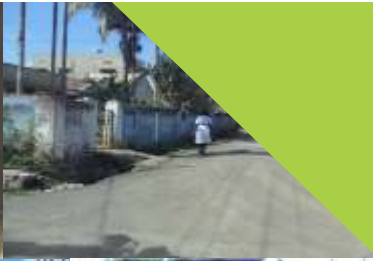


59th ANNUAL REPORT 2015-16



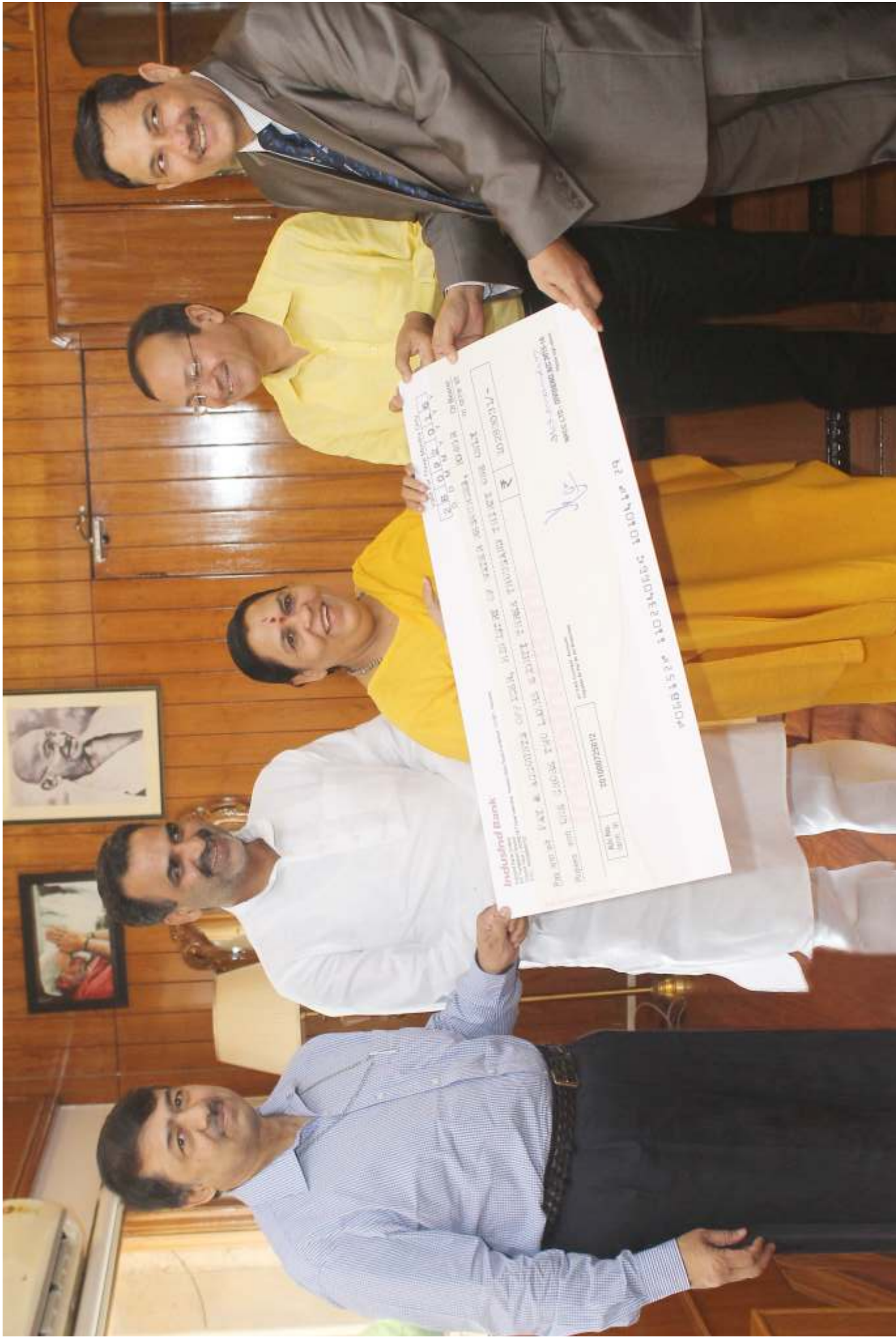
एक कदम स्वच्छता की ओर



जल बचत - जल निर्माण



एन पी सी सी
NPCC
PROJECT EXCELLENCE SINCE 1957



Shri H.L. Chaudhary, CMD, NPCC Limited presented the dividend cheque of Rs. 1.02 Crores for the financial year 2015-16 to Sushri Uma Bharti, Union Minister for Water Resources, River Development & Ganga Rejuvenation (MOWR, RD&GR) in the presence of Dr. Sanjeev Kumar Balyan, Minister of State for Water Resources, Shri Shashi Shekher, Secretary, MOWR, RD&GR and other Senior officials of MOWR, RD&GR on 29th September, 2016.

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“To become world class premier engineering projects implementing organization”



“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



H.L. Chaudhary
Chairman & Managing Director



Manohar Kumar
Director (Engineering)
w.e.f 21.04.2016



Sahab Narain
Director (Finance)
w.e.f 29.07.2016



Jagmohan Gupta, IRAS
JS & FA MOWR, RD & GR
Part Time Govt. Nominee
Director
w.e.f 21.07.2015



Sanjay Kundu
JS(PP), MOWR, RD & GR
Part Time Govt. Nominee
Director
w.e.f 20.09.2016



Dr. Amita Prasad
JS(A), MOWR, RD & GR
Part Time Govt. Nominee
Director
Upto 23.05.2016



Sunil Kohli
JS & FA MOWR, RD & GR
Part Time Govt. Nominee
Director
upto 05.06.2015

Chairman's Statement



Dear Distinguished Shareholders,

It gives me immense pleasure to welcome you all to the 59th Annual General Meeting of the Company. The Annual Report for the Financial Year ending 31st March 2016, 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 2015-16 remained reasonably satisfying year in terms of business growth. This gives us tremendous level of confidence to achieve higher objectives in the years to come. Shri Manohar Kumar & Shri Sahab Narain joined the Company as Director (Engg.) and Director (Fin.) on 21st April 2016 and 29th July 2016 respectively. All the positions of Functional Directors status filled up now.

Your Company has been making continuous improvements in procedure, quality assurance for achieving clients satisfaction, timely completion of works, manpower rationalization, up-gradation and multiple skilling of skills of employees, for achieving optimal per-capita productivity to bring in marked

improvement in efficiency, transparency, turnover and timely performance targets with a view to achieve the committed target for excellence under the MOU.

During the year 2015-16, your Company has secured **new works valuing Rs.1510 crore** against the target of Rs.1500 crore fixed by the Ministry for **EXCELLENT** rating out of which corporation has secured the new business through tendering to the tune of 21.59%. The order book of the Corporation is quite healthy; the effective order book position is Rs.4425 crore as on 31st March, 2016. Ineffective orders have been weed out to make order book, a realistic one. Your Company is getting repeat orders from existing clients while adding new clients.

During the year your Company has achieved **turnover of Rs.1002 crore** which is lower as compared to previous year because of non sanction of revised estimates for IBB fencing works and ITBP Road in Leh- Ladakh, paucity of fund with ASSAM RIFLES and PMGSY works in West Bengal and Jharkhand and insurgency in North-Eastern States but I am happy to announce that revised estimates of Indo China and Indo Bangla Border Works have been sanctioned which will improve cash flow position and profitability of the Company in the coming years.

Your Company has earned the **profit before tax of Rs. 21.10 crore** as against Rs.12.89 crore in previous year. **Profit after tax is Rs.10.81 crore** during the year. Financial Constraints as explained above for the turnover has affected the profitability.

During the year, the Board of Directors of Company has recommended **a dividend of Rs.11/- per equity share** (1.10% of paid up capital) which involves a sum of Rs.1,03,98,476/- out of the profits of the current year (9.62% of profits). The Company has declared the dividend after a long time.

Your Company is aware of its corporate social responsibilities and fulfilling the obligation as provided in Company Law and Govt. of India guidelines.

During the year 2015-16, your Company has undertaken; Distribution of accessories and medical kits to physically handicapped persons with the support of ALIMCO in the state of Jharkhand; providing three numbers of Ambulances to Primary Health Centre/ Central Health Centre in North Eastern States and Construction of Toilets in West Medinapur, West Bengal. Total amount of **Rs. 67.06 lacs** was spent during 2015-16 as a part of **Corporate Social Responsibility**.

Your Company has been ensuring compliance of applicable rules, laws, regulations and transparency conducting the 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 respective Ministry(s)/ Department(s). Company has been graded as **"Excellent"** for the year 2014-15 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs.

Institute of Economic studies in a seminar organized in Goa on 23rd April 2016 selected your Company for the Prestigious "Excellence Award" and undersigned was selected for Pride of India Award. The Award was given by Shri Anant Sheth, Hon'ble Speaker of Goa Legislative Assembly.

The undersigned has also awarded as Legend CMD of the year for Leadership in Infrastructure Projects Implementation at News Ink Legend PSU Shining Awards 2016, Mumbai.

With the improvement of financial health of the Company, your Company is planning to take major projects in EPC mode as well as enter into execution of projects Foreign/Abroad.

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 fail 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 Minister of Water Resources, RD & GR, the Secretary, the Addl. Secretary, the Jt. Secretary (FA), the Jt. Secretary (A) to the Government of India in the Ministry for providing valuable guidance, help and advice. I also thank all officers in the Ministry of Water Resources, RD & GR and other Ministries particularly Ministry of Home Affairs, Ministry of Rural Development, Ministry of Sports, Department of Public Enterprises, without whose help it would have not been an easy journey for achieving 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 delivering excellent results and for lending their valuable support and cooperation with their single minded focus in bringing the company at par with other best PSUs with their hard and sincere works. I am confident that we would continue to deliver our might in fulfilling the promises and to the expectations of Shareholders, Stakeholders in the future as well. I am sure your Company would continue to excel in its achievement in the years ahead.



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Place: New Delhi
Date : 28th September, 2016

Director's Report

Dear Members,

Your Directors have pleasure in presenting the 59th Annual Report together with audited accounts of the Company for the year ended 31st March, 2016.

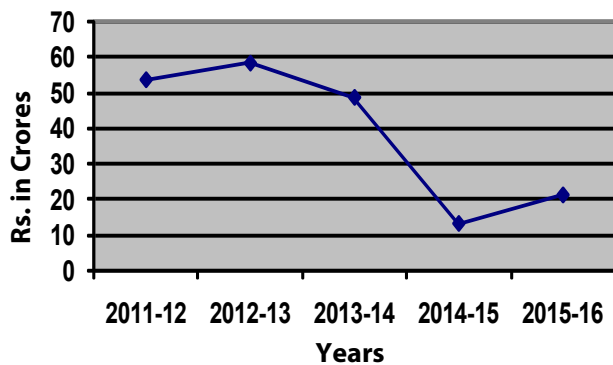
FINANCIAL SUMMARY AND HIGHLIGHTS

The summarized financial results of the Company are given below:

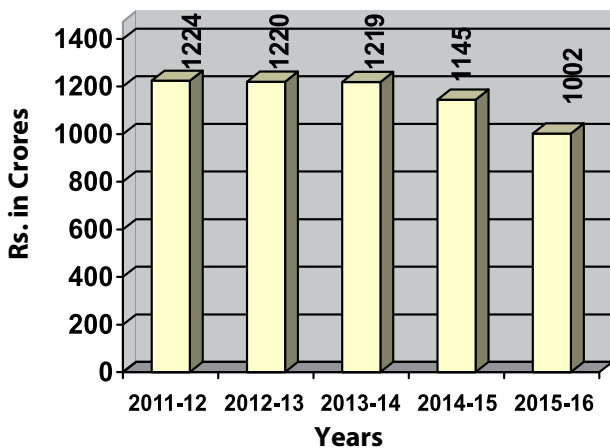
Particulars	(Rs. in Crores)	
	2015-16	2014-15
Turnover including other income	1001.98	1145.25
Operating Turnover	940.72	1108.51
Profit / (loss) for the year before tax	20.94	12.89
Profit/(loss) after Tax	10.81	13.59

- Previous years figures have been re-grouped wherever necessary

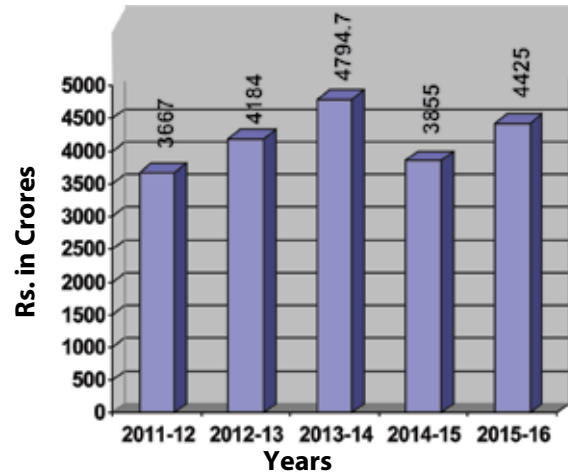
Profit Before Tax During Last 5 Years



Turnover Including Other Income During Last 5 Years



Order Book Position During Last 5 Years



Constraints for slow progress of works in 2015-16

- Non sanction of revised estimates for IBB fencing works and ITBP Road in Leh, Laddakh.
- Paucity of fund with ASSAM RIFLES
- Shortage of funds for PMGSY works in West Bengal and Jharkhand
- Insurgency in North-Eastern States and Jharkhand
- Shortage of funds with client, the progress of road works in three Districts of Karnataka affected.

DIVIDEND

The Company had not been paying dividend in earlier years as Corporation is yet to pay workmen's arrears for the period 2007-2011 amounting to Rs. 7.51 Crores approximately and to repay Rs.10.03 crores for the interest accrued and due on Government of India loan (principal already repaid). However in financial year 2015-16, Board of Directors recommended a dividend of Rs.11/- per equity share (1.10% of paid up capital) which involves total outflow of Rs.1,03,98,476/- out of the profits of the current year (9.62% of profits)

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 2015-2016, your corporation has secured new works valuing Rs.1510 Cr. against the target of Rs. 1500 Cr. fixed by the ministry for excellent rating out of which corporation has secured the new business through tendering to the tune of 21.59%. The effective order book position is Rs.4425 crore as on 31st March,2016.

During the year, your corporation had maintained the 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 like to secure more works from PMGSY, MHA, Assam Rifles & Banks. Based on performance of the Corporation, 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 Corporation has added following new clients.

1. Rajeev Gandhi Khel Abhiyan Works (RGKA) and other Civil Works under Ministry of Sports
2. Ministry of Earth Sciences. (MoES).
3. Green Field University of Central Agricultural University, Imphal.
4. Software Technology Parks of India, New Delhi.
5. Ministry of Chemicals & Fertilizers for NIPER Hyderabad

6. Purvanchal Vidyut Vitran Nigam Ltd.(PUVVNL)
7. North Bihar Power Distribution Corp. Ltd. (NBPDCCL)
8. SC & ST Department, Odisha Under Ministry of Tribal Affairs.

NPCC has entered in new field of third party inspection works for Deen Dayal Upadhyay Gram Jyoti Yojna and secured works of TPIA for 17 districts in Bihar and 10 Districts in U.P.

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

NPCC has made efforts to enter into Tourism Development Works by preparing DPR for making famous JOG falls (Govt. of Karnataka) perennial to attract Tourism in Karnataka all seasons.

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 have become a preferred organization for difficult and complex works.

As the revised estimate of Indo China Roads in Leh-Laddakh and IBB Fencing has been sanctioned during the present year coupled with new works secured, the turnover and profitability of the Company is likely to be increased in the coming year. Company is also keeping a close watch on expenditure.

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 greater customer' satisfaction. This enabled the company in securing repeat orders.

Your Company is aggressively attempting to secure business in different locations to achieve optimum utilization of existing resources. **Odisha Zone (Bhubaneshwar) and Western Zone (Mumbai) has become a profit centre during the current year.**

CONSTRUCTION SAFETY MANAGEMENT

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

MOU WITH THE MINISTRY

Due to decrease in turnover and profitability, all the financial parameters of MOU 2015-16 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 2015-16, the Corporation is likely to achieve 'Good' rating.



MOU Signing for the year 2016-17

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 submit compliance report to Administrative Ministry i.e. Ministry of Water Resource, RD & GR on quarterly basis within stipulated

time. During the year, the Company has been graded as **"Excellent"** for the year 2014-15 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs. The rating for 2015-16 is awaited from DPE. During 2015-16 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 RESOURCES AND DEVELOPMENT

At NPCC, the employees are recognized and understood as the most valuable asset of the organization. We continuously work to promote the welfare of the employees. NPCC Travelling and Daily Allowance Rules were revised. The employees are provided with training periodically, which upgrades their skills and motivates them. To enhance the capability and efficiency of employees technological inputs are given. In order to adopt IT solutions in finance & Accounts department, Corporation is taking efforts to achieve 100% computerization by adopting and implementing accounting software. During the year, 84 no. of employees were given VRS to optimize the staff strength and expenditure thereon.

TRAINING

For keeping pace with the dynamic & competitive business scenario, the employees of NPCC are sent for training in order to upgrade their skills. They are encouraged to attend seminars, workshops, etc in their relevant fields. 168 Executives, 129 Non-executives & 242 Workmen, totaling 539 man days of training was imparted among Executives/ Non-Executives/Workmen during the year 2015-16. The employees are sent for skill enhancement to prestigious institutions like National Archives of India, SCOPE, Institute of Chartered Accountants of India, DPE etc. Employees were sent for training on topics like Empowering Women in PSUs, Smooth implementation of RTI Act 2005, Strategic Management Skill Development, ICAI-CMII Corporate Forum-2015, Management Skill Development & Accounting Standard, Construction Safety training, etc.

WOMEN WELFARE

For women empowerment, women employees are sent for training that is organized by prestigious organizations. Woman's Day is organized for their empowerment and for boosting the morale of the women employees. Your Company, with approval of Board of Directors has already increased the maternity leave from 90 days to 180 days and allowed Paternity leave of 15 days in line with DoPT OM No. 13018/2/2008-Estt.(L) dated 11th September, 2008 and DPE OM NO. 6(1)/2014/DPE(GN) dated 18.06.14.

SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

NPCC cares for Safety of Women employees of all levels. The Complaints Committee of NPCC looks after complaints of women employees regarding sexual harassment in NPCC. It holds regular meetings. Its members attend training programs for the period of January'2015, to December' 2015:

- 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 2015, NPCC had sent following employees on 27th and 28th May 2015 to attend 'Seminar on Empowering Women in PSUs ' at SCOPE, New Delhi, in which Sexual Harassment was discussed at length:
 - i) Mrs. Jasmine Dhar Singh
 - ii) Mrs. Shagun
 - iii) Mrs. Sudesh Kohli
 - iv) Mrs. Sunita Singh
 - v) Mrs. Sunita Varandani
 - vi) Mrs. Jyoti Sharma

The knowledge gathered by the members while attending the workshops/trainings was shared among the Committee members. NPCC Ltd. makes efforts to sensitize the employees on the issue. It sends employees to attend Workshop/Training programmes on Sexual Harassment awareness and other relevant matters.

EMPLOYEE WELFARE

Regular free medical checkup camps are organized as the Corporation is concerned about the health of its employees. Medical reimbursement facility equivalent to CGHS Rates are provided. The company gives cash or a memento costing up to Rs. 8000/- to the retiring employees at the time of superannuation in the form of gift. There exists a Group Insurance for all employees through LIC. There is a well-equipped canteen providing wholesome meals at subsidized rates. NPCC has a Grievance cell of 2 types comprising Staff Grievance Redressal Committee and Public Grievance Redressal Committee. 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. NPCC has Bio-metric system of attendance. Uniform is also being provided to all entitled employees.

RECRUITMENT

Shortage of manpower across levels are monitored. The Management has also kept track of the manpower requirement for which recruitments in various disciplines are being done. Management Trainees(Civil) have been recruited through GATE Score to hire the cream. Special recruitment drive for candidates belonging to Scheduled caste and Scheduled tribe was also undertaken. During the year, ten number of Management Trainees (Finance) have been inducted through the Institute of Cost Accountants of India and further induction of ten number of Management Trainees(Finance) is in process. Recruitment in Civil and Electrical discipline has also been processed. The recruitment for legal professionals was also carried out and two Dy. Manager(L&A) have been inducted.

EMPLOYEE STRENGTH

At the close of the financial year 2015-16, there were 972 employees on the rolls of NPCC, as on 31.3.2016 with details given here under:

DESCRIPTION	MALE	FEMALE	TOTAL
Executive	275	17	292
Non-Executive	136	30	166
Workmen	506	8	514
Total	917	55	972

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 appointed a Nodal Officer and has a Liaison Officer too.

INDUSTRIAL RELATIONS

NPCC maintains cordial, healthy and harmonious Relations with its employees. Hence Industrial Relations in the Company are development oriented with proper communication being maintained at all levels. Feedback from the employees are encouraged.

PROPAGATION OF RAJ BHASHA

During the year under report, continuous efforts were made by your company for the implementation of the provisions of Official Language Act and Rules framed there under. Keeping pace with the modern age of technology employees were encouraged to transact their official work in Hindi on computers.

With a view to enhance the use of Official Language i.e., Hindi, various incentive schemes were continued during the year like yester years. Those schemes include the Incentive Scheme for the children of NPCC employees on securing higher percentage of marks/grades in Hindi at Secondary and Senior Secondary level Examinations.

Besides the above, various competitions viz; Hindi Karya Vyawhar Pratiyogita and Hindi Nibandh Lekhan Pratiyogita were organized during Hindi Diwas/ Pakhwara observed at Corporate and Zonal/Unit level in which officers/staff actively participated.



Second Sub Committee Meeting of the Committee of Parliament on Official Language

The Second Sub Committee of the Committee of Parliament on Official Language, New Delhi, visited Faridabad on 3rd February, 2016 to inspect the progress pertaining to Official Language in the Corporate Office as well as two other Central Government offices in the city.

VIGILANCE ACTIVITIES

Vigilance Division, with Smt. Uma Nanduri, IFS (OR-93), as CVO, has guided and facilitated for impartial, fair and transparent decision making. Vigilance Division gave priority to preventive vigilance than punitive vigilance, with proactive attitude, working towards creation of fair, transparent and just policies and environment in NPCC.



Board of Directors taking Vigilance pledge during Board Meeting

Preventive Vigilance

- The Vigilance Division conducted Vigilance Awareness Workshops for NER Zone at Guwahati on 21st June, Eastern Zone, Kolkata on 6th

October, Southern Zone, Bengaluru on 7th December and in Odisha Zone, Bhubaneswar on 10th February, 2016. Training material and presentations prepared based on the practical considerations and revised as per the requirements.

- Vigilance Awareness Week was celebrated in Corporate Office, Zones and Units from 26.10.15 to 31.10.15.
- Vigilance pledge was taken at Corporate Office, Registered Office, Zonal Offices and Unit Offices by the Officers, Staff and workmen of the Organization. The pledge was also taken by the Board of Directors in the 298th Board Meeting.
- A book "NAPROVIG 2015" was prepared on the occasion of Vigilance Awareness Week on 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 were also highlighted. Books were distributed during the Vigilance Awareness Week to all the ZM's and copies also sent to CVC and MoWR, RD &GR. The same was highly appreciated by all.
- Quiz Competition on Vigilance Topics was held at Corporate Office and thirty officers and staff participated in the competition. Quiz was organized first time in the Corporate Office.
- Essay and elocution Competitions were held in twenty one schools and colleges in different Zones included allotted areas of Delhi and Faridabad. Certificates and prizes were given to the winners.
- Tendering Process and Recruitment done at Odisha Zone was inspected during Intensive examination on 11th and 12th February, 2016. These inspections are meant for quality assurance, following of guidelines, proper maintenance of record, execution of projects and statutory requirements.

- Periodical reports like monthly reports, quarterly reports and annual reports are prepared and sent timely.
- Reports sought by MoWR, RD &GR were also expeditiously prepared and sent as required time to time.
- As a result of liaison with CVC and MoWR, RD &GR for quick disposal of the cases, Vigilance cases are being settled and pendency of cases has reduced.
- Several steps have been taken for improvement and transparency in the Administration.

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

Group General Manager (PM&C) is heading independent division in corporate level to monitor the all running projects and providing 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

Govt. 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 formulate Performance budget for the next financial year in the form of MoU, having five different scale 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 formulated 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 looks 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 is organising quarterly Zonal Manager's meeting to have comprehensive one to one interaction of the all Zonal Managers with 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 are interacted 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. Status and functioning of the Company was also reviewed by Parliamentary Standing Committee on Water Resources on 7th October, 2015 at Guwahati.

The division 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.

PARTICULARS OF EMPLOYEES

No employee received remuneration during 2015-16,

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 details 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

A new Corporate Office Building is coming up in Institutional Area, Sector-44, Gurgaon. Construction of Building is in full swing. The total work executed for Rs.9.33 crores upto 31st March, 2016 and likely to be complete by the end of this year. It will help in improvement of work atmosphere, maintain better coordination & relationship with various Ministries and clients.

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 2015-16.

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 2015-16.

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

No Independent director was appointed during the year 2015-16. All the three positions of Independent Directors is lying vacant. It is understood that Administrative Ministry is in the process of filling up these vacancies.

COST AUDIT

M/s A.R Agarwal & Associates, Cost Auditors has been appointed as Cost Auditors for the year 2015-16 with the approval of Board of Directors.

RISK MANAGEMENT POLICY

NPCC has been implementing Risk Management policy for the improvement of its risks of works and financial matter 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.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY

Your Company's obligation 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.

During the year 2015-16, your Company has undertaken; Distribution of accessories and medical kits to physically handicapped persons with the support of ALIMCO in the state of Jharkhand; providing three numbers of Ambulances to Primary Health Centre/ Central Health Centre in North Eastern States and Construction of Toilets in West Medinapur, West Bengal. Total amount of **Rs. 67.06 lacs** was spent during 2015-16.

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

AWARD & RECOGNITION

Institute of Economic Studies (IES), has organised a Seminar on 'Economic Development' at Hotel La Calipso, Goa on 23rd April 2016. During the seminar, NPCC was selected for the Prestigious 'Excellence Award' and Shri H L Chaudhary, Chairman & MD, NPCC Limited, was selected for the 'Pride of India Award' to be given away during the Seminar at Goa.

Shri H L Chaudhary, Chairman & MD, NPCC, in his address explained the various aspects of economic development in India and the important role of NPCC in different quarters during the past 57 years. He has explained the various sectors where NPCC played key roles and that in every major projects of National importance NPCC has been involved catering the development of the Nation. Shri H L Chaudhary, has also pointed out the need of more developments in the fields of Transportation, Agriculture, Power and Industries which will take our Country to a new level among the Super Developed Countries.



Shri H L Chaudhary, Chairman & MD, NPCC Limited, receiving the Excellence Award

Shri Anant Shet, Hon'ble Speaker of Goa Legislative Assembly presented the prestigious Excellence Award and the Pride of India Award to Shri H L Chaudhary, Chairman & MD, NPCC Limited. He also presented awards to recipients of other awards.

CMD NPCC also addressed the audience and gave presentation on green building concept in a Conference organized by **Institute of Directors (IOD)** in Delhi on 6th July 2015.

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 had 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 2015-16, M/s K.N Goyal & Company, Chartered Accountants appointed as Statutory Auditors. M/s A.R Das & Associates, Chartered Accountants,

M/s Hussain & Company, Chartered Accountants, 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 2015-16 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, Planning Commission, 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 Corporation.

Place: New Delhi
Date : 2nd September, 2016

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 Corporation.

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, 2016 and Management reply thereon
- (ix) The comments and review of the Comptroller and Auditor General of India on accounts of Company and reply thereon.

For and on behalf of the Board of Directors



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Report on CSR Activities And Future Plan

Your Company's obligation 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.

NPCC had worked under CSR Activities during the year 2015-16 as follows:

1. Distribution of accessories and medical kits to physically handicapped persons with the support of ALIMCO in the state of Jharkhand, Distt. Gumla amounting to Rs. 26.92 lakh spent during 2015-16. Shri Sudarshan Bhagat, Hon'ble State Minister was the chief guest during the occasion.



(Shri Sudershan Bhagat, Hon'ble Minister of State, Ministry of Rural Development, distributing tricycle to differently abled persons)

2. Providing three numbers of ambulance to Primary Health Centre/ Central Health Centre in North Eastern State of Arunachal Pradesh amounting Rs. 28.42 lakh.



3. Construction of Toilets in West Medinapur, West Bengal amounting Rs. 11.72 lakh spent during the year 2015-16.



Plan for 2016-17

An amount of Rs.47.64 lakhs which is 2% of the average net profit for the immediately preceding three financial years (i.e. Rs. 10.18 crore for the Year 2015-16, Rs. 13.59 crore for the Year 2014-15 and Rs. 47.06 crore for Year 2013-14] excluding profits from foreign branches) has been allocated for Corporate Social Responsibility activities for 2016-17.

The amount allocated to be spent during 2015-16 was Rs. 74.41 Lakh + Rs 75.47 lakh (unspent amount allocated during 2014-15) and Total Expenditure made under CSR activities was Rs. 61.11 lakh + Rs 5.96 Lakh (outstanding), so total Balance unspent allocated under CSR amount Rs. 82.81 lakh (to be utilized during 2016-17)

At present proposals are under scrutiny to be taken up under CSR activities. However, following are under consideration for 2016-17;

- Construction 4 Nos. of rooms for Senior Citizen including toilet & kitchen at Mandleshwar, Dist Indore, costing about Rs 15.00 Lakhs.

- Construction of class rooms for girls school in Vill: Buchha Kheri District: Shamli, Uttar Pradesh costing about Rs 20.00 lakhs.
- Works under NER(Central), Shillong amounting Rs 20.00 lakhs.

Further proposals are under formulation

For and on behalf of the Board of Directors



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Place: New Delhi
Date : 2nd September, 2016

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 has been graded as "Excellent for the year 2014-15 by the DPE on the basis of Self Evaluation Report on the compliance of guidelines on Corporate Governance for CPSEs. The rating for 2015-16 is awaited from DPE. During 2015-16 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 2015-16 was sent to Ministry of Water Resources, RD & GR vide letter dated 29.04.2016.

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 31.03.2016 comprised of three Directors which included (i) one whole-time Functional Director viz., Chairman & Managing Director and (ii) two Government Directors. Director (Engg) joined on 21.04.16 and Director (Fin) joined on 29.07.16. Two Non Official Part Time Independent Directors were on the Board till 15.11.13 . Administrative Ministry is in the process of filling up these vacancies.

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 **Eight Board Meetings were held on 19.06.15, 17.08.15, 01.09.15, 15.09.15, 30.09.15, 29.12.15, 21.01.16 and 14.03.16.** 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 2015-16 are given below:

Name of Directors	DIN No.	Meeting Attended	AGM of 2014-15 Attended	Other Directorship	Period
(a) Functional Directors					
Shri H.L. Chaudhary Chairman & Managing Director	06725924	8/8	Yes	NIL	24.10.13 till date
(b) Govt. Nominees					
Shri Sunil Kohli, JS & FA-MOWR, RD & GR	05321549	0/0	NA	1	Upto 05.06.15
Dr. (Smt) Amita Prasad JS(A)-MOWR, RD & GR	03644516	8/8	Yes	NIL	Full year
Shri Jagmohan Gupta JS & FA-MOWR, RD & GR	02858377	7/7	Yes	NIL	w.e.f. 21.07.15

INDEPENDENT PART TIME DIRECTORS

In consonance of DPE's Corporate Governance Guidelines two independent Directors, having expertise in distinct areas of Finance and Engineering were on the Board of NPCC. Their term expired on 15.11.13. Their best experience guided to the Board which would go a long way in improving towards corporate excellence. Steps have been taken to fill up the vacancies.

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.

COMMITTEES OF BOARD

NPCC by following best practices of Corporate Governance in its 265th Board Meeting re-constituted the Committees to assist Board in Compliance of Corporate Governance Guidelines of CPSE. These committees were as under:

- Audit Committee
- Establishment Committee
- Remuneration Committee (constituted in 277th meeting held on 15.03.13)

These Committees existed till the 15.11.13 i.e. till the expiry of tenure of independent Directors. It is understood that Administrative Ministry is in the process of filling up these vacancies. However, after the joining of new Independent Directors, these committees will be again re-constituted.

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. No remuneration was paid to Independent Directors during 2015-16 as all the three positions of Independent Director is vacant.

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
2014-15	30 th September'15	12.30 p.m.	Regd office
2013-14	29 th September'14	4.00 p.m	Regd Office
2012-13	26 th September'13	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 2015-16.

AUDIT QUALIFICATION

The Comments on accounts for the year ended 31st March 2016 by the Comptroller and Auditor General of India and Statutory Auditor 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 2014-15 was submitted to the DPE on 07.09.15 as per requirement of the DPE.

SUBMISSION OF MoU FOR THE YEAR 2016-17

In accordance with the DPEs Guidelines, the Draft MoU 2016-17 was submitted to the DPE through Ministry of Water Resources, River Development & Ganga Rejuvenation on 22.01.16.

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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Place: New Delhi
Date : 2nd September, 2016

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 98.88% of share capital and balance 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 has also executed projects overseas.

FINANCIAL PERFORMANCE

During the year 2015-16, your Corporation has achieved an operating turnover of Rs. 940.72 Crores as against Rs. 1108.51 Crores last year. The Corporation has earned the profit before tax of Rs. 20.94 Crores as against Rs. 12.89 Crores in previous year. Net Profit for the year 2015-16 is Rs. 10.81 Crores as against Rs. 13.59 Crores last year. The main reason for low turnover and low profit as compared to previous year are given below:

- i. Fund constraints in various projects due to non release of funds by various government agencies like Assam Rifles, PMGSY work, Department of Ayush, IGNTU etc.
- ii. Law & Order problem in North-Eastern Region from where Corporation gets almost 50% turnover.
- iii. Non sanction of revised estimate for IBB Fencing Works and ITBP Road in Leh, Laddakh.

The outlook for the future is positive and Corporation is likely to overcome the above constraint in the forthcoming year.

OUTLOOK

The Vision, Mission and objectives of the Company as stated in the MoU executed with the Ministry of Water Resources, Government of India for 2015-16 are:

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."

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. Various areas under PMC are residential and non-residential buildings for MHA, Commercial complex for banks, Road-bridges for implementing PMGSY under in various states, water supply and storm work system, University-Hospital etc. interior designs.
2. Civil Infrastructure for Thermal and Hydro Electric Projects: NPCC also under take projects by participating in tender for various infrastructure projects such as Hydro Electric Power Project, Building & Housing Project, other departments, 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 is having positive networth with A+ credit rating from ICRA.
- NPCC is having good client base.
- Pan India Presence having 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 area of North East, Jharkhand etc.
- NPCC has qualified and experienced men power 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.
- Inability to enter in to BOT/BOO and other major project execution, due to financial limitation.
- Due to comparatively low pay package and retirement age as 58 years, attracting the good talent is badly affected.

Opportunity

- Thrust in infrastructure work by the GOI and development work in border area and North Eastern State's development work.
- Thrust in infrastructure development for surface transport & tunnels etc.
- Major thrust by GOI on River development Projects:
 - River Rejuvenation
 - Interlinking of Rivers
- Joint Ventures/Collaboration for overseas/major Indian projects.
- Avenue for diversifying in new areas (like Real Estate, WTP/STP/ETP, 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 fund 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 have 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 put 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 which helps the management to review the effectiveness of financial and operating controls. Further check and balances are underway for improvement in the system. Further, the Corporation have Internal Financial Control Policy for improvement in the system.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

To overcome shortage of manpower recruitments in various disciplines are being done. At the close of the financial year 2015-16, there were 972 employees on the rolls of NPCC, as on 31.3.2016. NPCC maintains sound, healthy and harmonious Relations with its employees. Industrial Relations in the Company are development oriented with proper communication being maintained across all levels.

NPCC has implemented the 'Swachh Bharat Abhiyan'. We have a sound policy on Corporate Social Responsibility and Sustainability. Various projects are being processed under CSR. Besides, NPCC gives advertisements in magazines on need basis and for publicity.

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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Place: New Delhi
Date : 2nd September, 2016

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on 31st March, 2016
[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 PLACE NEW 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	--	84.43
2	Execution of Projects	--	15.57

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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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		NIL	NIL	NIL		NIL	NIL	NIL	NIL
1. Institutions									
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 – D R									
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. No	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	NIL	945316	100	NIL	NIL

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

S.No.		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.No.	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.No.	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 the company
	Shri H.L. Chaudhary (Holding on behalf of Nominee of Hon'ble President of India)	1	0.000105785	--	--	1	0.000105785
	Dr. Smt. Amita Prasad (Holding on behalf of Nominee of Hon'ble President of India) (w.e.f 17.08.15)	--	--	1	0.000105785	2	0.000211570
	At the end of the year					2	0.000211570

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	NIL	NIL	NIL	NIL
Addition				
Reduction				
Net Change Indebtedness	NIL	NIL	NIL	NIL
At the end 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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1	Gross salary	Shri H.L. Chaudhary CMD	Smt. Rajni Agarwal Company Secretary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2708613	1283961	3992574
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	23040	--	23040
(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)	2731653	1283961	4015614
	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				
1	Independent Directors Fee for attending board / committee meetings	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL
2	Other Non-Executive Directors				
	Fee for attending board / committee meetings	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL
	Total Managerial Remuneration				
	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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
 (DIN No. 06725924)

Place: New Delhi
 Date : 2nd September, 2016

Declaration by Chairman-cum-Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management during the financial year 2015-16.

I, H.L. Chaudhary, 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 2015-16.



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)

Place: New Delhi
Date : 2nd September, 2016

Harbans Lal & Co.
Company Secretary

Tele (O) : 23696096
Phones : Resi : 23696831
Mob : 9811627414
Email : hlalcs@yahoo.co.in
L-15, Pratap Nagar, Delhi -110007.
(Near Pratap Nagar Metro Station)

Dated : 2nd September, 2016

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, 2016 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 except appointment of Independent Directors on the Board of the Company, which we understand is done by the Government and Administrative Ministry is in the process of filling up these vacancies so as to be in conformity with the requirements of Corporate Governance norms.

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 2015-16 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.



H.L. CHAUDHARY
CHAIRMAN & MANAGING DIRECTOR
DIN No. 06725924



SAHAB NARAIN
DIRECTOR (FINANCE)
DIN No. 03641879

Place: New Delhi
Date : 2nd September, 2016

SOME OF THE PROJECTS OF NPCC



Excavation at Power House Area at 120 MW, New Hathiari, HEP Works



Concrete lining at HRT of New Hathiari HEP Unit-120 MW



200 Seats Auditorium of BSG H.Q. New Delhi



Relaying of Global Category Synthetic Hockey Surface-II(Blue Turf) & Automatic Sprinkler System At Sai, Bengaluru.



Pile Foundation Works for Boys, Girls Hostels and Dining Hall at Sai, SAG Centre, Alleppey Kerala.



Construction of Fencing & Road Along IBB in Lawngtalai District of Mizoram

SOME OF THE PROJECTS OF NPCC



Indo- China Border Road at Leh Jammu & Kashmir



Flood Lighting Work in Tripura



NMG Office at National Stadium, New Delhi



Dolaithabi Barrage, Guwahati



Casting of Column at Rusa Works, Bhikiyasain



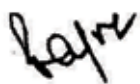
SBI Wadala, Mumbai

BALANCE SHEET AS AT 31st MARCH, 2016

(Amount in Rupees)

PARTICULARS	Note No.	As at 31st March, 2016	As at 31st March, 2015
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	945316000	945316000
(b) Reserves and Surplus	2	238348796	128512707
2 Non -Current Liabilities			
(a) Other Long Term Liabilities	3	8695584345	10029416320
(b) Long term Provisions	4	295397994	353084989
3 Current Liabilities			
(a) Trade payables	5	7003577990	8139585788
(b) Other current liabilities	6	4338184031	3050852444
(c) Short term provisions	7	85035881	73569136
TOTAL		21601445037	22720337384
II ASSETS			
1 Non -Current Assets			
(a) Fixed assets	8		
i) Tangible assets		70802521	73735053
ii) Intangible assets		-	-
iii) Capital work in progress		93312420	45201629
(b) Investments		-	-
(c) Deferred tax Assets (Net)	9	399299799	412878281
(d) Long Term Loans and Advances	10	1007116348	1367362889
(e) Other non -current assets	11	5741192922	4721875335
2 Current Assets			
(a) Inventories	12	12614721	13601217
(b) Trade Receivables	13	3949811549	7930050767
(c) Cash and Cash Equivalents	14	8175302699	7159476548
(d) Short-term loans and advances	15	1617961785	698372013
(e) Other current assets	16	534030273	297783652
TOTAL		21601445037	22720337384

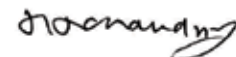
Accounting Policies & Notes on Financial Statements 1 to 46



(RAJNI AGARWAL)
COMPANY SECRETARY



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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)



(N.R. TATARWAL)
MANAGER (FINANCE)

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

Date : 4th August, 2016
Place : New Delhi



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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(Amount in Rupees)

PARTICULARS	Note No.	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
I REVENUE FROM OPERATIONS			
Value of Work Done		9407175769	11085121167
II Other Income	17	612665832	367410646
III TOTAL REVENUE (I+II)		10019841601	11452531813
IV EXPENSES			
a Construction & Work Expenses	18	8720185704	10246867406
b Employee Benefits Expenses	19	722071139	719671950
c Finance Cost	20	243251827	67311096
d Depreciation, amortisation, impairment & obsolescence	8	5409014	6451753
e Corporate Social Responsibility		6707239	1800000
f Other Expenses	21	100754667	86468246
TOTAL EXPENSES (IV)		9798379590	11128570451
V Profit(Loss) before prior period, exceptional and extraordinary items and tax (III-IV)		221462011	323961362
VI Less :Prior Period Item (Net)	22	-8898676	126814321
VII Profit(Loss) after prior period and before exceptional and extraordinary items and tax (V-VI)		230360687	197147041
VIII Exceptional Items	23	20026303	68199045
IX Profit(Loss) before extraordinary items & tax (VII-VIII)		210334384	128947996
X Extraordinary Items- Loss on cancellation of lease		961521	-
XI Profit/Loss(-) before tax (IX-X)		209372863	128947996
XII Current Tax		85545318	78939297
Income Tax- for earlier year		2147998	-
XIII Deferred Tax - 2015-16	9	13578482	-85849582
Current Year		13578482	
Prior Period			115695626
XIV Profit/Loss(-) for the period from continuing operations (XI-XII-XIII)		108101065	135858281
XV Profit / Loss(-) for the period		108101065	135858281
XVI Earnings per Equity Share			
Basic & Diluted	39	114.35	143.72

Accounting Policies & Notes on Financial Statements 1 to 46




(RAJNI AGARWAL)
COMPANY SECRETARY



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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)



(N.R. TATARWAL)
MANAGER (FINANCE)

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

Date : 4th August, 2016
Place : New Delhi



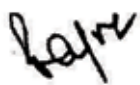
(K.N. Goyal)
Partner
M.No. 011939

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Amount in Rupees)

PARTICULARS	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Cash flow from Operating Activities		
Receipts from customers	11558299297	11270397381
Paid to sub-contractors, suppliers & employees	(12064295161)	(10681247683)
Mobilization advance received from Project authority shown under the head of unsecured loans	1317806786	530256296
Interest on mobilization advance given to Sub contractor	(22693573)	39431664
Extraordinary Items	(961521)	-
Taxes on Income	(87693316)	(78939297)
Cash generated from operations	700462512	1079898361
Cash flow from Investing activities		
Sale proceeds of Fixed Assets	8535977	9223896
Purchase of Fixed Assets	(50989264)	(12198389)
Interest on Bank deposits	601068753	188872575
	558615466	185898082
Cash flow from financing activities		
Interest paid	(243251827)	(67311096)
	(243251827)	(67311096)
Net increase/(decrease) in cash & cash equivalents.	1015826151	1198485347
Cash & cash equivalent at the beginning of the year	7159476548	5960991201
Cash & cash equivalent at the end of the year (Refer Note No.14)	8175302699	7159476548

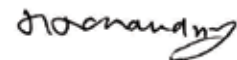
Accounting Policies & Notes on Financial Statements 1 to 46
Figures in brackets represent out flow of cash.



(RAJNI AGARWAL)
COMPANY SECRETARY



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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)



(N.R. TATARWAL)
MANAGER (FINANCE)

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

Date : 4th August, 2016
Place : New Delhi



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

NOTES ON FINANCIAL STATEMENTS

NOTE - 1

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
SHARE CAPITAL		
Authorised :		
7000000 Equity Shares of Rs.1000/- each (Previous Year 7000000 Equity Shares of Rs.1000/- each)	7000000000	7000000000
TOTAL:	7000000000	7000000000
Issued, Subscribed & Paid up :		
945316 Equity Shares of Rs. 1000/- each fully paid up in cash (Previous Year 945316 Equity Shares of Rs1000/- each)	945316000	945316000
TOTAL:	945316000	945316000

PARTICULARS	Number of shares	31st March, 2016	Number of shares	31st March, 2015
Reconciliation of Equity Share outstanding at end of the year				
Outstanding as at the beginning of the year	945316	945316000	945316	945316000
Add: Issued during the year	-	-	-	-
Less: Buy back/cancelled during the year	-	-	-	-
Outstanding as at the end of the year	945316	945316000	945316	945316000
Share holders having more than 5% of shares	Number of shares	% of share holding	Number of shares	% of share holding
President of India	934821	98.89	934821	98.89

- a) 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.582,20,59,000/- were cancelled and adjusted against accumulated losses as on 28.12.2010.
- b) 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, 2016		As at 31st March, 2015	
RESERVES AND SURPLUS				
SURPLUS				
a) Opening balance of Profit & Loss A/c	128512707		-3260107	
b) Adjustment to retained earnings on account of depreciation recalculated under Companies Act, 2013	1735024	130247731	-4085467	-7345574
c) Surplus Transferred from Profit & loss A/c during the Year	108101065		135858281	
TOTAL:	238348796		128512707	

NOTE - 3

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016		As at 31st March, 2015	
Other Long Term Liabilities				
i) Trade payables- For Services	6333285201		7738540657	
ii) Trade payables- For Goods	29643146		20405314	
iii) Advances from Project Authorities	541903527		450936322	
iv) Security Deposits- Subcontractors	1237388927		1229714034	
v) Security Deposits- Staff	571917		566000	
vi) Interest accrued and due on Advances				
a) From Project Authorities	263803950		262763267	
b) Govt. of India	100296065		100296065	
c) Interest on Staff Security	3110493		2843598	
vii) Wage Arrears	50146602		87989860	
viii) Others	135434517		135361203	
TOTAL:	8695584345		10029416320	

- Note-3 (vi)(b) Interest of Rs. 10,02,96,065/- is due on Government loan of Rs. 15,80,00,000/- @ 20.75% p.a from the date of raising i.e. 18.09.2006 to the date of repayment i.e. 07.12.2009.
- Note-3 (vii) 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 will be released / regulated on quarterly basis starting from first quarter of financial year 2016-17 and spread in three financial years.
- Trade payables- For services include Rs.298034860/- (Previous year Rs. 298034860/-) payable towards land acquired for and on behalf of Project Authority for IBBF works.

NOTE - 4

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016		As at 31st March, 2015	
Long -term provisions				
Provision for employees benefits				
i) Provision for Gratuity Work charged employees	151377665		185909647	
ii) Provision for Leave Encashment	143219332		166412064	
iii) Provision for Leave Travel Concession	800997		763278	
TOTAL:	295397994		353084989	

NOTE - 5

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Current Liabilities		
Trade Payables		
For Services	7002229789	8128848463
For Goods	1348201	10737325
TOTAL:	7003577990	8139585788

NOTE - 6

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Other Current Liabilities		
1) Security Deposits		
-- Sub Contractor	778827472	639874115
2) Advances from Project Authorities	2897187655	1670348074
3) Interest accrued and due on advances		
-- From project Authorities	31806343	31806343
4) Expenses Payable		
a) To Employees		
i) Wages arrear payable	25073301	-
ii) Salaries and wages payable	32355169	33342914
iii) Others	15897874	12594190
b) Liability for Expenses-Others	17480796	49109962
5) Payable to Gratuity Trust	215437706	230491151
6) Income Tax Payable	-	32996353
7) Others		
i) Income Tax payable (TDS)	26447579	19927256
ii) Service Tax payable	18187110	1496638
iii) Trade Taxes Payable (Vat/Sales Tax etc.)	70151671	115090182
iv) Others	209331355	213775266
TOTAL:	4338184031	3050852444

Income tax payable in the current year has been netted off against prepaid taxes.

NOTE - 7

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Short Term Provisions		
Provision for employees benefits		
i) Provision for Gratuity- Work Charged	35748367	32377030
ii) Provision for Leave Encashment	48401450	40379935
iii) Provision for Leave Travel Concession	886064	812171
TOTAL:	85035881	73569136

**NOTE - 8
FIXED ASSETS**

TANGIBLE ASSETS

(Amount in Rupees)

Sl.No	Description	GROSS BLOCK (AT COST)					LESS: DEPRECIATION					NET BLOCK		
		As at 1st April, 2015	Additions during the year	Acquired through business combinations	Adjustment due to impairments	Dedn./Adjts during the year	As at 31st March, 2016	As at 1st April, 2015	During the year	Retained Earning	Adjustment due to impairments	Dedn./Adjts during the year	Up to 31st March, 2016	As at 31st March, 2016
1	Free Hold Land	23567204	-	-	-	-	23567204	-	-	-	-	-	23567204	23567204
2	Lease Hold Land	1944507	-	-	-	-	1944507	270599	21189	-	-	291788	1652719	1673908
3	Buildings on Free Hold Land	18429936	-	-	-	-	18429936	2337567	297442	-	-	2635009	15794927	16092369
4	Buildings on Lease Hold Land	1276415	-	-	-	-	1276415	274804	20806	-	-	295610	980805	1001611
5	Temporary Constructions	66604807	-	-	-	15890174	50714633	66604807	-	-	15890174	50714633	-	-
6	Machinery	131746566	-	-	-	23400121	108346445	120625779	334229	-	22237331	98722677	9623768	11120787
7	Vehicles	29009853	828046	-	-	1303809	28534090	23494825	2420126	-1562560	1238617	23113774	5420316	5515028
8	Works Equipment	18862007	52450	-	-	2969182	15945275	14628796	316559	-65661	2863082	12016612	3928663	4233211
9	Office Furniture	9806829	469426	-	-	587193	9689062	6875642	521208	-106800	580233	6709817	2979245	2931187
10	Office Equipment	6181207	73915	-	-	299707	5955415	5018026	320337	-	288261	5050102	905313	1163181
11	Electric Installations & equipments	7367174	458004	-	-	372815	7452363	3050999	738393	-	294842	3494550	3957813	4316175
12	Computers and Printers	12686030	989001	-	-	636874	13038157	10668074	1094098	-3	618818	11143351	1894806	2017956
13	Library Books	453412	7631	-	-	2928	458115	350976	13125	-	2928	361173	96942	102436
Total :		327935947	2878473	-	-	45462803	285351617	254200894	6097512	-1735024	44014286	214549096	70802521	73735053
Previous Year :		362377215	6539915	-	-	40981183	327935947	279478907	6451753	4085467	35815233	254200894	73735053	

CAPITAL WORK IN PROGRESS

14	Building on Freehold Land	45201629	48110791	-	-	-	93312420	-	-	-	-	-	93312420	45201629
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ABOVE FIXED ASSETS INCLUDE NON-SERVICEABLE/BEYOND ECONOMIC REPAIR AS SHOWN BELOW:

1	Machinery	10988006	-	-	-	10629217	358789	10419952	-	-	10079102	340850	17939	568054
2	Vehicles	890137	-	-	-	755748	134389	724679	-	-	717960	6719	127670	165458

NOTE:

- The above assets includes assets in transit amounting to Rs. 203421/- (Previous Year Rs. 207327/-)
- 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.
- Depreciation during the year includes prior period depreciation of Rs. 688498/-.
- Building with Gross block as on 31.3.2015 of Rs. 439659 (Net block as on 31.3.2015 - Rs. 18613) was wrongly classified as Building under Leasehold Land instead of Building on Freehold Land, since corrected.

Note - 9

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Deferred Tax Assets		
Provisions for employee benefits	227543393	240694232
Provision for doubtful debts	189739862	190709578
Total Deferred Tax Asset	417283255	431403810
Deferred Tax Liability		
Depreciation of fixed assets	17983456	18525529
Net Deferred Tax Assets	399299799	412878281
Deferred Tax Expense/(Income)	13578482	-85849582

Note - 10

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Long Term Loans and Advances		
1) Secured, considered good		
i) Capital Advance	3214614	-
ii) Sub Contractor (secured against S.D. held by Corporation)	689703567	1032184972
iii) Others	80064709	103575770
Less: Provision for doubtful advances	9238963	9278172
	70825746	94297598
2) Unsecured, considered good		
i) Advances for goods and services	243307852	240721099
ii) Advances to other employees	64569	159220
3) Unsecured, considered doubtful		
i) Advances for goods and services	77091688	76936421
Less: Provision for doubtful advances	77091688	76936421
ii) Others	12758312	12758312
Less: Provision for doubtful advances	12758312	
TOTAL:	1007116348	1367362889

- i) The above include dues of Rs. 41.73 crores (Previous year Rs 26.14 crores) 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, 2016	As at 31st March, 2015
Other Non Current Assets		
1) Performance security with Project Authorities		
- Considered good	268264341	490746025
- Considered doubtful	98238879	97977356
	366503220	588723381
Less: Allowance (Provision)	98238879	97977356
	268264341	490746025
2) Security Deposit with others-Doubtful	1781202	1781202
Less: Allowance (Provision)	1781202	-
3) Earnest Money Deposit		
- Considered good	20479855	52208199
- Considered doubtful	6042365	6042365
	26522220	58250564
Less: Allowance (Provision)	6042365	6042365
	20479855	52208199
4) Trade Receivables (Unsecured)		
- Considered good	5452448726	4178921111
- Considered doubtful	806405118	807484722
	6258853844	4986405833
Less: Provisions for doubtful debts	806405118	807484722
	5452448726	4178921111
5) Interest accrued on Bank Deposit	73956	0
Less: Allowance (Provision) for Non Recovery	73956	0
6) Advances to employees (Unsecured, Doubtful)	3618392	3618392
Less: Allowance (Provision) for doubtful advances	3618392	-
TOTAL:	5741192922	4721875335

- i. Trade Receivables include retention money receivable Rs. 32.72 crores (Previous year Rs. 33.66 crores).
- ii. Trade Receivables include dues of Rs. 174.03 crores (Previous year Rs. 141.93 crores) 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, 2016	As at 31st March, 2015
CURRENT ASSETS		
Inventories		
a) Stores and Spares (including construction material in hand, at sites and in transit)	16166196	17937689
Less: Allowance (Provision)	3572499	4359358
	12593697	13578331
b) Tools in hand	21024	22886
TOTAL:	12614721	13601217

- Inventory of stores & spares and tools has been taken, valued & certified by the Management.
- Inventories include 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, 2016	As at 31st March, 2015
Trade Receivables (Unsecured)		
a) Debts outstanding for a period exceeding six months from due date:		
-Considered Good	2173333220	5009357229
b) Other debts (Considered good)	1776478329	2920693538
TOTAL:	3949811549	7930050767

- Trade Receivables include retention money receivable Rs. 57.25 crores (Previous year Rs. 22.32 crores).
- Trade Receivables include unbilled contract revenue.
- Trade Receivables include dues of Rs 159.90 crores (Previous year Rs. 17.91 crores) 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, 2016	As at 31st March, 2015
Cash and Cash Equivalents		
i) Cash in hand	575621	781982
ii) Cheques/drafts in hand	15166358	46608698
iii) Fixed Deposits pledged with banks and Project Authorities as margin against guarantees and securities	438640260	298954890
iv) Fixed Deposits with Banks of more than 12 months' maturity	70891575	47895276
v) Balances with Banks in Foreign States with repatriation restrictions	38369158	38369158
Less : Provisions held	38369158	-
vi) Balances in respect of closed units not traceable	125354	125354
Less : Provisions held	125354	-
vii) Balance with Nepal Bank Ltd., Nepal	6009	6009
viii) Balances with Banks - Others *	7650022876	6765229693
TOTAL:	8175302699	7159476548

- 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. 606681266/- (Previous Year Rs. 685650698/-) received against deposit work of PMGSY work and Rs. 2251862504/- (Previous year Rs.3204567512/-) from MHA for BOP work, Silchar.
- * Balance with Banks-others include FDRs of following maturity period;

Description	As at 31st March, 2016	As at 31st March, 2015
FDRs with balance maturity period upto 3 months	1470907910	692999753
FDRs with balance maturity period more than 3 months and upto 12 months	2539622604	1572815320
TOTAL:	4010530514	2265815073

- Fixed Deposits with Banks can be withdrawn by the Company at any point in time without any penalty on the principal.

Note - 15

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Short-term Loans and Advances		
1) a) Secured		
i) Sub Contractor (secured against S.D. held by Corporation)	1060925051	197524649
ii) Others	48755753	47217991
b) Unsecured, considered good		
i) Advances for goods and services	8116686	15280886
ii) Advances to other employees	11554086	14132522
iii) Others	34493947	40990920
	54164719	70404328
2) Prepaid Expenses	1891610	2267489
3) Security Deposit with Others	2960691	3419026
4) Income Tax - Prepaid Taxes	421212748	349433544
5) Amount deposited with various Courts / Authorities	28051213	28104986
TOTAL:	1617961785	698372013

Note - 16

(Amount in Rupees)

PARTICULARS	As at 31st March, 2016	As at 31st March, 2015
Other Current Assets		
1) Performance Security with Project Authorities	278622991	12324182
2) Earnest Money Deposit	4313000	5501449
3) Interest accrued on Bank Deposits	191964299	235264396
4) Interest Receivable from Others	29519808	427962
5) CPF Trust	13128711	26817856
6) Silver Momentos	74670	-
7) Inter-unit Remittance Account	16406794	17447807
TOTAL:	534030273	297783652

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, 2016	For the year Ended 31st March, 2015
OTHER INCOME		
Other Miscellaneous Receipts (including Sale of tender documents)	20666426	17529414
Interest Received (Gross) on :		
a) Bank Deposits	557768656	324607067
b) Others- sub contractor	6398273	9347810
	564166929	333954877
Hire Charges of Machinery	2859292	262288
Profit on Sale of Scrap, Stores etc.(Net)	917657	-
Liabilities written back	20605725	4776889
Provisions written back	3449803	10887178
TOTAL:	612665832	367410646

Note - 18

(Amount in Rupees)

PARTICULARS	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
CONSTRUCTION AND WORKS EXPENSES		
Material Consumed		
Stores & Spares (including construction materials)		
Opening balance	17937689	22133624
Net Purchase/(Sales)	6431602	4882654
	24369291	27016278
Less : Closing Balance	16166196	17937689
Consumption	8203095	9078589
Payment to Sub-contractors	8607462008	9833908976
Motive Power & Fuel	1038364	1780257
Taxes & Fees on Machines & Vehicles	125760	131490
Insurance	-	4146
Carriage & Freight	49225	396556
Tools & Stores Written off	42568	176857
Commercial/Trade Tax/Service Tax	85404321	125264930
Payments towards land for Project Authority	7710690	260402801
Other Incidental Charges on Works	10149673	15722804
TOTAL:	8720185704	10246867406

Payments towards land for Project Authority is part of contract cost and has a corresponding contract revenue of the same amount.

Note - 19

(Amount in Rupees)

PARTICULARS	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
EMPLOYEES BENEFITS EXPENSES		
Salary and Allowances	359223606	337108349
Wages and Allowances	174012402	189674380
Contribution to Provident Fund	51279462	53952771
EPF Administration Charges	1076438	817648
Gratuity	51134585	54341683
Leave Encashment	24953906	33016438
Leave Travel Concession	368460	4582585
VRS Expenses	50907472	35582914
Staff Welfare Expenses	8020603	8386631
Repairs to Building	19767	470604
Health and Sanitation	1074438	1737947
TOTAL :	722071139	719671950

Note - 20

(Amount in Rupees)

PARTICULARS	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Finance Cost		
Interest cost- Project related	240632797	66028296
Bank Guarantee Charges	2619030	1282800
TOTAL :	243251827	67311096

Note - 21

(Amount in Rupees)

PARTICULARS	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
OTHER EXPENSES		
Rent	8306753	7679549
Rates and Taxes	106573	113952
Travelling Expenses	19033857	15545887
Vehicles Running and Maintenance, Hiring	17469280	16721062
Insurance Charges	236104	275558
Repairs and Maintenance:		
Buildings	2107171	3697250
Others	587753	567712
Printing & Stationery	2891453	3113089
Postage, Telephone & Telegrams	3183647	3021618
Electricity and Water Expenses	3229225	3989049
Advertisement and Publicity	10753487	5666493
Technical Fee/Consultancy	6628840	4310111
Legal and Professional Charges	8046460	3634390
Bank Charges	490091	286911
<u>Payment to Auditors :</u>		
Audit Fee	970399	1051338
Tax Audit Fee	483502	330284
Travelling Expenses--Auditors	1367053	1649710
Miscellaneous Expenses	12828139	10775312
Allowance (Provision) for Doubtful Debts /Advances/ Stores	2034880	2084719
Loss on Sale of Scrap, Stores etc.(Net)	-	1954252
TOTAL:	100754667	86468246

Note - 22

(Amount in Rupees)

PARTICULARS	For the year Ended 31st March, 2016	For the year Ended 31st March, 2015
PRIOR PERIOD EXPENSES & INCOME		
(A) EXPENSES		
Salary, Wages & Other benefits to employees	-	224133
Payment to Sub-contractors for work done	1912375	130370
Project Expenses	-	246165
Adhoc provision against Doubtful Debts	-	123878583
Excess provision of Gratuity work charge	-	-1793692
Short booking of Depreciation	688498	-
Others	1694320	4961743
Total (A)	4295193	127647302
(B) INCOME		
Recovery of excess payment	90415	640000
Excess Interest income	9879428	-
Others	3224026	192981
TOTAL (B)	13193869	832981
TOTAL (NET) (A-B)	-8898676	126814321

Note - 23

(Amount in Rupees)

PARTICULARS	For the year Ended 31st March, 2016	For the year Ended 31st March, 2015
EXCEPTIONAL ITEMS		
EXPENSES		
A) Litigation Expenses	1954902	72256991
B) Reduction in construction expenses due to rate revision*	-264830116	-
C) Loss on sale of Fixed Assets	93237	676812
	-262781977	72933803
Less: Income		
A) Profit on sale of Fixed Assets	7180697	4734758
B) Reduction in revenue due to rate revision*	-289988977	-
	-282808280	4734758
TOTAL:	20026303	68199045

Note- * The company entered into a Memorandum of Understanding (MOU) dated 24th January, 2007 with Ministry of Home Affairs for Construction of High Altitude Roads along Indo-China Border at Leh in the State of Jammu & Kashmir. The Revised Cost Estimates have since been re-revised by the High Level Empowered Committee in the Meeting held on 29th May, 2015 based on which fresh Memorandum has been issued to the Corporation on 29-06-2015. The effect of rate revision on value of work done and cost already booked is given effect to in the accounts in current year.

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

Depreciation is provided based on 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. In respect of items not specified in the list, general rate of 15 years applicable to general plant and machinery is adopted.

Cost of leasehold land is amortized over the lease period.

6. Inventories

Stock of material, stores and spares including construction materials chargeable to projects are valued at cost (using First in First out method). Allowance (provision) is made against losses and deterioration in non-moving inventories.

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

"Transactions relating to earlier year(s) where individual item of income or expenditure does not exceed Rs.5000 is not reckoned as a prior period item."

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

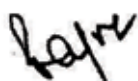
A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic 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.

17. Software Expenses

Expenditure on software is charged to revenue in the year of purchase except operating software purchased alongwith computer which is capitalized as part of computer cost.



(RAJNI AGARWAL)
COMPANY SECRETARY



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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)



(N.R. TATARWAL)
MANAGER (FINANCE)

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

Date : 4th August, 2016
Place : New Delhi



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

Note – 25

Contingent Liability not provided for in respect of:

(Amount in Rupees)

Description	2015-16	2014-15
a. Outstanding claims of contractor pending in arbitration and Courts	1493100457	1505066000
b. Service tax and income tax demands disputed in appeal/Rectification	1150328420	229726000
c. Outstanding amount of bank guarantees against mobilization and other advances (margin money in shape of FDRs amounting to Rs.316443000 (Previous year Rs. 282324000))	280968029	238903000
d. Performance bank guarantees (Margin money in shape of FDRs amounting to Rs.3572000 (Previous year Rs. 2349000))	2600649	1600000
e. 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.150567000 (Previous Year Rs.198677000)

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.4311 lakhs, against which Rs.1700 lakhs was given as advance and adjusted, is pending for decision. Liability towards the Contractor engaged for the Project is also outstanding due to non-release of payment by the Project Authority. An arbitration case filed by the Contractor is also pending for settlement. As a matter of abundant caution, provision in the accounts has been created for the net amount recoverable in respect of the Project and in the opinion of the Management, the claim of the Company is meritorious and the Company would not suffer any further loss on the Project.

Note – 28

In respect of Projects where Revised Costs are under revision, booking of income and expenditure is based upon last approved cost estimates or actual cost being incurred, subject to approval of the competent authorities. Effect of revision is given in the year when revised costs are approved.

In these accounts, effect has been given to the re-revised cost estimates approved during the year, in respect of Project relating to Construction of High Altitude Roads along Indo-China Border at Leh in the State of Jammu & Kashmir.

Revised Cost estimate in respect of Tripura Eastern Border Fencing Works is pending for sanction by the Ministry of Home Affairs and income has been recognized for actual work done based upon the previous sanction terms.

Note – 29

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 – 30

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 – 31 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 – 32 Trade Receivables, Non-current assets, Loans & Advances, Current and non-current liabilities and Trade Payables include amounts payable/recoverable by the Company under old closed Projects, in respect of which there are no recovery proceedings either by or against the Company and in respect of which no legal remedies are available being barred by limitation under law. The quantum of and ultimate impact on the accounts on the settlement of such accounts has not been ascertained though the Management does not foresee any significant loss over and above already provided in the accounts.

Note – 33 Based on the observation of the C&AG on exorbitant audit expenses claimed by the previous statutory central auditor in the year 2014-15 and claims made by the said auditor during the year on the basis of tampered bills and without proper supporting, as pointed out during 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 – 34 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 – 35 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 – 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 2015-16	
	1	Sh. H.L. Chaudhary w.e.f. 24.10.2013 till date	CMD
	2	Smt.Rajni Agarwal w.e.f. 09.11.2006 till date	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	2015-16	2014-15
H.L.Chaudhary, CMD		
i. Salary & allowances	2681218	2138770
ii. Contribution to PF	240118	220290
Rajni Agarwal		
i. Salary & allowances	1283961	1037271
ii. Contribution to PF	113571	104718

Note – 38

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

(Amount in Rupees)

	2015-16	2014-15
Contract revenue recognized for the year	9407175769	11085121167
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	3439091182	2121284396
Amount of retentions (deferred debts)	899708262	559894960
In respect of dues from customers after appropriate netting off:		
Gross amount due from customer for the contract work as an asset	10208665393	12916456600
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)	1081.01	1358.58
Weighted average number of shares outstanding during the year (in number)	(B)	945316	945316
Basic/Diluted Earning / (Loss) per share (in Rs.)	(A/B)	114.35	143.72
Nominal value per equity share (in Rs.)		1000.00	1000.00

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.82.03 lakhs(Previous Year Rs.90.78 lakhs).

Note – 41 Employee Benefits (AS-15)

The principal assumptions used in actuarial valuation are as follow:

Particulars	2015-16	2014-15
-Discount Rate	8%/7.80%/7.65%	8%/7.80%/7.85%
-Expected Rate of future Salary increases	5.00%	5.00%

	Gratuity Regular Staff		Gratuity Work charged		Leave Encashment	
	Unfunded		Unfunded		Unfunded	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Change in the present value of obligations						
- Present value of obligations as at 01.04.2015	240190364	267846657	218286677	219458129	166412064	171558707
- Interest Cost	19215229	21427733	14500991	15812355	11779590	11980375
- Current Service Cost	6522980	9058759	5569236	6755688	20275551	24570736
- Benefits paid	(52395270)	(52971277)	(44654682)	(33471269)	(24861001)	(37884939)
- Actuarial (Gain)/Loss on obligations	16972186	(5171508)	(6576190)	9731774	(30386872)	(3812815)
- Present value of obligations as at 31.03.2016	230505489	240190364	187126032	218286677	143219332	166412064
Change in Fair Value of Plan						
Liability recognized in the balance sheet	210514579	240190364	187126032	218286677	143219332	166412064
- Present value of obligations as at 31.03.2016	230505489	240190364	187126032	218286677	143219332	166412064
- Fair value of obligations as at the end of the year.	19990910	17881308				
- Funded status [Surplus/ (Deficit)]	(210514579)	(222309056)	(187126032)	(218286677)	(143219332)	(166412064)
- Unrecognized Actuarial (Gain)/Loss		-		-		-
- Net assets/ (liability) recognized in the Balance Sheet	(210514579)	(222309056)	(187126032)	(218286677)	(143219332)	(166412064)
Expenses recognized in the Profit and Loss Account	41212196	23816785	13494037	32299817	1668269	32738296
- Current Service cost	6522980	9058759	5569236	6755688	20275551	24570736
- Past Service cost						
- Interest cost	19215229	21427733	14500991	15812355	11779590	11980375
- Expected return on plan assets	(1514889)	(1761883)				
- Net Actuarial (Gain)/Loss recognized during the year	16988876	(4907824)	(6576190)	9731774	(30386872)	(3812815)
- Total expenses recognized in Profit and Loss Account	41212196	23816785	13494037	32299817	1668269	32738296

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:

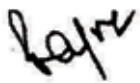
Description	2015-16	2014-15
Gross amount required to be spent during the year	14988000	9347000
Amount spent during the year on -	6707239	1800000
a) Construction of asset	Nil	Nil
b) On purposes other than (a) above :		
(i) Paid in Cash	6111029	1800000
(ii) Outstanding	596210	Nil
c) Nature of Expenditure:		
(i) Contribution to Clean Ganga Fund		1800000
(ii) Distribution of accessories with the support of ALIMCO in Jharkhand	2692420	
(iii) Providing ambulance to Govt.Hospital in North Eastern State	2842698	
(iv) Const. of Toilets in West Medinapur West Bengal	1172121	
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 Assets and liabilities have been classified as ‘Current’ and ‘Non-current’ in compliance of presentational requirements under Schedule III to the Companies Act, 2013. Assets and liabilities of previous year have also been reclassified for conformity. Other figures of the previous year have also been regrouped /rearranged wherever considered necessary for comparison.

Note – 46 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.

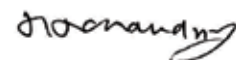
Signatures to Notes 1 to 46



(RAJNI AGARWAL)
COMPANY SECRETARY



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



(H.L. CHAUDHARY)
CHAIRMAN & MANAGING DIRECTOR
(DIN No. 06725924)



(N.R. TATARWAL)
MANAGER (FINANCE)

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

Date : 4th August, 2016
Place : New Delhi



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

Independent Auditors' 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 2016, 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. In respect of 12 nos. legal cases against the Company, where the cases have already reached finality, the Company has not recognized liability amounting to Rs.1105.84 Lakhs and continues to report the same under Contingent Liabilities. Litigation settlement expenses is, therefore, understated and profit overstated by Rs.1105.84 lakhs and Liabilities understated and Contingent Liability overstated by the said amount;

- ii. In addition to the above, there are 146 nos. legal cases reported to us where claims have been lodged against the Company and contingent liability of Rs.13825.16 lakhs has been reported in these financial statements.

However, the Company has not followed AS-29 – Provision, Contingent Liabilities and Contingent Assets – which requires a proper assessment of present obligation as a result of an obligating event (the filing of the cases) and where there is a probable outflow of which reliable estimate can be made, a provision is required to be made. The Management has not provided to us any such objective assessment regarding the probability of cash outflow in any of these cases.

The fact that in respect of 12 cases referred to in sub-para no.(i) above, the interest component itself is working out to Rs.959.72 Lakhs indicates lack of proper assessment and non-recognition of liabilities on time by the Company. In view of the volume of cases and lack of information, it has not been possible for us to make our own independent assessment with regard to the same. Accordingly, we are unable to ascertain unprovided liability in respect of these 146 nos. legal cases which are reported under Contingent Liability.

- iii. Attention is invited to Note No.31 on adequacy of provisions for doubtful debts and advances considering net position of recoverable and payable of respective projects since the contracts with the Contractors are guided by the same terms as with the Project Authorities; Considering the fallout of legal cases (refer qualification no.i above) where the Company is not having corresponding claim on the Project Authorities, we are unable to frame an opinion on the adequacy of the provisions based upon net position of the Units.
- iv. In the Board Meeting dated 17th August, 2015, the Board was apprised of the need to evaluate all the old outstanding balances – receivables and payables – and the need to take appropriate decision for write off/write back and provision.

The Board directed a detailed exercise on the same, but no action has been taken thereon and the accounts continue in the same position.

In the absence of individual account-wise status, the adhoc provision of Rs.3236.79 Lakhs has been adjusted in the total debtors and advances balance without identification of debt or advance account provided for. We are unable to comment on the adequacy of the provisions.

- v. There are disputed service tax demands of Rs.2559.74 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.
- vi. 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.
- vii. In respect of Deferred tax asset of Rs.4172.83 lakhs as at 31.3.2016 being carried forward in the books, we are unable to form an opinion on the realizability of the same against future profits, in view of declining revenues and profits.

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 matter described in the Basis of Qualified Opinion paragraph above, 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, 2016;
- 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.17403 lakhs and Rs.15990 lakhs and Note No.10 relating to Loans and Advances to Sub-contractors of Rs.4173 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.131 lakhs and Rs.164 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.28 relating to revised cost estimates pending in respect of Tripura Eastern Border Fencing Works;
- v. Note No.29 relating to accountal of service tax to the extent charged from the Project Authorities and additional claims that may arise not having been reckoned in view of the Company's right to charge the same from the Project Authorities;
- vi. Note No.33 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 of previous year; The Company has not taken any action thereagainst.
- vii. Note No.35 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 31.3.2016 Rs.157.77 Lakhs), in view of the Company's decision to shift its Corporate Office from the existing premises in Faridabad to Gurgaon, but no assessment of impairment has been made by the Management in respect of the same. Amount unascertained.

- viii. Note No.44 with respect to non-determination of useful lives of individual components of fixed assets;

Other Matters

We did not audit the financial statements/information of 55 Units included in the financial statements of the Company whose financial statements/financial information reflect gross assets of Rs. 186022.30 Lakhs as at 31st March, 2016 and total revenues of Rs.82317.53 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.

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 except that timely entries are not made in the 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.vii under 'Emphasis of Matter' paragraph; and
 - iii. Non-provision of liability of Rs.1105.84 Lakhs in respect of litigations that have reached finality in accordance with AS-29 - Provision, Contingent Liabilities and Contingent Assets.
- f) Liability in respect of legal cases and irrecoverability of debts reported under Basis of Qualified Opinion and Emphasis of Matter paragraphs 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 and 29 to the financial statements, except that liability of Rs.1105.84 lakhs has been reported as contingent liability though the legal cases have reached finality;
 - 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.

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 Corporation carries in its account huge number of accounts of clients and contractors which need to be reconciled and irrecoverable/ non-payable balances need to be determined. The issue was brought to the notice of the Board of Directors in the Meeting dated 17 th August, 2015 at the time of adoption of accounts of the year ended 31.3.2015 and it was decided that a detailed exercise would be taken to identify such balances that need to be written off/back. But, till date no action has been taken.
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 : 4th August, 2016
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 31 March 2016, 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(b)). 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. However, the Company has got a cost audit conducted of the year 2014-15 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.1002.96 Lakhs. The Company's application seeking waiver of the interest is pending for disposal.
- (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) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported 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.
- (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 : 4th August, 2016
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 March 31, 2016 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 adverse 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.

Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2016:

- 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. In the absence of a system for timely reconciliation of accounts with contractors and project authorities, the Company carries in its accounts stagnant balances as receivables

and payables which are unconfirmed and the position of recoverability and liability to pay are not ascertained.

- iii. The Company does not have a proper system of periodical reconciliation and confirmation of balances of Remittance Accounts recording fund transfer and other transactions between Units inter-se and this deficiency was used to manipulate the accounts of 2012-13 to project higher profits of Rs.1238.78 Lakhs by reversing provisions made by Units to Remittance Account at the Corporate Office. The manipulation was brought out during the previous year's audit and no serious action has yet been taken for improvement of the system, the slackness in which could significantly affect financial reporting.
- iv. The Company had recognized deferred tax asset of Rs.1156.95 Lakhs against unabsorbed losses in the year 2013-14 while there was no unabsorbed loss available as per tax computation which led to inflating of profits by the same amount. This indicates either lack of competent personnel with knowledge of accounting standards or manipulating of accounts by wrong application of accounting standards and could have serious effect on financial reporting.
- v. The Company does not have a proper system in place to check tampering of bills, fraudulent expense reimbursements, etc., as is indicated by the non-detection of such bills and reimbursements claimed by the previous auditors brought out by us on which no action has yet taken for recovery of Rs.14.22 Lakhs standing to the debit of their account.
- vi. An instance has come to light where materials at site amounting to Rs.4.93 Lakhs outstanding to the debit of certain retired employees for many years was adjusted to consumption because of repetitive audit objections, pending authorization from the competent authority.
- vii. 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.

- viii. 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.
- ix. The Company does not have an effective job rotation and transfer policy and there are employees who are on sensitive positions for many years.
- x. The Company has a Manual of Orders which has not undergone revision since many years.
- xi. In the Corporate Office and in some Units, timely entries are not made in the books of account and the bank accounts are also not periodically reconciled.

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, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2016, 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.

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, 2016 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.

Date : 4th August, 2016
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 31/03/2016 (Outstanding for more than 6 months):-

Sl.No.	Name of Statute	Nature of dues	Department	Amount (Rs.)	Unit
1	Sales Tax Act	Sales Tax	Sales tax deptt., Durgapur	264156	Durgapur
2	Sales Tax Act	Sales Tax	Sales Tax Deptt.	32828	VSTPP
3	Sales Tax Act	Sales Tax	Sales Tax Deptt.	29272	Maneribhali
4	Profession Tax	P.Tax	W.B.Commercial Tax	42321	TEESTA
5	Income Tax Act	TDS	Income Tax Deptt.Siliguri	225424	TEESTA
6	Income Tax Act	TDS	Income Tax Dept,Asansol	55099	Bakreshwar
7	Income Tax Act	TDS	I.Tax Dept, Kopili	81716	Kopili
8	Income Tax Act	TDS	Income Tax Deptt.	266039	FARAKKA STPP-II
9	Income Tax Act	TDS	I.Tax Deptt.Durgapur	51222	Kol.Closed (Durgapur)
10	Income Tax Act	TDS	I.Tax Deptt.Durgapur	55099	Kol.Closed(BK Dam)
11	Income Tax Act	Income Tax	Income Tax Deptt.	65	Kol.Closed
12	Income Tax (TDS)	TDS	Income Tax Dept, Birsinghpur	342020	Birsinghpur
13	EPF Act.	EPF	EPF Commissioner,West Bengal	73453	FARAKKA STPP-II
14	Commercial Tax	Sales Tax	W.B.Commercial Tax	534080	FARAKKA STPP-II
15	Commercial Tax	Sales Tax	W.B.Commercial Tax	60114	Kol.Closed (Durgapur)
Total				2112908	

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 31/03/2016 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	Sales Tax	Demand Tax 1999-2000	Assistant Commissioner, Sales Tax Authority, Bhubaneswar	692015	WT CER / Orissa Zonal Office
2	Sales Tax	Demand Tax 1999-2000	Commissioner of Commercial Taxes, Cuttack	345203	Rourkela (merged with Talcher STPP)
3	Sales Tax	Demand Tax 1997-98 1998-99 1999-2000	Sales Tax Tribunal, Cuttack Orissa	1729423	Nalco Damanjodi (merged with NTPC Simhadri)
4	Sales Tax	VAT (A.Y 2008-09)	Joint Commissioner of Commercial Taxes(Appeals) 2, Shantinagar, Bangalore, Karnataka	4657685	SZO, Bangalore
5	Sales Tax	Sales Tax	Sales Tax Tribunal, Lalitpur	43615	MIP/Jhansi
6	Sales Tax	Sales Tax	Sales Tax Tribunal, Sidhi	120566	VSTPP Jayant
7	Sales Tax	Sales Tax	Sales Tax Tribunal, Patna	2101000	Chapra Unit
8	Sales Tax	Sales Tax	Sales Tax Tribunal	458632	SSC
9	Sales Tax	Sales Tax	Sales Tax Tribunal, Cuttack	130183	OZO
10	Professional Tax	Interest on Professional tax (2001-02)	Jt. Commissioner Professional tax WB WR Asansol WB	67842	Bakreshwar Dam
11	Chattisgarh Sales Tax/ E T	Sales Tax Penalty, (1984-87)	Appeal before High Court, Bilaspur	1583000	GGDU, Koni
12	Central Excise /Service Tax	Joint Commissioner, Central Excise, Shillong	CESTAT, KOLKATA	25471508	NER(IBBW) SILCHAR
13	Central Excise /Service Tax	Service Tax, Interest and Penalty	Central Excise Service Tax Appellate Tribunal, Delhi	80861800	Sipat
14	Central Excise /Service Tax	Service Tax, Interest and Penalty	Central Excise Service Tax Appellate Tribunal, Delhi	14716510	Sipat
15	Central Excise /Service Tax	Service Tax, Interest and Penalty	Commissioner, Custom & Excise Raipur	4267118	Sipat
16	Central Excise /Service Tax	Service Tax, Interest and Penalty	Central Excise Service Tax Appellate Tribunal, Kolkata	80354000	Khalgaon

Sl.No.	Name of Statute	Nature of dues	Authority before whom case is pending	Amount (Rs.)	Unit
17	Service Tax	Demand of service Tax	Appellate Tribunal Kolkata,	23474272	Talcher STPP
18	Service Tax	Demand of service Tax	Appellate Tribunal Kolkata,	26829238	Nalco B Type Qtr's, Angul
19	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)	644443230	Corporate Office
20	Income Tax	Income Tax (A.Y.2011-12)	Appeal before Commissioner of Income Tax (Appeals)	207174050	Corporate Office
21	Income Tax	Income Tax (A.Y.2013-14)	Appeal before Commissioner of Income Tax (Appeals)	19284930	Corporate Office
22	Income Tax	Income Tax (A.Y.2014-15)	Rectification before Assessing officer	6057930	Corporate Office
23	Income Tax	TDS	Rectification before Income Tax Officer	16650	OZO
24	Income Tax	TDS	Rectification before Income Tax Officer	146200	TSTPP Talcher
25	Income Tax	TDS	Rectification before Income Tax Officer	60620	NTPC Simhadri
26	Income Tax	TDS	Rectification before Income Tax Officer	507340	SZO
27	Income Tax	TDS	Rectification before Income Tax Officer	359710	Raipur
28	Income Tax	TDS	Rectification before Income Tax Officer	2976710	Sipat
29	Income Tax	TDS	Rectification before Income Tax Officer	8280	Jodhpur
30	Income Tax	TDS	Rectification before Income Tax Officer	34060	CRPF
31	Income Tax	TDS	Rectification before Income Tax Officer	566630	PUSA
32	Income Tax	TDS	Rectification before Income Tax Officer	477180	DZO
33	Income Tax	TDS	Rectification before Income Tax Officer	154210	NJZ
34	Income Tax	TDS	Rectification before Income Tax Officer	157080	Corporate Office
Total				1150328420	

Statutory Auditors comments & Management reply on Annexure A to Audit Report for the FY 2015-16

Sl.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(b)). 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>As stated, Company maintains records of Fixed Assets and undertakes physical verification of assets periodically. No material discrepancies are noted.</p>
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	The matter pertains to one of the project executed in Nepal. The project was physically foreclosed more than 10 years ago. Finally settlement is yet to be made.
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')	No Comments Required
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	No Comments Required
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	No Comments Required
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. However, the Company has got a cost audit conducted of the year 2014-15 wherein satisfaction has been expressed by the Cost Auditor over the records and no significant observations have been reported.	No Comments Required

Sl.No.	Auditors Comments	Management Reply
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 any 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 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.1002.96 Lakhs. The Company's application seeking waiver of the interest is pending for disposal.	No Comments Required
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.	According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.	No Comments Required
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
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

Statutory Auditors comments & Management reply on Annexure B to Audit Report for the FY 2015-16

Sl.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.	There are some old arbitration / court cases which are being persuaded appropriately. Proper disclosure of contingency liability against such disputes is being made. Corporation is having a separate Legal & Arbitration section, headed by GGM (L&A) for proper monitoring.
ii.	In the absence of a system for timely reconciliation of accounts with contractors and project authorities, the Company carries in its accounts stagnant balances as receivables and payables which are unconfirmed and the position of recoverability and liability to pay are not ascertained.	Noted. Reconciliation of accounts are continuous process. Efforts will be made to reconcile old balances.
iii.	The Company does not have a proper system of periodical reconciliation and confirmation of balances of Remittance Accounts recording fund transfer and other transactions between Units inter-se and this deficiency was used to manipulate the accounts of 2012-13 to project higher profits of Rs.1238.78 Lakhs by reversing provisions made by Units to Remittance Account at the Corporate Office. The manipulation was brought out during the previous year's audit and no serious action has yet been taken for improvement of the system, the slackness in which could significantly affect financial reporting.	Presently there is proper system of Intra Zone/unit reconciliation. Intra unit reconciliation is being done at Zonal level & Inter zone reconciliation is being done at Corporate office yearly. The instance quoted in the para pertains to FY 2012-13. Necessary corrective action has already been taken in earlier years. There is no impact on the profitability of the current year.
iv.	The Company had recognized deferred tax asset of Rs.1156.95 Lakhs against unabsorbed losses in the year 2013-14 while there was no unabsorbed loss available as per tax computation which led to inflating of profits by the same amount. This indicates either lack of competent personnel with knowledge of accounting standards or manipulating of accounts by wrong application of accounting standards and could have serious effect on financial reporting.	The comment pertains to FY 2013-14. Deferred tax in the year 2013-14 was recognized on the basis of calculation done by Practicing Chartered Accountant firm. The accounts were also audited by the then Statutory Auditors and CAG. Necessary corrective action has already been taken in this regards in earlier years. There is no impact on profitability of current year.
v.	The Company does not have a proper system in place to check tampering of bills, fraudulent expense reimbursements, etc., as is indicated by the non-detection of such bills and reimbursements claimed by the previous auditors brought out by us on which no action has yet taken for recovery of Rs.14.22 Lakhs standing to the debit of their account.	There is one such case reported in earlier years, action on which has already been / being taken. Company is having a multi layer of checking system. The preparation / passing / approval of bills / payments are done distinctly. The is a normal and prudent practice. Books of accounts are also subject to Internal Audit / Statutory Audit / CAG audit.
vi.	An instance has come to light where materials at site amounting to Rs.4.93 Lakhs outstanding to the debit of certain retired employees for many years was adjusted to consumption because of repetitive audit objections, pending authorization from the competent authority.	The case pertains to SZO branch. The write off entry was passed in Corporate Office on the instance of Statutory Auditors. The Accounts has been passed by Board of Directors in its meeting held on 4th August 2016.

Sl.No.	Auditors Comments	Management Reply
vii.	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 has been advised to ensure strictly compliance. No such specific case was reported by Statutory Auditors.
viii.	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.	No comments in the absence of specific reference. All bids are subject to financial vetting where such matters are examined.
ix.	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 have detailed transfer policy. Job rotation are based on needs and availability of staff.
x.	The Company has a Manual of Orders which has not undergone revision since many years.	Noted
xi.	In the Corporate Office and in some Units, timely entries are not made in the books of account and the bank accounts are also not periodically reconciled.	Books are up to date & periodically reconciled.

Audit Para(s) issued by CAG on the audited accounts of the NPCC Ltd in the course of supplementary Audit under section 143 (6)(a) of the Companies Act, 2013 were placed before the AGM along with the comments of the management which were read, considered, discussed and approved by the Shareholders in the AGM.

Out of the said Audit Para(s), the CAG of India u/s 143 (6) (b) of the Companies Act 2013, has ultimately commented upon the point(s) which were reproduced hereunder as also the management reply.

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 2016

The preparation of financial statements of National Projects Construction Corporation Limited for the year ended 31 March 2016 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 responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the 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 04.08. 2016.

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 of National Projects Construction Corporation Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comment on profitability

Statement of Profit and Loss

Revenue from operations –value of work done ₹ 9407175769

The Company measured value of work done under Pradhan Mantri Gramin Sadak Yojna before 31 March 2016 but it was not accounted for despite existence of accounting policy for recognition of the value of work done on the basis of measurable work actually executed upto the reporting date.

This resulted in understatement of Current assets - Trade receivable by ₹ 2.88 crore with corresponding understatement of Current Liability - Trade payable by ₹ 2.69 crore and profit for the year by ₹ 0.19 crore respectively.

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

Place: New Delhi
Date: 06.10.2016



(Dr. Ashutosh Sharma)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

REPLIES TO THE COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) ON THE ACCOUNTS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH, 2016.

A	<p>The income has not been recognized since the requisite inspections of the Sites had not been completed till 31.03.2016.</p> <p>Though the observation of Audit is correct that the measurements from the Company's side had been completed on 31.03.2016, but since without the clearance on inspection, there is no certainty of realization of the amount, the income was not recognized.</p> <p>The West Bengal State Rural Development Agency has given authorization of the expenditure only in June and August, 2016 when the bills have been finally raised.</p>
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TEN YEARS AT A GLANCE

(Amt. in lac)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Authorised Capital	3000.00	3000.00	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	2984.20	67673.75	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16
B. Non-cumulative Preference Shares	---	---	---	---	---	---	---	---	---	---
Net Worth	-73113.06	-76823.73	-79693.51	-11875.11	-4600.70	-382.49	4714.12	9420.56	10738.29	11836.65
SOURCES OF FUNDS										
Capital	2984.20	2984.20	2984.20	67673.75	9453.16	9453.16	9453.16	9453.16	9453.16	9453.16
Reserves & Surplus									1285.13	2383.49
Non -Current Liabilities	64593.28	67648.57	67954.48	1323.86	9923.62	6373.06	7859.13	4311.74	103825.01	89909.82
TOTAL	67577.48	70632.77	70938.68	68997.61	19376.78	15826.22	17312.29	13764.90	114563.30	101746.47
APPLICATION OF FUNDS										
Net Fixed Assets	894.06	834.53	801.38	761.84	737.85	890.00	963.93	1224.41	1189.37	1641.15
Investment	0.30	0.30	0.15	0.15	0.15	0.00	0.00	0.00	0.00	0.00
Non -Current Assets									60892.38	67483.09
Net Current Assets	-9416.18	-10009.99	-13117.36	-11921.53	-88.41	1551.80	8768.34	9237.60	48352.77	28629.23
Deferred expenses/Revenue /Deferred tax Assets	2.04	0.00	576.80	608.29	4673.33	3548.77	2840.98	3270.29	4128.78	3993.00
Cummulative Loss	76097.26	79807.93	82677.71	79548.86	14053.86	9835.65	4739.04	32.60		
TOTAL	67577.48	70632.77	70938.68	68997.61	19376.78	15826.22	17312.29	13764.90	114563.30	101746.47
INCOME										
Value of Workdone	72194.25	71152.87	82556.38	99110.64	106130.18	116736.87	115503.36	117469.24	110851.21	94071.76
Value of Workdone for Corp.	-13.96	5.61	3.80	11.71	2.25	0.83	1.43	1.53		
Other Income	4070.19	1784.33	1544.49	1439.27	3501.74	5661.99	6552.56	4504.81	3674.11	6126.66
TOTAL	76250.48	72942.81	84104.67	100561.62	109634.17	122399.69	122057.35	121975.58	114525.32	100198.42
EXPENDITURE										
Constuction & Work exp.	66790.16	66238.54	77685.03	92637.36	100838.36	107940.37	106523.18	108422.50	102468.67	87201.86
Personnel	3012.87	2569.33	2961.77	2808.03	3860.75	7409.85	7391.73	7148.35	7196.72	7220.71
Administration	345.10	367.28	346.84	421.48	393.76					
Bank Charges	12.63	8.59	9.08	5.99	6.28	5.80	8.85	18.47	15.70	31.09
Other Expenses	520.19	311.29	327.19	503.55	563.67	1657.54	2103.07	1443.17	1626.32	1333.69
Provisions	8463.50	1771.50	1818.45	666.10	534.21					
Prior Period Adjustment	52.01	264.42	53.50	23.22	63.24		91.02	62.55	1268.14	-88.99
TOTAL	79196.46	71530.95	83201.86	97065.73	106133.79	117013.56	116117.85	117095.04	112575.56	95698.36
Profit / - Loss before Interest and Tax (PBIT)	-2945.98	1411.86	902.81	3495.89	3500.38	5386.13	5939.50	4880.54	1949.76	4500.06
Interest	4693.73	5059.19	4333.95	398.54	291.01	43.36	128.53	35.20	660.28	2406.33
Tax (FBT)	16.23	14.99	15.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax (Income)							6.57	568.19	789.39	876.93
Profit / - Loss after Interest and Tax	-7655.94	-3662.32	-3446.58	3097.35	3209.37	5342.77	5804.40	4277.14	500.09	1216.80
Deferred Tax Revenue/Expenditure(-)	0.00	0.00	576.80	31.49	4065.04	-1124.56	-707.79	429.30	858.50	135.78
Net profit/-Loss after deferred tax revenue	-7655.94	-3662.32	-2869.78	3128.84	7274.41	4218.21	5096.61	4706.44	1358.58	1081.01

Note:

- Administrative expenses and provisions are included in Other Expenses as per Schedule III of the Companies Act, 2013.
- Figures have been regrouped during 2015-16 as per Schedule III of the Companies Act, 2013.

ZONAL OFFICES

NORTHERN ZONAL OFFICE National Projects Construction Corporation Ltd. 822-A, Gandhi Nagar, Near Dogra Ground, Jammu JAMMU & KASHMIR Tele Fax 0191-2459553	EASTERN ZONAL OFFICE National Projects Construction Corporation Ltd. 3-A, Dr S.N. Roy Road Kolkata - 700 029 WEST BENGAL Ph: 033-24635138, Fax 033-24664454
NORTHERN (WEST) ZONAL OFFICE National Projects Construction Corporation Ltd. 98, Nehru Colony Dehradun-248 001 UTTRAKHAND Ph. 0135-2101046, Fax 0135-2675725	NER (IBBW) ZONAL OFFICE National Projects Construction Corporation Ltd. H. No. 2 (2 nd Floor) Apanjan Pally, Sonai Road Silchar-788 006 ASSAM Ph. 03842 – 226995, Fax 03842 - 225089
NER (WEST) ZONAL OFFICE National Projects Construction Corporation Ltd. H.No. 34, Hem Chandra Road, UZAN BAZAR, Guwahati - 781 001 ASSAM Ph. 0361- 2731399, Fax 0361-2131303	NER (CENTRAL) ZONAL OFFICE National Projects Construction Corporation Ltd. Madan Riting, Shillong – 793 021 MEGHALAYA Ph. 0364 – 2535422, Fax 0364 - 2534475
WESTERN ZONAL OFFICE National Projects Construction Corporation Ltd. B-109, Twin Tower, Pump House Manish Park, Andheri (East) Mumbai-400 093 MAHARASHTRA Tele Fax 022-28374345	SOUTHERN ZONAL OFFICE National Projects Construction Corporation Ltd. House No. 1316, 2 nd Cross K.H.B. Colony Magadi Main Road Bangalore – 560 079 KARNATAKA Tele Fax 080 – 23110309
BIHAR ZONAL OFFICE National Projects Construction Corporation Ltd. 15, I.A.S. Colony, (2 nd Floor), Kidwaiपुरी, Patna – 800 001 BIHAR Ph: 0612 – 2525989, Fax 0612 – 2526011	JHARKHAND ZONAL OFFICE National Projects Construction Corporation Ltd. 220 C, Ashok Path, Ashok Nagar Ranchi-834 002 JHARKHAND Ph. 0651-2242845, Fax 0651-2242820
CHATTISGARH ZONAL OFFICE National Projects Construction Corporation Ltd. Kalyan Apartments, Street No.5, Ashok Vihar Colony, Pandri, Raipur – 492 004 CHATTISGARH Tele Fax 0771-4074482	HYDERABAD ZONAL OFFICE 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
U.P. ZONAL OFFICE National Projects Construction Corporation Ltd. 3/21, Patrakarpuram, Near Dena Bank, Gomtinagar, Lucknow - 226 010 UTTAR PRADESH Tele Fax 0522-2304421, 0120-2433155	DELHI ZONAL OFFICE National Projects Construction Corporation Ltd. Plot No. 148, Sector-44, Gurgaon HARYANA Ph. 0124-2386620, Fax – 0124-2386589

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 Ph.: 0129-4062856-59, Fax 0129-2230891

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CIN NO. U45202DL1957GOI002752

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Visit of Hon'ble Minister of Earth & Science, GOI at Karad Works on 01.02.2016

NPCC's Corporate Office and Zonal Offices



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