

**50th Annual Report
2006-07**



नेशनल प्रोजेक्ट्स कन्स्ट्रक्शन कारपोरेशन लिमिटेड
NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED
A GOVERNMENT OF INDIA ENTERPRISE - AN ISO 9001 : 2000 COMPANY

VISION

Aim to become a world class project implementing organization with due regard to social responsibility and make INDIA proud

MISSION

To achieve a turnover exceeding Rupees 10,000 millions by 2010 by focusing value addition at all points of interaction with our clients and continuously enhancing capabilities of the organization and employees through innovations

BOARD OF DIRECTORS



A.K. Jhamb
Director (Engineering)



Arbind Kumar
Chairman and Managing Director



R.P. Vaishnav
Director (Finance)

FUNCTIONAL DIRECTORS



Ram Mohan Mishra



M.E. Haque

PART TIME GOVERNMENT DIRECTORS



Ashok Kumar



O.N. Marwaha



Prof. (Dr.) Vinayshil Gautam

PART TIME INDEPENDENT DIRECTORS

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FINANCIAL SUMMARY AT A GLANCE

	(Amt. in lac)									
Particulars	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Authorised Capital	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00
Paid up Capital										
A. Equity Shares	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20
B. Non-cumulative Preference Shares	—	—	—	—	—	—	—	—	—	—
Reserves & Surplus	—	—	—	—	—	—	—	—	—	—
SOURCES OF FUNDS										
A. Capital	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20
B. Loan Funds	24348.11	27287.71	30612.71	34335.25	39270.74	45105.10	53041.71	65001.05	62726.23	64593.28
TOTAL	27332.31	30271.91	33596.91	37319.45	42254.94	48089.30	56025.91	67985.25	65710.43	67577.48
APPLICATION OF FUNDS										
Net Fixed Assets	1446.21	1279.37	1151.02	1030.51	933.26	932.70	912.35	865.61	830.94	894.06
Investment	0.60	20.60	20.30	20.30	20.30	20.30	0.30	0.30	0.30	0.30
Net Current Assets	-568.53	-2281.00	-3732.80	-5891.70	-7641.52	-7399.94	-6534.71	-1611.38	-3610.47	-9416.18
Deferred expenses	71.99	62.10	19.10	13.07	2.46	21.37	15.93	14.87	0.00	2.04
Cummulative Loss	26382.04	31190.84	36139.29	42147.27	48940.44	54514.87	61632.04	68715.85	68489.66	76097.26
TOTAL	27332.31	30271.91	33596.91	37319.45	42254.94	48089.30	56025.91	67985.25	65710.43	67577.48
INCOME										
Value of Workdone	11520.95	11906.61	14237.41	15580.98	13724.79	22733.26	30274.35	30545.83	57746.08	72194.25
Value of Workdone for Corp.	168.02	223.81	4.16	108.56	37.70	28.38	13.15	19.14	20.33	-13.96
Other Income	269.04	198.80	257.19	496.34	766.80	1324.16	569.44	448.10	5063.05	4070.19
TOTAL	11958.01	12329.22	14498.76	16185.88	14529.29	24085.80	30856.94	31013.07	62829.46	76250.48
EXPENDITURE										
Constuction & Work exp	11517.76	12035.64	14051.24	16158.57	14167.95	22188.22	29375.23	28652.62	54086.71	66790.16
Personnel	2019.44	1735.29	2035.17	1943.15	2038.29	2077.42	2890.81	2211.99	2719.61	3012.87
Administration	265.01	239.95	281.88	254.12	208.19	249.92	244.62	258.03	291.44	345.10
Bank Charges	90.88	64.35	62.13	45.62	33.13	48.47	37.90	31.66	29.40	12.63
Other Expenses	370.16	277.54	284.13	263.87	194.30	664.93	376.59	430.90	463.68	520.19
Provisions	442.10	550.61	475.88	560.43	1344.07	498.24	373.46	1068.48	535.94	8463.50
Prior Period Adjustment	14.03	-64.58	-66.10	201.61	66.17	7.21	30.62	129.58	74.31	52.01
TOTAL	14719.38	14838.80	17124.33	19427.37	18052.10	25734.41	33329.23	32783.26	58201.09	79196.46
Profit / - Loss before										
Interest and Tax (PBIT)	-2761.37	-2509.58	-2625.57	-3241.49	-3522.81	-1648.61	-2472.29	-1770.19	4628.37	-2945.98
Interest	2329.54	2299.21	2322.87	2766.49	3270.36	3925.82	4644.87	5313.62	4388.94	4693.73
Tax	0	0	0	0	0	0	0	0	13.24	16.23
Profit / - Loss after										
Interest and Tax (PBIT)	-5090.91	-4808.79	-4948.44	-6007.98	-6793.17	-5574.43	-7117.16	-7083.81	226.19	-7655.94

CHAIRMAN'S STATEMENT

Dear Distinguished Shareholders

I consider it to be a profound privilege to extend you a warm welcome to the 50th Annual General Meeting of the Company. It gives me immense pleasure to take stock of the notable achievements of your Company during the year under report and share the highlights with you all.

During the year, your Company has made notable progress in the execution of its planned strategy and growth by way of securing new business, achieving operational break-through resulting into remarkable financial performance. After a long spell of period of more than 18 years your Company has been able to grow its business development by 179% valued at Rs. 28283 crores and has been able to make accelerated growth in the turnover @ 148.2% to the tune of Rs. 740.50 crores which is the highest ever level of business development operations achieved by the Company. It is heartening to note that despite a very competitive business environment; particularly in the construction fields, your Company continues to secure sizeable business with assured margin of profit and is close to turnaround towards its net worth.

Your Company has met the rigors of all parameters towards performance committed through MOU with the Government of India making it eligible to be rated as 'excellent' in its performance evaluation based on MOU targets in the year under report.

Your Company has successfully set-off old loans of Banks and PSU's under one time settlement (OTS), thereby relieved the Corporation from the continued and cumulative burden of annual interest, thereby able to achieve saving of around Rs. 63 crores towards interest. The Company has taken necessary steps to streamline the systems and procedure, quality assurance for achieving clients satisfaction, timely completion of works under execution by suitable organizational restructuring, manpower rationalization up-gradation and multiple skilling of skills of employees, for achieving optimal per-capita productivity ratio to bring in marked improvement in efficiency, transparency, operating turnover and timely performance targets with a view to fulfill the commitments under the MOU. Simultaneously the employees have been re-deployed from closed units to on-going units for increased productivity and to achieve this, most of the employees from the lower rung to the highest




position have been promoted who were stagnating at the same level without promotions for long years. Corporation has been actively pursuing the revival proposal in close collaboration with the Ministry for eventual consideration and approval by the Government of India.

I take this opportunity to express my sincere gratitude to the members of the Board of Directors and to the employees of NPCC for their unfailing dedication and commitment in contributing their might towards growth of the journey.

I shall fail in my duty if I do not express my gratitude and sincere thanks to the Hon'ble Minister of Water Resources and the Ministry for providing valuable guidance, help and advice. I also thank all officers in the Ministry of Water Resources, and other Ministries without whose help it would have not been an easy journey for achieving this much within such a short period. I would also like to congratulate all the members of the executives and staff of the Corporation for delivering excellent results and for lending their valuable support and cooperation with their single minded focus in bringing the Company afloat with their hard and sincere works. I am confident that we would continue to deliver our might in fulfillment of the promises to the expectations of Shareholders, Stakeholders in the future as well. I am sure your Company is poised to revive its old glory and excel in its achievement in the years ahead.

With very best wishes,



(Arbind Kumar)
Chairman & Managing Director

REPORT OF THE DIRECTORS

THE MEMBERS

Your Directors have pleasure in placing before you their 50th Annual Report and Accounts for the year ended March, 2007.

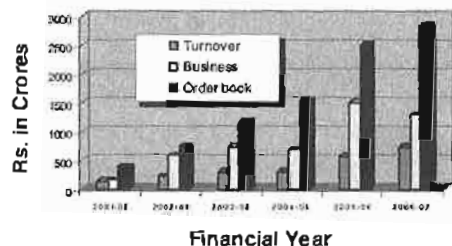
FINANCIAL PERFORMANCE

During the year, NPCC scaled new heights and set several new benchmarks in the financial performance in terms of Turnover. The financial results of company's operations are summarized as under:

(In Rs. Crores)

Particulars	2006-07	2005-06
Turnover & other income	740.50	586.94
Construction & Work expenses	667.90	540.87
Other Expenses	43.26	40.10
Profit before Interest, tax and extra ordinary provisions	29.34	5.97
Extra Ordinary Provisions	80.15	00.00
Interest	47.06	44.18
Net Profit	(76.56)	2.26

Growth during last Five years



The Corporation earlier prepared accounts for the year reporting net profit of Rs.4.40 crores, on which Statutory Auditor made qualificatory remarks of not being true and

fair on account of provisions not made for very old debts/ advances etc. and CAG made NIL comments. The Accounts were not adopted by the AGM with advise to get the qualificatory remarks addressed. In consonance with good Corporate Governance practice, the accounts were revised after making extra ordinary provisions for earlier debts/advances which resulted in net loss of Rs.76.56 crores, reduction of current assets by Rs.80.15 crores and fixed asset by Rs.0.81 crores respectively

CAPITAL AND BORROWING

Authorized Capital and Paid-up Capital of your Company at the end of the financial year remained unchanged i.e., Rs. 3000 lakh and Rs. 2984.20 lakh respectively. The loan from the Government of India at the end of the financial year is Rs. 235.23 crore.

BUSINESS DEVELOPMENT SCENARIO

During the year your company has bagged works valuing Rs. 1278 crores. The order book position touched all time high to Rs. 2828 crores as on 31st March 2007 (Rs. 3622 crores as on July 07) as against the previous Year's figure of Rs. 2491 crores. During the year, the company also had to give up unprofitable works valued at Rs. 94 crores approximately in order to obviate the risk of high incidence of loss. During the year, the company had made impressive improvement in term of quality & speedy implementation of PMGSY works (now known as Bharat Nirman) on PMC basis in the State of Bihar and based on performance, Ministry of Rural Development had given further works to the tune of Rs. 520 crores. Company on successful/satisfactory progress of ongoing works of Border fencing has been entrusted by the Ministry of Home Affairs further works of Indo-Bangla Border Roads and IB fencing works in the states of Tripura, Mizoram, Meghalaya and Assam in the North East for a value of Rs. 277 crores. Ministry of Home Affairs has also entrusted NPCC for their Indo - China Border Roads in J&K for a value of approx. 200 crores. In addition Company has secured building works for Assam Rifles for a value of Rs. 44 crores. Besides this, Hindustan Aeronautical Limited,

Bangalore has entrusted the Company for Buildings & Hanger construction works to the tune of Rs. 65 crores. Government of Sikkim has invited NPCC for association on the basis of its performance in North East Region for their development works in the field of Irrigation, Power, Tourism and other infrastructural works

NPCC has embarked on ambitious target to execute the works on Public Private Participation basis for mega projects.

GOLDEN JUBILEE CELEBRATION

Corporation after serving for the Nation's project building gloriously for five decades has created a special niche in PSU History. To commemorate this special occasion, Golden Jubilee celebration was arranged with great fanfare in Air force Auditorium, Subroto Park, New Delhi on 8th January 2007. Hon'ble Minister of Water Resources, Prof. Saifuddin Soz as Chief Guest, Mrs. Gauri Chatterji, Secretary, MoWR as Guest of Honour, Prof. P K Basu as Guest of Honour, Sh. Raghav Lal, CPMG, Indian Postal service and Sh. S Manoharan, Adl. Secretary as Special Guest graced the occasion. On this occasion Sh. Arbind Kumar, Chairman & Managing Director, in his key note address recapitulated the five decade long record of performance of NPCC culminating the turning around of the Corporation after continued losses



suffered by the Corporation in past 18 years. On this occasion NPCC Golden Jubilee Souvenir was released by Hon'ble Minister of Water Resources. On this occasion Hon'ble Guests, distinguished guests, employees including ex-employees with their families were also entertained by orchestra "Indian Ocean".

ISSUE OF FIRST DAY POSTAL COVER

On the eve of the Golden Jubilee celebration of NPCC, Indian Postal Department through Sh. Raghav Lal, Chief Post Master General, released commemorative first day cover during the august presence of the Hon'ble Minister of Water Resources, Prof. Saifuddin Soz, Mrs. Gauri Chatterji, Secretary, MoWR and other distinguished guests.



NEW LOGO OF NPCC

Board of Directors, in the meeting on 9th June 2006, approved new NPCC logo recognizing its glorious existence for five decades to the Nation with required vigour for the future. NPCC' new logo in bold type face signifies its strong existence in corporate world where as the pyramid being the oldest and most stable project ever executed by



human mankind, depicts stability, growth and continuance. The ray over NPCC gives assurance of light and energy bestowed by Nature for all times.

New logo was formally unveiled by Hon'ble Minister of Water Resources on 8th January 2007 during Golden Jubilee celebration of Corporation

REVIVAL PLAN

Revival Plan of the Corporation duly recommended by BRPSE, various concerned Ministries including MoWR was discussed in Committee of Secretaries (COS). Based on the recommendations of COS, the final recommended Revival Proposal as under is to be put up to CCEA for approval.

- Conversion of GOI loan together with accumulated interest at the time of implementation, to be converted first in to Equity capital and subsequently writing down of equity capital to 10 % of capital value.

It is expected that the GOI may accept these revival package at the earliest.

MOU WITH THE MINISTRY

Although it was not mandatory for NPCC, being loss making organization, to sign MOU with Ministry, however to improve competitive strength with other profit making organization, NPCC entered in to an MOU with Ministry setting ambitious target. It is pleasure to inform that NPCC has been rated as "Excellent".



CORPORATE GOVERNANCE

The underlying principles of Corporate Governance are the values, ethics and world culture commitment to follow best business practices. Thus, it rests upon the foundations of transparency, openness and fairness in dealing with its

stakeholders. Our Corporate Governance philosophy stems from our belief that the business strategy and plans should be in consistent with the welfare of all stakeholders.

We have made conscious efforts to institutionalize Corporate Governance practices for which Corporate Policies and Corporate Objectives has already been laid down and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavour to take forward the best practices to enhance stakeholders' value.

INDEPENDENT PART TIME DIRECTORS

Although NPCC is not-listed Company in stock exchange and there is no mandatory requirement to appoint independent part time Directors on its Board, however following good practice of Corporate governance, Corporation in accordance of DPE has already appointed three independent Directors, having expertise in three distinct areas of Management, Finance and Engineering. These Directors are already joined the Board.

ISO 9001-2000 CERTIFICATION

The Company is accredited with the prestigious ISO 9001-2000 certification, the latest standard, covering all the activities and divisions of the Company, which is valid up to 2nd November 2008. Your company is in process of continuous improvement as per ISO 9001:2000 standards.

PROPAGATION OF HINDI

In consonance with the official language policy of the Government, constant efforts are made to promote the use of Hindi in the official work of the Company by encouraging the staff for and facilitating the use of Hindi in their day to day working. Various incentive schemes regarding the propagation official language-Hindi were continued during the year including Incentive Scheme for the children of N.P.C.C. Ltd. Employees on securing higher percentage of marks in Hindi in Secondary and Senior Secondary Examinations. Hindi Divas and Hindi Fortnight were organized during the year at Corporate/Units level in which Officer and Staff took active participation.

VIGILANCE ACTIVITIES

The Company has a full fledged Vigilance Division. Normal vigilance activities were carried out during the Financial Year 2006-07. During the year, the Vigilance Division was under control of a Part Time CVO. However, a full time regular Joint Secretary level IAS Officer has since been posted as Chief Vigilance Officer in NPCC in June, 2007. All pending vigilance cases are being studied and actions are being taken for expeditious logical conclusion of all these cases, apart from emphasis given on preventive and surveillance vigilance.

The total complaints received during this year were 04 and a total of 157 cases are pending at different stages in the Vigilance Division. Minor penalty proceedings in 07 cases involving 11 employees and major penalty proceedings in 06 cases involving 11 employees were completed.

A total of 15 Major penalty proceedings, involving 24 employees and two Minor penalty proceedings involving 05 employees are in progress. Apart from the above 15 Major penalty proceedings, 17 cases are under investigation/trial by CBI.

The Corporation observed Vigilance Awareness Week from 06.11.2006 to 10.11.2006

SCHEDULE CASTE, SCHEDULE TRIBE AND OTHER BACKWARD CLASSES

The Company endeavors to provide various privileges under the policies and directives of Government with regard to Schedule Castes, Schedule Tribes, other backward classes and handicapped person.

PROJECT MANAGEMENT AND CO-ORDINATION

There is an independent division at corporate level, which monitors all running projects and provides necessary support in implementing speediest project execution. This division is also coordinating with various State Govt./Central Govt / other project authorities for execution of projects within schedule time and cost adhering specifications. This division is also suggesting ways and means for continuous improvement of system and processing for faster accomplishment of objective.

PARTICULAR OF EMPLOYEES UNDER SECTION 217(2A)

The information regarding particulars of employees in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 and the rules framed there under (Rs.24 lakh or more per annum or Rs. 2 lakh or more per month) during the year is NIL.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The detail of particulars required under 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 are NIL.

INDUSTRIAL RELATIONS

The Unions/Associations during Organizational sickness had in the past been indulging in anti-Management activities away from their objective goal detrimental to the interest of Corporation. There has been great improvement in this as many pro employees' and persuasive measures were undertaken by Management. The overall Industrial Relations between the management and the employees can be considered harmonious and cordial during the year despite various constraints.

HUMAN RESOURCES AND DEVELOPMENT

In order to keep pace with the changing working environment efforts are made to develop skills, enhance knowledge and reorient attitude of the employees by imparting training to them. Employees have been further deputed for training programs for gender sensitization. Computer Training is being imparted to all the employees of the Corporation towards the target to make every employee computer Savvy. The training has equipped its executives with the capability of executing world class projects in record time.

At the close of the financial year 2006-07 there were 2178 employees on the rolls of the Corporation with details given hereunder:

DESCRIPTION	MALE	FEMALE	TOTAL
Executive	439	13	452
Non-Executive	373	40	413
Workmen	1300	13	1313
Total	2112	66	2178

- Finance Monitoring Committee
- Business Strategy Committee
- Project Monitoring Committee

BOARD OF DIRECTORS

The Board of the Corporation comprised of the following members during the present & past financial year:

Name	Designation	Term duration
Sh. Arbind Kumar	Chairman & MD	Since 28.04.2005
Sh. A K Jhamb Sh. R P Vaishnav	Director (Engg.) Director (Finance)	Since 12.10.2007 Since 16.10.2007
Sh. J P Saha	DF (Addl. Charge)	Up to 05.06.2006
Sh R M.Mishra	Part time Director (Govt. Nominated)	Since 31.07.2007
Shri M E Haque	Part time Director (Govt. Nominated)	Full Financial Year
Sh K S Ramasubban Joint. Secry. (Admn.)	Part time Director (Govt. Nominated)	Full Financial Year
Sh. Ashok Kumar	Part time Director (Independent)	Since 25.09.2007
Sh. O N Marwaha	Part time Director (Independent)	Since 25.09.2007
Prof. Vinayashel Gautam	Part time Director (Independent)	Since 25.09.2007

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, Directors of the Company confirm that:

- In preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation to material departures;
- The Directors have selected such accounting policies and applied them consistently with departures disclosed appropriately 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 at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors have taken proper and sufficient care 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;
- The directors have prepared the annual accounts on a 'going concern basis';

BOARD MEETINGS:

Provisions of the Companies Act, 1956 amended up to date have been properly adhered to regarding holding of the Board Meeting. During the year under review four Board Meetings were held. Valued suggestions given by the Members of the Board are being followed and provisions of the Good Corporate Governance are being adhered to improve the transparency, accountability and disclosure norms.

COMMITTEES OF BOA^{TD}

NPCC by following best practices of Corporate Governance in its 247th Board Meeting formed several committees including mandatory committees of Audit Committee to assist Board in Compliance of Corporate Governance Guidelines of CPSE. These committees are as under:

- Audit Committee
- Establishment Committee

AUDITORS

For Audit of the Accounts of the Corporation for the year 2006-07 M/s Agiwal & Associates, Chartered Accountants, have been appointed as Statutory Auditors, M/s Viswanathan & Swaminathan, Chartered Accountants, Chennai, M/s K.C. Das & Company, Chartered Accountants, Guwahati, M/s Dangi Jain & Co., Chartered Accountants, Kolkatta continues to be Branch Auditors

The reply to the observations made by the Statutory Auditors and the Comments of Comptroller & Auditor General of India on the Accounts of the Corporation for

the financial year 2006-07 have been placed in the separate Annexure forming part of the Report.

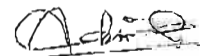
APPRECIATION

We express our sincere appreciation to our esteem clients in India and abroad for the valued co-operation extended to and the confidence reposed in the Company. Your Directors are grateful to the Comptroller & Auditor General of India, the Chairman and Members of the Audit Board, the Statutory Auditors/Branch Auditors and Corporation's Bankers for their valued co-operation. We also place on record our appreciation for the commitment, involvement, dedication, hard work and unremitting devotion to duty exhibited by the staff members of the Company at all levels whom we recognize as our core asset and backbone on which rest our strength for achieving our mission and objectives, aims and aspirations which have brought the Company to its present status.

ACKNOWLEDGEMENT

The Board of Directors acknowledges with deep sense of appreciation the co-operation received from the Govt. of India, particularly Ministry of Water Resources, Ministry of Rural Development, Ministry of Finance, Ministry of Power, Ministry of Health, Ministry of Home Affairs & to the Cabinet Secretariat, Planning Commission, Department of Public Enterprises, Central Water Commission, Railway Board, Department of Company Affairs, Registrar of Companies and SCOPE.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Arbind Kumar', is written over a horizontal line.

(Arbind Kumar)

Chairman & Managing Director

OUTLOOK

NPCC operated in the diverse fields of projects. The brief of which is given as under:-

Hydro Electric Sector: NPCC entered in to this sector with construction of Nepal Hydro Project on river Gandak in 1969 and subsequently successfully completed works related to many Power Houses namely Banswara in Rajasthan, Salal, J&K, Tanakpur & Rajghat in U.P, Jal Dhaka and Ramam in W.B, Loktak in Manipur, Gumti in Tripura, Rangit in Sikkim, Subernrekha in Jharkhand & Dehri on sone in Bihar, Teesta Canal Fall Hydro Electric Projects for West Bengal State Electricity Board. The HRT and Surge Shaft works coasting Rs. 145 crores in Maneribhali Hydro Project has recently been completed for Uttaranchal Jal Vidyt Nigam Ltd.

Bridges & Flyovers: NPCC entered in to this sector by taking entire civil works from Esplanade to Bhawanipore station for prestigious underground mass rapid transport system for Kolkata. NPCC also completed MRTS works at Chennai

Jayant in U.P. & Bihar. Ministry of Rural Development has entrusted/executing PMGSY works in Bihar on PMC basis costing more than Rs. 1600 Crore. NPCC has also been entrusted PMGSY works for Jharkhand & UP. NPCC is also executing major road works for Indo-Bangladesh Border works in Tripura and Mizoram costing more than Rs. 100 Crore. During the year under report NPCC has completed the road works in and around Durgapur Steel Plant.



Building & Township: NPCC in past successfully executed many important Buildings namely Lok Nayak Bhawan at Patna, Dot, Guwahati, WTCER, NRCWA for ICAR in Orissa, DSIDC at Delhi, CARI works in Port Blair, Remodeling of Bus Stand at Bangalore in Karnataka and various Industrial Structures of RCC & Steel. NPCC is currently executing building



involving launching of Pre-stressed box girder of 25 meters span each weighing 250 MT and also constructed elevated Railway Station. NPCC in past successfully completed major bridges at Vellore & Royapuram in Tamilnadu, Manjari in Karnatka, National college flyover at Bangalore, Abhoynagar, Durga Chaumuni and Salema in Tripura, Kandla Port Trust in Gujarat, Chenab Bridge in J&K, Rohtak & Sewa Nagar Flyover in Delhi, Rail cum Road Bridge at Rihand in U.P., ROB in Trichy and Kanchipuram in Tamilnadu, three numbers of Bridges in Tripura and various Bridges in Kanpur. NPCC has recently completed Flyover at Noida costing Rs. 83 Crore.

Roads: NPCC in past successfully executed internal and external Roads for Power Projects, township, steel plants, district roads, rural roads under PMGSY Jhabua in M.P and at

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works for Assam Rifles in North Sector costing Rs. 350 Crore, CRPF building in Delhi, and Guwahati, Housing Complex for Sipat STPP, Talchar STPP, College of fisheries at Agartala, College of Horticulture at Pasighat, Arunachal Pradesh for CAU, Building for MES at Dehradun, During the year under report, the Corporation has completed Assam Rifle work at different location in the States of Nagaland, Mizoram, Arunachal Pradesh, Tripura, Sikkim and Meghalaya for value of Rs. 120 Crore. During the year under report NPCC has completed the construction of Horticulture at Pasighat PH-I. Non residential at various locations in Moradabad. Construction of Patel Chest Institute Delhi Rs. 12.41 Crore. During the year under report NPCC is executing the work of Hindustan Aeronautics Limited New Technical Institute Building of Ramgarh & Polytechnic in Jharkhand etc. & the work of DMRC Lab & Administrative Building at Jodhpur.

Tunnels/Underground works: NPCC is pioneer in tunneling works and has successfully completed works at various locations in the country through most difficult terrain and non-predictable geological conditions namely Chennai



Tunnel, Salal, Chamera, Indravati, Subernrekha, Chukkha in Bhutan, Kangan, Bailadila, Tehri and Vaishnodevi. NPCC currently is executing major tunnel works for KRCL at Jammu connecting Katra-Laole section costing Rs. 250 Crore. NPCC has recently completed HRT tunnel & surge shaft at Maneribhali costing more than Rs. 150 Crore.

Border Fencing and Roads: NPCC has entered in the field of Border management works of fencing and construction of Border roads. The Ministry of Home Affairs has entrusted the work cost-

ing more than Rs. 1200 Crores on nomination basis. In addition to the above the MHA is also expected to entrust the Construction and repair and maintenance of new and existing BOP the expected value of which is around Rs. 100 Crore. Work costing more than 280 Crore has been completed. Corporation has deployed resources and efforts to complete the work with in the schedule time which is a challengeable job considering its remoteness and militancy prone area.



The work of our Corporation has so much been appreciated that MHA have further decided to allot the work of border Roads and Indo-Tibetan Border in Himachal Pradesh, J&K and Uttranchal which is costing around Rs. 200 Crore.

Thermal Power Sector : NPCC entered in to this Sector in 1962 with the Construction of Amarkantak TPMPSEB in



the State of Madhya Pradesh and Durgapur TPS for DVC in West Bengal and subsequently successfully completed major civil works including heavy machine foundations for TG Cooling Tower, RCC Stacks, CW system, coal handling system, fuel oil facility and other allied civil works for Anpara, Rihand, Farakka, Ramagundam, Singrauli, Vindhyanager, Korba, Talcher, Kahalgaon, Bokaro, Mejia and Unchahar etc. During the year under report the Corporation has completed the BTPS Ash Dyke work in Delhi, Building work for Sipat STPP in Chhattisgarh. NPCC is currently executing several major engineering works for

Maharashtra State Electricity Board at Parli and Paras TPS and for NTPC at Kahalgaon, Talcher and Sipat.

Dams: NPCC entered in to this Sector with Construction of Earthen Dam across the river Badua and Chandan in Bihar. NPCC in past has successfully constructed several Dams namely pench, Mulla Dam & Totladoh in Maharashtra, Singda



Dam in Manipur, Rajghat in U.P., Baira dam for Bairasuil HEP, Hidkal Dam, Salal concrete Dam, Hasdeo, Eastern Dam and Suthna Earthen Dam. During the year under report NPCC have completed Khuga Dam costing Rs. 38 Crore and Jobat Dam in M.P costing Rs. 45 Crore.

Barrages: NPCC entered in to this Sector with Hasdeo Barrage in M.P. in 1962 and since then constructed major Barrages like Godavari in A.P., Farakka in W.B, Trishli Barrage in Nepal, Gandak Bhim Barrage in Bihar, Ithaibarrage in Manipur, Gumti, Manu Barrage, Khowai in Tripura, Wazirabad across river Yamuna in Delhi and Ponnai in A.P. Presently NPCC is executing Barrages at Kalshi in Tripura costing Rs. 21 Crore and Dolaithabi barrage in Manipur costing Rs. 31 Crore.

Irrigation/Canals: NPCC on past has successfully executed canal works at Sabalgarh, Chambal, Sheopur, Indrasagar Project at Khandwa in M.P., Sharda Sahayak Canal in U.P.,



Kalsindh & Parwan aqueducts in Rajasthan, Kunwari aqueduct across river Kunwari in M.P., Power Channel for Subemrekha HEP, Jharkhand, Bagmari Siphon in Farakka, Aquaduct in Goteagaon and Bariyarpur Canal in M.P and International Project of Al-Edawiyah in Iraq during the year under report. NPCC has executed canal works at Mirzapur costing Rs. 44.60 crores for U.P., during the year under report NPCC have completed the Left Afflux Bund at Kanpur Rs. 25.75 Crore.

Industrial Structures: NPCC entered in to this Sector in 1980 with Vishakhapatnam Steel Plant, involving construction of Sinter Plant, Coke Oven batteries & complete bye-product Plant and since then completed



works for Wheel & Axle plant for Railways, Koyali oil Refineries, Dalla & Khrew Cement Factories, Khetri Copper Project, Jayant Coal Handling Plant, Rourkela Steel Plant, Paper & pulp factory at Nagaland & field base and central workshop at Jayant.

PHE & Environment: NPCC in past has successfully completed sewerage system at Thiruvananthapuram for Kerala Water Authority and at Gawalior for M.P. PHE Department, Water Treatment Works at Bangalore in Karnataka.



Presently NPCC is executing major storm water surface drain for Bangalore Mahanagar Palika with Project costing Rs. 62 Crores.

BALANCE SHEET AS AT 31ST MARCH, 2007

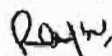
(Amount in Rupees)

PARTICULARS	SCHEDULE	AS AT 31-3-2007	AS AT 31-3-2006
SOURCES OF FUNDS			
1. Shareholders Funds :			
Capital	"A"	298420000	298420000
2. Loan Funds :			
a) Secured Loans	"B"	67902778	70566434
b) Unsecured Loans	"C"	6391425377	6202056509
		<u>6757748155</u>	<u>6571042943</u>
APPLICATION OF FUNDS			
1. Fixed Assets :			
a) Gross Block	"D"	632736551	642375876
b) Less: Depreciation		543330577	559281853
c) Net Block		89405974	83094023
2. Investments			
	"E"	30000	30000
3. Current Assets, Loans & Advances :			
a) Current Assets	"F"	2950964971	3149442428
b) Loans & Advances		1293766531	2036358172
		4244731502	(5185800600)
Less: Current Liabilities & Provisions:			
a) Liabilities	"G"	4905107710	5159703849
b) Provisions		276403610	301811634
c) Inter-Unit Net Balance (Pending Reconciliation)		9673085	85332462
		5191184405	(5546847945)
Net Current Assets		-946452903	-361047345
4. Miscellaneous Expenditure to the extent not written off or adjusted			
a) Profit & Loss Account :	"H"	204486	0
		7614560598	6848966265
		<u>6757748155</u>	<u>6571042943</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


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


(A.K. JHA)
DIRECTOR (E)


(ARBIND KUMAR)
CHAIRMAN & MANAGING DIRECTOR

As per our report of even date
FOR AGI WAL & ASSOCIATES
Chartered Accountants

Place: New Delhi
Date : 4.10.2008

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2007

(Amount in Rupees)


PARTICULARS	SCHEDULE	2006-2007	2005-2006
INCOME:			
Work Done for the year		7219425300	5774608474
Cost of Work Done for the Corporation		-1395157	2032747
Other Income	"I"	187011919	92798469
	TOTAL:	7405042062	5869439690
EXPENDITURE:			
Construction & Work Expenses	"J"	6679016891	5427496908
Personnel	"K"	301287078	271961005
Administration	"L"	34509632	29144115
Other Expenses	"N"	47185177	27542411
Provisions	"O"	851184049	53594599
	TOTAL :	7913182827	5809739038
Profit/Loss(-) Before Interest and Tax		-508140765	59700652
Less: Interest & Bank Charges	"M"	470635986	441833973
Less: Prior Period Adjustments (Net)	"P"	5201174	7431225
Exceptional item			
Add: Interest written back (Note No. 24)		220006849	413507677
Profit/Loss(-) before tax		-763971076	23943131
Fringe Benefit Tax		1623257	1324201
Minimum Alternative Tax (MAT)		0	0
Profit/Loss(-) for the year after tax		-765594333	22618930
Balance Profit/Loss (-) b/f from previous year		-6848966265	(-)6871585195
Carried forward to Balance Sheet		-7614560598	(-)6848966265

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



(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

Place: New Delhi
Date : 4 10,2008


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

SCHEDULES TO THE BALANCE SHEET

SCHEDULE - "A"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
SHARE CAPITAL		
Authorised :		
300000 Equity Shares of Rs. 1000/- each		
(Previous Year 300000 Equity Shares of Rs. 1000/- each)	300000000	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 31-3-2007	AS AT 31-3-2006
SECURED LOANS		
a) From Project Authorities secured against Hypothecation of Machinery, Equipment & Vehicles	67600573	67050325
b) i) State Bank of India, Imphal against FDRs	0	3516109
b) ii) Allahabad Bank, Ranchi against FDRs	300000	
Add: Interest accrued and due	2205	0
TOTAL:	67902778	70566434

SCHEDULE - "C"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
UNSECURED LOANS		
A. Long Term Loans		
i) From Govt. of India	2352377000	
Add: Interest accrued and due	3427154323	
	5779531323	5176039905
ii) From O.N.G.C.	0	
Add: Interest accrued and due	0	
	0	320006849
B. Short Term Loans		
i) From Project Authorities for works	611894054	706009755
TOTAL:	6391425377	6202056509

SCHEDULE - "D"

FIXED ASSETS

(Amount in Rupees)

Sl. No.	Description	GROSS BLOCK (AT COST)			LESS: DEPRECIATION			NET BLOCK		
		As at 31-3-2006	Additions during the year	Dedn./Adjustments during the year	As at 31-3-2007	Up to 31-3-2006	During the year	Up to 31-3-2007	As at 31-3-2007	As at 31-3-2006
1	Free Hold Land	219279	2171600	0	21956879	0	0	0	21956879	239279
2	Lease Hold Land	4094209	0	0	4094209	238450	12679	251129	3843080	3853759
3	Buildings on Free Hold Land	3403319	0	0	3403319	962857	55474	1018331	2384988	2440462
4	Buildings on Lease Hold Land	3013754	0	0	3013754	840429	40958	881387	2132367	2173325
5	Temporary Con-structions	139343493	258354	5734293	133867554	130428804	8253421	4814671	133867554	0
6	Machinery	332490508	41519	13727862	318804165	299156743	2037403	12673857	288520289	30283876
7	Vehicles	53298948	702169	5344956	48656161	42390923	1369798	5070439	38690282	9965879
8	Works Equipment	75779159	1428089	8536558	68670690	62235571	3803060	7816564	58222067	10448623
9	Office Furniture & Equipments	30315409	4006171	4483225	29838355	22714038	2927967	4116257	21525748	8312607
10	Library Books	397798	38035	4368	431465	314038	42559	2807	353790	77675
Total :		642375876	28191937	37831262	632736551	559281853	18543319	34494595	543330577	89405974
Previous Year :		687357259	7536432	52517815	642375876	600796095	8115303	49629545	559281853	83094023

NOTE: Net Block includes inter-unit transfers in transit Rs.33.67 lacs (Previous Year Rs.50.28 lacs)

SCHEDULE - "E"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
INVESTMENTS		
Investment (at cost)		
In Government Securities		
Long Term		
Non-traded/Unquoted :		
i) National Saving Certificates	30000	30000
(Face Value Rs.30000)		
(Pledged as Security with Project Authorities		
TOTAL:	30000	30000

SCHEDULE - "F"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
CURRENT ASSETS LOANS AND ADVANCES		
A) CURRENT ASSETS :		
1) Inventories (at cost):		
a) Stores and Spares (including construction material in hand, at sites and in transit) at cost (FIFO)	70963106	
b) Stationery and Medicine	56537	
	71019643	77038271
2) Tools & Implements at 5% of cost (including in transit)	138094	270731
3) Sundry Debtors (Unsecured considered good unless otherwise stated) :		
a) Debts outstanding for a period exceeding six months :	585348469	1388872534
Doubtful	<u>758313528</u>	<u>144701080</u>
	1343661997	1533573614
Less: Provision for Doubtful Debts	<u>758313528</u>	<u>144701080</u>
	585348469	1388872534
b) Other Debts Considered Good	<u>1382095816</u>	<u>574388103</u>
	1967444285	1963260637
Less: Payable for material etc.	<u>613816028</u>	<u>681131353</u>
	1353628257	1282129284
c) Receivables from Project Authorities on account of services rendered etc.	<u>591599985</u>	<u>552576273</u>
	1945228242	1834705557

SCHEDULE - "F" CONTD.....

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
4) Cash and Bank Balance :		
a) i) Cash in hand	2822599	1097244
ii) Cash in Transit	0	0
iii) Cheques in hand	8212561	342232040
iv) Cheques in Transit	<u>0</u>	<u>0</u>
	11035160	(343329284)
b) Balance with Scheduled Banks :		
i) In Current Accounts	254707426	388381284
ii) In Fixed Deposits/Saving Bank Accounts (Staff Security Contra)	1435758	1481191
iii) In Fixed Deposits with Banks	647565113	481676399
Less: Provision for doubtful debts	<u>4834213</u>	<u>0</u>
	898874084	(871538874)
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
	38375167	38375167
Less: Provision for Doubtful Debts	<u>38369158</u>	<u>38369158</u>
	6009	6009
	909915253	1214874167
5) Other Current Assets :		
Interest Receivable/Accrued	24663739	22553702
Sub Total:	2950964971	3149442428
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	354640913	146100520
b) Others Considered Good	480127597	
Considered Doubtful	<u>115642680</u>	
	595770277	
Less: Provision	<u>115642680</u>	
	480127597	1450170717
2) Advances to Directors	0	24961
3) Security Deposit with Project Authorities	517756308	
Less: Provision	<u>77663446</u>	
	440092862	423078269
4) Security Deposit with Others	9922969	
Less: Provision	<u>1488445</u>	
	8434524	7910044
5) Advance & Provisional payment of Tax	10470635	9073661
	1293766531	2036358172
TOTAL: (I + II)	4244731502	5185800600

SCHEDULE - "G"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
CURRENT LIABILITIES AND PROVISIONS :		
a) Current Liabilities :		
i) Sundry Creditors	782132710	442803067
ii) Earnest Money/ Security Deposits :		
a) From Staff	1963847	1864504
b) From Others	773278149	663142544
iii) Interest Accrued but not due:		
Secured Loans	44642785	37846303
Unsecured Loans	263177612	256208942
iv) Other Liabilities	3039912607	3757838489
	<u>4905107710</u>	<u>5159703849</u>
		(5159703849)
b) Provisions:		
i) For loss of Stores/Spares and Machinery	22634830	8113710
ii) For Workmen's Compensation and terminal benefits	176122	176122
iii) For Obsolescence of Stores & Spares	4746755	4968700
iv) For Trade/Commercial Tax	25964567	11995822
v) Gratuity	108356675	111588047
vi) For Leave Encashment	114496827	164941399
vii) For Other Contingencies	27834	27834
	<u>276403610</u>	<u>301811634</u>
c) Inter Unit Remittance (Net)	9673085	85332462
TOTAL :	<u>5191184405</u>	<u>5546847945</u>

SCHEDULE - "H"

(Amount in Rupees)

PARTICULARS	AS AT 31-3-2007	AS AT 31-3-2006
MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	304486	0

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

SCHEDULE - "I"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
OTHER INCOME:		
Miscellaneous Receipts	16952594	11342894
Interest Received (Gross) on :		
a) Bank Deposits	44489844	
TDS	Nil	
b) Others	1499297	
TDS	Nil	
	45989141	26123290
Profit on sale of Fixed Assets	4704962	6377239
Provisions/Liabilities written back	102878984	39940340
Hire Charges of Machinery	8636813	3807375
Profit on Sale of Scrap, Stores, Small Tools & Equipments	1362765	4956167
Unclaimed Credit Balances Written Back	6486660	251164
TOTAL:	187011919	92798469

SCHEDULE - "J"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
CONSTRUCTION AND WORKS EXPENSES :		
Material Consumed :		
Opening Balance — Stores & Spares (Including Construction materials in hand, at site and in transit)	77017316	
Purchases	79554517	
	<u>156571833</u>	
Less: Closing Balance — Stores & Spares (including Construction materials in hand, at site and in transit)	70963106	
		<u>85608727</u>
		76573719
Incidental Charges :		
Storage Charges	3490669	
Stock Discrepancy	<u>61944</u>	
		<u>3552613</u>
		2518597
Wages & Other Payments to Workmen :		
Wages & Allowances	116043392	
Liveries	178454	
Incentives	449046	
Travelling Expenses	3274251	
Gratuity	<u>1265636</u>	
		<u>121210779</u>
		116641081
Payment to Sub-contractors	6375956262	5181209383
Motive Power & Fuel	2253929	1579612
Machinery Charges :		
Rates & Taxes of Machines & Tools	325987	
Insurance	328706	
Repairs—Workshop Building	<u>1032422</u>	
		<u>1687115</u>
		1310715
Repairs to Building	153681	292497
Carriage & Freight	817307	1892320
Tools & Stores Written off	248687	79932
Depreciation	6644922	5610955
Commercial/Trade Tax	60156053	18825653
Other Incidental Charges on Works	20726816	20962444
TOTAL:	<u>6679016891</u>	<u>5427496908</u>

SCHEDULE - "K"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
PERSONNEL :		
Salary , Wages and Allowances (including Leave Salary and Pension Contribution)	205811694	186753609
Contribution to Provident Fund	18604138	22446636
Gratuity	25293166	9102861
VRS Expenses	44064061	44890148
Staff Welfare Expenses	7514019	8767751
TOTAL :	301287078	271961005

SCHEDULE - "L"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
ADMINISTRATION :		
Travelling Expenses (including for Directors Rs.184616/- Previous Year Rs.162995/-)	13856302	10233145
Rent	5021510	4615460
Repairs and Maintenance:		
Buildings	1814384	
Others	934844	
	2749228	2491841
Printing & Stationery	2444515	1997159
Postage, Telephone & Telegrams	3745651	3218908
Electricity and Water Expenses	1712428	1585568
Advertisement and Publicity	2380035	2410407
Legal and Professional Charges	2133152	2290434
Payment to Auditors :		
Audit Fee for Statutory Audit	214919	
(including service tax & audit fee of Gratuity & CPF Trust)		
For Tax Audit	59508	
	274427	186318
Travelling Expenses—Auditors	192384	114875
TOTAL :	34509632	29144115

SCHEDULE - "M"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
INTEREST AND BANK CHARGES :		
Interest :		
a) Loans from Central Govt.	448990669	
b) Others	20382502	
	469373171	438893625
Bank Charges	1262815	2940348
TOTAL :	470635986	441833973

SCHEDULE - "N"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
OTHER EXPENSES :		
Miscellaneous Expenses	6771136	5193055
Vehicles Running, Maintenance, Hiring etc.	20307720	17074818
Bad Debts Written off	4909428	158720
Depreciation	11898397	2504348
Rates and Taxes	85795	218028
Insurance	324652	346839
Technical Fee/Consultancy	2289447	1879476
Loss on Sale/Write off of Fixed Assets	278968	75309
Loss on sale of Stores	319634	91818
TOTAL:	47185177	27542411

SCHEDULE - "O"

(Amount in Rupees)

PARTICULARS	2006-2007	2005-2006
PROVISIONS :		
Doubtful Debts and Advances	791700299	11520
Gratuity Workers	11325179	9598013
Leave Encashment	0	9653066
Provision for Losses of CPF	33443365	34332000
Others	14715206	0
TOTAL:	851184049	53594599

SCHEDULE - "P"

(Amounts in Rupees)

PARTICULARS	2006-2007	2005-2006
PRIOR PERIOD EXPENSES & INCOME		
(A) EXPENSES:		
Salary, Wages & Other benefits to employees	819786	2541925
Payment to Sub-contractors for work done	4078747	4757078
Project Authorities	0	2982940
Others	2031230	3353212
Total (i)	6929763	13635155
(B) INCOME		
Recovery of excess payment made to employees	22758	882157
Recovery of excess payment made to		
Supplier/Sub-contractors	0	48080
Others	1705831	5273693
Total (ii)	1728589	6203930
Net Amount (i-ii)	5201174	7431225

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.

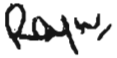
d) The maximum balance held with Non-scheduled Banks/Post Offices on any day during the year under report was as under :

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.

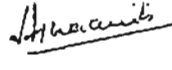
40. Events after Balance Sheet date. NIL



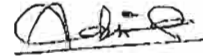
(RAJNI AGARWAL)
COMPANY SECRETARY



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



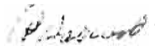
(A.K. JHAMB)
DIRECTOR (E)



(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)

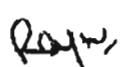

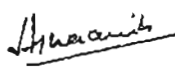

SOURCES OF FUNDS

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.

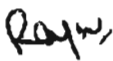
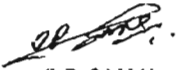
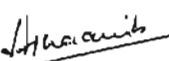

 (RAJNI AGARWAL) COMPANY SECRETARY	 (J.P. SAHA) DY. GENERAL MANAGER (F)	 (A.K. JHAMB) DIRECTOR (E)	 (ARBIND KUMAR) CHAIRMAN & MANAGING DIRECTOR
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New Delhi
Dated: 4-10-2008

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
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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

ACCOUNTING POLICIES

1. 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.

2. 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.

3. METHOD OF RECKONING OF PROFIT

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

4. 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.

5. 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.

6. GRATUITY AND LEAVE SALARY

- i) The liability towards contribution to Gratuity Fund in respect of Regular Establishment is based on actuarial valuation as at the year-end.
- ii) The provision in respect of workers has been made as per Payment of Gratuity Act, 1972.



iii) Liability for Leave Salary is accounted for on actuarial basis.

7. FOREIGN EXCHANGE TRANSACTIONS

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

8. INVENTORIES

Stock of material, stores and spares including construction materials are valued at cost (using First in First out method).

The above valuation is subject to additions of 3% stock storage in the case of material-at-site routed through stores and upto 1% discrepancy adjustment owing to pricing of inventory.

9. 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.

10. 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.

11. 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.

12. PREPAID EXPENSES

Expenditure upto Rs.5000/- in each case incurred in advance relating to the subsequent year(s) is accounted for on cash basis. Prepaid expenses exceeding Rs.5000/- only are recognised as Prepaid Expenses.

13. ACCOUNTING OF SCRAP

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

14. 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.

15. CONTRACTUAL OBLIGATION

Provision for warranty is not maintained for completed contracts and expenditure incurred on warranty repairs and maintenance are charged to revenue when incurred.

16. EXPORT INCENTIVE

CCS and EXIM Scrip benefits are reckoned on realization.

17. CLAIMS LODGED WITH OTHER PARTIES

Claims lodged by the Corporation with other parties are accounted for on realization.

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

- I. We have examined the attached Revised Balance Sheet of NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED as at 31st March, 2007 and the Revised Profit and Loss Account for the year ended on that date, and also the Revised Cash Flow statement for the year ended on that date, which were revised consequent to non adoption by the shareholders (at the 50th Annual General Meeting held on 31-12-2007) of the original Balance Sheet and Profit and Loss Account and Cash Flow statement covered by our audit report dated 06.12.2007.
- II. As per the opinion of the Institute of Chartered Accountants of India and that of department of Company Affairs, a company can not reopen and revise the accounts once adopted by the shareholders at an annual general meeting. However, this case is different from the opinion framed as above, in the case, though accounts were approved by the board but not approved by the shareholders in Annual General Meeting. The Ministry has sought the clarification from CAG and in the opinion of C.A.G, in such a case company can reopen and revised the original accounts. In the light of the opinion of C.A.G., the board of Directors of the Company decided to reopen and revise the original accounts. Accordingly, Audit Committee of the Company in their Meeting held on 18-09-2008 as well as Board in the Board Meeting held on 19-09-2008, agreed to make provisions for removing the qualifications given by us in our earlier Report.
- III. We have considered the earlier Audit Report dated 06-12-2007 on the original accounts and have examined the changes which have resulted in additional provision of Rs. 80.96 Crores (reference invited to our qualification vide Para 3.f. in our Audit Report dated 06-12-2007)
Consequently, the earlier profits of Rs. 4.40 Crores are converted into losses of Rs. 76.56 Crores resulting into reduction of current assets Rs. 80.15 Crores and fixed assets Rs. 0.81-Crores respectively.
- IV. We had 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.
- V. 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.
- VI. 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 (f) below, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. As per certificate provided, none of the directors are disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, and subject to: -

1. **UNSECURED LOANS Cr. Rs. 6,39,14,25,377/-**

The above includes loan fund from Government of India of Rs. 235.24 Crores, which is more than the aggregate of the paid up capital and free reserves. Approval/Ratification of the President of India Under Article 46 of the Articles of Association of the Corporation and by the shareholders as required under Section 293(1)(d) of the Companies Act, 1956 has been applied and approval is still awaited.

2. Accounting policy no. 3, 4 and 15 regarding recognition of Revenue and Provision for warranty are in contravention of "Construction Contracts" (AS-7, Revised) issued by the Institute of Chartered Accountants of India. Further, the Corporation has not followed AS-9 (Revenue Recognition), AS-11 (Effect of Changes in foreign exchange rate) & AS-15 (Accounting For Retirement Benefit).

3. **INTER UNIT REMITTANCE CREDIT/ADJUSTING HEAD Dr. Rs. 96,73,085/(Net)**

Non-reconciliation of inter-unit accounts/inter unit Remittance/ other accounts due to unrecognized and unadjusted entries. Such entries, if adjusted properly, could significantly affect the assets and liabilities of the Corporation. Hence, we are unable to comment on it.

4. (i) Pending reconciliation of quantities taken in value of work done and paid to subcontractors at certain Units, the quantum of short provision or excess provision of liabilities, if any, is indeterminate.
- (ii) 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.

5. Non charging of 100% DEPRECIATION ON THE Assets costing upto Rs. 5,000/- is in violation of Schedule XIV read with Section 350 of the Companies Act, 1956 but in the opinion of management it is immaterial considering the overall turnover of the company


6. **Branch Auditors observations**

In the opinion of management, whatever Provisions have been made now also cover the impact of observations made by Branch Auditors.

The impact of above observation 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 give the true and fair view, in conformity with the accounting principles generally accepted in India;

- i) In the case of the Revised Balance Sheet, of the state of Company's affairs as at 31st March, 2007 and,
- ii) In the case of Revised Profit and Loss Account, of the loss for the year ended on that date.
- iii) In the case of the Revised Cash Flow Statement, of the cash flows for the year ended on that date.

For AGIWAL & ASSOCIATES
Chartered Accountants


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

Place: New Delhi
Date: 04.10.2008

ANNEXURE-I REFERRED TO IN PARA IV 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. 33.67 lakhs (previous year Rs. 50.28 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 affect the going concern assumption.
- ii) a) As explained 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. *However, the reports were not made available to us to confirm whether or not, physical verification was actually conducted*. In the opinion of management it is immaterial.
- 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 *subject to adherence of uniform predetermined method of such verification*.
- 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 *without analyzing the reasons thereof*.
- 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 continuing 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. Further, Internal Audit Reports along with compliance were not made available to us.
- 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 income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it except stated below.

However, Provident Fund is being deposited on adhoc basis with the Trust and there is considerable delay in the deposit of difference between the amount required to be deposited and the ad hoc amount deposited. The arrears of Provident Fund dues as on 31st March, 2007 are Rs. 3,051.34 lakhs (Previous year Rs. 3,800.94 Lakhs) subject to reconciliation with Provident Fund Trust. 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, the Company is not regular in depositing 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, 2007

- (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 timely on account of any dispute, are given in Annexure – II to our report.
- x) As at 31st March, 2007, 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) The company has defaulted in repayment of dues to institutions etc. The outstanding due to these lenders are as under:

Name	Rs. in crores
GOI	577.95
Total:	577.95

- 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) In our opinion and 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) The Corporation has received Rs.1580 lakhs as Non Plan Loan Assistance from the Ministry during the year. However, we cannot offer our comments on the correct utilization of the funds for want of details.

- xvii) In the absence of relevant information, we are unable to comment on whether the funds raised on short-term sources are 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 AGIWAL & ASSOCIATES
Chartered Accountants

Place: New Delhi
Date: 04.10.2008

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

Undisputed

Dues of Sales Tax/ Income Tax/ Custom Duty/ Wealth Tax/ Excise Duty/ Cess/Service Tax which have not been deposited (o/s for more than six months) are as follows :-

Name of the Statute	Nature of dues	Department	Amount (in Rs.)	Unit
Custom Duty Act	Custom Duty	Custom duty Deptt., Bombay	6,70,71,759	Nagpur
Income Tax Act	Income Tax	Income Tax Deptt., Siliguri	7,720	Torsa
Income Tax Act	Income Tax	Income Tax Deptt., Ranchi	1,600	BDRL
Professional Tax Act	Professional Tax	Professional Tax Deptt., Siliguri	9,570	Teesta III
Income Tax Act	Income Tax	Income Tax Deptt., Vizag	11,422	NTPC Simadhari
Income Tax Act	Income Tax	Income Tax Deptt., Dhanbad	1,84,652	TPD
Sales Tax Act	Sales Tax	Sales Tax Deptt., Patna	8,36,042	L N B Patna
Income Tax Act	Income Tax	Income Tax Deptt., Singda	1,38,362	Singda
Income Tax Act	Income Tax	Income Tax Deptt., Manu	28,620	Manu
Income Tax Act	Income Tax	Income Tax Deptt., Siliguri	48,442	Teesta III
Income Tax Act	Income Tax	Income Tax Deptt., Siliguri	57,235	Teesta III
Income Tax Act	Income Tax	Income Tax Deptt., Purulia	14,961	Purulia
Professional Tax Act	Professional Tax	Professional Tax Deptt., Purulia	2,460	Purulia
Professional Tax Act	Professional Tax	Professional Tax Deptt., Simadhari	7,500	NTPC Simadhari
Income Tax Act	Income Tax	Income Tax Deptt., Dholaithabi	5,74,297	Dholaithabi
Income Tax Act	Income Tax	Income Tax Deptt., Vizag	79,335	Muran
Professional Tax Act	Professional Tax	Professional Tax Deptt., Siliguri	5,340	TRB
Professional Tax Act	Professional Tax	Professional Tax Deptt., Siliguri	42,321	Ramam
Income Tax Act	Income Tax	Income Tax Deptt., Vizag	89,774	Nalco
Income Tax Act	Income Tax	Income Tax Deptt., Nalco	19,008	Nalco
Income Tax Act	Income Tax	Income Tax Deptt., Siliguri	32,873	TRB
Income Tax Act	Income Tax	Income Tax Deptt., Kreis	81,602	Kreis (N)
Sales Tax Act	Sales Tax	Sales Tax Deptt., Kreis	3,33,929	Kreis (N)
Professional Tax Act	Professional Tax	Professional Tax Deptt. Siliguri	1,09,322	Ramam
Professional Tax Act	Professional Tax	Professional Tax Deptt., Bennihalla	16,535	Bennihalla
Sales Tax Act	Sales Tax	Sales Tax Deptt., Bennihalla	7,156	Bennihalla
Income Tax Act	Income Tax	Income Tax Deptt., Bennihallar	8,280	Bennihalla
Professional Tax Act	Professional Tax	Professional Tax Deptt., Manjeri	71,595	Manjeri

Annexure - II

Disputed

Dues of Sales Tax/ Income Tax/ Custom Duty/ Wealth Tax/ Excise Duty/ Cess/Service Tax which have not been deposited on account of any dispute are as follows :-

Name of the Statute	Nature of dues	Forum where dispute is pending						Amount (in Rs.)	Unit
		Supreme/ High Court	Appellate Tribunal	Appellate Authority	Adjudging Authority	Joint Secretary/ Commissioner (Appeals)	Revisionary Authorities		
Sales Tax Act	Sales Tax	---	---	---	---	---	---	47,51,345	Tanakpur
Sales Tax Act	Sales Tax	---	---	---	---	---	---	4,58,632	Sharda Sahayak
Sales Tax Act	Sales Tax	---	Appellate Tribunal, Jeyapore	---	---	---	---	5,15,741	Muran Dam
Sales Tax Act	Sales Tax	---	Appellate Tribunal, Bhubneshwar	---	---	---	---	6,35,812	Angul
Sales Tax Act	Sales Tax	---	Appellate Tribunal, Trivendrum	---	---	---	---	25,38,085	TSW, Trivendrum
Custom Tax Act	Custom Duty	---	---	---	Custom Duty. Deptt. Bombay	---	---	6,70,71,759	Nagpur

Management Replies to the Statutory Auditor's Report 2006-07

- I. No comments.
- II. No comments.
- III. No comments.
- IV. No comments.
- V. No comments.
- VI. (a to e) No comments.
- VI. (f)
 1. No comments.
 2. The Accounting Standards are strictly followed by the Company. Deviations on account of operational exigencies have been suitably disclosed with explanations in the notes.
 3. The reconciliation/adjustments of the inter unit accounts/inter unit remittances is a continuous process and an on going exercise.
 4. (i) Necessary disclosure have already been made in note No.12 forming part of the accounts.
(ii) The liability towards delayed projects is contingent in nature and the necessary disclosure has already been made vide note No.3 forming part of the accounts.
 5. Units have been advised to charge 100% depreciation on the assets costing upto Rs.5000/-
 6. No comments.

MANAGEMENT REPLIES TO THE ANNEXURE-I REFERRED TO IN PARA 2 OF AUDIT REPORT.

- i) a) No comments.
- b) Out of total fixed assets in transit of Rs.50.28 lakh as on 31st March, 2006 assets worth Rs.16.61 lakh have been linked leaving Rs.33.67 lakh worth assets which are in transit or under the custody of client. The recirculation in this regard is a continuous on account of nature of business. Physical verification reports are available in Units and units have been instructed to make available physical verification reports to auditors and provide location and identification of plant & machinery in Tools & Plant Register.
- c) No comments.
- ii) a) Physical verification of inventory are conducted by units and reports are available in units. Units have been instructed to make available physical verification reports to auditors.
- b) No comments.
- c) No comments.
- iii) a) No comments.
- b) No comments.
- iv) No comments.
- v) No comments.
- vi) No comments.
- vii) There is an Internal Audit Division, which covers all the activities of important Units. All the internal audit reports are available with Internal Audit Division. The reconciliation of balances of Project Authorities, Sub-contractors and other parties outstanding for many years in Sundry Debtors, Advances and other amounts, Mobilization Advance and Interest thereon, Fixed Deposits in Banks, Suspense and inter unit accounts and Sundry Creditors and other liabilities is a continuous process.
- viii) No comments.
- ix) a) For the last two year the Corporation is regular in paying its Provident Fund dues. Arrears are being paid to CPF Trust in installments as fixed by the RPF. Provident Fund accounts are under reconciliation.
- b) Undisputed statutory dues have been deposited and instructions have been issued to units to deposit the dues in statutory laid down period. Disputed dues are being contested with concerned authorities and shall be paid, if required, on final decision of the case.
- x) No comments.

- xi) No default has been made in repayment of dues to any institutions. The GOI loan is not being paid as the Revival Plan is under active consideration.
- xii) No comments.
- xiii) No comments.
- xiv) No comments.
- xv) No comments.
- xvi) Non Plan Loan Assistance of Rs.1580 lac, received from Ministry, has been utilized for the purpose it is received. All details are available in Corporate Office.
- xvii) No short term sources have been raised and used for long term investment.
- xviii) No comments.
- xix) No comments.
- xx) No comments.
- xxi) No comments.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS
OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED FOR THE
YEAR ENDED 31 MARCH 2007.**

The preparation of financial statements of **National Projects Construction Corporation Limited** for the year ended 31 March 2007 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 4 October 2008.

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 **National Projects Construction Corporation Limited** for the year ended 31 March 2007. 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 Auditors' report under Section 619 (4) of the Companies Act, 1956.

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



**(Birendra Kumar)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-1,
NEW DELHI.**

Place: New Delhi

Dated: 17 December 2008



Certification

Awarded to

NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

CORPORATE OFFICE
PLOT NO. 67-68, SECTOR-25,
FARIDABAD - 121 004, HARYANA, INDIA.

BVQI certify that the Management System of the above
organisation has been audited and found to be in accordance
with the requirements of the standards detailed below

STANDARD

ISO 9001:2000

SCOPE OF SUPPLY

**CORPORATE OFFICE, ZONAL OFFICES AND PROJECT SITES
EXECUTION OF CIVIL WORKS FOR THERMAL AND HYDRO ELECTRIC
PROJECTS, RIVER VALLEY PROJECTS, INDUSTRIAL STRUCTURES,
PROJECT MANAGEMENT CONSULTANCY SERVICES FOR BUILDINGS,
HOUSING, ROADS, BRIDGES AND INFRASTRUCTURAL PROJECTS,**

Original Approval Date: **02 November 2002**

Subject to the continued satisfactory operation of the organisation's Management System,
this certificate is valid until: **02 November 2008**

To check this certificate validity please call: +91 22 569563000

Further clarifications regarding the scope of this certificate and the applicability of the Management System
requirements may be obtained by consulting the organisation,

Date: **05 April 2006**

Certificate Number: **185891**

R. K. SHARMA
Director



BVQI (Holding) S.A.
using the accreditation
certificate number 008

008

MANAGING/ISSUING OFFICE: BVQI (India) Pvt. Ltd., "MARWAH CENTRE" 6 th Floor,
Opp. Ansa Industrial Estate, Krishanlal Marwah Marg, Off Saki Vihar Road, Andheri (East), Mumbai -400 072, India

ZONAL OFFICE

J&K & H. P. Zone

NPCC LTD.
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Uttaranchal Zone

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Dehradun -248001, Uttaranchal
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NCR Zone

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Fax : 0120-2451109

U P Zone

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Lucknow-226020, UP
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Jharkhand Zone

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Fax : 0651-2247263

Kolkata Zone

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Fax : 033-24635138

North Eastern Zone (West)

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oFax : 0381-2209621

North Eastern Zone (PMC)

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North Eastern Zone (Central)

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NCR Zone

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Orissa & AP Zone

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VII-H-167, Sailashree Vihar
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Fax : 0674-2741892

Chattishgarh Zone

NPCC LTD.
Kalyan Appts, Flat No. 05
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TeleFax : 0771-4074482

Rajasthan Zone

NPCC LTD.
41, Shubham Homes,
Jhalawar-326001, Rajasthan
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M. P. Zone

NPCC LTD.
Plot NO.-9, Nav Door, Sanchar Colony,
Gulmohar, Bhopal-4620160, M.P.
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Fax : 0755-407486

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Gurudev Apartments, Pump House,
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South Western Zone

NPCC LTD.
No. 1316, 2nd Cross, K.H.B Colony
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Karnataka
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Southern Zone

NPCC LTD.,
MTP RLY, Compound, Govt. Estate,
Behind VSNL Office, Sami Sivananda Salai,
Chennai-600002, Tamilnadu
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Cover page of this Annual Report signifies the multi directoral development of NPCC during 50 years of its operations

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