

SCHEDULE- 'Q'

NOTES ON ACCOUNTS

Annexed to and forming part of the Balance Sheet as at 31st March 2007 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. 10373.63 lac (Previous year Rs. 10251.09 lac) and counter claims of the Corporation against these claims amounting to Rs. 8942.51 lac (Previous Year Rs. 9192.74 lac) have not been accounted for in books.
 - b) The Banks on behalf of the Corporation has given guarantees amounting to Rs. 317.37 lac as on 31st March 2007 (Previous Year Rs. 385.14 lac). The Banks have taken FDRs amounting to Rs. 182.00 lac (Previous Year Rs. 250.03 lac). However, Bank Guarantees to the extent of Rs. 177.94 lac (Previous Year Rs. 135.10 lac) have expired upto 31-3-2007.
2. Recovery at penal rate on account of excess consumption of material over theoretical norms for the materials supplied including material supplied free of cost by the clients has not been provided pending final settlement with the client. The impact on profitability is not ascertainable.
 3. 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.
 4. Foreseeable losses in respect of on going projects for remaining of the contract have not been provided for, as it is not feasible to ascertain such losses till completion of the projects.
 5. Estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs. NIL (Previous Year Rs. NIL).
 6.
 - i) Balance of Provident Fund Account is subject to reconciliation with Provident Fund Trust. Interest on CPF dues has been calculated on simple interest basis as per norms of the Corporation.
 - ii) Security Deposit from staff and its corresponding investment is subject to reconciliation.
 7.
 - i) Debit and Credit balances shown under Sundry Debtors, Loans & Advances, Sundry Creditors and Secured and Unsecured Loans are subject to confirmation/reconciliation.
 - ii) EMD, Investment in Govt. Securities and Fixed Deposits pledged with Project Authorities as 'Securities' are subject to their confirmation/reconciliation.
 - iii) In the opinion of management, the value of current assets, loan and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
 8.
 - i) As required by Accounting Standard AS 28 - "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.
 - ii) The provisions for Contingencies are being made as per AS - 29 issued by the Institute of Chartered Accountants of India. The provisions are being reviewed at each balance sheet date and adjusted to reflect the current best estimates.

9. Sundry Debtors:

- a) In the absence of detailed information as to the age of amounts payable to the Corporation by the Project Authorities for supply of materials and other charges, the amount of gross debtors only have been classified into amounts outstanding less than and more than six months.
 - b) In respect of Sundry Debtors amounting to Rs. 19674.44 lac (Previous year Rs. 19632.60 lac) a sum of Rs.7868.66 lac for doubtful debts has been provided for during the year. Further adhoc provision of 15% has been made against Loans and Advance except Secured Loans and Advance & provisional payment of Tax.
10. Inter-unit balances account shows a net difference of Rs. 96.73 lac-Credit (Previous Year Rs. 853.32 lac-Credit) which does not include difference on account of machinery, works equipments, office furniture & equipments, transferred from one unit to another unit, though received by the transferee unit but not accounted for and shown under the head "in transit". The impact of unreconciled inter-unit balance on profitability of the Corporation is indeterminate.
 11. Wherever Bank's confirmation/statements are not available, book balances have been taken.
 12. Pending reconciliation of quantities taken in value of work done and paid to Sub-contractors at certain units, the quantum of short provision or excess provision of liabilities, if any, is indeterminate.
 13. Construction and Works Expenses under the sub-head payment to Sub-contractors include estimated expenditure booked, pending final settlement of dues for work done by them.
 14. Rs. 10.32 lac (Previous Year Rs. 3.16 lac) have been spent on repairs of workshop buildings and Rs. 29.02 lac (Previous year Rs. 27.84 lac) on repairs & maintenance of other assets. This represents the amount of repairs, which could not be allocated to any job/cost center directly and have been shown distinctly in Schedule 'J' and 'L' to the accounts.

However, an amount of Rs. 69.90 lac (Previous Year Rs. 67.28 lac) has been spent on the repairs & maintenance of Machinery & Vehicles which have been absorbed directly in the 'Construction & Works Expenses' and have been included in respective heads of account viz. Material Consumed, Wages & Allowances and other heads of accounts. The comparative detail of the same is given hereunder:

	Year ended 31-3-2007 (Rs. In Lac)	Year ended 31-3-2006 (Rs. In Lac)
i) Material Consumed	58.88	44.10
ii) Wages & Allowances	10.36	20.24
iii) Other Charges	0.66	2.94
Total	69.90	67.28

15. a) 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.
- b) The amount under the head 'Cost of Work Done for Corporation' amounting to Rs. -13.95 lac (Previous Year Rs.20.33 lac) represents value of work done for the Corporation on its own Temporary Construction and General Works, corresponding expenditure for which is included in the respective expense heads.
16. a) In accordance with Section 205 read with section 350 of the Companies Act, 1956, the value of asset is reduced to the extent 5% of its original cost and thereafter no depreciation is charged, however, in a number of cases the value of assets has been reduced to NIL.
- b) Depreciation on machines has been charged at the rates given in Schedule XIV of the Companies Act, 1956 applicable to single shift working even where the machines have worked on Double/Triple shifts. The impact thereof is indeterminate.
17. The project at Iraq has since been closed. No conversion has been made during the year and the rupee value as on 31-3-95 has been taken as rupee value as on 31-03-2007. As per the agreement with Iraqi Clients local currency lying with Banks is not repatriable in convertible currency Rs.383.69 lacs (ID 381403.165).
18. Exchange rates adopted for transactions in Nepal is Rs. 1 (INR) equivalent to Nepali Rupees 1.60, consequently the net gain on foreign currency conversion of Rs. NIL (Previous year Rs. NIL).
19. Advances of Rs. 676.01 lac (Previous Year Rs. 670.50 lac) and Rs. 6118.94 lac (Previous Year Rs. 7060.10 lac) are included in 'Secured Loans' (Schedule—'B') and 'Unsecured Loans' (Schedule—'C') respectively received from Project Authorities against works, drawn in the ordinary course of business adjustable against value of work done.
20. In few Units Sales tax have been paid on ad-hoc basis pending final settlement.
21. Inventory value of Rs.104.85 lac and Fixed Assets at written down value of Rs. 45.32 lac in respect of 'MIP' Nepal and Karbi Langpi Units are impounded and under the custody of clients. However, the depreciation of Rs. 1.93 lac on the Fixed Asset and provision for Rs. 145.06 lac have been provided during the year.
22. The liability towards gratuity of Regular Establishment as on 31st March 2007 amounting to Rs. 1310.83 lac (Previous year Rs. 1103.73 lac) remains unpaid to the Trust subject to reconciliation of gratuity account with Trust.
23. The liability of leave encashment as on 31.3.2007 as per actuarial valuation is Rs.11,44,96,827/- as against adhoc provision outstanding Rs.16,49,41,339/- as on 31.03.2006. Hence the Company has written back the excess provision amounting to Rs.5,04,44,512/-.
24. The Corporation has paid a sum of Rs. 1000.00 lac to ONGC against its dues of Rs. 3200.07 lac. The total relief of Rs.2200.07 lac being revenue in nature has been credited to Profit & Loss Account.
25. i) The Accounting Policies No.4 &15, are being followed since inception of the Corporation, are in contravention of AS-7. The impact of AS-7 on profitability of the Corporation is indeterminate.
- ii) The Company duly complied with Accounting Standard referred to in clause 3 (C) of Section 211 of the Companies Act, 1956 except in respect of Accounting Standard – 7 & 15.
26. Interest @ 18% per annum on balance amount of loan of Rs. 71.49 lac taken at NLP Baramula and 12% and 19% on loan of Rs.1829156 and Rs.661305 respectively at Ramam had not been provided, pending settlement of dues of the Corporation.

27. Material at site includes a sum of Rs. 0.42 lac at Mejia and Rs. 13.63 lac at Tenughat units being goods stolen for which provision made in earlier year has been retained pending settlement of claim by Insurance Company/Project Authorities.
28. Assets worth Rs. 183.76 lac (gross) having residual value Rs. 28.57 lac, having estimated realizable value of Rs. 50.77 lac, is included in Schedule 'D' in Gross Block and Net Block which has been declared Beyond Economic Repairs. The Profit/Loss on these Assets will be accounted for on its sale.
29. Out of loan amounting to Rs. 23523.77 lac taken from Government of India upto 31st March 2007 principal amounting to Rs. 18570.17 lac and interest amounting to Rs. 34271.54 lac, which had become due for payment, has not been paid.
30. In respect of Taj Corridor Project, the Corporation has filed a Writ Petition before the Hon'ble High Court at Allahabad praying inter-alia for payment of Rs. 20.00 crore sanctioned by Govt. of UP and settlement of claim of Rs. 43.11 crore against work done. The Court has accepted the Writ Petition in respect of the dues payable to the Corporation.
31. Wage revision is due w.e.f. 1.1.1997 in respect of workmen but negotiations are held-up due to court's order, therefore, no liability is provided in absence of revised pay scales.
32. a) The company has earned loss during the year and there will be no liability of Income Tax or Minimum Alternative Tax (MAT) under the Income Tax Act, 1961 during current year in view of set off of Brought Forward Losses and unabsorbed Depreciation available to the company and no provision of Income Tax Liability has been made.
- b) Keeping in view the Carry over Losses and unabsorbed Depreciation as per Income Tax Return for the year ending 31st March 2006, the Corporation has not recognized the Deferred Tax Assets, in respect of Carry over Losses, unabsorbed Depreciation and Items of timing difference between the accounting income and taxable income for the year, as there is uncertainty of sufficient taxable income in near future.
- c) Intangible Assets: Intangible assets recognized and amortized during the year - nil.
33. (a) 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.
- (b) The company has initiated the process of obtaining the confirmation from suppliers who have registered under The Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from October 2, 2006. The Company has not received any confirmations from registered suppliers as of date, in respect of whom disclosures are required to be made under the said Act.
34. **BORROWING COST**
- i) Borrowing cost on working capital requirement is charged off to revenue in the period in which they are incurred.
- ii) Borrowing cost, which is directly attributable to the acquisition, construction of Fixed Assets is capitalised as part of the assets.
35. **Segmental result of the Corporation as required by AS-17 is annexed.**
36. **Earning / (Loss) per share**
- "Earning per share" of the Corporation is calculated in accordance with AS-20, issued by the Institute of Chartered Accountants of India:

a) Basic:

Particulars		Current Year	Previous Year
Profit / (-) Loss attributable to equity shares for the year	(A)	(-)76.55 crore	2.26 crore
Weighted average number of shares outstanding during the year	(B)	298420	298420
Basic Earning / (Loss) per share (in Rs.)	(A/B)	(-)2565.49	75.79
Nominal value per equity share		1000.00	1000.00

b) Diluted:

The diluted earnings per share is the same as the basic earning per share.

37. Related Party Disclosures

(In accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

i) Related Parties

- (a) Subsidiary Companies Nil
- (b) Key management personnel during the FY 2006-07
- | | |
|---------------------|----------|
| Sh. Arbind Kumar | CMD |
| Sh. K.S. Ramasubban | Director |
| Sh. M.E. Haque | Director |
- (c) Relatives of key management personnel and their enterprises where transactions have taken place: NIL
- (d) Other related parties where control exists: NIL

ii) Particulars of Transactions during the year Ended 31st March, 2007

(Rs. in Lac)

Nature of Transactions	Key Management Personnel	
	2006-07	2005-06
Directors' remuneration	Details as per 38(C) below	Details as per 38 (C) below
Unsecured Loan	—	—
Other	—	—

38. 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.0.07 lac (Previous Year Rs. 0.34 lac) during the year.

c) Remuneration to Directors included under the various heads in the Profit & Loss Account is as under:

(Amount in Rupees)

	Year ended 31-03-2007	Year ended 31-03-2006
a) Salary & Allowance	806026	830835
b) Leave Encashment	-	-
c) LTC and TA	184616	162995
d) Contribution to PF/CPF	51740	44083
e) Group Insurance	24	24
f) Rent includes payment and recoveries on account of Directors residence	228300	211899
g) Gratuity	22715	55303

Full time Directors, including Chairman & Managing Director, have been allowed the use of Staff car including for private journey upto a ceiling of 1000 KMs per month on payment of Rs. 325 per month (for AC Cars Rs.520/- per month) in accordance with the provisions of Govt. of India, Ministry of Finance, BPE OM No. 2(18) PC/64 dated 20th November 1964 as amended from time to time. Since the recovery for personal use of cars is being made from full time Directors including the Chairman & Managing Director as per BPE Guidelines, use of Company's Car is not a perquisite for them.

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

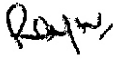
1)	Rafidian Bank , Iraq	ID	157558.463
2)	Rasheed Bank, Iraq	ID	223844.702
3)	Nepal Bank Ltd., Kathmandu, Nepal	\$	648.96
4)	Nepal Bank Ltd., Mahender Nagar, Nepal	NR	9614.64

2006-2007 2005-2006

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

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

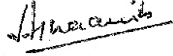
40. Events after Balance Sheet date. NIL



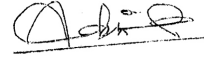
(RAJNI AGARWAL)
COMPANY SECRETARY



(J.P. SAHA)
DY. GENERAL MANAGER (F)



(A.K. JHAMB)
DIRECTOR (E)



(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR

As per our report of even date

FOR AGI WAL & ASSOCIATES
Chartered Accountants



(P.C. Agiwal)
PARTNER
M.No. 80475

Place: New Delhi
Date : 4.10.2008

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

PRODUCT WISE

(Rs. In lac)

	Infrastructure	Power	Communication	Other	Total
Value of workdone	26932.88	12188.60	23824.60	9248.18	72194.26
Value of workdone for Corp.	36.19	46.42	0	-96.56	-13.95
Depreciation - Contract a/c	9.41	19.70	10.08	27.26	66.45
Works expenses	24682.33	10191.05	22342.95	8905.83	66122.16
Gross profit/loss (-)	2277.33	2024.27	1471.57	218.53	5991.70
Depreciation-P&L a/c	9.07	5.50	4.13	100.28	118.98
Administrative expenses	1539.03	523.27	419.63	15116.91	17598.84
Other income	304.54	165.56	75.91	3524.17	4070.18
Net profit/loss (-)	1033.77	1661.06	1123.72	-11474.50	-7655.94

ZONE WISE

	Southern	North Central	Bhubneshwar	Eastern	North Eastern	North	Central	Total
Value of workdone	4408.34	13499.71	2575.97	1857.46	22654.24	5618.79	21579.75	72194.26
Value of workdone for Corp.	0	-0.02	0	0	-6.10	-7.83	0	-13.95
Depreciation - Contract a/c	2.90	13.78	2.86	17.29	6.82	19.87	2.93	66.45
Works expenses	4182.35	12863.74	2522.26	1970.21	20511.78	3820.18	20251.64	66122.16
Gross profit/loss (-)	223.09	622.17	50.85	-130.04	2129.54	1770.91	1325.18	5991.70
Depreciation-P&L a/c	1.62	4.51	1.06	2.79	12.85	6.46	89.69	118.98
Administrative expenses	512.95	1584.08	509.64	614.87	3132.89	749.77	10494.64	17598.84
Other income	211.77	663.49	137.31	232.01	1362.13	471.09	992.38	4070.18
Net profit/loss (-)	-79.71	-302.93	-322.54	-515.69	345.93	1485.77	-8266.77	-7655.94

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No.	C2752	State Code	55
Balance Sheet Date	31	3	2007
	Date	Month	Year

Capital during the year (Amount in Rs.thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placements	NIL

Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

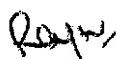
SOURCES OF FUNDS

Total liabilities	11948932	Total Assets	11948932
Paid-up Capital	298420	Reserves & Surplus	NIL
Secured Loans	67903	Unsecured Loans	6391425
Net Fixed Assets	89405	Investments	30
Net current Assets	(-946452)	Miscellaneous Expenditure	204
Accumulated Losses	7614561		

Performance of the Company (Amount in Rs. Thousands)

Turnover	7218030	Total Expenditure	7982001
Profit before Tax	-763971	Profit after tax	(-765594)
Earning per share in Rs.	(-2565.49)	Dividend rate %	NIL

Generic names of three principal products of Company. (As per monetary terms)
The company is not engaged in any manufacturing activities hence not applicable.



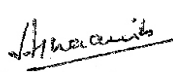
(RAJNI AGARWAL)

COMPANY SECRETARY



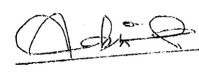
(J.P. SAHA)

DY. GENERAL MANAGER (F)



(A.K. JHAMB)

DIRECTOR (E)



(ARBIND KUMAR)

CHAIRMAN & MANAGING DIRECTOR

New Delhi

Dated: 4-10-2008

CASH FLOW STATEMENT

	FY - 2006-07	(Rs. in lac) FY - 2005-06
<u>Cash flow from Operating Activities</u>		
Cash receipts from customers	70679.35	51350.27
Cash paid to suppliers and employees	(71231.35)	(40638.09)
Cash generated from operations	(552.00)	10712.18
<u>Cash flow from Investing activities</u>		
Sale proceeds of Fixed Assets	184.86	173.80
Purchase of Fixed Assets	(281.92)	(75.36)
Interest on Bank deposits and others	438.79	226.50
	341.73	324.94
<u>Cash flow from financing activities</u>		
Proceeds from Borrowings	553.36	(3958.11)
repayment of short term loans	(941.16)	(2068.61)
Interest paid	(2451.52)	(666.44)
	(2839.32)	(6693.16)
<u>Increase/(Decrease) in cash</u>	(3049.59)	4343.96
Cash in hand at the begning of the year	12148.74	7804.78
Cash in hand at the end of the year	9099.15	12148.74

- 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)
 COMPANY SECRETARY



 (J.P. SAHA)
 DY. GENERAL MANAGER (F)


 (A.K. JHAMB)
 DIRECTOR (E)


 (ARBIND KUMAR)
 CHAIRMAN & MANAGING DIRECTOR

As per our report of even date

FOR AGI WAL & ASSOCIATES
 Chartered Accountants


 (P.C. Agiwal)
 PARTNER
 M.No. 80475

New Delhi
 Dated: 4/10/2008