

37th वांर्षिक रिपोर्ट ANNUAL REPORT 2006-2007



इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.
ENGINEERING PROJECTS (INDIA) LTD.
आईएसओ 9001:2000 और आईएसओ 14001:2004 कंपनी
An ISO 9001:2000 and ISO 14001:2004 Company

निदेशक मण्डल

Board of Directors



श्री सलीम हमीद
अध्यक्ष-सह-प्रबन्ध निदेशक
Shri Saleem Hamid
Chairman-cum-Managing Director



श्री एन. गोकुलराम
निदेशक
Shri N. Gokulram
Director



डॉ. सुरजीत मित्रा
निदेशक
Dr. Surajit Mitra
Director



श्री ए. के. रतवानी
निदेशक (परियोजनाएं)
Shri A.K. Ratwani
Director (Projects)



श्री जी. डी. मूरजानी
निदेशक (वित्त)
Shri G. D. Moorjani
Director (Finance)



श्री अरुण दत्त
निदेशक
Shri Arun Datta
Director



डॉ. राम एस. तरनेजा
निदेशक
Dr. Ram S. Tarneja
Director



श्री ए. के. मित्रा
निदेशक
Shri A. K. Mitra
Director



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BOARD OF DIRECTORS

Chairman-Cum-Managing Director

Shri Saleem Hamid

Directors:

Shri N. Gokulram
Dr. Surajit Mitra
Shri A.K.Ratwani
Shri G.D. Moorjani
Shri Arun Datta
Dr. Ram S.Tarreja
Shri A.K. Mitra

Dy. Company Secretary

Mrs. Kumudani Sharma

Auditors:

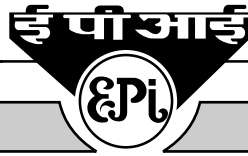
M/s. J.P. Kapur & Uberai
Chartered Accountants
C-4/5, Lower Ground Floor
Safdarjung Development Area
New Delhi-110016

Branch Auditor:

M/s. Nundi & Associates
Chartered Accountants
7C, Kiran Shanker Roy Road
Kolkata – 700 001.

Bankers:

Allahabad Bank
Bank of Baroda
Canara Bank
Centurion Bank of Punjab Ltd.
Corporation Bank
Dena Bank
IDBI Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Hyderabad
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank
The ING Vysya Bank
The Karnataka Bank Ltd.
UCO Bank
Union Bank of India



OFFICES IN INDIA

REGISTERED AND CORPORATE OFFICE

Core 3, SCOPE Complex
7, Institutional Area
Lodhi Road
New Delhi - 110 003

TELEPHONE : 2436 1666, 2436 5052
FAX : 91-11-24363426
E – MAIL : epico@engineeringprojects.com
WEBSITE : www.engineeringprojects.com

REGIONAL OFFICES

NORTHERN REGIONAL OFFICE NEW DELHI

2nd Floor
Core-3,
Scope Complex
7, Institutional Area
Lodhi Road
New Delhi – 110 003
TELEPHONE : 24363662, 24367472
FAX : 91-11-24368293
E-MAIL : epico@engineeringprojects.com

WESTERN REGIONAL OFFICE MUMBAI

6A, 6th Floor
“Bakhtawar”
Nariman Point
Mumbai – 400 021
TELEPHONE : 22026347, 22027585
FAX : 91-22-22882177
E-MAIL : epilwro@vsnl.net

EASTERN REGIONAL OFFICE KOLKATA

8th & 9th Floors
50 Chowringhee Road
Kolkata - 700 071
TELEPHONE : 22824426, 22824427
22824429, 22825927
FAX : 91-33-22824428
E-MAIL : epi@cal.vsnl.net.in

SOUTHERN REGIONAL OFFICE CHENNAI

3D, E.C. Chambers
92, G.N. Chetty Road
T. Nagar
Chennai - 600 017
TELEPHONE : 28156886, 28156421
FAX : 91-44-28156629
E-MAIL : epiroc@eth.net



NOTICE

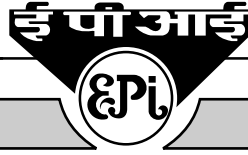
Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the Thirty-seventh Annual General Meeting of the Company will be held at 3.30 p.m. on Tuesday, 21st September, 2007 at its Registered and Corporate office, Core 3, SCOPE Complex (4th Floor), 7, Institutional Area, Lodhi Road, New Delhi – 110003 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To make formal appointment of Directors.
4. To fix the Remuneration of the Statutory Auditor

(KUMUDANI SHARMA)
Dy. Company Secretary

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Nomination Forms in duplicate are sent herewith to all members of the Company with a request to return the same duly filled.
3. Shri Sunil K. Malhotra, Director(Finance) ceased to be Director on the Board of your Company w.e.f. 3rd September, 2006 consequent upon his completion of tenure in terms of Order No. 16(15)/95-TSW(Vol. II) dated 22.06.2001 of Deptt. of Heavy Industry.
4. Shri A.K.Rath, Additional Secretary and Financial Advisor, Ministry of Steel was appointed as Part-time Official Director on the Board of your Company in place of Shri Naresh Chaturvedi vide Order No.16 (12)/2001-TSW dated 1st December, 2006 of Deptt. of Heavy Industry.
5. Shri N.Gokulram, Additional Secretary and Financial Advisor, Deptt. of Industrial Policy and Promotion, Ministry of Commerce and Industry was appointed as Part-time Official Director of your Company in place of Shri A.K.Rath vide Order No.16(12)/2001-TSW dated 23rd January, 2007 of Deptt. of Heavy Industry.



6. Shri DRS Chaudhary, Joint Secretary, Deptt. of Heavy Industry was appointed as Part-time Official Director on the Board of your Company in place of Shri A. Didar Singh vide Order No.16 (12)/2001-TSW dated 6th March, 2007 of Deptt. of Heavy Industry.
7. Shri G.D.Moorjani was appointed as Director (Finance) vide Order No.16(17)-2005-TSW dated 11th April, 2007 of Deptt. of Heavy Industry and he assumed charge as Director(Finance) on 11th April, 2007.
8. Shri A.K.Mitra was appointed as Non-Official Part-time Director on the Board of your Company for a period of three years vide Order No.16 (13)/2001-TSW dated 19th April 2007 of Deptt. of Heavy Industry and he assumed his charge on 11th May, 2007.
9. Dr. Surajit Mitra, Joint Secretary, Deptt. of Heavy Industry was appointed as Part-time Official Director on the Board of your Company in place of Shri DRS Chaudhary vide Order No.16(12)/2001-TSW dated 26th April, 2007 of Deptt. of Heavy Industry.

To

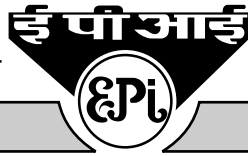
All Shareholders of EPI

Copy to :

1. All Directors of EPI
2. Secretary to the Govt. of India
Ministry of Heavy Industries & Public
Enterprises,
(Deptt. of Heavy Industry)
Udyog Bhawan,
New Delhi - 110 011
3. M/s. J. P. Kapur & Uberai
Chartered Accountants
Lower Ground Floor
C-4/5, Safdarjung
Development Area
New Delhi-110 016.

(KUMUDANI SHARMA)
Dy. Company Secretary

Place: New Delhi
Date : 21st August, 2007



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

It gives me great pleasure to present the thirty seventh Annual Report of your Company for the financial year 2006-2007 and share with you the all round growth of the Company .

PERFORMANCE OVERVIEW

Presently, India is one of the fastest growing economies globally with GDP growing at 9.2% last year. High capacity utilisation across various sectors is fuelling an uptrend in capital expenditure. The scale of investment in infrastructure envisaged in the 11th Five Year Plan (2007-2012) will call for greater engagement by the players in all sectors.

The conducive business environment coupled with measures taken by your Company for improvement of operational efficiency and more judicious selection of projects have yielded significant benefits. In the financial year 2006-07, your Company's order book and turnover have grown by 14.93% and 19.08% respectively. Your Company earned net profit before tax of Rs. 17.55 crore (previous year Rs. 13.31 crore). As in the previous year, your Company has paid an interim dividend of 5% on Paid-up Share Capital and further recommends a final dividend of 15% of Paid-up Share Capital for the year 2006-07.

In the current year till 31st August, 2007, your company secured fourteen projects valuing Rs. 542.21 crore and is hopeful of exceeding the targets assigned in the MOU signed with the Government of India.

INTERNATIONAL BUSINESS – STEPPING BEYOND INDIA

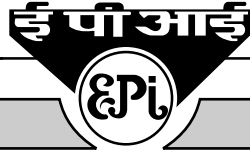
The Company has bagged its largest ever order in international market in Dubai i.e. Dubai Lagoon project of Rs. 575 crore approximately. It is further exploring the possibilities in International business by forming a Joint Venture (Limited Liability Company) in Dubai.

CORPORATE GOVERNANCE

Recently, the Department of Public Enterprises has introduced Corporate Governance Guidelines for CPSEs. We believe that corporate governance provides principled process and structure necessary for attaining the objectives of the Company. The Board of your company is structured as per the guidelines and Board meetings are held at regular intervals. Your company has constituted an Audit Committee and Remuneration Committee with majority being Independent Directors, well before the introduction of these guidelines. Further, efforts are being made to strengthen the good corporate governance practices in the Company.

LOOKING AHEAD

As we move ahead, the Company is being positioned to exploit the opportunities that will emerge from hydrocarbon, infrastructure, power, minerals & metals and other industrial sectors. By leveraging its proven capabilities in execution of construction and industrial engineering projects, your Company envisages expanding its presence



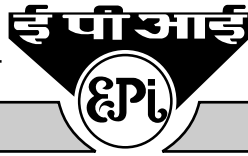
in these sectors. Given the healthy order book position and the opportunities available, the Company believes that it will be able to achieve sustained growth.

To conclude, I wish to place on record my appreciation for the outstanding commitment of all our employees. I am also grateful for the continuing

support of our customers, business associates, shareholders, Govt of India and its authorities especially Department of Heavy Industry and members of the Board. It is this collective effort and support of all that instills confidence in our ability for building on the profitable growth momentum into the future.

(SALEEM HAMID)
Chairman-cum-Managing Director

Place : New Delhi



DIRECTORS' REPORT FOR THE YEAR 2006-07

Gentlemen,

(Rupees Lakhs)

We are pleased to present the thirty-seventh Annual Report on the working of your Company togetherwith the Audited Accounts for the financial year ended 31st March, 2007.

1. FINANCIAL HIGHLIGHTS

During the year, your Company has earned operational profit of Rs.18.49 crores (previous year Rs.14.72 crores) and after charging depreciation of Rs 0.94 crores (previous year Rs.1.41 crores) and tax (including FBT) of Rs.2.25 crores (previous year Rs.0.92 crores) there is net profit after tax of Rs.15.30 crores (previous year Rs.12.39 crores). Thus your Company has been able to improve its overall performance consistently.

While your Company has earned operational profit for the twenty third successive years, it has earned net profit for the last seven year continuously after financial restructuring of the Company.

The summarised financial results of the Company are as given below:-

Description	2006-07	2005-06
1. Turnover	76360.86	63737.95
2. Operational profit (before Interest on Govt. loan and Depreciation)	1848.87	1471.97
3. Interest on Govt. Loan	—	—
4. Depreciation	93.79	140.74
5. Net Profit before tax	1755.08	1331.23
6. Tax (including FBT)	225.41	92.07
7. Net Profit/Loss (-) after tax	1529.67	1239.16

2. CAPITAL STRUCTURE

The Authorised and Paid-up Share Capital of the Company remain at Rs.909.40 crores and Rs.35.42 crores respectively.

3. DIVIDEND & RESERVES

Your Company has already paid an interim dividend of 5% on Paid-up Share Capital during the year 2006-07. Your Directors further recommend a final dividend of 15% of Paid-up Share Capital for the year 2006-07, thus making a total dividend of 20% on the Paid-up Share Capital of Rs.35.42 crores. The total outgo on account of dividend and dividend tax for the year 2006-07 will be Rs.7.08 crores and Rs.0.99 crores (previous year Rs.7.08 crores and Rs.0.99 crores) respectively .



Your Directors propose an amount of Rs.1.50 crores (previous year Rs. 1.00 crores) to be transferred to General Reserve of the Company and balance profits be carried forward. Accordingly, an amount of Rs.65.65 crores (Previous year Rs. 59.93 crores) shall be available in "Reserve and Surplus Account" as on 31st March, 2007.

4. ORDER BOOK POSITION

As on 31st March, 2007, your Company had 76 projects valued at Rs. 2527.39 crores in hand and balance work on these projects was of Rs. 1755.15 crores.

5. MARKETING ACHIEVEMENTS

During the financial year 2006-07, the Company has secured 23 projects valuing Rs. 1258.91 crores. Some of the major projects secured are given below :

- i) **Project :** Construction of Dubai Lagoon Housing Project, Dubai
- Client :** Joint Venture Company of Gulf Stream Contracting L.L.C. (GSC), Dubai and Power Line Engineering Co. Ltd. (PLE), Thailand.
- Value :** Rs. 575.00 crores.
- Scope :** Work includes Civil, Structural & Architectural works but limited to Structure work, Block work, Plastering, Painting, Flooring and Wall Tiles works for 48 Nos. Residential Tower Blocks, having 4 to 9 storeys with single basement.

- ii) **Project :** Indira Sagar Lift Irrigation Project (Pkgs. 49, 50 & 51) Polavaram, Andhra Pradesh.

Client : Dummugudem Project Circle, Irrigation & CAD Department, Govt. of Andhra Pradesh

Value : Pkg. 49 Rs. 66.64 crores
Pkg. 50 Rs. 73.95 crores
Pkg. 51 Rs. 69.70 crores

Scope : Work includes Design, Drawings, Construction of Distributory network for Irrigation including CM & CD works, new tank, Cistern, high coefficient Weir, Sluices, Main Canal and Formation of Service Roads along canals.

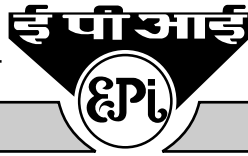
- iii. **Project :** Construction of New High Court Building Complex at Bilaspur (C.G.)

Client : Public Works Department, Govt. of Chhattisgarh

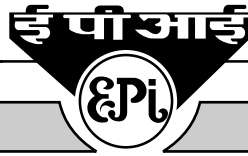
Value : Rs. 69.33 crores

Scope : Works includes Construction of High Court Building, Advocate General's Building including Water Supply & Sanitary Works, Internal and External Electrification, HAVC System, Fire Fighting system, roads etc.

- iv. **Project :** Construction of Service Reservoirs for Cherthala and adjoining villages in Kerala.



- Client :** Kerala Water Authority, Thiruvananthapuram
- Value :** Rs. 46.61 crores
- Scope :** Construction of Service Reservoirs for Water Supply Scheme to Cherthala and adjoining villages in Kerala - Consisting of 19 Nos. Over Head Service Reservoirs in different locations, Administrative Buildings, Re-chlorination Building, Compound Wall, Laying of DI Pipes and other Allied works.
- v. **Project :** Construction of OIDB House at Noida (U.P.)
- Client :** Oil Industry Development Board, Ministry of Petroleum & Natural Gas (Govt. of India).
- Value :** Rs. 43.13 crores.
- Scope :** Civil & Structural Works including Water proofing, Plumbing, Fire Fighting etc.
- vi. **Project :** Construction of Residential Buildings for Judges, Officers and Staff of High Court at Bilaspur (C.G.)
- Client :** Public Works Department, Govt. of Chhattisgarh
- Value :** Rs. 41.30 crores
- Scope :** Construction of Residential Buildings of different types and Non-Residential Buildings like Guest House, Shopping Centre, Health Centre, Club, etc. including Internal & External Electrical works, Internal Roads etc.
- vii. **Project :** Construction of Vaccine Production Centre, Biotechnology Institute, Township at Patwadangar, Nainital.
- Client :** G.B. Pant University of Agriculture & Technology, Pantnagar (Uttarakhand)
- Value :** Rs. 39.35 crores
- Scope :** Planning Designing, supervisor and Construction of Vaccine Production Centre, Biotechnological Institute, Township and other facilities.
- viii. **Project :** Modernization of Pennar Delta System – Major Irrigation (Pkg. No. 39), Nellore Distt. (A.P.)
- Client :** Nellore Irrigation Circle, Irrigation & CAD Department, Govt. of Andhra Pradesh.
- Value :** Rs. 34.45 crores
- Scope :** Investigation, Design, Drawings and Estimates for Providing Lining with Paver in Cement Concrete to various canals, Channels, including repairs or reconstruction of all existing structures on the above channels, and Improvements to 19 Delta Tanks and their supply channel system including maintenance of



the same for two years, after completion.

ix. Project : Development of Regional Center at Mysore.

Client : Visvesvaraya Technological University, Belgaum, Karnataka

Value : Rs. 29.51 crores

Scope : Construction of Administrative Block, Training Centre, PG Blocks, Library, Guest House, Hostel, Canteen, Director's Bungalow etc.

x. Project : Water Supply Scheme to Managuli & 35 Villages (MVS) in Basavan Bagewadi, Distt. Bijapur, Karnataka.

Client : Jal Nirman Project, Bijapur, Karnataka

Value : Rs. 23.98 crores

Scope : Construction of Common facilities components of Water Supply Scheme.

Further, during the current financial year 2007-08 the Company has already secured projects valuing Rs. 542.21 crores, and is hopeful of exceeding the Order Booking target of Rs. 800.00 crores.

6. PERFORMANCE IN TURNOVER

During the year 2006-07, your Company has achieved turnover of Rs.763.61 crores as against previous year turnover of Rs.637.38 crores registering a growth of 19.80 per cent over previous year.

7. PROJECTS COMPLETED

During the year 2006-07, the Company has completed Projects valuing Rs.425.06 crores (previous year Rs.260.52 crores).

8. STATUS REPORT FOR MAJOR PROJECTS UNDER IMPLEMENTATION

Status of major projects under implementation is as under:

i. Construction of Dubai Lagoon Housing Project, Dubai, valuing Rs. 575.00 crores

The Project has been awarded by a JV Company of Gulf Stream Contracting L.L.C. (GSC), Dubai & Power Line Engineering Company Ltd. (PLE), Thailand on 14.01.2007 for a total value of AED 460 million (equivalent to INR 575.00 crores). The date of commencement of the project will be reckoned from the date of receipt of approved drawings or Building Permit from Dubai Municipality.

The scope of work comprises Civil, Structural & Architectural works but limited to Structure work, Block work, Plastering, Painting, Flooring and Wall Tiles Works for 48 nos. Residential Tower blocks having 4 to 9 storey with single basement.

Earth work excavation for all the blocks has been completed as per proposed revised drawings. The actual construction activities at site will start after receipt of approval from Dubai Municipality (DM).



ii. **Work of Bellary Nala Irrigation Project, Belgaum, Karnataka, valuing Rs.138.20 crores (Revised)**

The Project was awarded by Karnataka Neeravari Nigam Limited (A Govt. of Karnataka Enterprise), Bangalore, on 10.08.2005 for a total value of Rs. 100.00 crores (revised to Rs.138.20 crores).

The scope of work comprises Canal Excavation (excluding lining), Construction of Dam, Gates, Masonry and other allied and related works.

The original Dam design has undergone major changes due to site requirements and soil conditions which involves extra work. Approx. 5 lac Cum of Excavation and 2.39 lac Cum of Concreting work of Dam has been completed.

The work to the tune of Rs. 144.45 crores has been completed.

iii. **Construction of New CDRI Campus at Sitapur Road, Lucknow (UP) on Deposit Work Basis, valuing Rs. 130.00 crores**

The Project has been awarded by Central Drug Research Institute, Lucknow for a total value of Rs.130.00 crores.

The scope of work includes Construction of Institutional Buildings, Services Buildings, Residential Buildings and Infrastructural & External Services like Roads, Drainage, Rain Water Harvesting, Sewerage, ETP, Land Scaping, Water Supply, Fire Fighting, Electrical Sub-station, Telecommunication, HVAC etc.

The work is progressing at site.

iv. **Construction of Border Road/Fence in certain stretches of Mizoram Sector along Indo-Bangladesh Border, valuing Rs.105.00 crores**

The Project was awarded on 'Deposit Works' basis by Ministry of Home Affairs (MHA), Border Management Division, on 14.12.2004 for a total value of Rs.105 crores.

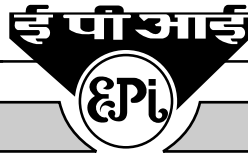
The scope of work includes construction of Roads and Fence from BP-2319 (MARPARA) to BP 2338 (DEMAGIRI) measuring 46 Kms in Mizoram Sector along Indo-Bangladesh Border which is expected to increase to about 93.35 Kms.

The topographical survey work for fixing the alignment for total 63.8 Kms has been approved by BSF. Resurvey of few stretches, as desired by BSF beyond 63.8 Kms has also been completed and survey maps / sheets are under preparation. The cost estimates for Rs. 105.22 crores for 63.8 Kms stretch have also been approved by the client. Work orders for 46 Kms have already been placed on contractors and work is in progress. For the balance stretch, the award of work is under process.

The work to the tune of Rs. 32.51 crores has been completed.

v. **Filtration, Leaching, Clarification, Precipitation, Thickening, Drying & Packing System for Uranium Ore Processing Plant at Turamdih, Jharkhand (UCT-2), valuing Rs.96.00 crores**

The Project was awarded by Uranium Corporation of India Ltd., Jaduguda Mines,



Singhbhum (East), Jharkhand on 29.03.2004 for a total value of Rs 96.00 crores.

The scope of work includes Filtration, Leaching, Clarification, Precipitation, Thickening, and Drying & Packing System having capacity of 3000 TPD Ore Processing Plant at Turamdih, Jharkhand.

Project has been commissioned on 25.06.2007.

vi. Work of Rural Electrification under Accelerated Rural Electrification Programme (AREP) in Moradabad and Bijnore Districts of Uttar Pradesh, valuing Rs. 89.25 crores

The Project of Rural Electrification work for Pashchimanchal Vidyut Vitran Nigam Ltd, Victoria Park, Meerut was awarded by M/s U.B Engineering Ltd. on 27.06.2005 for a total value of Rs. 89.25 crores.

The scope of work includes Design, Supply, Erection & Construction & Commissioning of eight number 33/11KV New Sub-Stations including associated Transmission Lines, augmentation of existing eleven number 33/11 KV Sub-Stations & 33/11 KV lines and Electrification of 758 Villages (revised to 641 Villages) as per list provided by the client.

Erection of poles in 560 villages has been completed. 433 villages in the districts of Moradabad and Bijnore have been electrified. Commissioning of Sirsi Sub-Station (New) in Moradabad District and augmentation of Padla Sub-Station in Bijnore District has been completed. Four Nos. each of New Sub-Stations and Sub-Stations for

Augmentation are under advanced stage of completion.

The work to the tune of Rs. 84.93 crores has been completed.

vii. Crushing, Grinding, Thickening, Neutralization & Allied System for Uranium Ore Processing Plant at Turamdih, Jharkhand (UCT-1), valuing Rs. 81.99 crores

The Project was awarded by Uranium Corporation of India Ltd., Jaduguda Mines, Singhbhum (East), Jharkhand on 12.11.2003 for a total value of Rs 81.99 crores.

The scope of work includes Design, Supply, Erection & Commissioning of Crushing, Grinding, Thickening, and Neutralization & Allied Systems, having capacity of 3000 TPD Ore Processing Plant at Turamdih, Jharkhand.

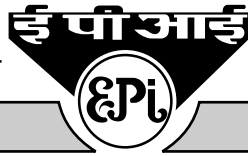
The Project has been commissioned on 25.06.2007.

viii. Construction of Network of Roads in the forests in the State of Uttarakhand, valuing Rs. 80.00 crores (under revision)

The Project was awarded by Department of Forests, Govt. of Uttarakhand (formerly Uttaranchal) on 07.09.2005 for a total value of Rs 80.00 crores (under revision).

The scope of work includes construction of about 465 Kms (originally 544 Kms) of roads in the forests of Uttarakhand.

DPRs for 41 roads covering a length of 419 Kms amounting to Rs. 98.11 crores have been



sanctioned. Work orders for 40 roads have been placed and work is under progress on all these roads. Work on one road is kept in abeyance due to non clearance by Environmental Committee.

Apart from above, as desired by the client, DPRs for 11 additional roads amounting to Rs. 81.00 crores have also been submitted for approval to Department of Forest.

The works to the tune of Rs. 67.48 crores has been completed.

ix. Improvement & Strengthening of Manali Oil Refinery Road under NHAI at Chennai, valuing Rs. 76.76 crores

The Project has recently been awarded by Chennai – Ennore Port Road Company Ltd. (A subsidiary of NHAI), New Delhi for a value of Rs.76.76 crores.

The scope of work includes Improvement and Strengthening of Manali Oil Refinery Road & Northern Segment of Inner Ring Road of about 13 Kms., Widening to four Lane of 1.6 km stretch at start of Ennore Expressway from Chennai Port Gate and construction of 3 additional Groynes (Stone/Concrete Wall to check beach erosion) along the Ennore Expressway in Chennai.

Since the project has recently been awarded, preparatory works are under progress.

x. Construction of New High Court Building Complex at Bilaspur, Chhattisgarh, valuing Rs. 69.33 crores

The Project was awarded by Public Works Department, Govt. of Chhattisgarh

on 23.6.2006 for a total value of Rs.69.33 crores.

The Scope of work includes construction of High Court Building, comprising of 10 blocks, Advocate Chamber Building and Advocate General's Building including Water Supply & Sanitary Works, Internal and External Electrification, HVAC System, Fire Fighting System, Lift, Roads etc.

RCC structural work has been completed in 4 blocks. In remaining 6 blocks, Advocate Chamber Building and Advocate General's Building, the RCC and brick work is in progress. Works related to HVAC system, Fire Fighting System, External Cabling and Erection of Street Poles, Roads external services are in progress.

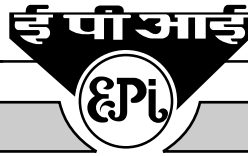
Work to the tune of Rs. 39.05 crores has been completed.

xi. Construction of Ch. Charan Singh Lahchura Dam, Mahoba in District Jhansi (UP), valuing Rs. 61.84 crores

The Project was awarded by the Irrigation Construction Circle, Uttar Pradesh Irrigation Department, Mahoba (UP) on 20.12.2005 for a total value of Rs. 61.84 crores.

The scope of work includes construction of Dam comprising Concrete spillway, Over flow/ Non-overflow portions, Canal regulators, Afflux bunds, Link channels and other appurtenant work.

About 262800 Cum of excavation and more than 25580 Cum of Concreting has been done. RR Masonry work of 25750 Cum has also been completed.



The work to the tune of Rs. 25.87 crores has been completed.

xii. Investigation, Design & Drawing and Execution of Main Canal Works under HNSS, Anantapur, Circle No.2 (Pkg.-33), valuing Rs. 58.32 crores

The Project was awarded by Irrigation and CAD Department, Hanudri Niva Sujala Sravanthi Circle, Govt. of Andhra Pradesh on 14.02.2005 for a total value of Rs. 58.32 crores.

The scope of work includes Investigation, Preparation of Hydraulic Particulars, Design & Drawings and Excavation of Handri Niva Sujala Sravanthi (HNSS) Main Canal from Km 176.00 to Km 192.00 including Concrete Masonry (CM), Cross Drainage (CD) & Distributory System.

The work to the tune of Rs. 30.35 crores has been completed.

xiii. Construction of Cricket Stadium Complex at Ferozeshah Kotla Ground, New Delhi, valuing Rs. 53.03 crores (Revised)

The Project was awarded by Delhi & District Cricket Association on 12.05.2003 for a total value of Rs. 20.16 crores in the first phase. Additional works was subsequently awarded to EPI and the total value of works now is about Rs. 53.00 crores.

The scope of work includes Earth work, RCC, Structural Steel works, Brick work, Wood work, Steel & Aluminum doors, Flooring, Plumbing, Water supply, Sewerage, Electric Installation & Bore well etc.

The work to the tune of Rs. 51.79 crores has been completed.

xiv) Construction of Sewerage & Drainage for Borough XIV including House Connection Lot-1, Kolkata Environmental Improvement Project, valuing Rs. 51.43 crores

The project was awarded by Kolkata Environmental Improvement Project, Project Management Unit, Kolkata on 31.08.2005 for a value of Rs. 51.43 crores.

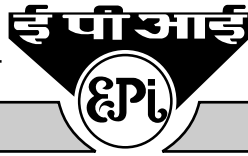
The scope of work includes construction of Sewerage & Drainage for Borough XIV consisting of laying of Sewerage & Drainage line of approximately 18.5 Kms including House connection Lot-1 and Rebuilding of road.

Supply & laying of approximately 10 Kms RCC Pipes in trench & construction of 384 nos Manholes have been completed. About 2 Kms of UPVC pipe has also been laid. 3.3 Kms of Road work upto BM level have been completed and clearance for final layer is awaited from the client. The client has recently awarded to EPI, laying of pipeline by Trenchless Technology on DH Road valuing about Rs. 28.48 crores.

Work to the tune of Rs. 21.16 crores has been completed.

xv. Construction of Service Reservoirs for Cherthala and Adjoining Villages in Kerala, valuing Rs. 46.61 crores

The Project was awarded by the Kerala Water Authority, Thiruvananthapuram, Kerala on



27.12.2006 for a total value of Rs. 46.61 crores.

The scope of work includes Construction of Service Reservoirs for Water Supply Scheme to Cherthala and adjoining Villages in Kerala – Consisting of 19 Nos. Overhead Service Reservoirs in different locations, Administrative Buildings, Staff Housing, Telemetry Outstation Buildings, Rechlorination Building, Compound Wall, Laying of DI Pipes & other Allied Works etc.

The work to the tune of Rs. 5.00 crores has been completed.

xvi. Construction of OIB House at NOIDA (U.P.), valuing Rs. 43.13 crores

The Project has been awarded by Oil Industry Development Board, Ministry of Petroleum & Natural Gas (Govt. of India), New Delhi on 02.03.2007 for a total value of Rs. 43.13 crores.

The scope of work includes construction of OIB house along with Fire Fighting works.

Work to the tune of Rs. 7.70 crores has been done.

xvii. Construction of Residential Buildings for Hon'ble Judges, Officers and Staff of High Court at Bilaspur, Chhattisgarh, valuing Rs. 41.30 crores

The Project was awarded by Public Works Department, Govt. of Chhattisgarh on 07.10.06 for a total value of Rs. 41.30 crores.

Scope of work includes Construction Residential Buildings of different types and Non-Residential Buildings like Guest House, Shopping Center, Health Centre, Club, etc. including Internal & External Electrical works.

Work to the tune of Rs. 16.96 crores has been completed.

9. PERFORMANCE RATING UNDER MOU

Based on the achievements in terms of the listed parameters in the MOU signed for the year 2005-06, the performance of your Company was rated as “**Excellent**” by the Deptt. of Public Enterprises (DPE). For the year 2006-07, also the performance of your Company qualifies for “**Excellent Rating**” based on the audited data.

10. CORPORATE GOVERNANCE

Your company shares concern of the Govt. of India in bringing good corporate governance practices in management of CPSEs. The Board of your company consists of three independent Directors, two Directors from the Govt. of India and three functional Directors having vast professional experience in various fields. The meetings of the Board are held at regular intervals and all relevant papers pertaining to the functioning of the Company are placed before the Board. Your company has also constituted voluntarily an Audit Committee and Remuneration Committee with majority being independent Directors. Besides, constitution of sub-committees, your Directors also ensure that Govt. Guidelines/Directives are followed. Your Directors are further keen to strengthen the good corporate governance practices.



11. QUALITY AND ENVIRONMENTAL MANAGEMENT

EPI is an ISO 9001:2000 and ISO 14001:2004 certified company covering Quality and Environmental Management Systems (QEMS). The scope of certification includes Design, Procurement and Implementation of multi-disciplinary Industrial and other construction projects from concept to commissioning.

12. VIGILANCE ACTIVITIES

During the year 2006-07, several new initiatives were taken by the Company to enhance the transparency in its operations by utilizing technical advancement of information technology. Greater numbers of tenders are being put on the website. Your Company has undertaken measures for improved preventive vigilance through better quality of inspection.

13. HUMAN RESOURCE DEVELOPMENT

Your Company believes that Human Resource is the most important resource in any industry for creation of the wealth. Therefore, it lays special emphasis on manpower development, harnessing their creative potential, identifying and grooming management talent and leadership development at all levels. As on 31st March, 2007, the Company has 466 highly qualified and experienced employees (excluding Board level appointment and CVO). The Company's manpower is a mix of technical and non-technical professionals.

14. SC/ST PERSONNEL

The number of SC/ST employees on the rolls of the Company as on 31st March, 2007 was 104, which constituted 22.32% of the total strength.

15. PROPAGATION OF RAJBHASHA

Your Company made serious efforts to promote the usage of Rajbhasha. Quarterly Meetings of Official Language Implementation Committee were held regularly and decisions of Committee were implemented. Various Competitions like, Dictation, Noting- Drafting, Essay Writing, Hastakashar, Debate, Chitra Abhivayakti, Quiz, Poems Recitation etc. were organized during Hindi Pakhwara. Employees were motivated to work in Hindi through Training Programmes, Workshops, Awards and personal contacts. The wards of employees were awarded for their better performance in Hindi subject through our Pratibha Puraskar Yojana.

16. EXPENDITURE ON FOREIGN TRAVEL, ENTERTAINMENT AND ADVERTISING/PUBLICITY

During the year under review, the total expenditure incurred on foreign tours was Rs.44.26 lacs (previous year Rs. 3.83 lacs), on entertainment Rs.13.86 lacs (previous year Rs.12.04 lacs) and on advertisement/publicity Rs. 14.62 lacs (previous year Rs.2.21 lacs).

17. ECONOMY IN ADMINISTRATIVE EXPENDITURE

Keeping in view the Govt. directives, efforts were made to achieve economy in administrative expenditure in EPI during the year 2006-07.

18. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm:



- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2007 and of the profit of the Company for the year ended on that date;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. That the annual accounts have been prepared on a going concern basis.

19. DIRECTORS

During the year 2006-07, five (5) meetings of the Board of Directors were held.

Shri Sunil K. Malhotra, Director(Finance) ceased to be Director on the Board of your Company w.e.f. 3rd September 2006 consequent upon his completion of tenure in terms of Order No. 16(15)/95-TSW(Vol. II) dated 22.06.2001 of Deptt. of Heavy Industry.

Shri A.K.Rath, Additional Secretary and Financial Advisor, Ministry of Steel was appointed as

Part-time Official Director on the Board of your Company in place of Shri Naresh Chaturvedi vide Order No.16 (12)/2001-TSW dated 1st December, 2006 of Deptt. of Heavy Industry.

Shri N.Gokulram, Additional Secretary and Financial Advisor, Deptt. of Industrial Policy and Promotion, Ministry of Commerce and Industry was appointed as Part-time Official Director of your Company in place of Shri A.K.Rath vide Order No.16(12)/2001-TSW dated 23rd January, 2007 of Deptt. of Heavy Industry.

Shri DRS Chaudhary, Joint Secretary, Deptt. of Heavy Industry was appointed as Part-time Official Director on the Board of your Company in place of Shri A. Didar Singh vide Order No.16 (12)/2001-TSW dated 6th March, 2007 of Deptt. of Heavy Industry.

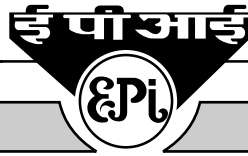
Shri G.D.Moorjani was appointed as Director (Finance) vide Order No.16(17)-2005-TSW dated 11th April, 2007 of Deptt. of Heavy Industry and he assumed charge as Director(F) on 11th April, 2007.

Shri A.K.Mitra was appointed as Non-Official Part-time Director on the Board of your Company for a period of three years vide Order No.16 (13)/2001-TSW dated 19th April, 2007 of Deptt. of Heavy Industry and he assumed charge on 11th May, 2007.

Dr. Surajit Mitra, Joint Secretary, Deptt. of Heavy Industry was appointed as Part-time Official Director on the Board of your Company in place of Shri DRS Chaudhary vide Order No.16(12)/2001-TSW dated 26th April, 2007 of Deptt. of Heavy Industry.

20. AUDITORS

M/s. J. P. Kapur & Uberai, Chartered Accountants were appointed as Statutory Auditors of the



Company for the financial year 2006-07. M/s Nundi & Associates, Chartered Accountants were appointed as Branch Auditors for the Regional Office, Kolkata. Report of the Statutory Auditors on the Accounts of the Company for the year ended on 31st March, 2007 and Company's replies thereto are annexed to the Report. The Comments on Accounts for the year ended on 31st March, 2007 by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in the addendum to this report.

21. DISCLOSURE OF PARTICULARS

In accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information on conservation of energy, technology absorption and foreign exchange earnings and outgo is given below:

21.1 Conservation of Energy

Keeping pace with global requirements, conservation of energy and environmental management have been the principal management policy of your Company. To achieve significant cost saving through conservation of energy, your company have used latest technology and adopted improved process technique while designing and selection of equipment / systems in various technological projects. Besides, in line with the requirement of ISO 14001:2004, your company have installed and used energy efficient appliances and equipment in its various establishments and project sites and also adopted effective measures for its monitoring & control of consumption of energy with a view to achieve significant reduction in energy consumption.

21.2 Technology Absorption

21.2.1 Research and Development

Being a prime contracting organisation, your company aims to organise its design and engineering activities with the goal of developing Indian capabilities, materials and methods to meet the challenge of advancing technologies, while minimising the need to import from abroad. Research & development activities command a high level of attention in all major areas of operation with a focus to improve performance, efficiency, product cycle life, achieve cost reduction while adopting advanced technologies. Specific emphasis is also directed towards evolving improved features of design and use of materials while operating under Indian conditions, coupled with reducing dependence on importation. The successful use of natural fibre-based materials in soil engineering applications, use of Geo-textiles in River Bank protection and use of advanced techniques in casting reinforced concrete of large volume are some of the areas where indigenously developed materials & processes have enabled the company to achieve a unique position in the construction industry. In-house design, engineering & adoption of a range of specialized equipment for Uranium ore processing plants has further strengthened your company's stature as an Indian organization with advanced technological capability for design & installation of world-class facilities with advanced features

21.2.2 Technology absorption

The company, endowed with the internationally acclaimed certification of ISO-9001:2000 (recertified) quality management



system and ISO 14001:2004 (Upgraded) environmental management system covering its total range of operations, is in a strong position to bring the benefits of latest technology through continuous endeavour in acquiring & absorption of latest technologies of new-generation through ongoing and new collaboration with internationally reputed leaders. The following range of latest technologies from leading companies of global repute, is available with the organisation for utilization in industrial projects

- a. QVF Process : Acid Concentration Systems, England Plants
- b. D.M.P. Italy : Chemical Process Plants

Specific project-based collaborations are also arranged to meet the needs of modern industrial projects. The methodology of operating technological collaborations for Indian projects ensure adoption of the technical features to match Indian conditions and development of Indian manufacturers to substitute components of imported origin. Close liaison with technical collaborators at all stages covering design, manufacture, assembly, erection & installation coupled with the in-house, detailed engineering activities form the major thrust areas wherein absorption of the latest technologies are progressively achieved. The strong position achieved by absorption of latest technologies have enabled your company in securing business in the country. Constant endeavour is made by your company to keep abreast of the latest developments in various areas and new trends under the influence of globalisation of industries

21.2.3 Foreign Exchange earnings and outgo

During the year 2006-07, there is an outgo of foreign exchange to the tune of Rs. 44.26 lacs (previous year Rs.3.83 lacs) on account of expenditure incurred on foreign travel and your Company has earned foreign exchange of Rs. Nil (previous year – Nil).

22. STATUTORY INFORMATION REGARDING EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A)

None of the employees was in receipt of remuneration in excess of Rs.2,00,000/- per month or Rs.24,00,000/- per annum, during the year ended 31st March, 2007.

23. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the dedication and commitment of every member of the EPI family who has contributed towards the growth of EPI. The unstinted support continued to be integral part of ongoing success of EPI. Yours Directors express their gratitude to various clients for the confidence reposed by them and are thankful for the assistance and cooperation received from Government Authorities, particularly Department of Heavy Industry, Financial Institutions and Banks etc.

For and on behalf of the Board

(Saleem Hamid)

Chairman-cum-Managing Director

Place: New Delhi.

Date : 21st August, 2007



ANNEXURE TO DIRECTORS' REPORT

AUDITOR'S REPORT AND COMPANY'S REPLY

AUDITOR'S REPORT / COMMENTS

REPLY OF THE COMPANY

J.P. Kapur & Uberai
Chartered Accountants

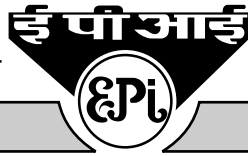
1. We have audited the attached Balance sheet of **Engineering Projects (India) Limited** ("the Company"), as on 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, together with schedules forming integral part of accounts in which are incorporated accounts of Kolkata Branch Office audited by Branch Auditor appointed by Comptroller & Auditor General of India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, on the basis of such checks, as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the annexure referred to in paragraph (2) above, we report that:

- | | |
|--|-------------|
| a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; | No Comments |
| b) In our opinion, proper books of account, as required by law, have been | No Comments |



kept by the company, so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Branch not audited by us;

- | | | |
|------|--|--|
| c) | The report on the accounts of Kolkata Branch Office audited by the Branch Auditor referred to in paragraph 1 above has been forwarded to us and have been dealt with by us in preparing this report; | No Comments |
| d) | The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch returns. | No Comments |
| e) | In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards, referred to in sub section (3C) of Section 211 of the Companies Act, 1956. | No Comments |
| f) | In respect of disqualification of directors, Department of Companies Affairs vide their clarification No. G.S.R.829 (E) dated October 21, 2003 has exempted Government Companies from provision of section 274(1)(g) of the Companies Act, 1956. | No Comments |
| g) | In respect of recoverability of rent amounting to Rs. 49,13,684, against which provision has been made by the company, and claim relating to cost of interiors works and furnishings etc. amounting to Rs. 46,05,400 from one of the PSU. Pending settlement of issues, capitalization and consequential depreciation has not been charged in the accounts. We are unable to express an opinion on consequential impact on revenue, assets and liabilities. (Refer Note No. B-3 of Schedule-17). | Disclosed in Note B-3 of Schedule - 17 |
| h) | Further to our comments in annexure referred to in Para 2 and Para 3(g) above, we are unable to ascertain and report the impact on the state of affairs/profitability on account of the following: | |
| (i) | Adjustments that may arise on account of reconciliation and final settlement of accounts with various clients, associates and suppliers (Refer Note No. B-4 (b) of Schedule-17); | Disclosed in B-4 (b) of Schedule - 17 |
| (ii) | Adjustments that may arise on account of reconciliation and final settlement of free materials issued by client and supplied to Associates (Refer Note No. B-4 (c) of Schedule-17); | Disclosed in B-4 (c) of Schedule - 17 |



In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to comments made by us in para (g) & (h)* hereinabove and read together with Significant Accounting Policies and Notes of Accounts (Schedule 17) thereon, give the information required by the Companies Act, 1956, 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 31st March, 2007
- (b) in the case of the Profit & Loss Account, of the profit of the company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

FOR J. P., KAPUR & UBERAI
Chartered Accountants

Sd/-
(VINAY JAIN)
PARTNER
M. No.: 95187

FOR ENGINEERING PROJECTS (INDIA) LTD.

Sd/-
(SALEEM HAMID)
Chairman-cum-Managing Director

Place : Bangalore

Date : 1-08-2007

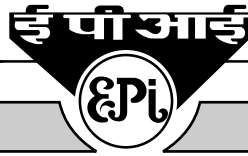


ANNEXURE TO THE AUDITOR'S REPORT

AUDITOR'S REPORT / COMMENTS

REPLY OF THE COMPANY

- | | | |
|-----------|--|---|
| (i) (a) | The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets except certain places, company has represented that it is in the process of compiling records. Transfer formalities (execution of title deeds) in respect of Scope Building are not complete though included in assets. | Disclosed in Note No. - B 8 (a) of Schedule 17 that conveyance deed in respect of building of SCOPE Complex, New Delhi is pending for execution in the name of the company. Further action is being taken to update the Fixed Assets records. |
| (b) | As per explanation given to us, the assets have been physically verified by the management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification. | No Comments |
| (c) | During the year, the company has disposed off a major part of construction equipments. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of vehicles has not affected the going concern. | No Comments |
| (ii) (a) | According to the information and explanations given to us, inventories have been physically verified by the management. | No Comments |
| (b) | In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and nature of business. | No Comments |
| (c) | The company has generally maintained proper records of inventory. As per explanations given to us, discrepancies noticed on physical verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts. | No Comments |
| (iii) (a) | The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4 (iii) (b) to (d) of the Order is not applicable to the company. | No Comments |



(b)	The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4 (iii) (e) to (g) of the Order is not applicable to the company.	No Comments
(iv)	In our opinion and according to the information and explanations given to us, internal control procedures are generally commensurate with the size of the company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls. However, internal control procedures need to be strengthened, in order to make it commensurate with the size of the company and the nature of its business.	No Comments
(v)	Based on the audit procedures applied by us and according to the information and explanations given to us, there are no transactions with the companies, firms or other parties that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4 (v) (b) of the Order is not applicable to the company.	No Comments
(vi)	In our opinion and according to the information and explanations given to us, the company has not accepted any deposits to which the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.	No Comments
(vii)	Internal audit of the company is being conducted by its own staff. In our opinion, frequency and coverage of internal audit and compliance thereof needs to be improved, to make it commensurate with the size of the company and nature of its business.	Noted
(viii)	As per explanation given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.	No Comments
(ix)	(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 accounts in respect of undisputed amount of statutory dues including provident fund, income-tax, sales-tax, customs duty, excise duty and other statutory dues have been generally deposited during the year by the company with the appropriate authorities and there are no undisputed statutory dues which	Regional Offices/Site offices are advised to strictly ensure that Associates furnish documentary proof of payment of statutory dues i.e. PF, ESI etc. and Tax is deducted at source and deposited as per the provisions of Income Tax Act/Sales Tax Act's



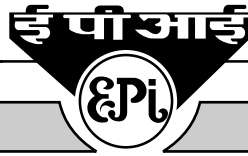
were outstanding, as at 31st March 2007 for a period of more than six months from the date they became payable. However, we are unable to express our opinion for liability on account of non-compliance of provisions of tax deducted at source under Income Tax Act, 1961 and liability, if any, in respect of Service Tax, Provident fund & Employees State Insurance on account of associates due to lack of control by way of cross verification; and Sales Tax Acts of various states. We have been informed that the provisions of the Employees State Insurance Act, cess and Investors' Education and Protection Fund are not applicable to the company.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, customs duty, wealth tax, excise duty and cess as at 31st March 2007 which have not been deposited on account of any dispute, except the following:

of various states. Moreover in regard to /Service Tax, Sales Tax, Provident fund & ESI on account of Associates, the Associates are registered with the concerned authorities and are liable for non-compliance.

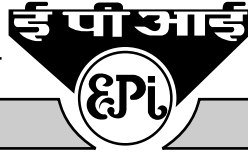
Disclosed in Note No. B-1 (a) of Schedule 17. The cases are being followed up at appropriate level for early settlement

SL. NO.	NAME OF STATUE	NATURE OF DUES	AMOUNT (Rs.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
1	Trade Tax Officer	UP Trade Tax	84,09,506 77-78	1975-76, 76-77 & 77-78	Allahabad High Court
2	Sales Tax Officer, Delhi	Penalty	40,000	1990-91	Asstt. Commissioner, Sales Tax
3	Sales Tax Officer, Delhi	CST	97,45,379	1995-96, 97-98 & 98-99	Addl. Commissioner, Sales Tax
4	Commercial Tax Officer, Bolangir	Orissa Sales Tax	1,04,69,238	Qtr. Ending 31-12-94 to 31-3-95	Sales Tax Tribunal
5	Commercial Tax Officer, Andhra Pradesh	APGST	10,54,753	1986-87	Dy. Commissioner, Commercial Tax
6	Trade Tax Officer	UP Trade Tax	8,72,500	1993-94	Sales Tax Tribunal
7	Commercial Tax Officer, Andhra Pradesh	APGST	14,14,227	1996-97	Dy. Commissioner, Commercial Tax
8	Commercial Tax Officer, Tamil Nadu	TNGST	1,01,96,988	1998-99	Sales Tax Tribunal
9	Commercial Tax Officer, Jeypore	Orissa Sales Tax	17,501	1997-98	Commercial Tax Officer
10	Orissa Sales Tax	Sales Tax Demand	5,36,219	1986-87	Asst. Comm. Sales Tax, Cuttack
11	Orissa Sales	Sales Tax Demand	3,14,590	1987-88	Tax Asst. Comm. Sales Tax, Cuttack



12	AP Genl Sales Tax	Sales Tax Demand	70,167	1989-90	Dy. Comm. Of Commercial Taxes, Kakinada
13	AP Genl Sales Tax	Sales Tax Demand	1,31,630	1990-91	Dy. Comm. (Appeal) of Commercial Taxes, Kakinada
14	AP Genl Sales Tax	Sales Tax Demand	2,29,053	1992-93	Commercial Tax Officer, Gajuwaka, Visakhapatnam
15	Orissa Sales Tax	Sales Tax Demand	1,31,786	1996-97	Asst. Comm. Sales Tax, Sundergarh Range, Rourkela
16	Orissa Sales Tax	Sales Tax Demand	3,22,913	1997-98	Asst. Comm. Sales Tax, Sundergarh Range, Rourkela
17	Asstt. Appellate Commissioner Kanchipuram	Sales Tax Demand	3,48,044	2002-03	Asstt. Appellate commissioner
Total			4,43,04,494		

- (x) The company does not have accumulated losses as at the end of the financial year. The company has not incurred any cash losses in the financial year and in the immediately preceding financial year. No Comments
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of any dues payable to banks during the year. The Company did not have any outstanding dues to any financial institution or debenture holders during the year. No Comments
- (xii) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. No Comments
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund/ society. Hence, clause 4 (xiii) (a) to (d) of the Order is not applicable to the company. No Comments
- (xiv) As per information and explanation given to us, the company has not dealt/traded in shares, securities, debentures and other investments except investments in fixed deposit with the banks. In our opinion and according to the information and explanations given to us, proper records have been maintained for investments in fixed No Comments



deposits and such fixed deposits have been held by the company, in its name.

- | | |
|--|-------------|
| (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. | No Comments |
| (xvi) The company has not raised any term loan during the year. Hence, clause 4 (xvii) of the Order is not applicable to the company. | No Comments |
| (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not used short-term funds for long term investments. | No Comments |
| (xviii) The company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. | No Comments |
| (xix) The company has not issued any debentures during the year. | No Comments |
| (xx) The Company has not raised any money by public issue during the year. | No Comments |
| (xxi) Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit. | No Comments |

FOR J. P., KAPUR & UBERAI
Chartered Accountants

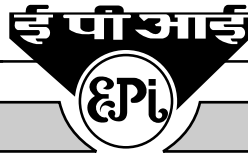
Sd/-
(VINAY JAIN)
PARTNER
M. NO: 95187

FOR ENGINEERING PROJECTS (INDIA) LTD.

Sd/-
(SALEEM HAMID)
Chairman-cum-Managing Director

Place : Bangalore

Date : 1-08-2007



BALANCE SHEET

AS AT 31ST MARCH, 2007

	Schedule No.	As at 31.03.2007		As at 31.03.2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders Fund's					
Share Capital	1		35,42,26,880		35,42,26,880
Reserves and Surplus	2		68,56,67,871		61,34,82,161
Total :			<u>103,98,94,751</u>		<u>96,77,09,041</u>
APPLICATION OF FUNDS					
Fixed Assets :					
Gross Block		16,49,98,958		21,36,56,447	
Less : Depreciation Accumulated		<u>11,53,51,243</u>		<u>12,73,98,558</u>	
Net Block	3		4,96,47,715		8,62,57,889
Current Assets, Loans & Advances					
Work-in-progress	4	1635,88,23,477		1297,99,29,048	
Inventories	5	1,71,22,719		4,05,63,456	
Sundry Debtors	6	219,00,08,750		167,77,04,054	
Cash & Bank Balances	7	115,79,79,394		118,38,29,236	
Other Current Assets	8	2,98,96,379		53,66,415	
Loans & Advances	9	185,81,37,223		161,44,31,864	
		<u>2161,19,67,942</u>		<u>1750,18,24,073</u>	
Less: Current Liabilities & Provisions	10	<u>2062,17,20,906</u>		<u>1664,08,36,504</u>	
Net Current Assets			99,02,47,036		86,09,87,569



BALANCE SHEET

AS AT 31ST MARCH, 2007

Schedule No.	As at 31.03.2007		As at 31.03.2006	
	Rs.	Rs.	Rs.	Rs.
Miscellaneous Exp. to the extent not written off or adjusted		—		2,04,63,583
Total		103,98,94,751		96,77,09,041
Accounting Policies and Notes on Accounts	17			

Schedule 1 to 17 form an integral part of the Accounts.

For and on behalf of the Board

Sd/-
(KUMUDANI SHARMA)
Dy. Company Secretary

Sd/-
(G.D. MOORJANI)
Director (Finance)

Sd/-
(SALEEM HAMID)
Chairman-cum-Managing Director

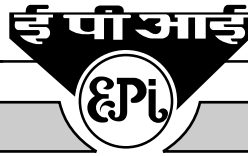
As per our separate report of even date attached

FOR J.P., KAPUR & UBERAI
Chartered Accountants

Sd/-
(VINAY JAIN)
Partner

Place : Bangalore

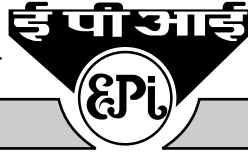
Dated: 01.08.2007



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31. 03. 2007

	Schedule No.	2006-2007 Rs.	2005-2006 Rs.
INCOME:			
Work Done for the year		763,25,90,540	6363,014,551
Claims Received		352,51,928	9,85,182
Other Income	11	695,83,488	1345,45,881
Interest Received	12	10,52,15,266	607,00,871
Total		784,26,41,222	655,92,46,485
EXPENDITURE			
Direct Expenditure	13	716,97,42,346	602,20,65,735
Claims Paid		302,30,099	7,73,000
Administrative Expenditure	14	3814,19,442	3278,71,121
Interest	15	363,99,286	203,25,727
Depreciation		93,79,320	140,74,389
Contract Contingencies		63,33,814	179,11,623
Total		763,35,04,307	640,30,21,595
Profit for the year		20,91,36,915	1562,24,890
Prior period adjustments (Net)	16	-336,28,506	-231,01,493
Profit before Tax		1755,08,409	1331,23,397
Less : Provision for Tax		1,89,75,307	61,02,853
Less : Provision for Fringe Benefit Tax		35,65,953	31,04,600
Net Profit after Tax		1529,67,149	1239,15,944
Balance brought forward from last year		5992,72,141	5661,37,636
Profit Available for Appropriation		7522,39,290	6900,53,580
Appropriations :-			
Interim Dividend		177,11,343	177,11,343
Proposed Final Dividend		531,34,032	531,34,032
Tax on Dividend		99,36,064	99,36,064
General Reserve		150,00,000	100,00,000
Balance carried to Balance Sheet		6564,57,851	5992,72,141



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31. 03. 2007

	Schedule No.	2006-2007 Rs.	2005-2006 Rs.
Basic Earnings per equity share (Rupees)		16.82	13.63
Diluted Earnings per equity share (Rupees)		16.82	13.63
Face value per equity share (Rupees)		38.95	38.95
Accounting Policies and Notes on Accounts	17		

Schedule 1 to 17 form an integral part of the Accounts.

For and on behalf of the Board

Sd/-
(KUMUDANI SHARMA)
Dy. Company Secretary

Sd/-
(G.D. MOORJANI)
Director (Finance)

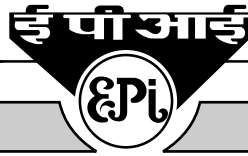
Sd/-
(SALEEM HAMID)
Chairman-cum-Managing Director

As per our separate report of even date attached

FOR J.P., KAPUR & UBERAI
Chartered Accountants

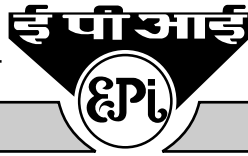
Sd/-
(VINAY JAIN)
Partner

Place : Bangalore
Dated: 01.08.2007



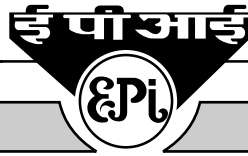
**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31. 03. 2007**

	2006-2007 Rs.	2005-2006 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised:		
23,34,80,000 Equity Shares of Rs.38.95 each	<u>909,40,46,000</u>	<u>909,40,46,000</u>
Issued, Subscribed & Paid-up:		
90,94,400 Equity Shares of Rs.38.95 each	<u>3542,26,880</u>	<u>3542,26,880</u>
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve	2,10,020	2,10,020
General Reserve		
Opening Balance	140,00,000	40,00,000
Add :- Transfer from Profit & Loss Account	<u>150,00,000</u>	<u>100,00,000</u>
Profit & Loss Account	<u>6564,57,851</u>	<u>5992,72,141</u>
	<u>6856,67,871</u>	<u>61,34,82,161</u>



SCHEDULE 3 - FIXED ASSETS

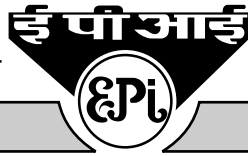
1	2	COST				DEPRECIATION				NETBLOCK	
		As on 01.04.2006	Additions	Deductions	As on 31.03.2007	Upto 31.3.2006	For the Year	Written Back	Upto 31.3.2007	As on 31.3.2007	As on 31.3.2006
		3 Rs.	4 Rs.	5 Rs.	6 Rs.	7 Rs.	8 Rs.	9 Rs.	10 Rs.	11 Rs.	12 Rs.
1	LAND (LEASE HOLD)	1615856	-	-	1615856	-	-	-	-	1615856	1615856
2	BUILDING (LEASE HOLD) (FREE HOLD)	46761851 1270132	357744	-	47119595 1270132	15305136 490778	798135 21338	- -	16103271 512116	31016324 758016	31456715 779354
3	CONSTRUCTION EQUIPMENT	116427231	-	53830012	62597219	77044249	1783144	19809110	59018283	3578936	39382982
4	FURNITURE & FIXTURE	6923447	994441	109536	7808352	6093612	408766	97723	6404655	1403697	825806
5	OFFICE EQUIPMENT	12813512	1126225	1001752	12937985	9004022	1431617	855558	9580081	3357904	3813519
6	DATA PROCESSING MACHINE AND COMPUTERS.	23799302	4094000	163040	27730262	17134703	4466042	143828	21456917	6273345	6664599
7	VEHICLES	4045116	625079	750638	3919557	2326058	470278	520416	2275920	1643637	1719058
	TOTAL :	213656447	7197489	55854978	164998958	127398558	9379320	21426635	115351243	49647715	86257889
	PREVIOUS YEAR	218250983	3135058	7729594	213656447	120617726	14074389	7293557	127398558	86257889	



	31.03.2007 Rs.	31.03.2006 Rs.
SCHEDULE 4 - WORK-IN-PROGRESS		
Opening Balance	1297,99,29,048	922,21,09,889
Add: Work done for the year	763,25,90,540	636,30,14,551
	<u>2061,25,19,588</u>	<u>1558,51,24,440</u>
Less: Previous Years Adjustments	31,30,659	—
	<u>2060,93,88,929</u>	<u>1558,51,24,440</u>
Less: Contracts completed	425,05,65,452	260,51,95,392
	<u>16,35,88,23,477</u>	<u>1297,99,29,048</u>
SCHEDULE 5 - INVENTORIES		
(As taken, valued and certified by the management)		
Stock of Construction	132,93,701	2,93,17,041
Materials at cost (Includes material held by Associates Rs. nil) (Previous year Rs. nil)		
Less : Provision for stock held by Client	<u>14,10,138</u>	<u>14,10,138</u>
Material-in-transit	<u>52,39,156</u>	<u>126,56,553</u>
	<u>171,22,719</u>	<u>405,63,456</u>
SCHEDULE 6 - SUNDRY DEBTORS		
(Unsecured)		
(a) Debts outstanding for a period exceeding six months		
- Considered good	4057,85,644	43,47,68,607
- Considered doubtful	2,38,51,329	292,63,776
Less:Provision for doubtful debts	<u>238,51,329</u>	<u>292,63,776</u>
(b) Others (considered good)	<u>178,42,23,106</u>	<u>124,29,35,447</u>
	<u>219,00,08,750</u>	<u>167,77,04,054</u>



		31.03.2007		31.03.2006
		Rs.		Rs.
(b)	Advances for Works:			
	- Secured against material at Site	665,88,492		932,89,284
	Secured against			
	Bank guarantees.	27,25,54,464	28,85,99,719	
	Less:Prov.for doubtful			
	advances	<u>53,00,000</u>	<u>53,00,000</u>	28,32,99,719
	-Others unsecured	22,22,13,015	2222,31,520	
	Less:Prov.for doubtful	<u>2214,76,349</u>	<u>2214,94,854</u>	7,36,666
	advances			
(c)	Recoverable from Employees	17,93,432		10,88,366
(d)	Recoverable from Others	4245,94,684	4381,76,295	
	Less:Prov. for doubtful	<u>343,05,085</u>	<u>296,87,616</u>	40,84,88,679
	advances			
(e)	Tax deducted at source	1527,68,939		643,67,802
(f)	Security Deposit &			
	Retention Money			
	-Works	101,30,25,158	8066,81,061	
	Less:Prov.for doubtful			
	SD/RM	<u>592,56,602</u>	<u>627,90,351</u>	7438,90,710
	- Others	98,85,380	61,03,912	
	Less:Prov.for doubtful			
	SD/RM	<u>1,62,658</u>	<u>1,62,658</u>	59,41,254
		<u>185,81,37,223</u>	<u>161,44,31,864</u>	



	31.03.2007 Rs.	31.03.2006 Rs.
SCHEDULE 10 - CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
1) Sundry Creditors	255,20,32,823	152,30,06,186
ii) Advance from clients	74,45,10,250	127,83,09,775
iii) Security deposit, earnest & retention money payable	76,73,11,548	6339,46,686
iv) Interest accrued but not due	8,88, 583	8,95,051
v) Amount Billed to Client	1632,99,93,544	1301,35,93,733
B. PROVISIONS:		
i) Leave Encashment	1030,62,010	892,25,000
ii) Gratuity	259,69,395	263,84,606
iii) Service Tax	—	63,974
iv) Proposed Dividend	531,34,032	531,34,032
v) Corporate Dividend Tax	74,52,048	74,52,048
vi) Income Tax	306,96,120	117,20,813
vii) Fringe Benefit Tax	66,70,553	19,10,85,073
	2269,84,158	31,04,600
	2062,17,20,906	1664,08,36,504
SCHEDULE 11 - OTHER-INCOME		
(a) Miscellaneous income	392,55,606	393,53,670
(b) Profit on sale of Fixed Assets	40,64,201	6,90,903
(c) Consultancy Fee	34,95,202	107,80,437
(d) Excess provision written back	149,54,451	785,11,519
(e) Rent	78,14,028	52,09,352
	695,83,488	1345,45,881
SCHEDULE 12 - INTEREST RECEIVED		
(a) Banks (including TDS amounting to Rs.3,15,199) (previous year Rs.Nil)	605,35,913	199,28,241
(b) Employees	6,98,030	7,62,786
(c) Others	439,81,323	400,09,844
	10,52,15,266	607,00,871

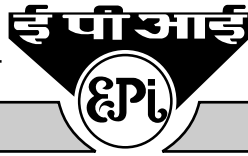


	31.03.2007 Rs.	31.03.2006 Rs.
SCHEDULE 13 - DIRECT EXPENDITURE		
(a) Civil, Mechanical and Electrical Jobs including imported equipment	702,98,42,632	576,40,79,828
(b) Design & Consultancy	203,61,062	1,41,93,385
(c) Other Direct Expenses	5,00,31,471	17,92,49,438
(d) Repairs & Maintenance of Plant & Machinery	15,36,541	25,56,446
(e) Salary and Allowances	511,22,845	4,39,11,947
(f) Contribution to Provident & Other Funds-Project Staff.	50,85,020	45,65,415
(g) Liquidated damages	39,74,743	56,23,241
(h) Loss on Sales of Material	7,157	—
(i) Royalty	77,80,875	78,86,035
	<u>716,97,42,346</u>	<u>602,20,65,735</u>

SCHEDULE 14 - ADMINISTRATIVE EXPENDITURE

(a) Salary, Allowances and Benefits to Staff :

- Salary & Allowances	12,14,45,794	1073,96,975
- Contribution to Provident & Other Funds :	1,21,34,107	114,58,235
- Medical	1,55,16,072	125,77,966
- Welfare	1,40,69,585	124,51,127
- Gratuity	2,59,69,395	263,84,606
- Training	4,35,061	6,36,328
- Leave Encashment	2,30,63,699	161,77,528
- Interest Subsidy Employees	85,538	1,20,722
- VRS Payments	2,04,63,583	2,04,63,582
(Total - a)	<u>23,31,82,834</u>	<u>20,76,67,069</u>



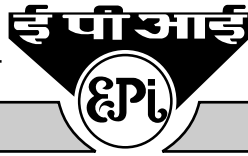
	31.03.2007 Rs.	31.03.2006 Rs.
(b) Administration		
- Travelling & Conveyance (includes site living exp. Rs 57,83,471) (Previous year Rs.34,69,656) (includes for Directors Rs. 20,40,841) (Previous Year Rs. 18,55,073)	489,52,171	397,64,046
- Rent	24,28,907	26,66,161
- Printing & Stationery	50,12,385	45,77,307
- Postage, Telephone & Telegram	93,62,681	83,31,050
- Bank Charges and Guarantee Commission	133,04,559	115,54,451
- Publicity & Advertisement	14,61,789	2,21,280
- Sales Promotion	18,18,677	10,94,190
- Entertainment (includes for Directors, Chairman & Mg.Director Rs.2,31,115) (Previous Year Rs.2,60,710)	13,86,453	12,03,624
- Repairs & Maintenance		
- Building	8,39,309	7,73,777
- Office	209,59,419	190,70,638
- Vehicles	13,79,542	5,44,985
- Other Fixed Assets	9,14,771	7,31,104
- Rates & Taxes	20,93,965	14,88,014
- Petrol, Oil & Lubricants	25,35,287	18,73,914
- Insurance	7,59,616	5,21,757
- Water,Power & Electricity charges	69,27,270	71,44,647
- Legal & Professional Charges	64,85,229	55,15,149
- Payment to Auditors.		
- Audit Fees	4,40,000	3,10,000
- Tax Audit Fees	1,32,000	93,000
- Service Tax	70,013	49,327
- Travelling & Other expenses	5,50,000	5,50,000
- Guest House expenses (net)	95,478	1,25,369
- Miscellaneous expenses	55,37,120	56,44,226
- Tendering expenses	24,11,784	11,84,369
- Gifts & Donations	20,000	5,47,388
(Total - b)	13,58,78,425	11,55,79,773



	31.03.2007 Rs.	31.03.2006 Rs.
(c) Other Expenses :		
- Assets Written off	4,756	—
- Amount Written off.	72,21,290	1,02,765
- Loss on sale of Fixed Assets	1,37,201	1,55,730
- PF Trust Loss	49,94,936	43,65,784
(Total - c)	<u>123,58,183</u>	<u>46,24,279</u>
Grand Total (a)+(b)+(c)	<u>38,14,19,442</u>	<u>32,78,71,121</u>

SCHEDULE 15 - INTEREST

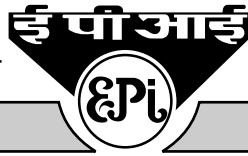
(a) On Short Term Loan		
- Bank	4,57,494	1,11,382
(b) Others	3,59,41,792	202,14,345
	<u>3,63,99,286</u>	<u>2,03,25,727</u>



	31.03.2007 Rs.	31.03.2006 Rs.
SCHEDULE 16 - PRIOR PERIOD ADJUSTMENTS		
A. EXPENDITURE		
I. PROJECT EXPENDITURE		
Civil, Mechanical & Electrical jobs	3,83,90,515	2,50,17,168
Plant & Equipments	15,867	-
Direct Purchases (Plant & Equipments)	2,71,32,867	-
Design & Consultancy	-	8,73,760
Erection & Commissioning	43,200	9,750
Other Direct Expenses	1,31,559	10,32,294
Sales Tax Expenses	1,65,552	-
	<u>6,58,79,560</u>	<u>2,69,32,972</u>
II. ADMINISTRATIVE EXPENDITURE		
Salaries & Allowances	97,208	2,56,552
Site Living Expenses	2,75,464	-
Medical	2,07,714	11,124
Welfare	10,259	7,172
Registration & Filing Fees	2,500	-
Travelling & Conveyance	66,311	9,01,563
Printing & Stationery	1,573	595
Postage, Telephone & Telegrams	44,834	1,43,906
Bank Charges & Guarantee Commission	12,992	-
Repairs & Maintenance:		
- Office	5,73,779	3,13,319
- Buildings	-	6,400
Computer Expenses	74,674	-
Water, Power & Electricity	2,02,217	2,860
Legal and Professional charges	48,056	1,11,250
News Paper & Periodicals	3,698	-
Miscellaneous	4,147	53,678
Petrol, Oil & Lubricants	-	1,45,466
Rates & Taxes	-	50,54,739
Rent	-	17,955
Entertainment	7,224	-
Out of Pocket Expenses	1,792	27,750
Interest subsidy	41,617	-
Sales Promotion	3,061	-
Advertising and Publicity	-	2,500
	<u>16,79,120</u>	<u>70,56,829</u>
III. Interest (Others)	48,51,578	19,31,644
Total - A (I+II+III) :	<u>7,24,10,258</u>	<u>35,92,1445</u>



	31.03.2007 Rs.	31.03.2006 Rs.
B. INCOME		
Interest-Banks/Others	93,009	19,67,298
Miscellaneous	9,89,206	29,079
Consultancy Fee	—	46,14,169
Received against Amount Billed to Client	1,32,87,745	62,09,406
Expenses Written Back	93,918	—
Recoveries from Completed Projects	2,11,87,215	—
Work Done	31,30,659	—
Total	3,87,81,752	1,28,19,952
Net Total : (B-A)	-3,36,28,506	-2,31,01,493



SCHEDULE 17 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A) Significant Accounting Policies

1. Accounting Conventions

The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles, the provisions of the Companies Act, 1956 and applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). The Company maintains its accounts on accrual basis as a going concern except where otherwise stated.

2. Revenue Recognition

(a) Work Done :

i) Work done for the year is arrived at by subtracting opening work-in-progress from accumulated work-in-progress.

ii) Valuation of work-in-progress :

Work-in-progress is valued by taking cumulative actual costs incurred upto the end of the year, without considering miscellaneous income, plus proportionate estimated profit based on contract cost reviewed at the end of each year, allocated on 'Percentage of Completion Method'.

iii) In case of projects foreclosed/terminated, revenue is recognised only to the extent of contract value of which recovery is probable.

iv) Revenue from consultancy services is recognised on proportionate completion method. In respect of cases where ultimate collection with reasonable certainty is lacking at the time of claim, recognition is postponed till collection is made.

v) In case of contracts where loss is anticipated adjustment for entire loss is made.

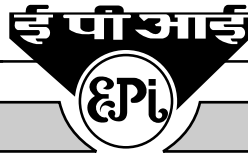
b) Escalation and extra works not provided for in the contract with client and Insurance Claims are accounted for on cash basis.

c) Liquidated damages arising from contractual obligations in respect of contracts under dispute/negotiation and not considered payable/receivable are not accounted for till final settlement.

3. Inventory Valuation:

(a) Construction materials, consumables and stores & spares excluding steel, cement and pipes are charged to contract cost at the time of purchase. Sale proceeds on account of disposal of such left out materials are accounted as miscellaneous income in the year of sale.

b) Stock of steel, cement and pipes are valued at weighted average cost.



4. The contract is considered as closed for accounting purposes upon final billing, commissioning certificate, commercial run, foreclosure and/or termination whichever is earlier.

Till closure of each contract, cumulative value of 'Amount billed to client' is shown under 'current liabilities' & cumulative amount of work done is shown as "Work-in-progress" under Current Assets.

On closure/foreclosure/termination of a contract 'Amount billed to client' is set off against value of "Work-in-progress".

5. Foreign Exchange Transactions:

The basis adopted for conversion of foreign currency :

- i) Actual rate on the date of purchase of fixed assets.
- ii) Average of monthly rates for revenue items and
- iii) Latest available rate at the end of the year for current assets and liabilities

6. Fixed Assets & Depreciation:

- a) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.
- b) Depreciation on fixed assets is calculated according to straight-line method on pro-rata basis and 95% of the cost is written off during the expected useful life of assets. The construction equipments and vehicles at project sites are depreciated over a period of five years based on technical evaluation.
- c) Leasehold building are amortised over the period of lease or over the useful life whichever is shorter. Leasehold land (perpetual) is valued at cost.
- d) Fixed assets costing Rs. 5,000 or less and mobile phones are fully depreciated in the year of purchase.
- e) Depreciation on transfer of assets is accounted for by the transferee unit /region.
- f) The following rates of depreciation have been adopted on straight line method:-

Building	1.68%
Temporary Construction	100.00%
Construction Equipment	19.00%
Furniture & Fixtures	6.33%
Office Equipment	11.88%
Data Processing Machines and Computers including Softwares	47.50%
Mobile phone	100.00%
Vehicles:	
- Projects	19.00%
- Head Office/Regional Offices.	19.00%



7. Retirement Benefits:

- (a) In respect of liability for future payment of Gratuity to employees, Company makes contributions to a recognised Trust on actuarial basis.
- (b) Leave encashment liability is provided on actuarial basis.

8. Investments

Investments are valued at cost.

9. Deferred Revenue Expenditure

Compensation except ex-gratia and notice pay arising out of the Voluntary Retirement Scheme (VRS) are recognised in the year in which these are paid.

Ex-gratia and notice pay arising out of VRS are treated as deferred revenue expenditure in the year in which these are paid and amortised over a period of 5 years.

B) Notes on Accounts

1. Contingent Liability exists in respect of :-

- a) Sales tax/Works Contract tax demand in respect of completed assessments under dispute/appeal, amounting to Rs.4,43,04,494 (previous year Rs.5,23,87,900) against which an amount of Rs. 78,26,291 (previous year Rs.78,26,291) has been deposited with the respective authorities.
- b) Guarantees issued by Banks in favour of various clients on behalf of the Company Rs. 1,59,57,00,312 (previous year Rs. 1,50,44,56,315).
- (c) Indemnity Bonds issued to clients Rs. 11,38,82,521 (previous year Rs.11,38,82,521).
- (d) Claims against the Company not acknowledged as debts Rs.6,71,14,58,505 (previous year Rs.6,51,38,34,210).
- (e) Arbitration award against the company against which appeals are pending with appropriate authorities amounting to Rs. 34,30,36,830 (Previous year Rs. 33,27,19,657) including interest due amounting to Rs. 26,92,37,777(Previous year 26,09,48,854) against which Rs.150,00,000 (Previous year Rs. 1,50,00,000) has been deposited with Court.

2. Amount billed to clients includes:

- (i) Excise duty, taxes and other duties and
- (ii) Rs. 67,65,88,995 (previous year Rs. 60,34,43,958) on account of equipments sold during the year.

3. Company had let out its premises at SCOPE Building to one of the PSU, who vacated premises during Feb 2002 and left some furniture and fixture. It was agreed that cost of left out furniture and fixture would be paid at mutually agreed price. PSU has retained an amount of Rs.49,13,684 on account of rent payable against which provision has been made by the company. Pending settlement of issue, capitalisation and consequential depreciation has not been charged in the accounts.

4. (a) Company does not owe any sum to small scale industrial undertakings.



- (b) Debit and Credit balances of various clients, associates and suppliers are subject to confirmation and reconciliation.
- (c) Free materials issued by client and supplied to Associates are subject to reconciliation and consequential adjustment, if any.
5. (a) Depreciation rates in respect of Vehicles, Data Processing Machines and Mobile Instruments have been changed. Had the depreciation been calculated on the same basis as in the previous year, the charge for depreciation would have been reduced by Rs.30,47,531 and the profit and fixed assets increased by the corresponding amount.
- (b) The Company has capitalised Softwares which hitherto before was being debited to Computer expenses in Profit & Loss Account. Had the expense been calculated on the same basis as in the previous year, Computer expense would have been increased by Rs.12,84,060 and the profit and fixed assets decreased by the corresponding amount.

6. Expenditure in Foreign Currency :

	Amt. (Rs.)	
	31.3.2007	31.3.2006
i) Foreign Travel	44,26,204	3,82,615

7. Few contracts have been terminated / foreclosed. Company has disputed termination of contracts in Courts/Permanent Machinery of Arbitration (Ministry of Law & Justice, Govt. of India). liability if any, on account of invocation of Risk and Purchase Clause where same have been invoked by clients, has not been provided since it has not been ascertained and intimated by clients. Terminations were caused due to abnormal conditions not attributable to company, Management is hopeful of getting necessary remissions against above contracts.
8. (a) Conveyance Deeds in respect of building at Scope Complex, New Delhi (Rs.3,74,41,925) is pending for execution in the name of Company. Liability, if any, on account of execution of conveyance deeds would be provided in the year of its registration.
- (b) Company has availed :
- i) Fund based credit limits from Bank against pledge of FDR's amounting to Rs.31,89,715 (Previous Year Rs. 31,89,715).
- ii) Non fund based credit limits from banks against equitable mortgage of office building at Scope Complex, New Delhi Rs.3,74,41,925 (previous year Rs.3,74,41,925), pledge of FDR's amounting to Rs.13,17,90,922 (previous year Rs.13,17,03,399) and hypothecation of book debts.
- (c) Company has pledged FDR's amounting to Rs 50,00,000 (Previous Year Rs. 50,00,000) with clients on account of Earnest Money Deposit/Security Deposit.



9. Company is primarily engaged in construction activities within one geographical area. Revenue from segments other than primary area are less than 10% of the total revenue, so requisite disclosures in respect of Accounting Standard-17 “Segment Reporting” issued by the ICAI are not applicable to the Company.
10. Company has carried forward losses available for set off under the Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income, net deferred tax assets at year end including related credit for the year have not been recognised in the accounts on prudent basis.
11. Related Party Disclosures:
- i) Key Management Personnel during the year :
- Shri Saleem Hamid, Chairman cum Managing Director
Shri Sunil K. Malhotra, Director (F)
Shri R.N. Sharma, Director (P)
Shri A. K. Ratwani, Director (P)
Shri Naresh Chaturvedi, Director
Shri A. K. Rath, Director
Shri N. Gokulram, Director
Shri A. Didar Singh, Director
Shri DRS Chaudhary, Director
Shri Arun Datta, Director
Dr. Ram S. Tarneja, Director

- ii) The following transaction were carried out with related parties in ordinary course of business :

	Amount (Rs.)	
	Year Ended	Year Ended
	31.3.2007	31.3.2006
Salary	24,39,558	21,61,351
House Rent	5,35,953	5,86,586
Medical Expenses	71,057	72,870
Contribution to Provident Fund	2,27,142	1,97,578
Sitting Fees	56,000	8,000

Chairman-cum-Managing Director and whole time Directors are allowed to use the company's car for non-duty journey upto 1000 km per month on payment of Rs.780.00/Rs.520.00/Rs.490.00. Gratuity and leave encashment are also payable as per the Rules of the company.



12. Disclosure Pursuant to requirements of Accounting standrad – 7 (Revised) issued by ICAI

S.No	Particulars	Amount (Rs.)	
		2006-07	2005-06
1	Contract revenue as revenue in the period	763,25,90,540	636,30,14,551
2	Contract costs incurred and recognised profits upto the reporting date	1635,88,23,477	1297,99,29,048
3	Advances received	74,45,10,250	127,83,09,775
4	Gross amount due from customers for contract work- presented as an asset	221,38,60,079	170,69,67,830
5	Gross amount due to customers for contract work – presented as a liability	255,20,32,823	152,30,06,186

13. Earnings per share (“EPS”) computed in accordance with Accounting Standard 20: “Earning Per Share” issued by ICAI

BASIC & DILUTED:

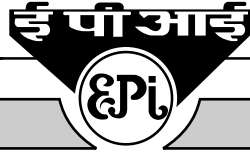
Particulars/Year		2006-07	2005-06
Profit after tax as per Accounts (Rs.Lacs)	A	1529.67	1239.16
Number of Shares issued	B	9094400	9094400
BASIC & DILUTED EPS (Rupees)	A/B	16.82	13.63
Face value per Equity Share (Rupees)		38.95	38.95

14. Previous year figures have been re-grouped/rearranged wherever found necessary.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-2007 Rs. in lacs	2005-2006 Rs. in lacs
A Cash Flow from operating activities :		
Net Profit before tax and extraordinary item	1755.08	1331.23
Depreciation	93.79	140.74
Items considered separately - Interest Paid	4.57	1.11
- Interest Received	-605.36	-199.28
Miscellaneous Expenses to the extent Not Written Off	204.64	204.64
Operating Profit before working capital changes	1452.72	1478.44
Increase(-)/Decrease in Trade and Other receivables	-12434.76	3745.18
Increase(-)/Decrease in Inventories	234.41	1048.33
Increase/Decrease(-) in Trade Payables	10423.84	207.67
Net Cash from Operating Activities	-323.79	6479.62
B Cash flow from investing activities :		
Cash used in long tem investments	-2836.78	-3653.54
Purchase of Fixed Assets	-71.97	-31.35
Sale of Fixed Assets	344.28	4.36
Interest Received	605.36	199.28
Net Cash (used in)/from Investing Activities	-1959.11	-3481.25
C Cash flow from financing activities :		
Payment of Dividend	-531.34	-354.23
Payment of Interim Dividend	-177.11	-177.11
Payment of Dividend Tax	-99.36	-74.52
Interest Paid	-4.57	-1.11
Net Cash (used in)/from financing Activities	-812.38	-606.97
Net decrease(-)/increase in cash and cash equivalents (A+B+C)	-3095.28	2391.40
Cash and cash equivalents at beginning of the year	8184.75	5793.35
Cash and Cash equivalents at end of the year	5089.47	8184.75



- Note** :1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 (AS-3) issued by the Institute of Chartered Accountants of India.
2. Previous figures has been regrouped/reclassified to make it comparable with the figures of the current year.

For and on behalf of the Board

Sd/-

(KUMUDANI SHARMA)
Dy. Company Secretary

Sd/-

(G.D. MOORJANI)
Director (Finance)

Sd/-

(SALEEM HAMID)
Chairman-cum-Managing Director

As per our separate report of even date attached

FOR J.P., KAPUR & UBERAI

Chartered Accountants

Sd/-

(VINAY JAIN)

Partner

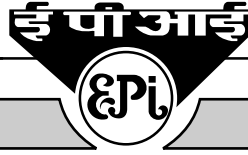
Place : Bangalore

Dated: 01.08.2007



ADDITIONAL INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956

I.	Registration Details	U27109DL1970GOI117585	State Code	55
	Registration No.			
	Balance Sheet	31.03.2007		
II.	Capital Raised during the year (Amount in Rs. Thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III.	Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)			
		Total Liabilities		Total Assets
	Sources of Funds	21661616		21661616
		Share Capital		Reserve & Surplus
	Application of Funds	354227		685668
		Net Fixed Assets		Investments
		49648		Nil
		Net Current Assets		Misc. Expenditure
		990247		Nil
IV.	Performance of Company (Amount in Rs. Thousands)			
		Turnover		Total Expenditure
		7842641		7667133
		Profit Before Tax		Profit After Tax
		175508		152967
		Earning per share		Dividend
		Rs. 16.82		20%
V.	Generic Names of Three principal product/services of Company (as per monetary terms)			
	Item Code No.	Nil		
	Product Description	Construction and Projects related activities		
	Item Code No.	Nil		
	Product Description	Nil		
	Item Code No.	Nil		
	Product Description	Nil		



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

The preparation of financial statements of **Engineering Projects (India) Limited** for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 1 August 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of **Engineering Projects (India) Limited** for the year ended 31 March 2007. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

(J. Wilson)

Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi

Place : New Delhi
Dated : 11 September 2007



स्टाफ ट्रेनिंग सेंटर, यूनियन बैंक ऑफ इंडिया, पोवई, मुम्बई
Staff Training Centre of Union Bank of India at Powai, Mumbai



डॉ. अनिल काकोडकर, अध्यक्ष, ए.ई.सी. एवं सचिव, डी.ए.ई., भारत सरकार, ईपीआई द्वारा
निष्पादित यू.सी.आई.एल. प्लांट, तुरमडीह, झारखण्ड का उद्घाटन
Inauguration of UCIL's Plant executed by EPI at Turamdih, Jharkhand by
Dr. Anil Kakodkar, Chairman, A.E.C. & Secy. D.A.E., Govt. of India



इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि. ENGINEERING PROJECTS (INDIA) LTD.

(भारत सरकार का उद्यम)

(A Govt. of India Enterprise)

आईएसओ 9001:2000 और आईएसओ 14001:2004 कंपनी
An ISO 9001:2000 and ISO 14001:2004 Company

Registered and Corporate Office :

Core-3, SCOPE Complex, 7, Institutional Area
Lodhi Road, New Delhi - 110003

Tel. : 24361666, 24365052

Fax : 91-011-24363426

E-mail : epico@engineeringprojects.com

Website : www.engineeringprojects.com

