



60th Annual Report 2016-17



नेशनल प्रोजेक्ट्स कन्स्ट्रक्शन कारपोरेशन लिमिटेड
National Projects Construction Corporation Limited
A GOVERNMENT OF INDIA ENTERPRISE



Shri Nith Gadkar, Hon'ble Union Minister for Water Resources, River Development & Ganga Rejuvenation (MoWR, RD&GR) was presented with dividend cheque of Rs. 2.05 Crores for the financial year 2016-17 by Shri Sanjay Kundu, CMD, NPCC Limited in the presence of Shri A.R. Maghwal, Hon'ble Minister of State WR, RD & GR, Dr. Amarjit Singh, Secretary, and other senior officers of MoWR, RD & GR and NPCC Limited

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VISION

“To become premier engineering projects implementing organization”



MISSION

“To achieve a turnover exceeding Rupees 3,500 crores with positive net worth by 2021- 22 by focusing value addition at all points of interaction with our clients and continuously enhancing capabilities of organization and employees through innovations.”

BOARD OF DIRECTORS AS ON AGM



Shri Sanjay Kundu, IPS
JS-PP, MOWR, RD & GR
CMD, NPCC
(Additional Charge)
w.e.f. 17.07.17



Shri Manohar Kumar
Director (Engineering)



Shri Sahab Narain
Director (Finance)



Shri Jagmohan Gupta
JS-FA MOWR, RD & GR
Govt. Nominee
Director



Dr. Ravindra K Pande
Independent Director



Dr. Jayashree Gupta
Independent Director

Chairman's Statement

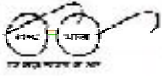


Dear Distinguished Shareholders,

It gives me immense pleasure to welcome you all to the 60th Annual General Meeting of the Company. The Annual Report for the Financial Year ending 31st March 2017, along with the Director's Report, Audited Annual Accounts and Auditor's Report have been circulated and with your permission, I take them as read.

I am happy to announce here that the Financial Year 2016-17 remained reasonably satisfying in terms of business growth and profitability . This gives us tremendous confidence to achieve higher objectives in the years to come. I welcome Dr (Smt.) Jayashree Gupta & Dr. Ravindra K. Pandey who joined the Company as Part Time Directors on 7th February 2017 and I look forward to their valued guidance and support.

Your Company has been making continuous improvements in procedure, quality assurance for achieving customer satisfaction, timely completion of works, manpower rationalization, up-gradation and multiple skilling of employees. The objectives are to achieve optimal per-capita productivity to bring in marked improvement in efficiency, transparency, turnover and timely performance targets with a view to accomplish committed targets for excellent rating under the MOU.



During the year 2016-17, your Company has secured **new works valuing Rs.1517 crore** against the target of Rs.1510 crores fixed by the Ministry for **excellent** rating. The order book of the Corporation is quite healthy; at **Rs.4957.80 crores** as on 31st March, 2017. Your Company is getting repeat orders from existing clients while adding new clients. This is evidence of Company's improved customer satisfaction in quality, timely and economically completion of projects.

Your Company has earned a **profit before tax of Rs.32.89 crore** as against Rs. 20.93 crore in previous year. **Profit after tax is Rs.28.84 crore** as against Rs.10.81 crores during previous year. As compared to the previous year, there has been increase in the Operating Turnover by 19%, Other Income by 4%, Total income by 18%, PBT by 80% and PAT by 227%.

During the year, your Company carried out a detailed exercise to clean its books of accounts by identifying and writing off / back old dead balances to reflect a realistic picture of the Company. In addition, your Company also took several steps towards system improvement like adoption of Record Retention Policy; adoption of Internal Financial Control Policy; Formation of Audit Committee; CSR Committee and Remuneration Committee; increase in the frequency of Internal Audit etc. Company encourages adoption of IT based solutions to improve its efficiency. It has also ensured digital payments to various agencies in line with the directives issued by Government of India.

During the year, the Board of Directors of Company has recommended **a dividend of Rs.22/- per equity share** (2.20% of paid up capital) which involves a sum of Rs. 2,07,96,952 /- out of the profits of the current year (7.21% of profits).

Your Company is mindful of its corporate social responsibilities and is fulfilling the obligation as provided in Companies Act and Govt. of India guidelines. During the year 2016-17, your Company has undertaken construction of Senior Citizen block for Madhav Nyas at Mandaleshwar, Indore; Construction of Pond Ghat at Paschim Medinapur; Girls School building (Phase-I) at Vill. Buchhakheri, Dist. Shamli. Shri Hukam Singh Hon'ble Chairman, Standing Committee for Water Resources inaugurated the Girls School building (Phase-I) at Vill. Buchhakheri, Dist. Shamli. Your Company has also provided gymnasium equipments in schools of Meerut & Muzaffarnagar, UP. Your Company also organised Free Health Check up Camp in Behala, Kolkata and undertook construction of toilets in West Medinapur, West Bengal thereby spending total amount of **Rs.47.89 lacs** during 2016-17 as a part of **Corporate Social Responsibility**.

Your Company firmly believes that Good Corporate Governance Practices in the long run lead to creation of wealth for all its stakeholders. To this end, your Company has been ensuring compliance of applicable rules, laws, regulations and transparency in conducting its business in an ethical manner. Quarterly compliance report for Corporate Governance under para 8.3 of Department of Public Enterprises Guidelines on Corporate Governance for CPSE's, is being sent to our Administrative Ministry i.e. Ministry of Water Resource, RD & GR on quarterly basis within stipulated time. Company has been graded as **"Excellent"** for the year 2015-16 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs.

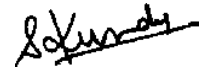
With the improvement of financial health of the Company, your Company plans to take major projects in EPC mode and enter into execution of projects in foreign countries.

I take this opportunity to express my sincere gratitude to the members of the Board of Directors for their proactive participation in the Company affairs and for their valuable guidance in contributing their might towards growth of the Company.

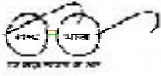
I shall be failing in my duty if I do not express my gratitude and sincere thanks to the Hon'ble Minister of Water Resources, RD & GR, Hon'ble State Ministers of Water Resources, RD & GR, the Secretary & the Jt. Secretary (FA) and other line officers in the Ministry for providing valuable guidance and support. I also thank all officers in the Ministry of Water Resources, RD & GR and other Ministries especially Ministry of Home Affairs, Ministry of Rural Development, Ministry of Sports and Department of Public Enterprises, without whose help it would have not been an easy journey to achieve the goal. I also thank the Comptroller & Auditor General of India, Statutory Auditors, Branch Auditors and other professionals associated with the Company for their valued contribution.

I would like to express my heartfelt thanks to my esteemed colleagues on the Board and to all the employees of NPCC for their diligence. Their inputs were key to delivery of excellent results and helped to bring the Company at par with other best PSUs. I am confident that the "Team NPCC" would continue to contribute its might in fulfilling the commitments and expectations of Shareholders and Stakeholders in the future. I am sure your Company would continue to excel the years ahead.

Place: New Delhi
Date : September 29, 2017



SANJAY KUNDU
CHAIRMAN & MANAGING DIRECTOR



DIRECTORS' REPORT

Dear Members,

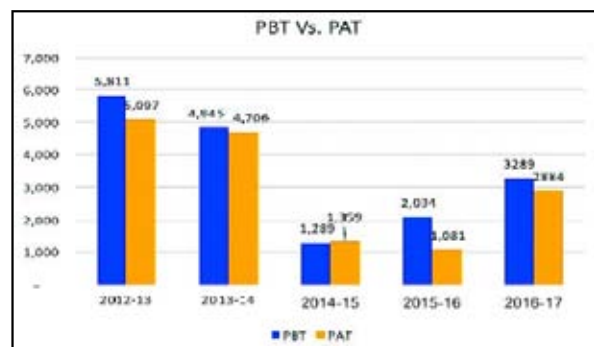
Your Directors have pleasure in presenting the 60th Annual Report together with audited accounts of the Company for the year ended 31st March, 2017.

FINANCIAL SUMMARY AND HIGHLIGHTS

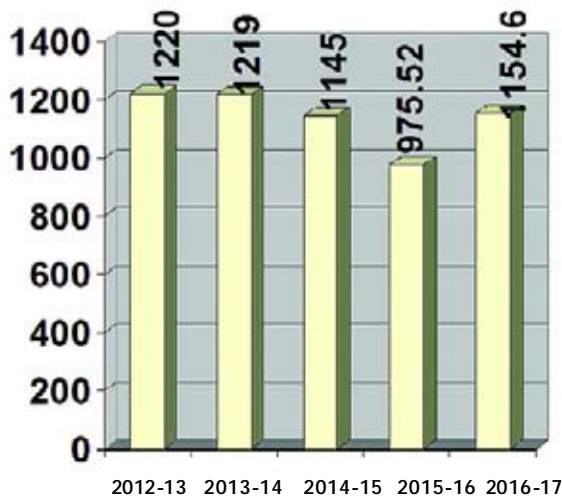
The summarized financial results of the Company are given below:

(In Rs. Crores)

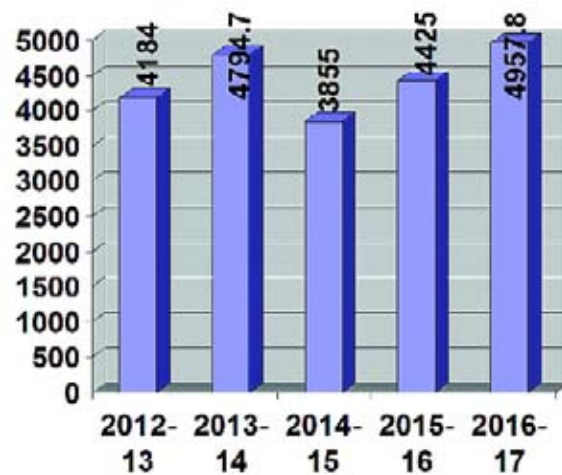
Particulars	2016-17	2015-16
Turnover including other income	1154.57	975.52
Operating Turnover	1118.22	940.72
Profit / (loss) for the year before tax	32.89	20.94
Profit/(loss) after Tax	28.84	10.81



Previous years figures have been re-grouped wherever necessary



Turnover including Other Income during Last 5 Years



Order Book Position during last 5 Years

DIVIDEND

The Board of Directors have recommended dividend of Rs. 22/- per equity share of face value of Rs. 1000/- each for the financial year 2016-17, subject to the approval of the Members in the ensuing Annual General Meeting, involving a total outflow of Rs. 2,07,96,952/- out of the profits of the current year (Excluding Dividend Distribution Tax of Rs. 42,33,770) (7.21% of Profit after Tax)

SHARE CAPITAL

Authorized Capital and Paid-up Capital of your Company at the end of the financial year is Rs. 700 crores and Rs.94.53 crores respectively.

BUSINESS DEVELOPMENT SCENERIO

During the year 2016-2017, your Company has secured new works valuing Rs.1517 crore against the target of Rs. 1510 crore fixed by the Ministry for Excellent rating out of which new business secured through tendering is to the tune of 51%. The effective order book position is Rs. 4957.80 crore as on 31st March, 2017.

During the year, your Company maintained pace of improvement in terms of quality & speedy implementation of works allotted including the works of Ministry of Home Affairs in North Eastern States; PMGSY (Known as Bharat Nirman) in the state of Bihar, Jharkhand & West Bengal; building works for Assam Rifles in North Eastern Region; Border Outpost, Border Flood Light, Border Fencing along Indo Bangladesh Border for Ministry of Home Affairs (MHA) etc. on PMC basis. The work of Indira Gandhi National Tribal University (IGNTU) at Amarkantak (M.P.) is going on with full swing where about Rs.400 crore worth works are completed. NPCC has been empanelled with ESIC for category II works and is likely to secure more works from PMGSY, MHA, Assam Rifles & Banks. Based on performance of the Company, Central Water Commission (CWC) has entrusted works to NPCC for implementation of major repair and renovation works at Seva Bhawan, New Delhi which are in full swing.

Further NPCC has made effort to secure works from new client. NPCC has secured further work from Ministry of Ayush for their upcoming Institute/Hospitals. During the year, your Company has added following new clients.

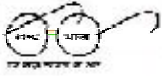
1. Rajendra Agricultural University, at Pusa, Samastipur Bihar.
2. Mishra Dhatu Nigam Limited (MIDHANI) at Hyderabad
3. Ministry of Tourism (under Swadesh Darshan Scheme) in Uttar Pradesh.
4. Ministry of Tourism at J&K.
5. National Mission for Clean Ganga (NMCG)
6. Central Railside Warehouse Company Limited

In addition, NPCC has secured orders from regular clients i.e., MHA, AYUSH, SAI, SCOPE, PNB etc.

With continuous emphasis on infrastructure by Govt. of India, NPCC with its ability to work in difficult areas like North East, Laddhakh & Naxal affected states of Jharkhand, Bihar, West Bengal, Odisha has bright future and has become a preferred organization for difficult and complex works.

BUSINESS STRATEGY

1. Proactive approach with constant touch and liaison with clients.
2. Introduction of computerized Project Management & Monitoring System.
3. Increasing client base by adding new clients.



4 Diversifying in new areas having synergy with present line of business.

NPCC is completing its project on time with quality and within approved cost and achieving great customer' satisfaction. This enabled the company in securing repeat orders.

Your Company is aggressively attempting to secure business in different locations and international location like Congo in Central Africa to enlarge its footprints in foreign countries.

CONSTRUCTION SAFETY MANAGEMENT

Management is fully committed to ensure safe working condition at all the project sites of the Company. Officers are imparted training from time to time on 'Safety Management'.

MOU WITH THE MINISTRY

Due to its turnover and profitability, few financial parameters of MOU 2016-17 have been affected. However, most of the non financial parameters remain in excellent category including Business Development. Based on the achievement of MOU targets, during the year 2016-17, the Corporation is likely to achieve 'Good' rating.

CORPORATE GOVERNANCE

Your Company is committed to practice corporate governance in conducting business in a legal, ethical and transparent manner. The Company believes that good corporate governance practices leads to creation of wealth for all stakeholders in the long term. Your Company has been complying with the Corporate Governance Guidelines issued by Department of Public Enterprise (DPE) and submitted compliance report to Administrative Ministry i.e. Ministry of Water Resources, RD & GR on quarterly basis within stipulated time. During the year, the Company has been graded as **"Excellent"** for the year 2015-16 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs. The rating for 2016-17 is awaited from DPE. During 2016-17 also, Company is likely to achieve Excellent rating in Corporate Governance.

Management Discussion and Analysis Report and Report on Corporate Governance are annexed in this Director's Report.

HUMAN RESOURCE DEVELOPMENT

NPCC keeps its pace with the fiercely competitive and dynamic business scenario. Hence, the employees are valued as the most important asset of the organization. Automation with use of computerization for optimum use of manpower has been our strength. The employees are imparted training for up gradation of skill sets to align them with the vision and mission of NPCC and for their career progression. NPCC implemented the Swachh Bharat Abhiyaan whole heartedly and undertook Swachhta Pakhwada projects successfully and enthusiastically in many parts of India wherein Shramdan, Swachhta Sandesh Rally, Pledge taking Ceremony, Cleanliness Drive, Competitions, etc. were held. International Day of Yoga was celebrated on 21st June 2017 with active participation of our employees. Women are encouraged and provided with equal opportunities in all aspects.

TRAINING

NPCC is training the existing manpower in different fields from prestigious organizations to empower themselves for future development in their fields. During the financial year 2016-17, over 100 man days of training/ workshop was availed by executives on different topics. The employees were sent for skill enhancement to prestigious institutions like SCOPE, ASSOCHAM, Institute of Directors, etc. for training on diverse topics like Leadership Development for Women Executives, Executive Development Programs, CSR, etc.

WOMEN WELFARE

For women empowerment, women are sent for training. Women's Day is celebrated annually as a mark of respect and appreciation towards women and in recognition of their social and economic achievements. On this day, experts are invited to conduct a session at our NPCC Corporate office, on topics related to stress management, health, etc.

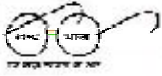
SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

There is an Internal Complaints Committee in NPCC for prevention of sexual harassment of women at work place. The Complaints Committee of NPCC looks after complaints of women employees regarding sexual harassment in NPCC. The Annual Report of the Committee for the period of Jan., 2016-Dec., 2016 is reproduced below:

- a) **Number of complaints of sexual harassment received in the year.-Nil**
- b) **Number of complaints disposed off during the year.-Nil**
- c) **Number of cases pending for more than ninety days.-Nil**
- d) **Number of workshops or awareness programme against sexual harassment carried out.-**
The Complaints Committee held a meeting in 2016. NPCC Ltd. sent following employees on 12th and 13th May 2016 to attend Workshop on 'Leadership Development for Women Executives' at SCOPE, New Delhi :
 - i) Mrs. Rajni Agarwal
 - ii) Mrs. Jasmine Dhar Singh
- e) **Nature of action taken by the employer or District Officer.-**During the calendar year of Jan., 2016-Dec., 2016, no case of complaints regarding sexual harassment were submitted by the Complaints Committee to the employer or District Officer.

EMPLOYEE WELFARE

Promotions were held regularly. 95 regular employees were promoted to next higher grade w.e.f. 1.10.2016, among which 54 were Executives and 41 were Non Executives.



The company gives cash or memento up to Rs. 8000/- to retiring employees at the time of superannuation in the form of gift. NPCC has a Grievance Cell of 2 types comprising Staff Grievance Redressal Committee and Public Grievance Redressal Committee. Improved medical reimbursement facility equivalent to CGHS Rates are provided. Liveries i.e. uniform, shoes, etc. are provided and washing allowance are also provided to eligible employees. There is a full fledged RTI division with CPIO and APIOs. All Zonal Managers are also APIO and matters are timely and smoothly sorted out.

RECRUITMENT

In order to hire the good talent, Management Trainees(Civil) have been recruited through GATE score and interview. Special recruitment drive for candidates belonging to reserved categories are also carried out. For the year 2016-17, there were 69 Below Board level in position recruitments in executive cadre which include Management Trainees absorbed as Dy. Managers. Besides, recruitment of 50 Nos. Assistant Engineer(Civil), to augment the human resources, was also undertaken.

EMPLOYEE STRENGTH

There were 857 employees on the rolls of NPCC, as on 31.3.2017, at the close of the financial year 2016-17, with details given here under:

DESCRIPTION	MALE	FEMALE	TOTAL
Executive	285	21	306
Non-Executive	114	18	132
Workmen	414	5	419
Total	813	44	857

SCHEDULED CASTE, SCHEDULED TRIBE AND OTHER BACKWARD CLASSES

Reservation in vacancy is kept for SC, ST, OBC(NCL) as per Govt. of India guidelines. NPCC has a Liaison Officer as well.

INDUSTRIAL RELATIONS

Feedback from the employees is encouraged. NPCC maintains sound, healthy and harmonious relations with its employees. Hence industrial relations in the Company are development oriented with proper communication being maintained at all levels. NPCC understands that its employees are its backbone. Hence efforts are made to consistently motivate them.

PROPAGATION OF RAJ BHASHA

In consonance with Official Language policy of the Government, Corporation made constant efforts for the implementation of the provision of Official Language Act and rules framed there under. Special thrust was given to provide unicode based Hindi typing facility on every computer and hence, employees were encouraged to use Hindi in their daily official work on computers.

To enhance the use of Official Language various incentive schemes were continued during

the year including special incentive Scheme for children of NPCC employees. Those securing higher percentage of marks/grades in Hindi at Secondary and Senior Secondary level Examinations, were given cash awards along with English-Hindi dictionary .

Hindi Divas/Hindi Pakhwara was observed at Corporate level and Zonal/Unit level during the year under report. Various competitions focusing Hindi were organized at Corporate Office which include Hindi Nibandh Lekhan Pratiyogita, Shabd-arth evam Samanya Gyan Pratiyogita, Hindi Karya Vyawhar Pratiyogita in which officers/ staff actively participated.



Meeting of Parliamentary Committee on Official Language

The Drafting and Evidence Sub Committee of the Committee of Parliament on Official Language, New Delhi, had a discussion with the Chairman of Town Official Language Implementation Committee, Faridabad and Heads of some member offices including NPCC Limited on 24 December 2016.

VIGILANCE ACTIVITIES

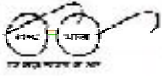
Vigilance Division headed by CVO's, Shri Adesh Kumar (01.06.2016 to 31.07.2016) and Shri Akhilesh Mishra (15.11.2016 to 31.03.2017) on part time basis, has guided and facilitated impartial, fair and transparent decision making. Vigilance Division gave priority to preventive vigilance to punitive vigilance, with proactive attitude, working towards creation of fair, transparent and just policies and conducive environment in NPCC.



Pledge taking during Vigilance Awareness Week

Preventive Vigilance :

- Periodical reports such as monthly reports, quarterly reports and annual reports were prepared and sent to the Ministry of Water Resources, River Development & Ganga Rejuvenation in time.
- Monthly Progress Report of CVO, CTE Quarterly Progress Report and Annual Progress Report were sent to Central Vigilance Commission through e-mail.



- Reports sought by MoWR, RD & GR were submitted in time.
- Information related to Vigilance Clearance was uploaded on DoPT website for below Board Level Employees as per directions received from MoWR, RD & GR.
- Proper coordination with the respective Divisions and Zones of NPCC was done to facilitate Preventive Vigilance Inspections (PVI) by Vigilance Division, MoWR, RD & GR. Such PVI were conducted during 16th to 18th November, 2016 at Corporate Office, Faridabad, during 23rd to 25th January, 2017 at Hyderabad Zonal Office and during 15th to 17th February, 2017 at NER(C), Shillong.
- Vigilance Awareness Week was celebrated in Corporate Office, Zones and Units from 31.10.2016 to 05.11.2016.
- Vigilance pledge was taken at Corporate Office, Registered Office, Zonal Offices and Unit Offices by the Officers, Staff and Workmen of the Organization on 31.10.2016. The pledge was also taken by the Board of Directors in the 305th Board Meeting.
- Quiz Competition on Vigilance Topics was held at Corporate Office and twenty five Officers and Staff participated in the competition. Quiz was organized second time in the Corporate Office and new relevant topics for vigilance and general awareness were introduced.
- Workshops / Elocutions / Essay Writing Competitions were conducted during Vigilance Awareness Week in 5 Colleges / Schools and one NGO, in Delhi and Faridabad as per CVC directions.
- Elocutions, Essay Writing Competitions and Seminars / Workshops were also conducted in some of the Zones, such as NER(W), Guwahati, NER(C), Shillong, NER(IGBW), Silchar, Southern Zone Bengaluru.
- Vigilance awareness was spread among more than 800 students. Certificates and prizes were given to the winners.
- As a result of liaison with CVC and MoWR, RD & GR, vigilance cases are settled and pendency of cases has come down.
- Special emphasis has been laid on the implementation of e-tendering in the Zones.
- Relevant steps have been taken for improvement and transparency in the Administration.
- A book "NAPROVIG 2015" prepared for Preventive Vigilance covering important issues on Project Management Consultancy, Guidelines on Tendering, Common errors in Construction, General Observations of CTE and guidelines for NPCC employees. Salient features of RTI Act, Prevention of Corruption Act and Whistle Blower's Protection Act have been distributed to all new recruits.
- With the new recruitment taking place, it is proposed to make new recruits also aware about Vigilance matters by holding workshops in different Zones and incorporating a session on Vigilance in the training schedule.

RIGHT TO INFORMATION ACT

In compliance to the various provisions of Right to Information Act, 2005, Company has placed various documents/records at its website which are being updated regularly. The applications received were handled promptly and information was provided to the applicants. Besides APIOs in Corporate Office and at Zonal level, one APIO at RTI Division looks after the work which is forwarded to the Public Information Officer. Appellate Authority-I disposes appeals received from applicants. One Senior Officer has been designated as Transparency Officer. All the Officers holding posts under the Act are very senior and well conversant with the Act. Utmost transparency is kept in mind while providing the information to the applicants. The information received from the projects scattered all over India is supplied under single window system of the Corporation promptly and effectively.

PROJECT MANAGEMENT AND CO-ORDINATION

Sr. Manager (PM&C) is heading independent division at corporate level to monitor all running projects and provide necessary support for execution of projects. Division is also exhibiting the half yearly/ yearly performance review of corporation in front of Hon'ble Minister/ Secretary, Ministry of Water Resources, River Development & Ganga Rejuvenation (MoWR, RD & GR) as per MoU signed. Besides, PMC Division also interacts with different Ministries (including MoWR, RD & GR), State Govts. and Central Government agencies/ regulatory bodies regarding various issues pertaining to the Corporation as well as implementation of projects within sanction cost and schedule time adhering specifications. PMC Division formulates Performance Budget for the next financial year in the form of MoU, having five different scales for evaluation, with the support of Department of Public Enterprises and Internal Committee constituted for MoU formulation, accordance to progress of works in last year. The Inter Ministerial Committee, formulated by Department of Public Enterprises approve/ recommend the targets and parameters of MoU. The formulated recommended MoU is signed between CMD, NPCC and Secretary, Water Resources. MoU with Zonal Managers is also get signed between CMD, NPCC and Zonal Managers as per the MoU targets signed with Ministry. The MoU is kept as performance criteria regarding the working of the Corporation and Zonal Offices. Division look after progress of works on weekly/ monthly basis for all Zonal Offices (turnover, Business Development, receivables and other related matters of Zones) as per MoU targeted for the year. PMC Division organises quarterly Zonal Manager's meeting to have comprehensive one to one interaction of all the Zonal Managers with our CMD/other Senior Officers regarding progress of work as per MoU targets & various important issues of the zone. These meetings provide necessary inputs for enhancement of complete working of Corporation. Zonal Managers interact regularly for the slow progress or deficiency of compliance of Government laws or any irregularity in the working. Quarterly progress of work in respect of MoU is also reviewed by Board of Directors of Corporation and Half Yearly Performance is reviewed by the Ministry.

It also monitors/ updates/ creates the website of Corporation, as and when required, as per GIGW or other regulatory norms. Regarding good Corporate Governance, division prepared and implemented the CSR & Sustainability Policy, Risk Management Policy of NPCC and full disclosure of tendering process on our website and CPP Portal.

RISK MANAGEMENT POLICY

NPCC has been implementing Risk Management Policy for the improvement of its risks of works and financial matters at each level of working.

All HOD's and Zonal in-charges had been directed for executing the Company risk analysis for ongoing project with specific reference to Risk Management Policy.

PARTICULARS OF EMPLOYEES

No employee received remuneration during 2016-17, either equal to or in excess of the limits prescribed under rule 5(2) of Companies (Appointment and Remuneration of Managerial personnel) Rule, 2014.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The detail of particulars required under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 are Nil.

CORPORATE OFFICE BUILDING

Your new Corporate Office building has been completed in Institutional Area, Sector-44, Gurgaon with the cost of Rs. 24.10 crores. The building was inaugurated on 24th January 2017 by Sushri Uma Bharati, Hon'ble Minister of Water Resources, River Development & Ganga Rejuvenation in presence of Dr. Amarjit Singh, Secretary, Ministry of Water Resources, RD & GR. NPCC started complete working from new Corporate Office w.e.f. from 1st February 2017.



Sushree Uma Bharti Hon'ble Union Minister, MOWR, RD & GR lighting the lamp during inauguration of Corporate Office Building



Shri Manohar Kumar, Director (E) and Shri Sahab Narain Director (F) lighting the lamp during inauguration of Corporate Office Building

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB SECTION (3) OF SECTION 178

MCA vide notification No. GSR 463 (E) dated 05th June, 2015 has exempted the Government Companies from applicability of provisions of Section 178(3) of the Companies Act, 2013

REMUNERATION POLICY OF DIRECTORS, KMPs AND SENIOR MANGEMENT-SECTION 178(4)

MCA vide notification No. GSR 463 (E) dated 05th June, 2015 has exempted the Government Companies from applicability of provisions of Section 178(4) of the Companies Act, 2013

A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

MCA vide notification No. GSR 463 (E) dated 05th June, 2015 has exempted the Government Companies from applicability of above provision. The appointment of the functional Directors,

Government Nominee Directors and Independent Directors of your Company is made by the Government of India. Their terms and conditions of appointment as well as tenure of all Directors are also decided by GOI and there is a well laid down procedure for evaluation of Functional Directors as well as of Government Directors by the Administrative Ministry. Also the performance of the Board of the Government Companies is evaluated during the Performance Evaluation of the MOU signed with the Government of India.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any contract and/or arrangements with related parties during the year 2016-17.

LOAN, GUARANTEES OR INVESTMENTS BY COMPANY UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given or taken any loan, guarantee or has not made any investment falling under section 186 of the Companies Act, 2013 during the year 2016-17.

EXTRACTS OF THE ANNUAL RETURN

Extract of Annual Return of the Company is annexed to this report.

NUMBER OF MEETINGS OF BOARD

The Information on number of meetings of board held during the year, composition of Board of Directors, composition of committees of Board and their meetings held during the year, training policy of Directors have been provided in the Report on Corporate Governance, which forms part of this Directors Report.

FIXED DEPOSITS

Your Company has not accepted/renewed any deposits covered under Chapter V of the Companies Act, 2013 during the year under review. As such there were no deposits which were not in compliance with the requirement of Chapter V of the Companies Act, 2013.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB SECTION (6) OF SECTION 149

Dr. Ravindra K. Pande Independent Director and Dr. (Smt) Jayashree Gupta, Independent Director, have given a declaration that they meet the criteria of independence provided in section 149 (6) of the Companies Act, 2013.

COST AUDIT

M/s K.L. Jai Singh & Co., Cost Auditors has been appointed as Cost Auditor for the year 2016-17 with the approval of the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY

Your Company's obligation is to maximize its positive impact on stakeholders and to minimize its negative impact of legal, ethical, economic, and philanthropic (discretionary) dimensions, as well as to create a positive and lasting social impact by mutual trust and respect by raising the standard of living of the people in and around the vicinity of project site. The Corporate Social Responsibility and Sustainability Policy is available on NPCC's [website: npcc.gov.in](http://npcc.gov.in)

During the year 2016-17, your Company has undertaken; Construction of 4 Nos. of rooms for Senior Citizens including toilet & kitchen at Mandleshwar, Dist Indore; Construction of class rooms for Girls School in Vill: Buchha Kheri District: Shamli, Uttar Pradesh; Supply & installation of



gymnasium equipments for schools at Muzaffar Nagar & Meerut Districts in Uttar Pradesh; Swachh Bharat Abhiyan at different Zones during Swachhta Pakhwada from 16.3.2017 to 31.3.2017; Construction of Pond Ghat at Paschim Medinapur

A report with details of the activities and future plan for coming year is attached as annexure to the Directors' Report.

SUBMISSION OF COMPLIANCE OF MSME GUIDELINES

In accordance with DPEs guidelines and MSMEs guidelines issued under the Act, Corporation is following these guidelines for procurement and works.

WEBLINK

The following policies may be accessed on the Company's website www.npcc.gov.in as under:

- 1) Corporate Social Responsibility Policy
- 2) Vigilance Guidelines
- 3) Risk Management Policy

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, Directors of the Company confirm that:

- In preparation of 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the statement of the Profit & Loss of the Company for that period;
- The Directors have been taken proper and sufficient care of the maintenance of the adequate accounting records in accordance with the provisions of the Act 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'.
- The Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

For Audit of Accounts of the Corporation for the year 2016-17, M/s K.N Goyal & Company, Chartered Accountants was appointed as Statutory Auditors. M/s A.R Das & Associates, Chartered Accountants, M/s Saurabh Aggarwal & Associates, Chartered Accountants, M/s R.V.K.S. & Associates (formerly known as M/s R. Venkatakrisnan & Associates) Chartered Accountants are the Branch Auditors for Kolkatta, Guwahati and Chennai respectively.

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 2016-17 have been placed in the separate Annexure forming part of the Report.

ACKNOWLEDGEMENT

Your Directors sincerely acknowledge the support, cooperation and guidance received from the Ministry of Water Resources, River Development & Ganga Rejuvenation and other Ministries and Organizations of Govt. of India and the State Governments.

Your Directors express their gratitude to CAG of India, Statutory Auditors, Branch Auditors, and Bankers' for their valued cooperation. The Board of Directors acknowledges with deep sense of appreciation, the cooperation received from the Ministry of Water Resources, River Development & Ganga Rejuvenation, Ministry of Home Affairs, Ministry of Finance, Ministry of Rural Development, Ministry of Health, Ministry of Youth Affairs & Sports, NITI Ayog, Cabinet Secretariat, Department of Public Enterprises, Department of Science and Technology, Ministry of Corporate Affairs and Registrar of Companies.

Your Directors also wishes to thank consultants, contractors, sub-contractors, vendors for their contribution in implementation of various projects with the Company.

Your Directors also take this opportunity to place on record the sincere appreciation for the hard work and efforts put in by all the members of the NPCC family towards the growth and progress of the Company.

ANNEXURES

The following are annexed:

- (i) Report on Corporate Governance
- (ii) Management Discussion and Analysis Report
- (iii) Report on CSR activities and future plan
- (iv) Certificate from Practicing Company Secretary regarding compliance of DPE Guidelines on Corporate Governance
- (v) Declaration by CMD regarding compliance of Code of Conduct
- (vi) Certificate by CMD & Director(F) regarding financial statements
- (vii) The Extract of Annual Return as provided under sub section (3) of Section 92 in Form MGT-9
- (viii) Auditors Report on the financial statements for the year ended 31st March, 2017 and Management reply thereon
- (ix) The comments and review of the Comptroller and Auditor General of India on accounts of Company.

For and on behalf of the Board of Directors



(Sanjay Kundu)

Chairman & Managing Director
(DIN No. 07632839)

Date : 01/09/2017

Place : New Delhi

REPORT ON CSR ACTIVITIES AND FUTURE PLAN

1. A brief outline of the Company's CSR policy, including overview of projects or works proposed to be undertaken with reference to the CSR policy:

Your Company's obligation is to maximize its positive impact on stakeholders and to minimize its negative impact of legal, ethical, economic, and philanthropic (discretionary) dimensions, as well as to create a positive and lasting social impact by mutual trust and respect by raising the standard of living of the people in and around the vicinity of project site.

NPCC's approach to CSR and sustainability is that of leveraging its core competencies and technical capabilities in enhancing social and environmental value creation thereby adopting the "shared value" approach, wherever possible, in their routine business operations.

Vision

To contribute to inclusive growth and equitable development in our areas of operations by partnering with internal and external stakeholders and leveraging CSR for business value creation.

CSR Policy of NPCC provides for welfare measures for community at large and contribution to society at large by way of Social & Cultural Development and being sensitive towards the need of socially and economically underprivileged class.

Status of CSR and sustainability activities is placed before Board of Directors as well as Board level CSR and Sustainability Committee.

Corporate Social Responsibility Policy of the Company is also available at the Company's website at npcc.gov.in

2. The Composition of the CSR Committee:

In line with the provisions of Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014, NPCC has constituted a Board level Corporate Social Responsibility (CSR) and Sustainability Committee headed by an Independent Director on 24th March 2017.

Role of Board Level Committee is to-

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

The composition of Corporate Social Responsibility and Sustainability Committee as on 31st March 2017 was

- | | |
|--|------------|
| 1. Dr. Ravindra K. Pande, Independent Director | - Chairman |
| 2. Shri Monohar Kumar, Director (Engineering) | - Member |
| 3. Shri Sahab Narain, Director (Finance) | - Member |

Note : Shri Sanjay Kundu was Inducted as member in CSR Committee in the 308 Board Meeting held on 28.06.17. Shri Sanjay Kundu was later entrusted with additional charge for the post of CMD in the Company vide letter No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.17 of MOWR, RD & GR.

The details about meetings of the CSR & Sustainability Committee and attendance are given in Corporate Governance Report.

NPCC has a Below Board Level CSR and Sustainability Committee headed by a Nodal Officer along with team of officials.

3. Average net profit of the company for last three financial years:

The average Net Profit for the immediately preceding three Financial Years (i.e. Rs. 10.81 crore for the Year 2015-16, Rs. 13.59 crore for the Year 2014-15 and Rs. 47.06 crore for Year 2013-14) has been Rs 23.82 crore (excluding profits from foreign branches)

4. Allocated CSR Expenditure (two per cent. of the amount as in item 3 above):

Allocated CSR Expenditure for the year 2016-17 was Rs. 47.64 Lakhs (2% of Rs. 23.82 crore).

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year 2016-17.

Total budget of Rs. 130.45 Lakhs was available for undertaking CSR & sustainability activities for the year 2016-17 which include unspent balance of Rs. 82.81 Lakhs carried forward from previous years and Rs. 47.64 Lakhs towards allocation for 2016-17. NPCC could not spend the allocated funds for CSR, due to non availability of Board Level CSR Committee, (as Independent Directors were appointed vide letter no. 9/1/2009-PSU Vol.III/209 dated 07.02.2017) and lack of suitable projects in the local area/ vicinity of our works.

(b) Amount unspent, if any;

In compliance to DPE Guidelines on Corporate Social Responsibility and Sustainability for CPSEs, Rs. 82.56 Lakhs would be carried forward to the next year towards utilization of CSR and Sustainability activities approved in 2016-17 and new works/project undertaken in 2017-18.

(c) Detail of the approved projects/amount spent during the financial year is as below-

(Amount Rs. in Lakhs)

Sl. no.	CSR Projects identified	Sector	State and district of Project coverage	Project wise outlay	Amount spent	Amount spent during 2016-17	Direct or through agency
1	Contribution to "Secretary Organising Committee, under -19 Football Tournament 2017	Item No. (vii) of Schedule-VII	Local Area BSF, Salbangan	1.00	-	-	Direct



2	Construction of School Building (phase-I)	Item No. (i) of Schedule-VII	Local Area Shamli, U.P.	27.78	16.50	16.50	Done through tender process
3	Construction of Rain Harvesting System having 2 No. Re-charge pits at Sanskrit & Vaidic Studies at Vasant Kunj, New Delhi	Item No. (i) of Schedule-VII	Local Area Vasant Kunj New Delhi	16.15	-	-	do
4	Supply & installation of gymnasium equipments in schools	Item No. (i) of Schedule-VII	Local Area Meerut & Muzaffar Nagar, UP	9.51	8.81	8.81	do
5	Supply of Computers with accessories and Audio visual Projection system for Assam Rifles Public Schools	Item No. (i) of Schedule-VII	Local Area Jorhat Assam	18.91	-	-	do
6	Swachh Bharat Abhiyan	Item No. (vi) of Schedule-VII	Local Area Bihar, Uttrakhand & Guwahati	7.06	6.67	6.67	Direct
7	Construction of Senior Citizen Block for Madhav Nyas	Item No. (iii) of Schedule-VII	Local Area Indore Madhya Pradesh	13.90	12.02	12.02	Done through tender process
8	Organizing Free Health Check up Camp	Item No. (i) of Schedule-VII	Local Area Behala, Kolkata	0.30	0.30	0.30	Direct
9	Construction of Pond Ghat	Item No. (vi) of Schedule-VII	Local Area Paschim Medinapur	3.14	3.13	3.13	Done through tender process
10	Contribution to Indian Social Responsibility network (ISRN)	other Item of Schedule-VII	Local Area New Delhi	0.35			Direct
11	Balance work of construction of toilet in West Medinapur	Item No. (i) of Schedule-VII	Local Area west Medinapur	12.28*	0.45	0.45	Done through tender process
Total						47.89	

*The balance work of Construction of toilets taken up in 2016-17



Senior Citizen block for Madhav Nyas at Mandaleshwar, Indore



Girls School building (Phase-I) at Vill. Buchhakheri, Dist. Shamli



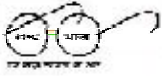
Swachh Bharat Abhiyan during Swachhta Pakhwada



Construction of Pond Ghat at Paschim Medinapur



Shri Hukam Singh Hon'ble Chairman, Standing Committee for Water Resources inaugurated the Girls School building (Phase-I) at Vill. Buchhakheri, Dist. Shamli



6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee has confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

The amount allocated to be spent during 2016-17 was Rs. 47.64 Lakh + Rs 82.81 lakh (unspent amount allocated during 2015-16) and Total Expenditure made under CSR activities was Rs. 47.84 lakh + Rs 0.049 Lakh (outstanding), so total Balance unspent allocated under **CSR amount Rs. 82.56 lakh** (to be utilized during 2017-18)

Plan for 2017-18

An amount of Rs.35.49 lakhs which is 2% of the average net profit for the immediately preceding three financial years (i.e. Rs. 28.84 crore for Year 2016-17, Rs. 10.81 crore for the Year 2015-16 and Rs. 13.59 crore for the Year 2014-15] excluding profits from foreign branches) has been allocated for Corporate Social Responsibility activities for 2017-18.

For and on behalf of the Board of Directors

(Dr. Ravindra K. Pande)
Chairman of CSR Committee
(DIN No. 07723706)

(Sanjay Kundu)
Chairman & Managing Director
(DIN No. 07632839)

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes that good corporate governance generate value on a sustainable basis for all stakeholders. Concept of Corporate Governance ensures values, ethical business conduct, transparency, disclosures as per laws, rules and guidelines. NPCC is committed to observe Corporate Governance practices at different levels to achieve its objectives.

CORPORATE GOVERNANCE RATING

The Company follows the guidelines of Corporate Governance issued by Department of Public Enterprises (DPE), Government of India. During the year, the Company was graded as "Excellent for the year 2015-16 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs. The rating for 2016-17 is awaited from DPE. During 2016-17 also, Company is likely to achieve Excellent rating in Corporate Governance.

DPE GUIDELINES

The Annual compliance report on Implementation of Policies and Guidelines issued by Department of Public Enterprises for financial year 2016-17 was sent to Ministry of Water Resources, RD & GR vide letter dated 03.05.2017.

BOARD OF DIRECTORS

NPCC Limited is a Government Company as defined under Section 2(45) of the Companies Act, 2013.

The Board has an optimum combination of executive and non-executive Directors. The Board, as on 31.03.2017 comprised of Seven Directors which included (i) Three whole-time Functional Director viz., Chairman & Managing Director, Director (Engg) and Director (Finance) (ii) two Government Directors and (iii) Two Non Official Part Time Independent Directors.

The Independent Directors are usually drawn from the field of Management, Accounts and Engineering as per Article 81(c) of Articles of Association. The Nominee Directors on the Board were appointed by the Administrative Ministry of Government of India in terms of Article 81(a) of Articles of Association of the Company.

The Board of Directors play primary role in ensuring good governance and functioning of the Company. The meetings of the Board are normally held at the Registered Office of the Company in New Delhi.

The Board meets at regular intervals to discuss the physical and financial progress of the Company. The decisions are taken by the Board of Directors after deliberations. The Board periodically reviews the compliances status of all the applicable laws During the year under review **Six Board Meetings were held on 26.05.16, 04.08.16, 02.09.16, 28.09.16, 26.12.16, & 24.03.17.** Provisions of the Companies Act, 2013 amended up to date have been properly adhered to regarding holding of the Board Meeting.

Details of composition of the Board of Directors, their tenure, category of the Director, attendance at the Board Meeting, General Meeting & other Directorships held during the year 2016-17 are given below:

Name of Directors	DIN No.	Meeting Attended	AGM of 2015-16 Attended	Other Directorship	Period
(a) Functional Directors					
Shri H.L. Chaudhary *Chairman & Managing Director	06725924	6/6	Yes	NIL	24.10.13 till 14.07.17
Shri Manohar Kumar Director(Engg)	07382754	6/6	Yes	NIL	w.e.f. 21.04.16
Shri Sahab Narain Director (Finance)	03641879	5/5	Yes	NIL	w.e.f. 29.07.16
(b) Govt. Nominees					
Dr. (Smt) Amita Prasad JS(A)-MOWR, RD & GR	03644516	0/0	N/A	NIL	Upto 22.05.16
Shri Jagmohan Gupta JS & FA-MOWR, RD & GR	02858377	4/6	Yes	NIL	w.e.f. 21.07.15
Shri Sanjay Kundu JS(PP)-MOWR, RD & GR	07632839	2/3	Yes	NIL	w.e.f. 20.09.16
(c) Independent Directors					
Dr. Ravindra K. Pande	07723706	1/1	N/A	NIL	w.e.f. 07.02.17
Dr. (Smt) Jayashree Gupta	01475898	1/1	N/A	NIL	w.e.f. 07.02.17

**Note : Ministry of Water Resources, River Development & Ganga Rejuvenation, vide letter No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.17, appointed Shri Sanjay Kundu, JSPP, MoWR as Chairman & Managing Director and prematurely terminated contract of Sh. H.L. Chaudhary the then CMD, NPCC. with immediate effect i.e. 14.07.17*

Shri Sanjay Kundu vide letter no. CMD/Pers/2017/799 dated 17.07.17 assumed the charge as CMD, NPCC w.e.f 17.07.17. Shri H.L. Chaudhary challenged the order of the Government of India terminating his contract appointment. CAT vide its order dated 21.07.17 kept the order dated 14.07.17 and 17.07.17 in abeyance. However, on a writ filed by the Ministry of Water Resources, RD & GR before the Hon'ble High Court of Delhi, order of CAT has been stayed on 17.08.17.

INDEPENDENT PART TIME DIRECTORS

In consonance of DPE's Corporate Governance Guidelines and in pursuant to Article 81 (1) (c) of the Articles of Association of the Company, the President appointed (1) Dr. Ravindra K. Pande, Professor, Kumaun University and (2) Dr. (Smt) Jayashree Gupta former Additional Secretary to Government of India and Ex. CMD IDPL, as non-official part time Directors on the Board of NPCC Limited. The said appointment was communicated vide letter No. 9/1/2009-PSU Vol.III/209 dated 07.02.17

Their best experience will guide the Board for going a long way in improving towards corporate excellence.

CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which has been circulated to all concerned executives. All Board Members and designated Senior Management Personnel have affirmed compliance

with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

TRAINING OF BOARD MEMBERS

The company, with the approval of the Board, formulated Training Policy for Board Members. Besides, Company furnishes a set of documents to the directors on their joining the Board. The set includes Company's brochure, Annual Report, Memorandum and Articles of Association, Corporate Governance Guidelines and various policies etc. formulated. Detailed presentations are made in Board Meetings about affairs of the Company. Shri Manohar Kumar, Director (Engg) joined the Company on 21.04.16 and Shri Sahab Narain, Director(F) joined the Company on 29.07.16. Shri Manohar Kumar, Director(Engg) of the Company attended the Masterclass for Directors organized by Institute of Directors during June 24-26, 2016.

Shri Sahab Narain, Director(F) attended two day training programme on Corporate Governance- Effective Board for sustainable Competitiveness organized by SCOPE from 1st to 2nd Dec, 2016.

Dr. (Smt) Jayashree Gupta, Non Official Part Time Directors also attended three day course organized by Institute of Directors from 7th April to 9th April, 2017

COMMITTEES OF BOARD

After the appointment of Independent Directors, NPCC, by following best practices of Corporate Governance in its 306th Board Meeting (24.03.17) re-constituted the Committees, to assist Board in Compliance of Corporate Governance Guidelines of CPSE. These committees were as under:

- Audit Committee
- CSR Committee
- Remuneration Committee (constituted in 308th meeting held on 28.06.17)

AUDIT COMMITTEE

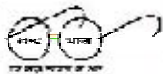
The Audit Committee was re-constituted in accordance with Guidelines on Corporate Governance for CPSE's in the 306th meeting of the Board of Directors of the Corporation held on 24.03.17 with terms and reference of the Committee being same as proposed in the DPE Guidelines/Companies Act, 2013. The composition of Committee as on 31.03.17 was as under:

Name	Designation	Category
Dr.(Smt) Jayashree Gupta	Chairperson	Independent Director
Dr. Ravindra K. Pande	Member	Independent Director
Shri Manohar Kumar	Member	Director(Engineering)
Shri Jagmohan Gupta JS & FA, MOWR, RD & GR	Member	Part Time Govt Nominee Director

During the year 2016-17, only one meeting was held on 24.03.17

CSR COMMITTEE

The Board Level CSR Committee was constituted in accordance with Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 in the 306th meeting of the Board of Directors of the Corporation held on 24.03.17 with terms and reference of the Committee being same as proposed in the Act/Rules/DPE Guidelines. The composition of Committee is as under :



Name	Designation	Category
Dr. Ravindra K. Pande	Chairman	Independent Director
Shri Manohar Kumar	Member	Director(Engineering)
Shri Sahab Narain	Member	Director(F)
Shri Sanjay Kundu* JS(PP), MOWR RD &GR	Member	Part Time Govt Nominee Director

Note : * Name of Shri Sanjay Kundu Inducted in 308 Board Meeting held on 28.06.17. Shri Sanjay Kundu was later entrusted with additional charge for the post of CMD in the Company vide letter No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.17 of MOWR, RD & GR.

No meeting of CSR Committee was held during the year 2016-17

REMMUNERATION COMMITTEE

The Board in its 308th meeting held on 28.06.17 re-constituted remuneration committee in consonance with DPE guidelines on Corporate Governance as follows :

Name	Designation	Category
Dr. (Smt) Jayashree Gupta	Chairperson	Independent Director
Dr. Ravindra K. Pande	Member	Independent Director
Shri Sanjay Kundu JS(PP), MOWR RD &GR	Member	Part Time Govt Nominee Director

Note: Shri SanjayKundu was entrusted with additional charge for the post of CMD in the Company vide letter No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.17 of MOWR, RD & GR.

No meeting of Remmuneration Committee was held during the year 2016-17

REMUNERATION OF DIRECTORS

All the Non Official Part Time Independent Directors are paid sitting fees for attending meeting of Board of Directors or Committees thereof to which they are appointed as Members. The details of remuneration paid to Directors during 2016-17 are as follows :

Name & Designation	Sitting Fees (Amt. in Rs.)
Dr. Ravendra K. Pande, Independent Director	22,500/-
Dr. (Smt.) Jayashree Gupta, Independent Director	22,500/-

GENERAL BODY MEETINGS

The Annual General Meetings/Extra-ordinary General Meetings held during the last three years are given below:

Year	Date	Time	Venue
2015-16	28 th Sep' 16	12.30 p.m.	Regd. Office
2014-15	30 th Sep' 15	12.30 p.m.	Regd. Office
2013-14	29 th Sep' 14	4.00 p.m	Regd. Office

No Special Resolution was passed in the last three Annual General Meeting, No Extra Ordinary General meeting was held during 2016-17

AUDIT QUALIFICATION

The comments on accounts for the year ended 31st March 2017 by the Comptroller and Auditor General of India and Statutory Auditors are given separately in the addendum to the Director's Report along with the comments of the Company.

CEO / CFO CERTIFICATION

The certification of Financial Statements by the Chairman-cum-Managing Director and Director (Finance) is enclosed.

COMPLIANCE CERTIFICATES

A Certificate obtained from a practicing Company Secretary regarding compliance of DPE's guidelines on Corporate Governance is enclosed.

SUBMISSION OF DATA SHEET FOR PE SURVEY

The data sheet for Public Enterprises Survey 2015-16 was submitted to the DPE on 13.10.2016 as per requirement of the DPE.

SUBMISSION OF MoU FOR THE YEAR 2017-18

In accordance with the DPEs Guidelines, the MoU 2017-18 was submitted to the DPE through Ministry of Water Resources, River Development & Ganga Rejuvenation on 10.7.2017 after signing of same.

UNCLAIMED DIVIDENDS

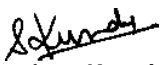
The amount of dividend remaining unpaid/ unclaimed for seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As of now, no amount is yet due for transfer to IEPF established by the Central Government.

The unclaimed dividend details are available on the website of NPCC at www.npcc.gov.in

MEANS OF COMMUNICATION WITH THE SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India and 14 State Governments. The majority paid up capital of the company i.e. 98.89% is held by the President of India and rest 1.11% is held by 14 State Governments. The Company displays complete Annual Report on its website for the information of its stakeholders together with other important information pertaining to the Company. Annual Report and other papers related to Shareholders are being sent regularly in physical form.

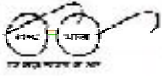
For and on behalf of the Board of Directors


(Sanjay Kundu)

Chairman & Managing Director
(DIN No. 07632839)

Date : 01/09/2017

Place : New Delhi



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW

Incorporated on 9th January, 1957 as a wholly owned Government of India Undertaking, the President of India acting through the Ministry of Water Resources, RD & GR holds 98.89% of share capital and balance is held by various State Governments. The Company has obtained Project Management & Consultancy ISO 9001:2008 certification from Absolute Quality Certification Pvt. Limited. The Company is a Schedule 'B' Public Sector Undertaking. The Company is engaged in the business of (i) Project Management Consultancy Services for Civil Construction Projects (ii) Civil Infrastructure for Power Sector, and (iii) Real Estate Development. Projects undertaken by the Company are spread in different parts of the country. In addition, the Company also has executed projects overseas.

FINANCIAL PERFORMANCE

During the year 2016-17, your Corporation has achieved an operating turnover of Rs. 1118.22 Crores as against Rs. 940.72 Crores last year. The Corporation has earned the Profit Before Tax of Rs. 32.89 Crores as against Rs. 20.94 Crores in previous year. Net Profit for the year 2016-17 is Rs. 28.84 Crores as against Rs. 10.81 Crores last year.

The outlook for the future is positive and Corporation is likely to excel in the forthcoming years.

OUTLOOK

The Vision, Mission and objectives of the Company are:

VISION

"To become premier engineering projects implementing organization"

MISSION

"To achieve a turnover exceeding Rupees 3500 crores with positive net worth by 2021-22 by focusing value addition at all points of interaction with our clients and continuously enhancing capabilities of organization and employees through innovations."

OBJECTIVES OF THE CPSE

1. To ensure customer satisfaction through:
 - Execution of projects within schedule time & cost,
 - Adhering specifications & conditions of Contract,
 - Customer feedback & ensuring improvement.
2. Achieving Turnover Target as per MOU
3. Securing Business to maintain Work Order Book position around three times of Turnover.
4. Realizing old dues maximally and quickly for improving financial position of NPCC.
5. Continual capacity building of its officers.
6. Continual organizational re-structuring and diversification with focus to Business, Profitability and Customer's satisfaction.

7. Maintaining & improving ISO 9001 – 2008 based Quality Management Systems in all areas of activity.
8. Strive hard to improve quality standards by introducing standard operating procedure in all spheres of governance

BUSINESS OPERATIONS

The Company operates primarily in the following business verticals:

1. Project Management Consultancy for Civil Construction Projects: NPCC provides Project Management Consultancy Service to various Departments/PSUs/Ministries for development of infrastructure for various fields of civil construction by taking responsibility by following all the standard norms and guidelines of CVC.
2. Civil Infrastructure for Thermal and Hydro Electric Projects: NPCC also undertakes projects by participating in tender for various infrastructure projects such as Hydro Electric Power Project, Building & Housing Project, Thermal Power Project & Roads & Bridges, Dam, Reservoir, Canal, and Hospitals etc

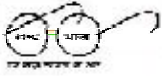
SWOT ANALYSIS

Strength

- Nearly six decade experienced, a Govt. of India Enterprise under Ministry of Water Resources, River Development & Ganga Rejuvenation (incorporated in 1957) with ISO 9001:2008 certification.
- NPCC has positive networth with A+ credit rating from ICRA.
- NPCC has good client base.
- Pan India presence with 14 Zonal Offices and more than 114 Project Offices.
- Rich experience in executing River Valley, Hydro, Thermal, Industrial Complex, Building, Health Sector, Roads, Flyovers & other Infrastructural projects.
- Experience of working in remote & in-accessible area as well as terrorist infected areas of North East, Jharkhand etc.
- NPCC has qualified and experienced manpower capable of executing projects in difficult areas.
- The Corporation is debt free.

Weakness

- As company was under prolonged financial constraint, so credential of major projects are not available for acquiring big works, thereby losing valuable business in core sectors like Thermal, Hydro Electric etc.
- Inability to enter into BOT/BOO and other major project execution, due to financial limitation.
- Due to comparatively low pay package and retirement age as 58 years, attracting good talent is difficult.



Opportunity

- Thrust in infrastructure work by the GOI and development work in Border Areas and North Eastern State's development work.
- Thrust in infrastructure development for surface transport & tunnels etc.
- Major thrust by GOI on river development Projects/ Clean Ganga Projects.
- River rejuvenation
- Interlinking of Rivers
- Joint Ventures/Collaboration for overseas/ major Indian projects.
- Avenue for diversifying in new areas (like Real Estate, Water Treatment Plant/ Sewage Treatment Plant/ Effluent Treatment Plant, Solid Waste Management Projects).

Threat

- Huge investment in infrastructure has attracted large number of private sector & PSUs players which has intensified competition.
- Shrinking profit margins due to increased competition.
- Reduction in business on nomination basis.
- Contingent liabilities on account of arbitration and court cases.

RISKS & CONCERNS

In construction industry, major concern is cost inflation, timely completion of projects and change in Govt. policies due to which there is risk of time and cost overruns which are seldom compensated by clients, thereby putting your company into losses.

The Company's employees and projects have been exposed/are exposed to risks and threats of life, liberty and property while operating in risky geographical areas. It, however, takes pride in executing prestigious works in the national building task. The Company has taken measures to provide adequate safety, facilities and also insurance coverage in such places

OUTLOOK FOR FUTURE

A portion of Company's income is generated from execution of works awarded by various Ministries, Central/State Government Departments and other autonomous bodies on nomination basis. Now instead of awarding works on nomination basis, the Ministries/Govt. Departments have started a competitive bidding process among PSUs. NPCC, is able to secure works even under tough competition. Government of India has allocated huge funds for infrastructure in 12th Plan. A large portion of investments by Government of India is in Bharat Nirman, Development of NER, Metro, Airport, Smart Cities, Ganga Development etc. but due to global economic slowdown, it is not certain whether Govt. of India will be releasing the funds as per approved plans. Your Company has executed and is executing projects for various Ministries/Government Departments/Organizations as their "Extended Engineering Arm". Your Company is also assisting Ministry of Rural Development, Ministry of Home Affairs, Ministry of Health, Ministry of Chemicals & Fertilizers, MOES, MoYAS, Central Universities as well as State Governments for speedy utilization of planned funds for the projects. Your Company is also planning to diversify in new areas like real estate, water treatment plant, sewerage treatment plant, solid waste management projects, and new and renewable energy resources. With continuous emphasis on infrastructure by Government of India, NPCC with its ability to work in difficult areas has become a preferred Organisation for complex and difficult works. Competition among large number of construction companies has resultant impact on the margins of Company.

CONSTRAINTS

Although every Organization has to work within a certain legal frame work, your Corporation as a Public Sector Company faces certain constraints (not applicable to Private Sector Companies) which puts it at disadvantage in a competitive market. Company is working in North East and Naxal affected areas where people are reluctant to join and work for Company. Though NPCC is making profits since 2009 but still the counter Guarantee from GOI and Bank Guarantee limits from Banks are not available.

INTERNAL CONTROL SYSTEM

The Company has adequate system of Internal Control and Internal Audit which helps the management to review the effectiveness of financial and operating controls. It also ensures that all transaction are authorized, recorded and reported correctly. The Management takes reasonable care and ensures safeguard of assets, prevention and detection of fraud and error, accuracy and completeness of accounting records and timely preparation of reliable financial information. The Corporation also has Internal Financial Control Policy for improvement in the system.

Internal Control is being ensured through internal audit twice a year by independent firms of Chartered Accountants. The nominated firms conducts periodical Internal Audits of Zones/ Corporate Office allotted to them. Significant Audit Observations and correction actions thereon are presented to the Audit Committee. Internal Audits Reports are also being reviewed by Statutory Auditors of the Company appointed by Comptroller and Auditor General of India. Books of Accounts are also subject to supplementary audit by Comptroller and Auditor General of India.

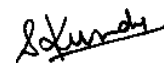
HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Employees are considered as the biggest strength of NPCC. NPCC maintains smooth and amicable relations with its employees. As on 31.3.2017, there were 857 employees on the rolls of NPCC, at the close of the financial year 2016-17.(i.e. on 1.4.2017). NPCC has a sound Whistle Blower Policy to improve transparency and fight corruption, with provisions to protect the persons making public interest disclosure related to an act of corruption or misuse of power or criminal offences. NPCC has undertaken Swachhta Pakhwada projects successfully in many parts of India. We have a sound policy on Corporate Social Responsibility and Sustainability. Various projects are being processed under CSR. Besides, NPCC gives advertisements in magazines for wide publicity based on requirement of the Corporation.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors



(Sanjay Kundu)

Chairman & Managing Director
(DIN No. 07632839)

Date : 01/09/2017
Place : New Delhi

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U45202DL1957GOI002752
ii)	Registration Date	:	09.01.1957
iii)	Name of the Company	:	NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED
iv)	Category/Sub-Category of the Company	:	PRIVATE COMPANY/GOVERNMENT COMPANY
v)	Address of the Registered office and contact details	:	RAJA HOUSE, 30-31, NEHRU PLACENEW DELHI-110019
vi)	Whether listed company	:	NO
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Project Management Consultancy	—	95.24
2	Execution of Projects	—	4.76

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

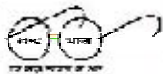
S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL		NIL		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF									
b) Central Govt		934821	934821	98.89		934821	934821	98.89	NIL
c) State Govt(s)		10495	10495	1.11		10495	10495	1.11	NIL
d) Bodies Corp.									

e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)		945316	945316	100		945316	945316	100	NIL
B. Public Shareholding									
1. Institutions		NIL	NIL	NIL		NIL	NIL	NIL	NIL
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-		NIL	NIL	NIL		NIL	NIL	NIL	NIL
2. Non-Institutions		NIL	NIL	NIL		NIL	NIL	NIL	NIL
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									



Trusts									
Foreign Bodies-DR									
Sub-total (B)(2):-		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)		NIL	NIL	NIL		NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Grand Total (A+B+C)		945316	945316	100		945316	945316	100	NIL

(ii) Shareholding of Promoters

S N	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India and his nominees	934821	98.89	NIL	934821	98.89	NIL	NIL
2	Governor of Rajasthan	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
3	Governor of J & K	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
4	Governor of Madhya Pradesh	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
5	Governor of Bihar	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
6	Governor of Uttar Pradesh	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
7	Governor of West Bengal	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
8	Governor of Gujarat	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
9	Governor of Assam	1000	0.105784732	NIL	1000	0.105784732	NIL	NIL
10	Governor of Punjab	548	0.057970034	NIL	548	0.057970034	NIL	NIL
11	Governor of Kerala	500	0.052892366	NIL	500	0.052892366	NIL	NIL
12	Governor of Karnataka	500	0.052892366	NIL	500	0.052892366	NIL	NIL
13	Governor of Haryana	374	0.039563498	NIL	374	0.039563498	NIL	NIL
14	Governor of Himachal Pradesh	73	0.007722284	NIL	73	0.007722284	NIL	NIL
15	Governor of Tamilnadu	500	0.052892366	NIL	500	0.052892366	NIL	NIL
	TOTAL	945316	100		945316	100		NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.N.		Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	945316	100	945316	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE		NO CHANGE	
	At the end of the year	945316	100	945316	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL			NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL			NIL
	At the end of the year	NIL			NIL



(v) Shareholding of Directors and Key Managerial Personnel:

S.N	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus/sweat equity etc):		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of company
	Shri H.L. Chaudhary* Ex-CMD (Holding on behalf of Nominee of Hon'ble President of India)	1	0.000105785	—	—	1	0.000105785
	Shri Jagmohan Gupta, JS-FA, MOWR, RD & GR (Holding on behalf of Nominee of Hon'ble President of India) (w.e.f 28.09.16)	—	—	1	0.000105785	2	0.000211570
	Shri Sanjay Kundu, JS-PP, MOWR, RD & GR (Holding on behalf of Nominee of Hon'ble President of India) (w.e.f 28.09.16)	—	—	1	0.000105785	3	0.000317355
	At the end of the year					3	0.000317355

Note : * One Share held in the name of Shri H.L. Chaudhary, Ex-CMD has been transferred in the name of Shri Sanjay Kundu, CMD on 01.09.17.

V. INDEBTEDNESS (Rs. In Lakhs)**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

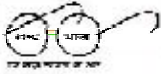
	Secured Loans excluding deposits	Unsecured Loans	Deposits *	Total Indebtedness
Indebtedness at the beginning of the financial year				
i)Principal Amount				
ii)Interest due but not paid		1002.96		1002.96

iii)Interest accrued but not due				
Total (i+ii+iii)	NIL	1002.96	NIL	1002.96
Change in Indebtedness during the financial year				
Addition				
Reduction		100.00		100.00
Net Change Indebtedness	NIL	100.00	NIL	100.00
At the end of the financial year				
i)Principal Amount				
ii)Interest due but not paid		902.96		902.96
iii)Interest accrued but not due				
Total (i+ii+iii)	NIL	902.96	NIL	902.96

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rupees)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1	Gross salary	Shri H.L. Chaudhary CMD	Shri Manohar Kumar Director (Engg)	Shri Sahab Narain Director (Finance)	Smt. Rajni Agarwal Company Secretary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2458388	1607436	1010385	1125311	6201520
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	424004	301667	586682	147772	1460125
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option	—	—	—		
3	Sweat Equity	—		—		
4	Commission-as % of profit-others, specify.....		—	—	—	
5	Others, please specify	—	—	—		
	Total(A)	2882392	1909103	1597067	1273083	7661645
	Ceiling as per the Act					

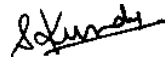
**B. Remuneration to other directors: (Amount in Rs.)**

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Dr. Ravindra K. Pande	Dr. (Smt.) Jayashree Gupta	
1	Independent Directors Fee for attending board / committee meetings	22500	22500	45000
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	Total (1)	22500	22500	45000
2	Other Non-Executive Directors			
	Fee for attending board /committee meetings	NIL	NIL	NIL
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B)=(1+2)	22500	22500	45000
	Total Managerial Remuneration	22500	22500	45000
	Overall Ceiling as per the Act			

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
B. DIRECTORS					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		

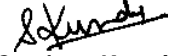
For and on behalf of the Board of Directors


 (Sanjay Kundu)
 Chairman & Managing Director
 (DIN No. 07632839)

Date : 01/09/2017
 Place : New Delhi

Declaration by Chairman-cum-Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management during the financial year 2016-17.

I, Sanjay Kundu, Chairman-cum-Managing Director, NPCC Ltd., do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct of the Company during 2016-17.



(Sanjay Kundu)

Chairman & Managing Director

(DIN No. 07632839)

Date : 01/09/2017

Place : New Delhi

HARBANS LAL & CO.
COMPANY SECRETARIES

Phone (O) : 23696096

Mob: 8811827414

Email: hlalcs@yahoo.co.in

L-15, Pratap Nagar, Delhi-110007
(Near Pratap Nagar Metro Station)

Dated : 1st September, 2017

To,

The Members

National Projects Construction Corporation limited

30-31, Raja House, Nehru Place,

New Delhi — 110019.

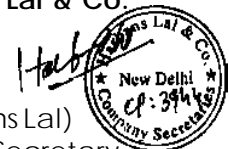
We have examined the relevant records and documents as furnished to us pertaining to the compliance of the conditions of Corporate Governance by National Projects Construction Corporation Limited (hereinafter referred as the company') for the year ended on 31st March, 2017 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises' issued vide O.M No. 18(8)/2005-GM dated 14.05.2010 by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our Information and according to the explanations given to us, we hereby certify that the Company has generally complied with the conditions of Corporate Governance, as stipulated in the above mentioned guidelines, except having the required number of Independent Directors. We understand that the Government! Administrative Ministry are in the process of taking necessary action in this regard.

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

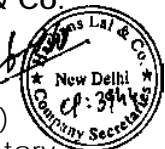
For Harbans Lal & Co.



(Harbans Lal)

Company Secretary

C.P. : 3944





Certification by Chairman-cum-Managing Director and Director (Finance)

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the financial year 2016-17 and that to the best of our knowledge and belief :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (ii) these statements together presents a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company. We have disclosed to the auditors and the Audit Committee/Board, deficiencies in the design or operation of internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, wherever applicable, to the Auditors and the Audit Committee/Board:
- (i) Significant changes made/to be made in internal control during the year,
 - (ii) Significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
- (e) There is no instance of significant fraud of which we are aware nor there has been involvement of the management or any employee having a significant role in the Company's internal control system.

SANJAY KUNDU
CHAIRMAN & MANAGING DIRECTOR
DIN No. 07632839

SAHAB NARAIN
DIRECTOR (FINANCE)
DIN No. 03641879

Place : New Delhi
Date : 01/09/2017

SOME OF THE PROJECTS OF NPCC



Dolaithabi Barrage, Manipur



HEP Unit Hathiari



Punjab National Bank work, Chennai



Girls Hostel, Bengaluru



Swimming Pool Complex, SAI Bengaluru



Athletic Track at Patiala

SOME OF THE PROJECTS OF NPCC



PEB at Solalgaon, Lakhimpur



Fencing Work at Indo Bangla Border



PMGSY Works at West Medinipur



IGNTU Works in Manipur



Research Farm Building, CHF



Interior work for STPI, Hyderabad

BALANCE SHEET AS AT 31st MARCH, 2017

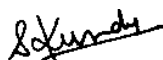
(Amount in Rupees)

PARTICULARS	Note No.	As at 31st March, 2017	As at 31st March, 2016
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	94,53,16,000	94,53,16,000
(b) Reserves and Surplus	2	51,42,42,880	23,83,48,796
2 Non - Current Liabilities			
(a) Other Long Term Liabilities	3	4,53,48,13,849	8,59,52,88,280
(b) Long term Provisions	4	27,44,32,997	29,53,97,994
3 Current Liabilities			
(a) Trade payables	5	3,99,95,48,318	7,00,35,77,990
(b) Other current liabilities	6	3,89,01,84,595	4,43,84,80,096
(c) Short term provisions	7	7,44,26,466	8,50,35,881
Total		14,23,29,65,105	21,60,14,45,037
II ASSETS			
1 Non -Current Assets			
(a) Fixed assets	8		
i) Tangible assets		36,58,45,266	7,08,02,521
ii) Intangible assets		-	-
iii) Capital work in progress		-	9,33,12,420
(b) Investments		-	-
(c) Deferred tax Assets (Net)	9	37,14,21,253	39,92,99,799
(d) Long Term Loans and Advances	10	46,63,25,366	1,01,33,42,461
(e) Other non -current assets	11	2,19,85,32,909	5,74,11,92,922
2 Current Assets			
(a) Inventories	12	1,19,38,599	1,26,14,721
(b) Trade Receivables	13	3,64,03,10,081	3,94,98,11,549
(c) Cash and Cash Equivalents	14	5,81,06,39,005	8,17,53,02,699
(d) Short-term loans and advances	15	88,20,00,406	1,64,12,55,480
(e) Other current assets	16	48,59,52,220	50,45,10,465
Total		14,23,29,65,105	21,60,14,45,037

Accounting Policies & Notes on Financial Statements 1 to 49


(RAJNI AGARWAL)
COMPANY SECRETARY


(SAHAB NARAIN)
DIRECTOR (FINANCE)
(DIN No.03641879)

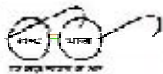

(SANJAY KUNDU, IPS) CHAIRMAN &
MANAGING DIRECTOR (DIN
No.07632839)

As per our Audit report of even date
For K.N. Goyal & Co Chartered
Accountants
FRN : 001084N

Date : 17.08.2017
Place : New Delhi




(K.N. Goyal)
Partner
M.No. 011939

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2017**


(Amount in Rupees)

PARTICULARS	Note No.	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
I REVENUE FROM OPERATIONS			
Value of Work Done		11,18,21,89,193	9,40,71,75,769
II Other Income	17	36,35,42,260	34,79,77,507
III TOTAL REVENUE (I+II)		11,54,57,31,453	9,75,51,53,276
IV EXPENSES:			
a Construction & Work Expenses	18	10,34,95,96,005	8,72,01,85,704
b Employee Benefit Expenses	19	63,45,73,901	72,20,71,139
c Finance Cost	20	22,63,777	26,19,030
d Depreciation, amortisation, impairment & obsolescence	8	69,00,867	54,09,014
e Corporate Social Responsibility		47,89,013	67,07,239
f Other Expenses	21	12,53,42,452	10,07,54,667
TOTAL EXPENSES (IV)		11,12,34,66,015	9,55,77,46,793
V Profit(Loss) before prior period, exceptional and extraordinary items and tax (III-IV)		42,22,65,438	19,74,06,483
VI Less :Prior Period Item (Net)	22	2,33,932	(88,98,676)
VII Profit(Loss) after prior period and before exceptional and extraordinary items and tax (V-VI)		42,20,31,506	20,63,05,159
VIII Exceptional Items	23	9,31,26,269	(40,29,225)
IX Profit(Loss) before extraordinary items & tax (VII-VIII)		32,89,05,237	21,03,34,384
X Extraordinary Items- Loss on cancellation of lease		-	9,61,521
XI Profit/Loss(-) before tax (IX-X)		32,89,05,237	20,93,72,863
XII Current Tax		3,58,29,350	8,55,45,318
Income Tax- for earlier year		(2,31,74,649)	21,47,998
XIII Deferred Tax	9	2,78,78,546	1,35,78,482
XIV Profit/Loss(-) for the period from continuing operations (XI-XII-XIII)		28,83,71,990	10,81,01,065
XV Profit / Loss(-) for the period		28,83,71,990	10,81,01,065
XVI Earnings per Equity Share			
Basic & Diluted	39	305.05	114.35

Accounting Policies & Notes on Financial Statements 1 to 49


(RAJNI AGARWAL)
COMPANY SECRETARY


(SAHAB NARAIN)
DIRECTOR (FINANCE)
(DIN No.03641879)


(SANJAY KUNDU, IPS) CHAIRMAN &
MANAGING DIRECTOR (DIN
No.07632839)

As per our Audit report of even date
For K.N. Goyal & Co Chartered
Accountants
FRN : 001084N

Date : 17.08.2017
Place : New Delhi




(K.N. Goyal)
Partner
M.No.011939

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

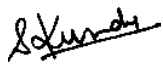
(Amount in Rupees)

PARTICULARS	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
Cash flow from Operating Activities		
Receipts from customers	16,33,66,35,343	11,55,82,99,297
Paid to sub-contractors, suppliers & employees M obligation advance received from Project- authority shown under the head of unsecured loans	(18,56,50,02,085)	(12,06,42,95,161)
Interest on mobilization advance given to Sub contractor	(24,33,00,190)	1,31,78,06,786
Extraordinary Items	71,43,548	(2,26,93,573)
Taxes on Income	-	(9,61,521)
Cash generated from operations	(1,26,54,701)	(8,76,93,316)
Cash flow from Investing activities	(2,47,71,78,085)	70,04,62,512
Sale proceeds of Fixed Assets	32,57,198	85,35,977
Purchase of Fixed Assets	(20,97,85,164)	(5,09,89,264)
Interest on Bank deposits	46,11,42,808	60,10,68,753
	25,46,14,842	55,86,15,466
Cash flow from financing activities		
Interest paid	(12,96,22,545)	(24,32,51,827)
Dividend Paid	1,24,77,906	-
	(14,21,00,451)	(24,32,51,827)
Net increase/(decrease) in cash & cash equivalents.	(2,36,46,63,694)	1,01,58,26,151
Cash & cash equivalent at the beginning of the year	8,17,53,02,699	7,15,94,76,548
Cash & cash equivalent at the end of the year (Refe Note No.14)	5,81,06,39,005	8,17,53,02,699

Accounting Policies & Notes on Financial Statements 1 to 49
 Figures in brackets represent outflow of cash.


(RAJNI AGARWAL)
 COMPANY SECRETARY


(SAHAB NARAIN)
 DIRECTOR (FINANCE)
 (DIN No.03641879)

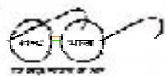

(SANJAY KUNDU, IPS)
 CHAIRMAN & MANAGING DIRECTOR
 (DIN No.07632839)

As per our Audit report of even date
 For K.N. Goyal & Co
 Chartered Accountants
 FRN : 001084N

Date : 17.08.2017
 Place : New Delhi




(K.N. Goyal)
 Partner
 M.No. 011939



NOTE — 1

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
SHARE CAPITAL		
Authorised : 7000000 Equity Shares of Rs.1000/- each (Previous Year 7000000 Equity Shares of Rs.1000/- each)	7,00,00,00,000	7,00,00,00,000
TOTAL	7,00,00,00,000	7,00,00,00,000
Issued, Subscribed & Paid up :		
945316 Equity Shares of Rs. 1000/- each fully paid up in cash (Previous Year 945316 Equity Shares of Rs1000/- each)	94,53,16,000	94,53,16,000
TOTAL	94,53,16,000	94,53,16,000

PARTICULARS	Number of shares	As at 31st March 2017	Number of shares	As at 31st March 2016
Reconciliation of Equity Shares outstanding at end of the year				
Outstanding as at the beginning of the year	9,45,316	94,53,16,000	9,45,316	94,53,16,000
Add: Issued during the year	0	0	0	0
Less: Buy back/cancelled during the year	0	0	0	0
Outstanding as at the end of the year	9,45,316	94,53,16,000	9,45,316	94,53,16,000
Share holders having more than 5% of shares	Number of shares	% of share holding	Number of shares	% of share holding
President of India	9,34,821	98.89	9,34,821	98.89

- i) As a part of restructuring scheme, the Ministry of Corporate Affairs (MCA), Govt of India has accorded its approval vide order No. 40/1/2010-CL-III dated 02.12.10 under section 101 of the Companies Act, 1956 for reducing the paid up equity capital, arising out of conversion of GOI loan and interest thereon, to 10% of the equity share. Accordingly, 58,22,059 equity shares of Rs.1000/- each amounting to Rs.5,82,20,59,000/- were cancelled and adjusted against accumulated losses as on 28.12.2010.
- ii) The paid up equity capital of the Company after the reduction is Rs.94,53,16,000/- divided into 9,45,316 equity shares of Rs.1000/- each fully paid up in cash.

NOTE - 2
(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Reserves and Surplus		
Surplus		
a) Opening balance of Profit & Loss A/c	23,83,48,796	12,85,12,707
b) Adjustment to retained earnings on account of depreciation recalculated under Companies Act, 2013	- 23,83,48,796	17,35,024
c) Surplus transferred from Profit & loss A/c during the Year	28,83,71,990	13,02,47,731
Less:-		
d) Dividend Paid (F.Y 2015-16 paid in F.Y 2016-17)	(1,03,98,476)	-
e) Dividend Distribution Tax (F.Y 2015-16 paid in F.Y 2016-17)	(20,79,430)	-
TOTAL :	51,42,42,880	23,83,48,796

- i. The Board of Directors had recommended dividend of Rs.11 per equity share aggregating to Rs.1,03,98,476 for the financial year 2015-16 in its Meeting held on 02.09.2016, after the adoption of audited accounts. The adopted accounts of the financial year 2015-16 were not reopened to provide for the liability towards proposed dividend in view of the amendment to "Accounting Standard 4 – Contingencies and Events Occurring after the Balance Sheet Date" notified by the Companies (Accounting Standards) Rules, 2006 vide Notification No.364(E) dated 30th March, 2016, as per which liability towards dividend declared after the balance sheet should not be recognized unless the statute requires otherwise. Necessary disclosure was, however, made in the Directors' Report.

NOTE - 3
(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Other Long Term Liabilities		
a) Trade payables- For services	1,99,08,35,261	6,33,32,85,201
b) Trade payables- For goods	2,21,57,236	2,96,43,146
c) Advances from Project Authorities	84,49,07,440	54,19,03,527
d) Security Deposits- Subcontractors	1,41,35,69,201	1,23,73,88,927
e) Security Deposits- Staff	-	5,71,917
f) Interest accrued and due on Advances		
i) From Project Authorities	7,01,23,560	26,38,03,950
ii) Interest on Staff Security	-	31,10,493
g) Wage Arrears	65,90,377	5,01,46,602
h) Others	18,66,30,774	13,54,34,517
TOTAL :	4,53,48,13,849	8,59,52,88,280

- i. Note-3 (g) In pursuance of Ministry of Water Resources, River Development & Ganga Rejuvenation, Govt. of India, New Delhi letter No. 4/8/2013-PSU/103 dated 15-01-2016 and NPCC Board Agenda No. 290.19 dated 30-12-2014, the payment of arrears towards Wage Revision payable to Workmen w.e.f. 01-01-2007 to 31-05-2011 is being released / regulated on quarterly basis starting from first quarter of financial year 2016-17 and spread in three financial years.



NOTE - 4

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Long -Term Provisions		
Provision for employees benefit		
a) Provision for Gratuity Work charged employees	14,39,26,700	15,13,77,665
b) Provision for Leave Encashment	13,05,06,297	14,32,19,332
c) Provision for Leave Travel Concession	-	8,00,997
TOTAL :	27,44,32,997	29,53,97,994

NOTE - 5

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Current Liabilities		
Trade Payables		
—For Services	3,99,93,60,755	7,00,22,29,789
—For Goods	1,87,563	3,99,95,48,318
TOTAL :	3,99,95,48,318	7,00,35,77,990

NOTE - 6

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Other Current Liabilities		
a) Security Deposits		
— Sub Contractor	78,59,86,911	77,88,27,472
b) Advances from Project Authorities	2,35,08,83,552	2,89,71,87,655
c) Interest accrued and due on advances		
i) From Project Authorities	7,95,306	3,18,06,343
ii) Government of India Loan	9,02,96,065	10,02,96,065
iii) Bank Guarantee Charges Payable to GOI	2,59,00,000	-
d) Expenses Payable		
1) To Employees		
i) Wages arrear payable	85,33,800	2,50,73,301
ii) Salaries and wages payable	3,47,12,510	3,23,55,169
iii) Others	1,69,22,902	6,01,69,212
2) Liability for Expenses-Others	10,14,07,083	1,58,97,874
		7,33,26,344
		1,74,80,796

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
e) Payable to Gratuity Trust	16,42,95,329	21,54,37,706
f) Income Tax Payable	-	-
g) Others		
i) Income Tax payable (TDS)	3,75,86,143	2,64,47,579
ii) Service Tax payable	1,19,31,539	1,81,87,110
iii) Trade Taxes Payable (Vat/Sales Tax etc.)	2,98,81,182	7,01,51,671
iv) Others	23,10,52,273	32,41,17,715
TOTAL :	31,04,51,137	4,43,84,80,096
	3,89,01,84,595	

- i. Advance received from Project Authority under 6(b) includes Rs. 54,86,87,090/- (Previous Year Rs. 60,66,81,266/-) received towards PMGSY fund which is to be utilised exclusively for PMGSY work only and has been kept in separate Bank Account.
- ii. Note-6 (c)(ii) Interest on GOI Loan represents balance of Interest payable on Loan of Rs. 15,80,00,000/- @20.75% p.a.
- iii. Income tax payable has been netted off against prepaid taxes. Prepaid Taxes if in excess of income tax payable is reflected in Note 15 as Income Tax Prepaid Taxes.

NOTE - 7

PARTICULARS	(Amount in Rupees)	
	As at 31st March, 2017	As at 31st March, 2016
Short Term Provisions		
Provision for employees benefit		
i) Provision for Gratuity- Work Charged	3,01,28,358	3,57,48,367
ii) Provision for Leave Encashment	4,22,33,562	4,84,01,450
iii) Provision for Leave Travel Concession	20,64,546	8,86,064
TOTAL :	7,44,26,466	8,50,35,881

NOTE — 8
FIXED ASSETS
TANGIBLE ASSETS

(Amount in Rupees)

Sl. No	Description	GROSS BLOCK (AT COST)						LESS : DEPRECIATION						NET BLOCK	
		As at 1st April 2016	Additions during the year	Acquired through business combinations	Adjustment due to impairments	Dedn./ Adjustments during the year	As at 31st March 2017	As at 1st April 2016	During the year	Retained Earning	Adjustment due to impairments	Dedn./ Adjustments during the year	Up to 31st March 2017	As at 31st March 2017	As at 31st March 2016
1	Free Hold Land	23567204	-	-	-	-	23567204	-	-	-	-	-	-	23567204	23567204
2	Lease Hold Land	1944507	-	-	-	-	1944507	291788	21189	-	-	-	312977	1631530	1652719
3	Buildings on Free Hold Land	18429936	241027849	-	-	-	259457785	2635009	901724	-	-	-	3536733	255921052	15794927
4	Buildings on Lease Hold Land	1276415	-	-	-	-	1276415	295610	19304	-	-	-	314914	961501	980805
5	Temporary Constructions	50714633	1231870	-	-	15431681	36514822	50714633	1170277	-	-	15431681	36453229	61593	-
6	Machinery	108312281	20127600	-	-	3252336	125187545	98706707	1620135	-	-	3078537	97248305	27939240	9605574
7	Vehicles	28534090	4995339	-	-	235718	33293711	23113774	1418185	-	-	223932	24308027	8985684	5420316
8	Works Equipment	15931178	523086	-	-	1502950	14951314	12011700	442435	-	-	1372861	11081274	3870040	3919478
9	Office Furniture	9691013	6571276	-	-	657908	15604381	6711766	696675	-	-	656671	6751770	8852611	2979247
10	Office Equipment	5854147	236385	-	-	223186	5867346	4959281	357636	-	-	212730	5104187	763159	894865
11	Electric Installation	7496218	27515257	-	-	365739	34645736	3511026	1008037	-	-	305317	4213746	30431990	3985192
12	Computers and Printers	13141880	2022065	-	-	1496524	13667421	11236628	1083579	-	-	1426729	10893478	2773943	1905252
13	Library Books	458115	17135	-	-	200	475050	361174	28357	-	-	200	389331	85719	96942
	Total :	285351617	304267862	-	-	23166242	566453237	214549096	8767533	-	-	22708658	200607971	365845266	70802521
	Previous Year :	327935947	2878473	-	-	45462803	285351617	254200894	6097512	(1735024)	-	44014286	214549096	70802521	

CAPITAL WORK IN PROGRESS

14	Building on Freehold Land	92080550	201714741	-	-	293795291	-	-	-	-	-	-	-	-	93312420
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ABOVE FIXED ASSETS INCLUDE NON-SERVI CEABLE/BEYOND ECONOMICAL REPAIR AS SHOWN BELOW:

1	Machinery	358789	-	-	-	-	358789	340850	-	-	-	-	340850	17939	17939
2	Vehicles	134389	-	-	-	-	134389	6719	-	-	-	-	6719	127670	127670

NOTE:

- The above assets includes assets in transit amounting to Rs.1,10,891/- (Previous Year Rs.2,03,421)
- Depreciation during the year includes prior period depreciation of Rs. 6,96,388/-.(Previous Year Rs.6,88,498/-)
- Fixed Assets include assets with gross block of Rs. 693.89 lacs and net block of Rs. 37.14 lacs confiscated by Project Authorities which are unadjusted pending settlement of account. However there exists unadjusted liabilities in excess of the value of assets confiscated.
- Capital expenditure on Containers used during the course of construction of Building which was carried under Capital Work in Progress has since been capitalized as an independent asset and upto date depreciation thereon Rs. 11,70,277/- has been capitalized to Building.



Note - 9

PARTICULARS	(Amount in Rupees)	
	As at 31st March, 2017	As at 31st March, 2016
Deferred Tax Assets		
a) Provisions for employee benefits	19,39,02,613	22,75,43,393
b) Provision for doubtful debts	20,03,70,157	18,97,39,862
c) Total Deferred Tax Asset	39,42,72,770	41,72,83,255
Deferred Tax Liability		
d) Depreciation of fixed assets Net	2,28,51,517	1,79,83,456
Deferred Tax Assets (c-d)	37,14,21,253	39,92,99,799
Deferred Tax Expense/(Income)	2,78,78,546	1,35,78,482

Note - 10

PARTICULARS	(Amount in Rupees)	
	As at 31st March, 2017	As at 31st March, 2016
Long Term Loans and Advances		
a) Secured, considered good:		
i) Capital Advance	-	32,14,614
ii) Sub Contractor	4,73,27,686	68,97,03,567
iii) Others	4,61,98,398	4,69,33,398
b) Unsecured, considered good		
i) Advances for goods and services	35,41,14,537	27,34,26,313
ii) Advances to other employees	54,959	64,569
iii) Others	1,86,29,786	-
c) Unsecured, considered doubtful		
i) Advances for goods and services	12,80,27,437	8,63,30,651
Less: Provision for doubtful advances	12,80,27,437	8,63,30,651
ii) Others	72,25,608	1,27,58,312
Less: Provision for doubtful advances	72,25,608	-
TOTAL:	46,63,25,366	1,01,33,42,461

- i. The above includes due of Rs. 40,72,64,097/- (Previous year Rs. 41,73,00,000/-) outstanding for over three years which in the view of the management are good and recoverable.



Note - 11

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Other Non Current Assets		
a) Performance security with Project Authorities		
- Considered good	29,01,78,476	26,82,64,341
- Considered doubtful	<u>2,87,99,325</u>	<u>9,82,38,879</u>
	31,89,77,801	36,65,03,220
Less: Allowance (Provision)	<u>2,87,99,325</u> 29,01,78,476	<u>9,82,38,879</u> 26,82,64,341
b) Security Deposit with others		
- Considered good	33,70,391	-
- Considered doubtful	<u>8,86,598</u>	<u>17,81,202</u>
	42,56,989	17,81,202
Less: Allowance (Provision)	<u>8,86,598</u> 33,70,391	<u>17,81,202</u> -
c) Earnest Money Deposit		
- Considered good	73,45,638	2,04,79,855
- Considered doubtful	<u>50,06,083</u>	<u>60,42,365</u>
	1,23,51,721	2,65,22,220
Less: Allowance (Provision)	<u>50,06,083</u> 73,45,638	<u>60,42,365</u> 2,04,79,855
d) Trade Receivables (Unsecured)		
- Considered good	1,89,76,38,404	5,45,24,48,726
- Considered doubtful	<u>67,10,91,715</u>	<u>80,64,05,118</u>
	2,56,87,30,119	6,25,88,53,844
Less: Provisions for doubtful debts	<u>67,10,91,715</u> 1,89,76,38,404	<u>80,64,05,118</u> 5,45,24,48,726
e) Interest accrued on Bank Deposit	73,956	73,956
Less: Allowance (Provision) for Non Recovery	<u>73,956</u> -	<u>73,956</u> -
f) Advances to employees (Unsecured, Doubtful)	29,28,890	36,18,392
Less: Allowance(Provision) for doubtful advances	<u>29,28,890</u> -	<u>36,18,392</u> -
TOTAL:	2,19,85,32,909	5,74,11,92,922

- Trade Receivables include retention money receivable Rs. 35,00,89,528/- (Previous year Rs. 32,72,34,651/-).
- Trade Receivables include dues of Rs. 1,70,14,58,990/- (Previous year Rs.1,74,02,76,202/-) outstanding for over three years which in the view of the Management are good and recoverable.

Note - 12

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Current Assets		
Inventories		
a) Stores and Spares (including construction material in hand, at sites and in transit)	1,54,61,801	1,61,66,196
Less: Allowance (Provision)	35,44,226	35,72,499
	1,19,17,575	1,25,93,697
b) Tools in hand	21,024	21,024
TOTAL:	1,19,38,599	1,26,14,721

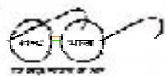
- i. Inventory of stores & spares and tools has been taken, valued & certified by the Management.
- ii. Inventories include Rs. 106.73 lacs (Previous year Rs. 106.73 lacs) confiscated by Project Authorities which are unadjusted pending settlement of account. However, there exists unadjusted liabilities in excess of the value of assets confiscated.

Note - 13

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Trade Receivables (Unsecured)		
a) Debts outstanding for a period exceeding six months from due date:		
—Considered Good	93,81,66,315	2,17,33,33,220
b) Other debts (Considered good)	2,70,21,43,766	1,77,64,78,329
TOTAL:	3,64,03,10,081	3,94,98,11,549

- i. Trade Receivables include retention money receivable Rs. 24,85,75,816/- (Previous year Rs. 57,24,73,611/-).
- ii. Trade Receivables include unbilled contract revenue.
- iii. Trade Receivables include dues of Rs 3,87,07,943/- (Previous year Rs. 1,59,24,26,845/-) outstanding for over three years which in the view of the management are good and recoverable.



Note - 14

(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Cash and Cash Equivalents		
a) Cash on hand	3,61,602	5,75,621
b) Cheques/drafts in hand	3,16,07,184	1,51,66,358
c) Fixed Deposits pledged with banks and Project Authorities as margin against guarantees and securities	49,21,45,765	43,85,17,340
d) Fixed Deposits with Banks of more than 12 months' maturity	12,45,01,086	7,08,91,575
e) Balances with Banks in Foreign States with repatriation restrictions	3,83,69,158	3,83,69,158
Less : Provisions held	3,83,69,158	-
f) FDR/ Balances not traceable	1,25,354	1,25,354
Less : Provisions held	1,25,354	-
g) Balance with Nepal Bank Ltd., Nepal	6,009	6,009
h) Balances with Banks - Others *	5,16,20,17,359	7,65,01,45,796
TOTAL:	5,81,06,39,005	8,17,53,02,699

- Operations in Iraq have ceased since many years and due to repatriation restrictions, full provision has been made against the bank balances.
- Revaluation of balance in the bank account in foreign currency was last made on 31.3.1995.
- The Exim Bank which is intermediary for settlement of the outstandings in Iraq, has vide letter dated 30/7/2013, advised that the notional credit entries for interest earned on the outstanding credit balance of NPCC in the bank account has been made for US \$ 716732.69 by Central Bank of Iraq in its books, not amounting to actual credit to the account of the Exim Bank.
- Current account balance includes an amount of Rs. 54,86,87,090/- (Previous Year Rs. 60,66,81,266/-) received against deposit work of PMGSY and Rs. 35,92,41,807/- (Previous year Rs. 2,25,18,62,504/-) from MHA for BOP work, Silchar.
- *Balance with Banks-Others includes FDRs of following maturity period:

Description	As at 31st March, 2017	As at 31st March, 2016
FDRs with balance maturity period upto 3 months	67,81,19,371	1,47,09,07,910
FDRs with balance maturity period more than 3 months and upto 12 months	2,53,65,00,542	2,53,96,22,604
Total	3,21,46,19,913	4,01,05,30,514

- Fixed Deposits with Banks can be withdrawn by the Company at any point in time without any penalty on the principal.
- Refer Note No. 47 for details of Specified Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016

Note - 15
(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Short-term Loans and Advances		
a)		
1) Secured:		
i) Sub Contractor	22,64,32,948	1,06,09,25,051
ii) Others	6,83,45,461	4,87,55,753
2) Unsecured, considered good		
i) Advances for goods and services	2,93,85,498	3,14,10,381
ii) Advances to other employees	47,29,657	1,15,54,086
iii) Others	<u>84,63,657</u>	<u>3,44,93,947</u>
4,25,78,812		7,74,58,414
b) Prepaid Expenses	19,00,158	18,91,610
c) Security Deposit with Others	3,36,538	29,60,691
d) Income Tax - Prepaid taxes/ Mat Credit	50,12,16,312	42,12,12,748
e) Amount deposited with various Courts/Authorities	4,11,90,177	2,80,51,213
TOTAL:	88,20,00,406	1,64,12,55,480

Note - 16
(Amount in Rupees)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Other Current Assets		
a) Performance Security with Project Authorities	28,12,45,079	27,86,22,991
b) Earnest Money Deposit	74,01,000	43,13,000
c) Interest accrued on Bank Deposits	16,99,64,475	19,19,64,299
d) CPF Trust	1,17,95,793	1,31,28,711
e) Silver Momentos	61,750	74,670
f) Inter-unit Remittance Account	1,54,84,123	1,64,06,794
TOTAL:	48,59,52,220	50,45,10,465

Balances reflected under CPF Trust and Remittance are subject to reconciliation of transactions of past years between the Corporate Office and the various Units for which a detailed reconciliation process is under progress.

Note - 17

(Amount in Rupees)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Other Income		
Other Miscellaneous Receipts (including Sale of tender- documents)	4,33,99,619	2,06,66,426
Interest Received (Net) on :		
a) Bank Deposits	43,91,42,984	55,77,68,656
Less:- Interest income appropriated to Project Authority A/c	12,73,58,768	24,06,32,797
	31,17,84,216	31,71,35,859
b) Others- sub contractor	65,97,627	63,98,273
	31,83,81,843	32,35,34,132
Hire Charges of Machinery	17,60,798	28,59,292
Profit on Sale of Scrap, Stores etc.(Net)	-	9,17,657
TOTAL:	36,35,42,260	34,79,77,507

Note - 18

(Amount in Rupees)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Construction And Works Expenses		
Material Consumed Stores & Spares (including construction materials)		
Opening balance	1,61,66,196	1,79,37,689
Net Purchase/(Sales)	21,06,755	64,31,602
	1,82,72,951	2,43,69,291
Less : Closing Balance	1,54,61,801	1,61,66,196
Consumption	28,11,150	82,03,095
Payment to Sub-contractors	10,22,10,94,199	8,60,74,62,008
Motive Power & Fuel	83,751	10,38,364
Taxes & Fees on Machines & Vehicles	1,14,628	1,25,760
Insurance	- 1,14,628	- 1,25,760
Carriage & Freight	2,29,449	49,225
Tools & Stores Written off	-	42,568
Commercial/Trade Tax/Service Tax	5,96,02,528	8,54,04,321
Other Incidental Charges on Works	6,56,60,300	1,78,60,363
TOTAL:	10,34,95,96,005	8,72,01,85,704

Note - 19

PARTICULARS	(Amount in Rupees)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Employee Benefit Expenses		
Salary and Allowances	36,87,83,124	35,92,23,606
Wages and Allowances	13,25,83,308	17,40,12,402
Contribution to Provident Fund	5,14,06,375	5,12,79,462
EPF Administration Charges	9,23,639	10,76,438
Gratuity	3,63,58,986	5,11,34,585
Leave Encashment	3,37,10,595	2,49,53,906
Leave Travel Concession	7,39,771	3,68,460
VRS Expenses	52,142	5,09,07,472
Staff Welfare Expenses	83,21,044	80,20,603
Repairs to Building	3,24,904	19,767
Health and Sanitation	13,70,013	10,74,438
TOTAL :	63,45,73,901	72,20,71,139

Note - 20

PARTICULARS	(Amount in Rupees)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Finance Cost		
Bank Guarantee Charges	22,63,777	26,19,030
TOTAL :	22,63,777	26,19,030



Note - 21

(Amount in Rupees)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Other Expenses		
Rent	1,04,06,570	83,06,753
Rates and Taxes	22,051	1,06,573
Travelling Expenses	2,40,93,210	1,90,33,857
Vehicles Running and Maintenance, Hiring	2,13,30,159	1,74,69,280
Insurance Charges	2,83,395	2,36,104
Repairs and Maintenance:		
Buildings	35,98,798	21,07,171
Others	5,56,437	5,87,753
	41,55,235	26,94,924
Printing & Stationery	29,41,963	28,91,453
Postage, Telephone & Telegrams	30,46,605	31,83,647
Electricity and Water Expenses	34,87,856	32,29,225
Advertisement and Publicity	1,60,42,989	1,07,53,487
Technical Fee/Consultancy	74,08,283	66,28,840
Legal and Professional Charges	76,19,323	80,46,460
Bank Charges	2,17,546	4,90,091
Payment to Auditors :		
Audit Fee	9,59,515	9,70,399
Tax Audit Fee	3,93,194	4,83,502
Travelling Expenses—Auditors M iscellaneous Expenses Allowance	14,18,031	13,67,053
(Provision) for Doubtful Debts/Adv ances/Stores	2,04,75,472	1,28,28,139
	12,423	20,34,880
Loss on Sale of Scrap, Stores etc.(Net)	10,28,632	-
TOTAL :	12,53,42,452	10,07,54,667

Note - 22

(Amount in Rupees)		
PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Prior Period Expenses & Income		
(A) Expenses		
Salary, Wages & Other benefits to employees	31,93,986	-
Payment to Sub-contractors for work done	3,67,068	19,12,375
Short booking of Depreciation	6,96,388	6,88,498
Others	4,55,071	16,94,320
Total (A)	42,24,907	42,95,193
(B) Income		
Recovery of excess payment	-	90,415
Interest income	67,34,846	98,79,428
Others	(27,43,871)	32,24,026
Total (B)	39,90,975	1,31,93,869
TOTAL (NET) (A-B)	2,33,932	(88,98,676)

Note - 23

(Amount in Rupees)		
PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Exceptional Items		
Expenses		
A) Penal Interest on Bank Guarantee	2,59,00,000	-
B) Litigation Expenses	12,18,30,054	19,54,902
C) Bad debts Written off	16,65,00,978	-
D) Provision for Bad & Doubtful Debts	4,52,22,265	-
E) Other Balances Written off	6,83,95,415	-
F) Reduction in Construction expenses	(4,75,78,08,592)	(26,48,30,116)
G) Loss on sale of Fixed Assets	1,05,499	93,237
	(4,32,98,54,381)	(26,27,81,977)
Less: Income		
H) Claims Received	4,33,73,363	-
I) Provisions Written Back	20,62,54,902	34,49,803
J) Liabilities Written Back	47,51,10,672	2,06,05,725
K) Reduction in Revenue	(5,15,06,24,700)	(28,99,88,977)
L) Profit on sale of Fixed Assets	29,05,113	71,80,697
	(4,42,29,80,650)	(25,87,52,752)
TOTAL (NET) :	9,31,26,269	(40,29,225)



NOTE – 24

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**1. Basis of preparation of Financial Statements**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Examples of such estimates include accounting for contract cost expected to be incurred to complete the projects, provisions for doubtful debts and advances, obligations under employee retirement benefit plans, income taxes and useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3. Revenue Recognition

- a. Value of work done is recognized on percentage completion method. Value is determined based on milestones achieved as stipulated in contracts and on the basis of measurable work actually executed upto the reporting date where the contracts do not stipulate milestones.
- b. Value of Work done and Trade Receivables include :
 - i. Work executed by the Company pending certification by the Project Authority/Contractee;
 - ii. Work executed but not measured / partly executed / accounted for at engineering estimates;
 - iii. In case of deposit works and cost plus contract, cost of work done by the contractor plus stipulated fee of the Company ;
 - iv. Work done for Project Authorities where only Letters of Intent have been received and formal contracts/agreements are pending execution;

- v. Claims for extra/substituted items and other claims considered realizable by the corporation, based on Management's experience, pending determination of exact amount for settlement of rates etc;
- vi. 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;
- vii. Claims referred to arbitration or lodged against Project Authorities to the extent considered realizable based on the experience of the Management;
- viii. Amounts retained by the Project Authorities to be released after period stipulated in the contracts; and
- ix. In cases where contracted value is inclusive of taxes, the tax component.

4. Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation, amortization and impairment loss, if any. Costs directly attributable to acquisition of fixed assets are capitalized.

5. Depreciation

Tangible Assets

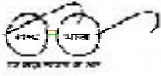
- i. Depreciation on Tangible Assets is provided on Straight Line Method (SLM) over the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 leaving a residual value of 5% except in respect of items fully depreciated prior to the coming into force of Companies Act, 2013. Assets acquired during the year, individually costing up to Rs. 5000/- are fully depreciated, by keeping Re. 1 as value for identification.
- ii. In respect of items not specified in the list, general rate of 15 years applicable to general plant and machinery is adopted.
- iii. Cost of leasehold land is amortized over the lease period.

Intangible Assets

- i. Application Software costing upto Rs.1 lakh in each case is fully amortized in the year of purchase by keeping Re.1 as value for identification. Application software for value above Rs.1 Lakh amortized over a period of 36 months on straight line basis from the date of successful commissioning of the software subject to review at each financial year end.
- ii. Operating software is capitalized along-with the cost of the hardware and depreciated on the basis of useful life of the hardware.
- iii. Licenses of application and operating software for specified periods are charged to revenue with respect to the period of license.

6. Inventories

Stock of material, stores and spares including construction materials chargeable to Projects



on cost-plus terms are carried at cost. However, in case of diminution in value due to deterioration in non-moving inventories held for such contracts, adequate allowance (provision) is made to cover the loss in such cases. Inventories other than cost plus contracts or for self-consumption are valued at lower of cost and net realizable value. Cost is determined on first in first out method.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity of three months or less at the date of purchase and that are readily convertible to known amounts of cash to be cash equivalents.

8. Cash Flow Statement

Cash flows are reported using the direct method whereby major classes of gross receipts and gross payments are disclosed. Cash Flows from Operating, Investing and Financing activities are segregated.

9. Foreign Currency Transactions

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

10. Employee Benefits

i. Short Term Benefits

Short term employees' benefits are recognized as an expense in the statement of Profit & Loss for the year in which the related services are rendered.

ii. Long Term Benefits

a. Provident Fund

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employees' salary and charged to Profit and Loss Account. The trust invests in specific designated instruments as permitted by law. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

b. Gratuity

The Company has established a separate Trust to administer gratuity fund relating to regular employees. Liability towards Gratuity Trust Fund is provided in the accounts on actuarial basis. In respect of Work Charged employees, provision towards gratuity liability is made on actuarial basis.

c. Leave Encashment

Provision for leave encashment is made in the accounts on the basis of actuarial valuation.

d. Leave Travel Concession

Provision in respect of leave travel concession to eligible employees is made in the accounts on the basis of actuarial valuation.

11. PRIOR PERIOD EXPENSES/INCOME

Income/expenditure relating to prior period not exceeding Rs. 50,000/- in each case are treated as income/expenditure of the current year by charging under the respective head of accounts.

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.

13. TAXES ON INCOME

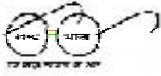
Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset is recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. When there are unabsorbed losses and depreciation under the Income Tax Act, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

14. Provision for Doubtful Debts/Loans and Advances

In respect of debts and loans and advances, in respect of Projects for Project Authorities which are primarily Government of India Departments, Government Institutions, Autonomous Bodies and Public Sector Enterprises, provisions are created in respect of old closed units based on Management's assessment of irrecoverability and considering



counter liabilities outstanding towards sub-contractors through whom the work was got executed, on case to case basis. Adhoc provision created as per the decision of the Board of Directors in the year 2006-07 after appropriation to specific provisions created as above against individual projects are also carried in the accounts.

15. Provisions and Contingent Liabilities

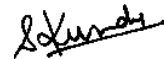
A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be reasonably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16. Liquidated Damages

Liquidated damages/compensation for delay in respect of Project Authorities/Contractors, if any, are accounted for when the matter is considered settled by the Management and it is probable that an outflow or inflow of economic benefit would take place.


(RAJNI AGARWAL)
COMPANY SECRETARY



(SAHAB NARAIN)
DIRECTOR (FINANCE)
(DIN No.03641879)


(SANJAY KUNDU, IPS)
CHAIRMAN & MANAGING DIRECTOR
(DIN No.07632839)

As per our Audit report of even date
For K.N. Goyal & Co
Chartered Accountants
FRN : 001084N

Date : 17.08.2017
Place : New Delhi




(K.N. Goyal)
Partner
M.No. 011939

Note – 25 - Contingent Liability not provided for in respect of:
(Amount in Rupees)

Description	2016-17	2015-16
a. Outstanding claims of contractor pending in arbitration and Courts	1,29,00,22,301	1,49,31,00,457
b. Service tax and income tax demands disputed in appeal/Rectification	1,02,48,01,644	1,15,03,28,420
c. Outstanding amount of bank guarantees against mobilization and other advances (margin money in shape of FDRs amounting to Rs. 133659570 (Previous year Rs. 316443000/-))	12,46,83,000	28,09,68,029
d. Performance bank guarantees (Margin money in shape of FDRs amounting to Rs. 275561818/- (Previous year Rs. 3572000/-))	26,78,17,843	26,00,649
Total	2,70,73,24,788	2,92,69,97,555
Cases relating to service matters and complaint matters, amount of liability being not ascertainable, not reported.		

Note – 26 Estimated amount of contracts remaining to be executed on Capital Account (net of advances) – Rs. 17,77,480/- (Previous Year Rs. Rs.15,05,67,000/-).

Note – 27 In respect of Taj Corridor Project, which was foreclosed by the Project Authority, a writ petition filed by the Company against the Project Authority for a claim of Rs.4,311 lakhs, against which Rs.1,700 lakhs was given as advance and adjusted, is pending for decision. The Project is also under scrutiny by the CBI. Liability of Rs.2,068.94 lakh towards the Contractor engaged for the Project is also outstanding due to non-release of payment by the Project Authority and is pending in arbitration. As a matter of abundant caution, provision in the accounts has been created for the Company's margin and the Company does not expect any additional liability as the project was awarded to the Contractor on back-to-back basis.

Note – 28 a. Acting upon the adverse observations in audit reports of the Company in previous years, a detailed scrutiny of old outstanding balances of Project Authorities and contractors were undertaken during the year. In the scrutiny, various balances, static over many years which were time barred were identified. Also, in some Projects undertaken on Deposit Works Basis, the final value of work done as approved by the Project Authorities and revised project estimates were lower than the cumulative value of work done recorded in the books from year to year. The Board of Directors' in its Meeting held on 28.06.2017 have decided to write off/write back static balances and also reverse the value of work done booked beyond the value approved by the Project Authorities/revised cost estimates approved with corresponding reversal of expenditure/liability. Effect of the adjustments as included in Note – 23 – Exceptional Items as under:



(Amount in Rupees)

Description	Expenditure	Income
Bad debts Written off	16,65,00,978	
Other Balances Written off	6,83,95,415	
Reduction in Construction expenses	(4,60,01,94,403)	
Provisions Written Back		18,43,89,846
Liabilities Written Back		45,31,97,642
Reduction in Revenue		(4,97,79,67,761)
	(4,36,52,98,010)	(4,34,03,80,273)
Net increase in profit		2,49,17,737

- b. The scrutiny and reconciliation of the balances in all the personal accounts are still continuing and the Management expects to complete the process in the ensuring year. As the Company engages contractors for execution of works whose contracts are also governed by the same terms and conditions as in the contracts awarded to the Company, provisions for doubtful debts, advances and deposits have been created considering the net position of receivables and payables in respect of each Project. The Company also holds certain adhoc provisions remaining out of provisions created in the year 2006-07 as per Board of Directors' resolution. In the opinion of the Management, the provisions held would cover the loss, if any, that may be incurred on realization of the outstanding dues.

Note – 29 During the year, the Company has detected certain cases of fraud by contractors in connivance with some employees wherein excess payments to the tune of Rs.11,86,29,760/- have been made to the contractors against some road construction projects. Criminal complaints have been registered in the case and reversal of the expenses amounting to Rs.15,76,14,189/- by debit to the contractors account and reversal of income of Rs.17,26,56,939/- by credit to the Project Authorities' account have been recorded and the Company has taken necessary steps to get the work completed by the same/new contractors. In respect of works for which new contractors have been engaged, provision has been made for net recovery of Rs. 4,52,22,265/- debited to the contractors' accounts. In respect of the remaining amount of Rs. 6,10,95,448/-, in view of the work being executed by the same contractors, no provision is considered necessary.

Note – 30 Service tax has been accounted for to the extent charged from the Project Authorities either separately or as tax inclusive revenue. There are divergent opinions with respect to the taxability of certain contracts which are majorly public works funded by the Government. Additional liability, if any, that may arise would be chargeable from the Project Authorities as the contract values are exclusive of tax and hence not provided for. Amount unascertainable.

Note – 31 Trade Receivables, Non-current assets, Loans & Advances, Current and non-current liabilities and Trade Payables include accounts of Project Authorities Sub-

contractors, Suppliers of closed Units and some retired employee accounts which are subject to confirmation and reconciliation.

- Note – 32** Based on the observation of the C&AG on exorbitant audit expenses claimed by the previous statutory central auditor and claims made by the said auditor on the basis of tampered bills and without proper supporting, as pointed out during subsequent statutory audit, advance payments made to the auditor of Rs.14.22 lakhs have not been adjusted and are lying to the debit of his personal account, pending settlement of the audit observations.
- Note – 33** The Management is of the view that there is reasonable certainty that the Deferred Tax Asset recognized in the accounts would be realized in future years against taxable profits.
- Note – 34** The Management is of the opinion that no case of impairment exists under the provision of Accounting Standard-28 issued by the Institute of Chartered Accountants of India on Impairment of Assets.
- Note – 35** Pending final orders and presidential directives, no provision has been made towards pay arrears in terms of the Seventh Pay Commission Report approved by the Government.
- Note – 36** As the Company operates only in one segment viz., construction and only in one geographical segment, segment-wise details have not been furnished.
- Note – 37** **Related Party Disclosures**

A. In accordance with Accounting Standard 18, pertaining to related party transactions, the details are as under:

1)	Related Parties			
	(a)	Subsidiary Companies		Nil
	(b)	Key management personnel during the FY 2016-17		
	i	Sh. H.L. Chaudhary	CMD	
	ii	Sh. Manohar Kumar w.e.f 21.04.2016	Director (Engineering)	
	iii	Sh. Sahab Narain w.e.f 29.07.2016	Director (Finance)	
	iv	Smt. Rajni Agarwal	Company Secretary	
2)	Relatives of key management personnel and their enterprises where transactions have taken place			Nil
3)	Other related parties where control exists			Nil



B. Remuneration to Key Managerial Personnel:

(Amount in Rupees)

Name and Designation	2016-17	2015-16
H.L.Chaudhary, CMD i. Salary & allowances ii. Contribution to PF	28,70,778 2,60,412	26,81,218 2,40,118
Manohar Kumar, Director (Engineering), i. Salary & allowances ii. Contribution to PF	21,14,278 1,91,831	— —
Sahab Narain, Director (Finance) i. Salary & allowances ii. Contribution to PF	18,05,303 1,38,041	— —
Rajni Agarwal Company Secretary i. Salary & allowances ii. Contribution to PF	15,75,935 1,25,377	12,83,961 1,13,571

Note – 38

Disclosures relating to Construction Contracts entered as per requirement of Accounting Standards -7 (Revised) – Construction Contracts are as follows:

(Amount in Rupees)

Description	2016-17	2015-16
Contract revenue recognized for the year	11,18,21,89,193	9,40,71,75,769
In respect of contract in progress at the end of year:		
The aggregate amount of cost incurred and recognized profits (less recognized losses)	*	*
Amount of advances received	2,64,71,03,902	3,43,90,91,182
Amount of retentions (deferred debts)	59,86,65,344	89,97,08,262
In respect of dues from customers after appropriate netting off:		
Gross amount due from customer for the contract work as an asset	6,20,90,40,200	10,20,86,65,393
Gross amount due to customer for the contract work as a liability	Nil	Nil

*The Company has many ongoing projects where additional works are granted by the Project Authorities under the same sanction. In view of this fact and the volume of contracts, it has not been possible to work out the aggregate amount of costs incurred and recognized profits upto the reporting date in respect of ongoing projects.

Note – 39 Earning / (Loss) per share

“Earning per share” of the Corporation is calculated in accordance with AS-20, issued by ICAI.

Basic/Diluted EPS

Particulars		Current Year	Previous Year
Profit / (Loss) including adjustments of Deferred Tax Assets/Liabilities, attributable to equity shares for the year. (Rs. In lakh)	(A)	2,883.72	1,081.01
Weighted average number of shares outstanding during the year (in number)	(B)	9,45,316	9,45,316
Basic/Diluted Earning / (Loss) per share (in Rs.)	(A/B)	305.05	114.35
Nominal value per equity share (in Rs.)		1,000.00	1,000.00

Note – 40 The Company is generally executing contracts by engaging sub-contractors. The Company, therefore, does not procure materials directly and therefore, primarily, information in respect of para 5(viii)(c) of general instructions for preparation of the Statement of Profit & Loss as per Schedule III to the Companies Act 2013 is NIL. However, stores and spares consumed on departmental works is as under :

Indigenous Stores & Spares – Rs. 28,11,150/- (Previous Year Rs. 82,03,095/-).

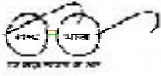
Note – 41 Employee Benefits (AS-15)

The principal assumptions used in actuarial valuation are as follow:

Particulars	2016-17	2015-16
-Discount Rate	7.5%/6.62%/7.00%	8%/7.40%/7.65%
-Expected Rate of future Salary increases	5.00%	5.00%

(Amount in Rupees)

	Gratuity Regular Staff		Gratuity Work charged		Leave Encashment	
	Unfunded		Unfunded		Unfunded	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Change in the present value of obligations						
- Present value of obligations as at 01.04.2016	230505489	240190364	187126032	218286677	143219332	166412064
- Interest Cost	17287912	19215229	11397184	14500991	8566485	11779590
- Current Service Cost	6322819	6522980	4978300	5569236	19431433	20275551
- Benefits paid	(59604040)	(52395270)	(29926259)	(44654682)	(41681947)	(24861001)



- Actuarial (Gain)/Loss on obligations	(11945415)	16972186	479801	(6576190)	970994	(30386872)
- Present value of obligations as at 31.03.2017	182566765	230505489	174055058	187126032	130506297	143219332
Change in Fair Value of Plan						
Liability recognized in the balance sheet	15599469	210514579	174055058	187126032	130506297	143219332
- Present value of obligations as at 31.03.2017	182566765	230505489	174055058	187126032	130506297	143219332
- Fair value of obligations as at the end of the year.	26571796	19990910				
- Funded status [Surplus/ (Deficit)]	(155994969)	(210514579)	(174055058)	(187126032)	(130506297)	(143219332)
- Unrecognized Actuarial (Gain)/Loss						
- Net assets/(liability) recognized in the Balance Sheet	(155994969)	(210514579)	(174055058)	(187126032)	(130506297)	(143219332)
Expenses recognized in the Profit and Loss Account	10245200	41212196	16855285	13494037	28968912	1668269
- Current Service cost	6322819	6522980	497801	5569236	19431433	20275551
- Past Service cost						
- Interest cost	17287912	19215229	11397184	14500991	8566485	11779590
- Expected return on plan assets	(1499318)	(1514889)				
- Net Actuarial (Gain)/Loss recognized during the year	(11866213)	16988876	479801	(6576190)	970994	(30386872)
- Total expenses recognized in Profit and Loss Account	10245200	41212196	16855285	13494037	28968912	1668269

Note – 42 There were no discontinuing operations during the year falling within the definition of “Discontinuing Operations” under Accounting Standard – 24.

Note – 43 Disclosures relating to Corporate Social Responsibility Expenditure:

(Amount in Rupees)

Description	2016-17	2015-16
Gross amount required to be spent during the year	1,30,44,741	1,49,88,000
Amount spent during the year on -	47,89,013	67,07,239
a) Construction of asset	32,10,466	Nil
b) On purposes other than (a) above :		
(i) Paid in Cash	15,78,547	61,11,029
(ii) Outstanding	4,900	5,96,210
c) Nature of Expenditure incurred		

(i)	Construction of proposed Girls School building (Phase-I) at Vill. Buchhakheri Dist. Shamli (U.P).	16,49,925	Nil
(ii)	Supply & installation of Gymnasium Equipments in schools at Muzaffar Nagar & Meerut District in Uttar Pradesh.	8,81,402	Nil
(iii)	Work executed by different Zones under Swachh Bharat Abhiyan during Swachhta Pakhwada from 16.3.2017 to 31.3.2017	6,67,145	Nil
(iv)	Construction of Senior Citizen block for Madhav Nyas at Mandaleshwar, Indore	12,02,275	Nil
(v)	Contribution to "Parnasree Youth Welfare Organistaion, Behala, Kolkata for organizing Free Health Check up Camp"	30,000	Nil
(vi)	Construction of Pond Ghat at Paschim Medinapur	3,13,271	Nil
(vii)	Balance work of Const. of toilet in west Medinapur	44,995	11,72,121
(viii)	Distribution of accessories with the support of ALIMCO in Jharkhand	—	26,92,420
(ix)	Providing ambulance to Govt.Hospital in North Eastern States	—	28,42,698
d)	Details of related party transactions	Nil	Nil
e)	Provisions made	Nil	Nil

Note – 44 Considering the nature, quantum and value of fixed assets currently in use in the Corporation, it has not been considered necessary to separately determine and compare the useful life of individual components of the fixed assets with the asset as a whole.

Note – 45 Following changes in accounting policies have been made during the year :

- Expenditure on application software which was earlier being expensed off is being capitalized where the expenditure is more than Rs.1 lakh;
- Inventories procured for self-consumption and other than cost-plus contracts are now being carried at lower of cost and net realizable value against earlier policy of carrying at cost with provision for diminution in value.
- Prior period items are being recognized where value of individual transaction is Rs. 50,000/- or more against earlier limit of Rs. 5,000/-.

Impact of the above items are not significant on the accounts.

Note – 46 Ministry of Water Resources, River Development & Ganga Rejuvenation, vide letter No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.2017, has appointed Shri Sanjay Kundu, JSPP, MoWR as Chairman & Managing Director and prematurely terminated contract of Sh. H.L. Chaudhary the then CMD, NPCC. w.e.f immediate effect i.e. 14.07.2017.

Shri Sanjay Kundu vide letter no. CMD/Pers/2017799 dated 17.07.2017 has assumed the charge as CMD, NPCC w.e.f 17.07.2017.

Shri H.L. Chaudhary has challenged the Order of the Government of India terminating his contract of appointment. CAT vide its order dated 21.07.2017 has



kept the order dated 14.07.2017 and 17.07.2017 in abeyance. However, on the writ filed by the Ministry of Water Resources, RD & GR before the Hon'ble High Court of Delhi, Order of CAT has been stayed on 17.08.2017.

Note – 47 Details of Specified Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016:-

(Amount in Rupees)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	5,50,500	98,071	6,48,571
(+) Permitted receipts	56,500	26,80,457	27,36,957
(-) Permitted payments	50,000	23,29,097	23,79,097
(-) Amount deposited in Banks	5,57,000	57,503	6,14,503
Closing cash in hand as on 30.12.2016	—	3,91,928	3,91,928

Note –48 Figures of previous year have been regrouped /rearranged wherever considered necessary for comparison.

Note – 49 In view of insufficient information from suppliers regarding their status as to unit registered under Micro, Small and Medium Enterprise Development Act 2006, the information of such undertaking could not be ascertained and accordingly could not be disclosed.

Signatures to Notes 1 to 49


(RAJNI AGARWAL)
COMPANY SECRETARY



(SAHAB NARAIN)
DIRECTOR (FINANCE)
(DIN No.03641879)


(SANJAY KUNDU, IPS)
CHAIRMAN & MANAGING DIRECTOR
(DIN No.07632839)

As per our Audit report of even date

For K.N. Goyal & Co
Chartered Accountants
FRN : 001084N

Date : 17.08.2017
Place : New Delhi


(K.N. Goyal)
Partner
M.No. 011939



INDEPENDENT CENTRAL STATUTORY AUDITOR'S REPORT

To,
The Members of
National Projects Construction Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **National Projects Construction Corporation Limited**, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

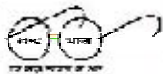
Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as, evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis of Qualified Opinion

- i. Attention is invited to Note no.28(a) regarding various adjustments made in the accounts under "Exceptional Items" for writing off/writing back of time barred receivables and payables and reversal of revenue and expenditure booked in excess of project value/revised project estimates finally approved by the Project Authorities. While we concur with the action taken by the Company and the adjustments carried out in the accounts, but, in our opinion, there are still old outstanding balances which may need adjustment/provision as explained in Management's Note No. 28(b). The Company also carries adhoc provision of Rs. 30.08 crores at the Corporate Office which may need allocation to individual balances that may be identified as doubtful of recovery at the Zones or a write back to the extent determined as excess. The final position would emerge after a detailed process of reconciliation of the contractors and project authorities' accounts. Adjustments in the accounts may further be required on account of the above, which is unascertainable at this stage.
- ii. Attention is invited to Note No. 29 in respect of fraud perpetrated by certain contractors in connivance with employees wherein excess payments of Rs. 1186.29 lakhs have been made to the contractors and criminal complaints filed by the Company are under investigation. Company has taken necessary steps for completion of the work by the same/new contractors. Provision of Rs. 452.22 lakhs has been made against the adjusted dues of contractors where work has been assigned to new contractors. In respect of the remaining dues of Rs. 610.95 lakhs, no provision has been made as the work is being executed by the same contractors. We are unable to form an opinion on the recoverability/adjustment of the said balance amount of Rs. 610.95 lakhs.
- iii. Note No. 34 on management's opinion that no case of impairment of asset exists; In our view, a case of impairment exists in respect of corporate assets at Faridabad Office (carrying value of building as at 31.3.2017 Rs. 154.91 lakhs, Machinery Rs. 10.95 lakhs, Office Furniture Rs. 15.10 lakhs, Office Equipment Rs. 2.55 lakhs and Electrical Installations Rs. 29.15 lakhs), the Company having shifted its Corporate Office from the premises in Faridabad to the new premises in Gurgaon, but detailed assessment of impairment has not been made by the Management in respect of the same. Amount unascertained.
- iv. There are disputed service tax demands of Rs. 1352.49 Lakhs in respect of which we are unable to determine the extent of liability that may devolve upon the Company in the absence of clear terms with regard to service tax levy and collection in the contracts with the Project Authorities and Contractors.
- v. The Company does not have any system for seeking confirmation of balances from parties and employees. All the personal accounts are, therefore, subject to confirmation and reconciliation. Effect thereof, unascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis of Qualified Opinion' paragraph above, which is not ascertainable, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

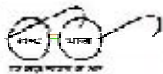
Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- i. Note No.11 and 13 relating to outstanding dues under Trade Receivables of Rs. 17015 lakhs and Rs. 387.07 lakhs and Note No.10 relating to Loans and Advances to Sub-contractors of Rs. 4072.64 lakhs, which are more than 3 years' old shown as good for recovery;
- ii. Note No. 16 relating to reconciliation of CPF Account and Remittance account with a debit balance of Rs. 117.96 lakhs and Rs. 154.84 lakhs respectively;
- iii. Note No. 27 relating to litigation in respect of Taj Corridor Project where the Management is of the opinion that no provision is required;
- iv. Note No. 30 relating to accountal of service tax to the extent charged from the Project Authorities and additional claims that may arise not reckoned in view of Company's right to charge the same from the Project Authorities;
- v. Note No. 32 relating to unadjusted payment of Rs. 14.22 Lakhs to previous central statutory auditors on the basis of observations of exorbitant claims made by the C&AG and tampered bills and unsupported claims found during audit. The Company has not taken any action thereagainst.
- vi. Note No. 35 relating to non-provision of pay arrears in terms of Seventh Pay Commission Report pending final orders and Presidential directives.
- vii. Note No. 44 with respect to non-determination of useful lives of individual components of fixed assets;

Other Matters

- i. We did not audit the financial statements/information of 54 Units included in the financial statements of the Company whose financial statements/financial information reflect gross assets of Rs. 101545.55 lakhs as at 31st March, 2017 and total revenues of Rs. 91806.76 Lakhs for the year ended on that date, as considered in the financial statements of the Company. The financial statements/information of these Units have been audited by the Branch Auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included in respect of these Units, is based solely on the report of such Branch Auditors.
- ii. Refer Note No. 46 regarding termination of the Chairman & Managing Director Shri.H.L.Chaudhary vide Order No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.2017 of the Ministry of Water Resources, River Development & Ganga Rejuvenation and assumption of charge by Shri Sanjay Kundu vide letter no. CMD/Pers/2017799 dated 17.07.2017. The said Orders dated 14.07.2017 and 17.07.2017 of the Ministry had been stayed by the Hon'ble CAT vide its Order dated 21.07.2017. On a writ petition filed by the Ministry, the Hon'ble High Court of Delhi has, on 17.08.2017, stayed the Order of the Hon'ble CAT. These accounts have been signed by the new appointee.



Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) Except for the matters described in the Basis for Qualified Opinion paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as it appears from our examination of those books;
 - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - d) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
 - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for –
 - i. Certain disclosures not made in accordance with AS-7, refer Note No. 38;
 - ii. Non-determination of impairment of assets as per AS-28 in respect of Corporate Office, Faridabad reported in sub-para no.iii under 'Basis of Qualified Opinion' paragraph; and
 - f) Irrecoverable outstanding balances, service tax liability and frauds perpetrated in connivance of employees as reported in the Basis of Qualified Opinion paragraph as above, in our opinion, may have an adverse effect on the functioning of the Company;
 - g) In terms of Notification No.GSR 463(E) dated 5th June, 2015, provisions of section 164(2) of the Companies Act, 2013 are inapplicable to the Company being a government company;
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'; and
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements to the extent determinable – Refer Note 25, 27, 28 and 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not liable to transfer any amount to the Investor Education and Protection Fund.

- iv. The Company has provided requisite disclosure in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note No. 47 to the Financial Statements.

Directions under section 143(5) of the Act by the Comptroller & Auditor General of India

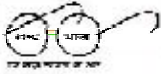
Sl. No.	Directions	Reply
1.	Whether the Company has clear title/lease deeds for freehold and leasehold lands, respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	Yes, the Company has clear title/lease deeds for freehold and leasehold lands, respectively.
2.	Whether there are any cases of waiver/write off of debts/loans/interest, etc. If yes, the reasons there for and amount involved.	The following write off/write back have been made during the year : Bad Debts w/off 1665.01 lakhs, Other Balances w/off 683.95 lakhs, Liabilities w/back 4751.11 lakhs, Reversal of revenue(& corresponding receivable) 51506.25 lakhs, Reversal of construction expenditure(& corresponding Liability) 47578.08 lakhs.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.	The Company is majorly executing works awarded to it by engaging sub-contractors and is not directly procuring inventories for the projects except for very few projects departmentally handled for which stores have been procured and proper records are maintained. In respect of unserviceable and old stores items in closed units, appropriate provisions have been created. There are certain closed projects where the Company does not have access to the Project Sites and in some cases, the goods have been confiscated by the Project Authorities. There are no assets received as gifts from Government or other authorities.

For **K. N. Goyal & Co.**
Chartered Accountants
FRN : 001084N

Date : 17th August, 2017
Place : New Delhi




(K. N. Goyal)
Partner
M.No.011939



Annexure- A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report of **National Projects Construction Corporation Limited** on the financial statements for the year ended 31st March 2017, we report that:

- (i) (a) The Company has maintained record of Fixed Assets, but the records do not contain details of situation and identification of assets;
- (b) The Company undertakes physical verification of its fixed assets at the year end except in respect of certain closed units where the assets are in the custody of the Project Authorities (Refer Note No.8(iii)). As explained, no material discrepancies were noticed on the verification of assets. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) Inventories have been physically verified as per reports furnished to us, except in respect of materials at closed sites to which the Company does not have access to. Refer Note No.12 relating to certain inventories impounded by the Project Authorities;
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act');
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or given any guarantee to which provisions of sections 185 and 186 of the Act apply;
- (v) The Company has not accepted any deposits to which the directives issued by Reserve Bank of India or provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder apply;
- (vi) In our opinion, considering the nature of activities of the Company, the Order issued by the Central Government for maintenance of cost records and audit are not applicable to the Company. The same position has also been confirmed by a Cost Auditor. However, the Company has got a cost audit conducted of the year 2015-16 wherein satisfaction has been expressed by the Cost Auditor over the records and no significant observations have been reported.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except for dues indicated in Appendix '1' which were due as at the last day of the financial year for more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

- (b) According to information and explanations given to us, the dues indicated in Appendix '2' on account of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, or debenture holders during the year. However, in respect of loan granted by Government of India, there are outstanding interest dues of Rs.902.96 Lakhs and Penal interest on delay in payment of Bank Guarantee Fee Rs.259 lakhs.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) Jharkhand Zone of the Company has reported fraudulent payments of Rs.1186.29 lakhs made to contractors in connivance with the employees of the Company. Criminal complaints have been lodged against the contractors and employees which is under investigation. Refer Note No. 29.
- (xi) The Company being a government company, the provisions of section 197 and the Schedule V to the Act are inapplicable to the Company.
- (xii) The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Date : 17th August, 2017
Place : New Delhi

For **K. N. Goyal & Co.**
Chartered Accountants
FRN : 001084N



(K. N. Goyal)
Partner
M.No.011939



Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of National Projects Construction Corporation Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

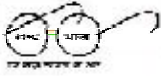
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

Though the Company has taken significant steps in the areas of deficient internal financial controls reported in the previous audit report, but the following material weaknesses exist in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2017 :

- i. The Company did not have a proper system of evaluating claims of contractors vis-à-vis contractual terms leading to huge number of litigations and settlements with mounting interest burden. The non-determination of the liability in a timely manner could significantly affect the financial reporting and could also affect the functioning of the Company.
- ii. A scrutiny and reconciliation of old balances in contractors' and project authorities accounts was undertaken during the year by the Management in compliance with audit qualifications of the previous years and entries for write off/write back have been passed in the accounts. The scrutiny also led to the reversal of substantial amount of revenue and expenditure recognized in earlier years which were beyond the final bills/revised estimates passed by the Project Authorities. Refer Note No.28(a) and (b). The scrutiny and reconciliation has not yet been completed.
- iii. A case of fraud resulting into excess payment of Rs.1186.29 lakh to contractors in connivance with employees was also detected during the year which is under investigation. Entries for reversal of income and expenditure and provision have been passed. Refer Note No.29.
- iv. The Company does not have a system of balance confirmations of personal accounts.



- v. Though the Company has introduced a system of reconciliation of Remittance accounts between the accounting units, but efforts are due in respect of differences in the accounts upto 2012-13 and these could affect balances in other accounts.
- vi. In respect of some contracts, the Company is not recording detailed measurements of the work done by the sub-contractors in its Measurement Books and payments and billing are based upon measurement books of the Project Authorities of which, many a time, proper copies are also not maintained with the Units. Payments are processed merely based on an abstract drawn in the Measurement Book. In our opinion, the non-maintenance of proper measurement records by the Company could lead to serious repercussions in case of disputes arising with the Project Authorities or Contractors.
- vii. The Company does not have a proper system for evaluation of tax components in the project costs leading to unwarranted disputes with regard to billing, payment and recovery of taxes with Project Authorities, Contractors and Statutory Authorities.
- viii. The Company does not have an effective job rotation and transfer policy and there are employees who are on sensitive positions for many years.
- ix. The Company has a Manual of Orders which has not undergone revision since many years.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March 2017.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements to the extent of these issues.

Date : 17th August, 2017
Place : New Delhi

For **K. N. Goyal & Co.**
Chartered Accountants
FRN : 001084N



(K. N. Goyal)
Partner
M.No.011939

Appendix 1

Undisputed Dues of Sales Tax / Income Tax/Custom Duty/Wealth Tax/Excise Duty/Cess/service Tax which have not been deposited up to 31/03/2017 (Outstanding for more than 6 months):-

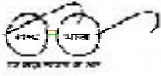
Sl. No.	Name of Statute	Nature of dues	Department	Amt (Rs.) 2016-17	Unit
1	Commercial Tax	Sales Tax	W.B.Commercial Tax	60,114	Kol.Closed (Durgapur)
2	Commercial Tax	Sales Tax	W.B.Commercial Tax	5,34,080	FARAKKA STPP-II
3	Commercial Tax	VAT	Sales Tax Department	1,45,760	NER (W) Guwahati
4	EPF Act.	EPF	EPF Commissioner, West Bengal	73,453	FARAKKA STPP-II
5	Income Tax (TDS)	TDS	Income Tax Dept, Birsinghpur	3,42,020	Birsinghpur
6	Income Tax Act	TDS	Income Tax Deptt.	2,66,039	FARAKKA STPP-II
7	Income Tax Act	TDS	I.Tax Deptt.Durgapur	51,222	Kol.Closed (Durgapur)
8	Income Tax Act	TDS	Income Tax Dept, Asansol	55,099	Bakreshwar
9	Income Tax Act	TDS	I.Tax Dept, Kopili	81,716	Kopili
10	IncomeTax Act	TDS	IncomeTax Deptt.Siliguri	2,25,424	TEESTA
11	IncomeTax Act	Income Tax	Income Tax Deptt.	4,078	TIGRA/ PHE WORK
12	Professional Tax	P.Tax	W.B.Commercial Tax	42,321	TEESTA
13	Professional Tax	P.Tax	W.B.Commercial Tax	6,005	ER & SR CALCUTTA
14	Sales Tax Act	Sales Tax	Sales Tax Deptt.	32,828	VSTPP
15	Sales Tax Act	Sales Tax	Sales Tax Deptt.	29,272	Maneribhali
	Total			19,49,431	

Appendix 2

Disputed Dues of Sales Tax / Income Tax/Custom Duty/Wealth Tax/Excise Duty/Cess/service Tax which have not been deposited up to 31/03/2017 on account of any dispute are as follows:-

Sl. No.	Name of Statute	Nature of dues	Authority before whom case is pending	Amount (Rs.)	Unit
1	Central Excise/ Service Tax	Joint Commissioner, Central Excise, Shillong	CESTAT, KOLKATA	2,54,71,508	NER(IBBW) SILCHAR
2	Central Excise / Service Tax	Service Tax, Interest and Penalty	Commissioner, Custom & Excise, Raipur	42,72,118	Sipat
3	Central Excise /Service Tax	Service Tax, Interest and Penalty	Central Excise Service Tax Appellate Tribunal, Kolkata	8,03,54,000	Khalgaon
4	Service Tax	Demand of service Tax	Appellate Tribunal Kolkata,	1,17,37,138	Talcher STPP
5	Service Tax	Demand of service Tax	Appellate Tribunal Kolkata,	1,34,14,619	Nalco B Type Qtr's, Angul
6	Income Tax	TDS	Rectification before Income Tax Officer	1,740	TSTPP Talcher
7	Income Tax	TDS	Rectification before Income Tax Officer	7,860	NTPC Simhadri
8	Income Tax	TDS	Rectification before Income Tax Officer	3,75,980	Raipur
9	Income Tax	TDS	Rectification before Income Tax Officer	29,77,640	Sipat
10	Income Tax	TDS	Rectification before Income Tax Officer	1,57,080	Corporate Office
11	Income Tax	TDS	Rectification before Income Tax Officer	4,140	Jodhpur
12	Income Tax	TDS	Rectification before Income Tax Officer	16,670	CRPF
13	Income Tax	TDS	Rectification before Income Tax Officer	4,77,180	DZO
14	Income Tax	TDS	Rectification before Income Tax Officer	17,510	NJZ

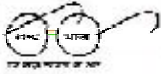
Sl. No.	Name of Statute	Nature of dues	Authority before whom case is pending	Amount (Rs.)	Unit
15	Income Tax	Income Tax (A.Y.2012-13)	Rectification Application pending before Dy.Commissioner of Income Tax and Appeal before Commissioner of Income Tax (Appeals)	64,44,43,230	Corporate Office
16	Income Tax	Income Tax (A.Y. 2011-12)	Appeal before Commissioner of Income Tax (Appeals)	20,71,74,050	Corporate Office
17	Income Tax	Income Tax (A.Y. 2013-14)	Appeal before Commissioner of Income Tax (Appeals)	1,92,84,930	Corporate Office
18	Income Tax	Income Tax (A.Y. 2014-15)	Rectification before Assessing officer	29,17,110	Corporate Office
19	Sales Tax	Demand Tax 1999-2000	Assistant Commissioner, Sales Tax Authority, Bhubaneswar	6,92,015	WT CER / Orissa Zonal Office
20	Sales Tax	Demand Tax 1999-2000	Commissioner of Commercial Taxes, Cuttack	3,45,203	Rourkela (merged with Talcher STPP)
21	Sales Tax	Demand Tax 1997-98 1998-99 1999-2000	Sales Tax Tribunal, Cuttack, Orissa	17,29,423	Nalco Damanjodi (merged with NTPC Simhadri)
22	Sales Tax	Sales Tax	Sales Tax Tribunal, Cuttack	1,30,183	OZO
23	Sales Tax	VAT (A.Y. 2008-09)	Joint Commissioner of Commercial Taxes (Appeals) 2, Shantinagar, Bangalore, Karnataka	46,57,685	SZO, Bangalore
24	Sales Tax	Sales Tax	Sales Tax Tribunal	4,58,632	SSC
25	Sales Tax	Sales Tax	Sales Tax Tribunal, Patna	21,01,000	Chapra Unit
26	Chattisgarh Sales Tax/ E T	Sales Tax Penalty, (1984-87)	Appeal before High Court, Bilaspur	15,83,000	GGDU, Koni
		Total		1,02,48,01,644	



Management reply on Qualified Opinion in Statutory Auditors Report for the FY 2016-17

S.No.	Auditors Comments	Management Reply
i.	<p>Attention is invited to Note no. 28(a) regarding various adjustments made in the accounts under "Exceptional Items" for writing off/writing back of time barred receivables and payables and reversal of revenue and expenditure booked in excess of project value/revised project estimates finally approved by the Project Authorities. While we concur with the action taken by the Company and the adjustments carried out in the accounts, but, in our opinion, there are still old outstanding balances which may need adjustment/provision as explained in Management's Note No. 28(b). The Company also carries adhoc provision of Rs. 30.08 crores at the Corporate Office which may need allocation to individual balances that may be identified as doubtful of recovery at the Zones or a write back to the extent determined as excess. The final position would emerge after a detailed process of reconciliation of the contractors and project authorities' accounts. Adjustments in the accounts may further be required on account of the above, which is unascertainable at this stage.</p>	<p>During the year, Company carried out a comprehensive exercise to review and scrutinise old balances lying in Books of Accounts of Zones/Corporate Office. After the review, necessary entries have been passed in the books of accounts. Statutory Auditors, after detailed scrutiny, has concurred the same. The exercise of review and reconciliation of old balances is still in process and is likely to be completed in due course. Company is carrying an adhoc provision of Rs. 30.08 cr. which was created in earlier years. Board of Directors in its meeting held on 28th June 2017 decided to write back the same after review. The same will be written back after reviewing various other old balances as stated above.</p>
ii.	<p>Attention is invited to Note No. 29 in respect of fraud perpetrated by certain contractors in connivance with employees wherein excess payments of Rs. 1186.29 lakhs have been made to the contractors and criminal complaints filed by the Company are under investigation. Company has taken necessary steps for completion of the work by the same/new contractors. Provision of Rs. 452.22 lakhs has been made against the adjusted dues of contractors where work has been assigned to new contractors. In respect of the remaining dues of Rs. 610.95 lakhs, no provision has been made as the work is being executed by the same contractors. We are unable to form an opinion on the recoverability/adjustment of the said balance amount of Rs. 610.95 lakhs.</p>	<p>As indicated in para 29, In case of contractors who have agreed to complete the balance work, Management is of the opinion that no provision is required for the said amount.</p>
iii.	<p>Note No. 34 on management's opinion that no case of impairment of asset exists; In our view, a case of impairment exists in respect of corporate assets at Faridabad Office (carrying value of building as at 31.3.2017 Rs. 154.91 lakhs, Machinery</p>	<p>The company shifted its head office from Faridabad to Gurugram. However, workshop, PF section and other miscellaneous staff are continuing in faridabad office.</p>

S.No.	Auditors Comments	Management Reply
	<p>Rs. 10.95 lakhs, Office Furniture Rs. 15.10 lakhs, Office Equipment Rs. 2.55 lakhs and Electrical Installations Rs. 29.15 lakhs), the Company having shifted its Corporate Office from the premises in Faridabad to the new premises in Gurugram, but detailed assessment of impairment has not been made by the Management in respect of the same. Amount unascertained.</p>	<p>Majority of the assets, machinery, office equipments etc have been shifted to Gurugram office and are in use in normal course of business. The assets lying in Faridabad office are also in use by existing sections of the company. There is no specific event or situation which may lead to impairment of assets less the net value. Mere shifting of part of office may not be a reason for the impairment of assets. In the view of the above, the Management is of the opinion that no case of impairment exists. However, a certificate for non-impairment of fixed asset lying in CO have been provided to Auditors.</p>
iv.	<p>There are disputed service tax demands of Rs. 1352.49 Lakhs in respect of which we are unable to determine the extent of liability that may devolve upon the Company in the absence of clear terms with regard to service tax levy and collection in the contracts with the Project Authorities and Contractors.</p>	<p>The demand pertains to old projects which is sub-judice. The Company has taken appropriate steps to ensure that the problem does not arise in future.</p>
v.	<p>The Company does not have any system for seeking confirmation of balances from parties and employees. All the personal accounts are, therefore, subject to confirmation and reconciliation. Effect thereof, unascertainable.</p>	<p>System for Balance Confirmation from Parties is noted for Compliance. Regarding employee's personnel accounts, company has taken various steps during the year to reconcile and square up the same. Company is ensuring close monitoring of personal accounts so that same may be cleared at the earliest.</p>

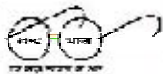


Management reply on Emphasis of matter in Statutory Auditors Report for the FY 2016-17

S. No.	Auditors Comments	Management Reply
i.	Note No. 11 and 13 relating to outstanding dues under Trade Receivables of Rs. 17015 lakhs and Rs. 387.07 lakhs and Note No.10 relating to Loans and Advances to Sub-contractors of Rs. 4072.64 lakhs, which are more than 3 years' old shown as good for recovery;	The amount is shown as good for recovery as it is not doubtful dues as on date. Further analysis will be done in current year.
ii.	Note No. 16 relating to reconciliation of CPF Account and Remittance account with a debit balance of Rs. 117.96 lakhs and Rs. 154.84 lakhs respectively;	Reconciliation process is in progress and will be completed by 31.03.2018.
iii.	Note No. 27 relating to litigation in respect of Taj Corridor Project where the Management is of the opinion that no provision is required;	The issue is under arbitration and sub-judice.
iv.	Note No. 30 relating to accountal of service tax to the extent charged from the Project Authorities and additional claims that may arise not reckoned in view of the Company's right to charge the same from the Project Authorities;	The effect will be ascertained as and when it arises. No impact on profit.
v.	Note No. 32 relating to unadjusted payment of Rs.14.22 Lakhs to previous central statutory auditors on the basis of observations of exorbitant claims made by the C&AG and tampered bills and unsupported claims found during audit. The Company has not taken any action there against.	Necessary action as per CAG observations are being initiated.
vi.	Note No. 35 relating to non-provision of pay arrears in terms of Seventh Pay Commission Report pending final orders and Presidential directives.	The Corporation is not in receipt of Presidential directives, in the absence of which, no provision for the pay arrears could be ascertained.
vii.	Note No.44 with respect to non-determination of useful lives of individual components of fixed assets;	Useful lives of components of fixed assets is considered as per schedule II of the Companies Act, 2013.

Management reply on Other Matters in Statutory Auditors Report for the FY 2016-17

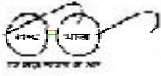
S. No.	Auditors Comments	Management Reply
1.	We did not audit the financial statements/information of 54 Units included in the financial statements of the Company whose financial statements/financial information reflect gross assets of Rs. 101545.55 lakhs as at 31st March, 2017 and total revenues of Rs. 91806.76 Lakhs for the year ended on that date, as considered in the financial statements of the Company. The financial statements/information of these Units have been audited by the Branch Auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these Units, is based solely on the report of such Branch Auditors.	No Comment required.
2.	Refer Note No. 46 regarding termination of the Chairman & Managing Director Shri. H.L. Chaudhary vide Order No. 9/L/2012-PSU Vol. II (Pt.) dated 14.07.2017 of the Ministry of Water Resources, River Development & Ganga Rejuvenation and assumption of charge by Shri.Sanjay Kundu vide letter no. CMD/Pers/2017799 dated 17.07.2017. The said Orders dated 14.07.2017 and 17.07.2017 of the Ministry had been stayed by the Hon'ble CAT vide its Order dated 21.07.2017. On a writ petition filed by the Ministry, the Hon'ble High Court of Delhi has, on 17.08.2017, stayed the Order of the Hon'ble CAT. These accounts have been signed by the new appointee.	No Comment required.



Management reply on Annexure A to the Statutory Auditors Report for the FY 2016-17

S.No.	Auditors Comments	Management Reply
i.	<p>(a) The Company has maintained record of Fixed Assets, but the records do not contain details of situation and identification of assets;</p> <p>(b) The Company undertakes physical verification of its fixed assets at the year end except in respect of certain closed units where the assets are in the custody of the Project Authorities (Refer Note No. 8(iii)). As explained, no material discrepancies were noticed on the verification of assets. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.</p> <p>(c) The title deeds of immovable properties are held in the name of the Company.</p>	<p>(a) The Company maintains individual identifiable asset-wise records of Fixed assets.</p> <p>(b) The Company undertakes physical verification of assets yearly. No material discrepancies are noted.</p> <p>(c) No Comments Required.</p>
ii.	<p>Inventories have been physically verified as per reports furnished to us, except in respect of materials at closed sites to which the Company does not have access to. Refer Note No.12 relating to certain inventories impounded by the Project Authorities.</p>	<p>The inventories have been physically verified except some projects for which inventories are lying with Project Authorities/Clients. The projects were physically foreclosed more than 10 years ago. Final settlement are yet to made.</p>
iii.	<p>The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').</p>	<p>No Comments Required</p>
iv.	<p>In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or given any guarantee to which provisions of sections 185 and 186 of the Act apply.</p>	<p>No Comments Required</p>
v.	<p>The Company has not accepted any deposits to which the directives issued by Reserve Bank of India or provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder apply.</p>	<p>No Comments Required</p>
vi.	<p>In our opinion, considering the nature of activities of the Company, the Order issued by the Central Government for maintenance of cost records and audit are not applicable to the Company. However, the Company has</p>	<p>No Comments Required</p>

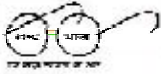
S.No.	Auditors Comments	Management Reply
	got a cost audit conducted of the year 2015-16 wherein satisfaction has been expressed by the Cost Auditor over the records and no significant observations have been reported.	
vii.	<p>(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except for dues indicated in Appendix '1' which were due as at the last day of the financial year for more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.</p> <p>(b) According to information and explanations given to us, the dues indicated in Appendix '2' on account of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes.</p>	<p>(a) Undisputed tax balances reported in the para pertains to earlier years. Efforts are being made to gradually reconcile the same. However, no tax demand raised by the authorities so far.</p> <p>(b) No comments required.</p>
viii.	The Company does not have any loans or borrowings from any financial institutions, banks, or debenture holders during the year. However, in respect of loan granted by Government of India, there are outstanding interest dues of Rs. 902.96 Lakhs and Penal interest on delay in payment of Bank Guarantee Fee Rs. 259 lakhs.	The Company has started paying the same in installments.
ix.	The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.	No Comments Required
x.	Jharkhand Zone of the Company has reported fraudulent payments of Rs. 1186.29 lakhs made to contractors in connivance with the employees of the Company. Criminal complaints have been lodged against the contractors and employees which is under investigation. Refer Note No. 29.	As stated, Company has already taken legal and administrative action in this regard. Necessary entries have been passed in the books of accounts during the year.
xi.	The Company being a government company, the provisions of section 197 and the Schedule V to the Act are inapplicable to the Company.	No Comments Required



S.No.	Auditors Comments	Management Reply
xii.	The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.	No Comments Required
xiii.	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.	No Comments Required
xiv.	The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	No Comments Required
xv.	According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.	No Comments Required
xvi.	The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.	No Comments Required

Management reply on Annexure B to the Statutory Auditors Report for the FY 2016-17

S.No.	Auditors Comments	Management Reply
i.	The Company did not have a proper system of evaluating claims of contractors vis-à-vis contractual terms leading to huge number of litigations and settlements with mounting interest burden. The non-determination of the liability in a timely manner could significantly affect the financial reporting and could also affect the functioning of the Company.	The Company, after taking contracts from the client, awards the same to potential sub-contractors after tendering process. Terms and conditions of the contract is decided only after reviewing contract executed with the client and work order is issued only after due diligence. Company has very old arbitration / court cases which are being followed appropriately. Proper disclosure of contingency liability against such disputes is being made. Corporation has a separate Legal & Arbitration section for proper monitoring.
ii.	A scrutiny and reconciliation of old balances in contractors' and project authorities accounts was undertaken during the year by the Management in compliance with audit qualifications of the previous years and entries for write off/write back have been passed in the accounts. The scrutiny also led to the reversal of substantial amount of revenue and expenditure recognized in earlier years which were beyond the final bills/revised estimates passed by the Project Authorities. Refer Note No.28(a) and (b). The scrutiny and reconciliation has not yet been completed.	As stated in the audit para, a scrutiny and reconciliation of the old balances lying in Books of Accounts of Zones/Corporate Office had been carried out by the company during the year and corrective entries have been passed in the books of account. The process of review of old balances is a continual exercise which will be carried in due course as well.
iii.	A case of fraud resulting into excess payment of Rs.1186.29 lakh to contractors in connivance with employees was also detected during the year which is under investigation. Entries for reversal of income and expenditure and provision have been passed. Refer Note No.29.	The company has passed necessary entries in the books of accounts. The company is parallelly taking necessary legal and administrative action in this regard as well.
iv.	The Company does not have a system of balance confirmations of personal accounts.	During the year, steps were taken to reconcile and square up personal accounts of the employees. Company ensures close monitoring of personal accounts so that same are cleared at the earliest.



S.No.	Auditors Comments	Management Reply
v.	Though the Company has introduced a system of reconciliation of Remittance accounts between the accounting units, but efforts are due in respect of differences in the accounts upto 2012-13 and these could affect balances in other accounts.	The matter of reconciliation of Inter Unit has been resolved to a great extent. Inter-unit balances of current year stand reconciled. There are some very old balances appearing in the books of accounts which are continuing year after year. Company will take appropriate course of action in due course to write off / write back these very old balances after taking approval from the competent authority.
vi.	In respect of many contracts, the Company is not recording detailed measurements of the work done by the sub-contractors in its Measurement Books and payments and billing are based upon measurement books of the Project Authorities of which, many a time, proper copies are also not maintained with the Units. Payments are processed merely based on an abstract drawn in the Measurement Book. In our opinion, the non-maintenance of proper measurement records by the Company could lead to serious repercussions in case of disputes arising with the Project Authorities or Contractors.	There is proper system laid down in manual of order for recording measurement of the work done. However, project authorities have been advised to ensure strict compliance. No such specific case was reported by Statutory Auditors.
vii.	The Company does not have a proper system for evaluation of tax components in the project costs leading to unwarranted disputes with regard to billing, payment and recovery of taxes with Project Authorities, Contractors and Statutory Authorities.	The Company awards the works to the contractor only after taking into account all tax components. Tax disputes, whatsoever, are being dealt appropriately wherever arise in normal course of business. Further, with the introduction of GST by Government of India, there is more clarity in the imposition of taxes.
viii.	The Company does not have an effective job rotation and transfer policy and there are employees who are on sensitive positions for many years.	Corporation has detailed transfer policy. Job rotation are based on needs and availability of staff. Transfers are being done only after ensuring interests of the corporation.
ix.	The Company has a Manual of Orders which has not undergone revision since many years.	Manual of orders is under the process of detailed review.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH, 2017

The preparation of financial statements of **National Projects Construction Corporation Limited** for the year ended 31st March, 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17.08.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit Under section 143(6)(a) of the Act of the financial statements for the year ended 31st March, 2017. 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.

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

Place : New Delhi
Date 27. 09.2017

Sd/-
(L. Siddhartha Singh)
Principal Director of Commercial Audit &
Ex-Officio member, Audit Board-IV



TEN YEARS AT A GLANCE

(Amt. in lacs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Authorised Capital	3000.00	7000.00	7000.00	7000.00	7000.00	7000.00	7000.00	7000.00	7000.00	7000.00
Paid up Capital										
A. Equity Shares	2984.20	2984.20	67673.75	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16
B. Non-cumulative Preference Shares	—	—	—	—	—	—	—	—	—	—
Net Worth	-76823.73	-79693.51	-11875.11	-4600.70	-382.49	4714.12	9420.56	10738.29	11836.65	14595.59
SOURCES OF FUNDS										
Capital	2984.20	2984.20	67673.75	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16
Reserves & Surplus								1285.13	2383.49	5142.43
Non-Current Liabilities	67648.57	67954.48	1323.86	9923.62	6373.06	7859.13	4311.74	103825.01	89909.82	48092.47
TOTAL	70632.77	70938.68	68997.61	19376.78	15826.22	17312.29	13764.90	114563.30	101746.47	62688.06
APPLICATION OF FUNDS										
Net Fixed Assets	834.53	801.38	761.84	737.85	890.00	963.93	1224.41	1189.37	1641.15	3658.45
Investment	0.30	0.15	0.15	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Non-Current Assets								60892.38	67483.09	26648.58
Net Current Assets	-10009.99	-13117.36	-11921.53	-88.41	1551.80	8768.34	9237.60	48352.77	28629.23	28666.81
Deferred expenses/Revenue /Deferred tax Assets	0.00	576.80	608.29	4673.33	3548.77	2840.98	3270.29	4128.78	3993.00	3714.21
Cumulative Loss	79807.93	82677.71	79548.86	14053.86	9835.65	4739.04	32.60			
TOTAL	70632.77	70938.68	68997.61	19376.78	15826.22	17312.29	13764.90	114563.30	101746.47	62688.06
INCOME										
Value of Workdone	71152.87	82556.38	99110.64	106130.18	116736.87	115503.36	117469.24	110851.21	94071.76	111821.89
Value of Workdone for Corporation	5.61	3.80	11.71	2.25	0.83	1.43	1.53			
Other Income	1784.33	1544.49	1439.27	3501.74	5661.99	6552.56	4504.81	3674.11	6126.66	4909.01
TOTAL	72942.81	84104.67	100561.62	109634.17	122399.69	122057.35	121975.58	114525.32	100198.42	116730.90
EXPENDITURE										
Construction & Works expenses	66238.54	77685.03	92637.36	100838.36	107940.37	106523.18	108422.50	102468.67	87201.86	103495.96
Employee Benefit Expenses	2569.33	2961.77	2808.03	3860.75	7409.85	7391.73	7148.35	7196.72	7220.71	6345.74
Administration	367.28	346.84	421.48	393.76						
Bank Charges	8.59	9.08	5.99	6.28	5.80	8.85	18.47	15.70	31.09	2.17
Other Expenses	311.29	327.19	503.55	563.67	1657.54	2103.07	1443.17	1626.32	1333.69	2322.04
Provisions	1771.50	1818.45	666.10	534.21						
Prior Period Adjustment	264.42	53.50	23.22	63.24		91.02	62.55	1268.14	-88.99	2.34
TOTAL	71530.95	83201.86	97065.73	106133.79	117013.56	116117.85	117095.04	112575.56	95698.36	112168.25
Profit / - Loss before Interest and Tax (PBIT)	1411.86	902.81	3495.89	3500.38	5386.13	5939.50	4880.54	1949.76	4500.06	4562.65
Interest	5059.19	4333.95	398.54	291.01	43.36	128.53	35.20	660.28	2406.33	1273.59
Tax (FBI)	14.99	15.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax (Income)						6.57	568.19	789.39	876.93	126.55
Profit / - Loss after Interest and Tax	-3662.32	-3446.58	3097.35	3209.37	5342.77	5804.40	4277.14	500.09	1216.80	3162.51
Deferred tax Revenue/Expenditure(-)	0.00	576.80	31.49	4065.04	-1124.56	-707.79	429.30	858.50	135.78	278.79
Net profit/-Loss after deferred tax revenue	-3662.32	-2869.78	3128.84	7274.41	4218.21	5096.61	4706.44	1358.58	1081.01	2883.72

Note:

- Administrative expenses and provisions are included in Other Expenses as per Schedule III of the Companies Act, 2013.
- Figures have been regrouped during 2016-17 wherever considered necessary for comparison.

ZONAL OFFICES

<p>NORTHERN ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. 822-A, GandhiNagar, Near Dogra Ground, Jammu JAMMU & KASHMIR Tele Fax 0191-2459553</p>	<p>EASTERN ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. 3-A, Dr S.N. Roy Road Kolkata - 700 029 WEST BENGAL Ph: 033-24635138, Fax 033-24664454</p>
<p>NORTHERN (WEST) ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. 98, Nehru Colony Dehradun-248 001 UTTRAKHAND Ph. 0135-2101046, Fax 0135-2675725</p>	<p>NER (IBBW) ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. H. No. 2 (2nd Floor) Aapanjan Pally, Sonai Road Silchar-788 006 ASSAM Ph. 03842 – 226995, Fax 03842 - 225089</p>
<p>NER (WEST) ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. H.No. 34, HemChandra Road, UZAN BAZAR, Guwahati - 781 001 ASSAM Ph. 0361- 2731399, Fax 0361-2131303</p>	<p>NER (CENTRAL) ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. Madan Riting, Shillong – 793 021 MEGHALAYA Ph. 0364 – 2535422, Fax 0364 - 2534475</p>
<p>WESTERN ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. B-109, Twin Tower, Pump House Manish Park, Andheri (East) Mumbai-400 093 MAHARASHTRA Tele Fax 022-28374345</p>	<p>SOUTHERN ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. House No. 1316, 2nd Cross K.H.B. Colony Magadi Main Road Bangalore – 560 079 KARNATAKA Tele Fax 080 – 23110309</p>
<p>BIHAR ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. 15, I.A.S. Colony, (2nd Floor), Kidwaipuri, Patna – 800 001 BIHAR Ph: 0612 – 2525989, Fax 0612 – 2526011</p>	<p>JAHRKHAND ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. 220 C, Ashok Path, Ashok Nagar Ranchi-834 002 JHARKHAND Ph. 0651-2242845, Fax 0651-2242820</p>
<p>CHATTISGARH ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. Kalyan Apartments, Street No.5, Ashok Vihar Colony, Pandri, Raipur – 492 004 CHATTISGARH Tele Fax 0771-4074482</p>	<p>HYDERABAD ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. Door No. 59/1/2/1, Second Floor Above ICICI Bank, Kausalya Estate Karkhana, Secunderabad-500009 TELANGANA Tele Fax 040-42300295</p>
<p>U.P. ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. Plot No. 20, Sector 127, 1st floor, Near Shani Mandir, Noida-201313 UTTAR PRADESH Tele Fax 0120-2433155, 0120-2433155</p>	<p>DELHI ZONAL OFFICE</p> <p>National Projects Construction Corporation Ltd. Plot No. 148, Sector-44, Gurgaon HARYANA Ph. 0124-2386620, Fax – 0124-2386589</p>

Registered Office: NPCC Ltd, Raja House, 30-31, Nehru Place, New Delhi-110 019,
Ph:011-26484842, Fax: 011-26468699

Corporate Office: NPCC Ltd., Plot No148, Sector-44, Gurugram Pin-121 004, Haryana,
Ph.: 0124-2385219, Fax 0124-2385219

Website: www.npcc.gov.in CIN NO. U45202DL1957GOI002752

Area of Operation

Townships &
other residential
buildings

Tunnels &
underground
projects

Hydro-electric
power projects

Canals &
irrigation
system

Thermal power
projects

International
projects

Industrial
structures

Surface
transport

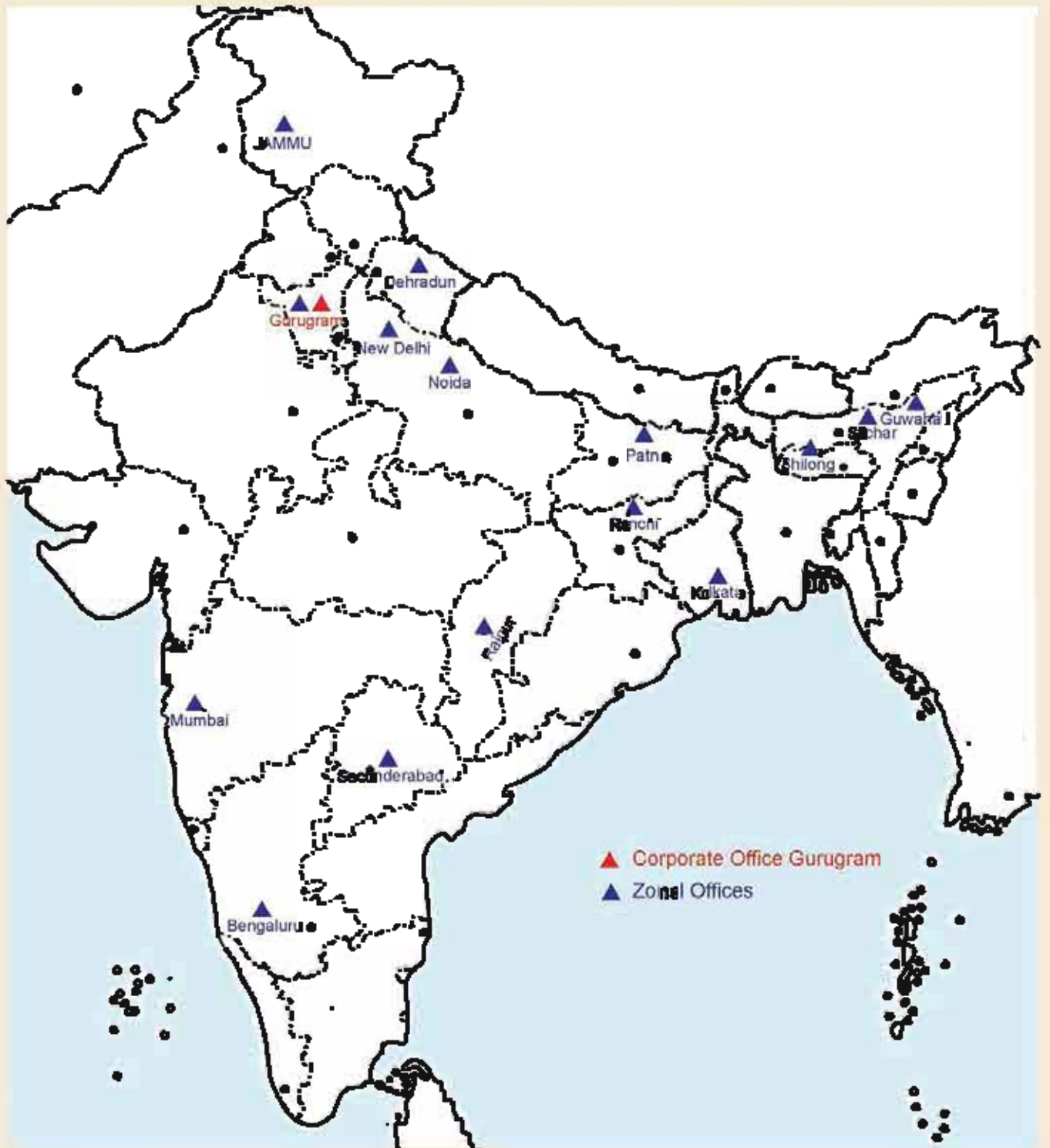
Barrages

Dams



Shri Sanjay Kundu, CMD, NPCCC Limited presenting bouquet to Shri Ajay Kumar Singh, Hon'ble Minister of State, W.R., RD & GR

NPCC's Corporate Office and Zonal Offices



Registered Office:

Raja House, 30-31, Nehru Place New Delhi -110019
Phone: 011-26484842, 011-26468699, Tele-Fax: 011-26468699
Web Site: www.npcc.gov.in

Corporate Office :

Plot No - 148, Sec. - 44, Gurugram, -121003 (Haryana)
Phone: 0124-2385219, Tele-Fax: 0124-2385219
CIN : U45202DL1957GOI002752