd., Mahender Nagar, Nepal	NR 9614.64		

- | | | |
|-------------------------------------|-----|-----|
| e) Value of Imports of CIF Value: | --- | --- |
| f) Expenditure in Foreign Currency: | --- | --- |
| g) Earning in Foreign Currency | --- | --- |

16. Employee Benefits (AS-15)

The principal assumptions used in actuarial valuation are as follows:

	01.04.2008	31.03.2009
-Discount Rate	8.00%	7.50%
-Expected Rate of future Salary increases	5.00%	5.00%

(Amount in Lacs)

	Gratuity Regular Staff Unfunded	Gratuity Work charged Unfunded	Leave Encashment Unfunded
Change in the present value of obligations			
- Present value of obligations as at 01.04.2008	1,394.13	-	1,369.74
- Interest Cost	106.25	-	99.01
- Current Service Cost	76.49	44.28	33.67
- Benefits paid	(170.36)	-	(102.06)
- Actuarial (Gain)/Loss on obligations	32.74	1217.30	(129.82)
- Present value of obligations as at 31.03.2009	1,439.25	1,261.58	1,270.54
Change in Fair Value of Plan Liability recognized in the balance sheet	Not Applicable	Not Applicable	Not Applicable
- Present value of obligations as at 31.03.2009	1,439.25	1,261.58	1,270.54

at 31.03.2009

- Fair value of obligations as at the end of the year.	174.73	-	-
- Funded status [Surplus/(Deficit)]	(1,264.52)	(1,261.58)	(1,270.54)
- Unrecognized Actuarial (Gain)/Loss			
- Net assets/(liability) recognized in the Balance Sheet	(1,264.52)	(1,261.58)	(1,270.54)
Expenses recognized in the Profit and Loss Account			
- Current Service cost	76.49	44.28	33.67
- Past Service cost	-	-	-
- Interest cost	106.25	-	99.01
- Expected return on plan assets	(13.02)	-	-
- Net Actuarial (Gain)/Loss recognized during the year	27.14	1217.30	(129.82)
- Total expenses recognized in Profit and Loss Account	196.86	1261.58	2.86

17. Previous year's figures have been regrouped/ rearranged wherever considered necessary.

18. In view of insufficient information from suppliers regarding their status as SSI unit, the name of such small scale undertaking could not be ascertained and accordingly could not be disclosed.

Signatures to Schedules A to Q

As per our report of even date

**For O.P.TULSYAN & CO.
(Chartered Accountants)**

**RAKESH AGARWAL
(PARTNER)
M.No.81808**

Place: New Delhi
Date

For and on behalf of the Board

**(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR**

**(RAVENDRA GARG)
DIRECTOR (Finance)**

**(RAJNI AGARWAL)
COMPANY SECRETARY**