

38th ANNUAL REPORT 2007 - 2008



ENGINEERING PROJECTS (INDIA) LTD.

EPI Pays Dividend for the year 2007-2008



Shri Sontosh Mohan Dev, Hon'ble Minister for Heavy Industries & Public Enterprises receiving a cheque towards final dividend for the year 2007-2008 from Shri A.K. Ratwani, Chairman-cum-Managing Director, Engineering Projects (India) Limited. Dr. Satyanarayna Dash, Secretary (Heavy Industry), Dr. Surajit Mitra, Additional Secretary (Heavy Industry) and other senior officials of the Ministry and EPI were present on the occasion.

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Reference Information

Registered Office

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New Delhi - 110 003.
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Fax : 91-11--24363426
E-mail ; epico@engineeringprojects.com
Website : www.engineeringprojects.com

Regional Offices

Eastern Regional Office-Kolkata
50, Chowringhee Road,
(8th & 9th floors),
Kolkata - 700 071.
Phone : 91-33- 22824426/27/29
Fax : 91-33- 22824428
E-mail : epi@cal.vsnl.net.in

Western Regional Office-Mumbai
"Bakhtawar", 6A, 6th Floor,
Nariman Point,
Mumbai – 400 021
Phone : 91-22- 22026347, 22027585
Fax : 91-22-22882177
E-mail : epilwro@vsnl.net.

Northern Regional Office-Delhi
2nd Floor, Core-3, SCOPE Complex,
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Phone : 91-11-24361666
Fax : 91-11-24368293
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Southern Regional Office-Chennai
3D, East Coast.Chambers,
92, G.N Chetty Road,
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Chennai - 600 017.
Phone : 91-44-28156886,
28156421, 28157106
Fax : 91-44-28156629
E-mail : epiro@md4.vsnl.net.in

Bankers

Allahabad Bank
Bank of Baroda
Canara Bank
HDFC Bank
Corporation Bank
Dena Bank
IDBI Bank
Oriental Bank of Commerce
Punjab National Bank
J & K Bank
State Bank of India
State Bank of Hyderabad
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank
Union Bank of India

Auditors

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

Branch Auditors

M/s. Nundi & Associates,
Chartered Accountants,
7C, Kiran Shanker Roy Road,
Kolkata-700001.

M/s. Singavi Oturkar & Kelkar,
Flat no. A-202, 2nd Floor,
A wing, Gulmohar apartments,
Near Bhandari Hall,
P L Kale Guruji Marg,
Dadar(W),
Mumbai-400028.

M/s. Sekar & Mohan,
Shop No.10, First Floor,
18, Natesan street , T. Nagar,
Chennai-600017.

Board of Directors



Sh. A.K. Ratwani
Director Projects
Additional Charge of
Chairman-cum-Managing Director



Dr. Surajit Mitra
Additional Secretary
(Department of Heavy Industry)



Sh. G.D. Moorjani
Director (Finance)



Sh. R. Asokan
Director, (IF Wing)
Department of Heavy Industry



Dr. Ram S. Tarneja
Independent Director



Sh. Arun Datta
Independent Director



Sh. A.K. Mitra
Independent Director

AREAS OF OPERATION



Performance of EPI for last 5 years' at a Glance

Rs. in lacs

Particulars/Years	2003-04	2004-05	2005-06	2006-07	2007-08
A. Operating Statistics					
Turnover	38986.07	51203.87	63737.95	76360.86	85105.51
Other Income	7283.55	1728.94	1854.51	2065.55	2130.53
Total income (a)	46269.62	52932.81	65592.46	78426.41	87236.04
Total expenditure (b)	43175.89	51907.22	63917.23	76213.54	84866.95
Gross Margin (a-b)	3093.73	1025.59	1675.23	2212.87	2369.09
Interest	72.18	156.01	203.26	363.99	263.90
Depreciation	55.38	94.07	140.74	93.79	91.57
Profit Before Tax (PBT)	2966.17	775.51	1331.23	1755.09	2013.62
Income Tax including Fringe Benefit Tax	NIL	56.17	92.08	225.42	260.43
Profit after Tax (PAT)	2966.17	719.34	1239.15	1529.67	1753.19
Dividend	353.77	531.34	708.45	708.45	708.45
Dividend Tax	46.23	72.83	99.36	99.36	136.18
Wealth Tax	Nil	Nil	Nil	Nil	0.08
Retained Surplus	2566.17	115.17	431.34	721.86	908.48
No. of Employees	465	468	469	469	499
No. of Equity Shares	9094400	9094400	9094400	9094400	9094400
B. Financial Position					
Share Capital	3542.27	3542.27	3542.27	3542.27	3542.27
Reserve and Surplus	5588.30	5703.47	6134.82	6856.68	7235.82
Shareholder's Fund	9130.57	9245.74	9677.09	10398.95	10778.09
Misc. expenses to the extent not written off	613.91	409.27	204.63	0.00	0.00
Net Worth	8516.66	8836.47	9472.46	10398.95	10778.09
C. Financial Ratios					
Gross margin /Turnover %	7.94	2.00	2.63	2.90	2.78
Profit Before Tax (PBT)/Turnover %	7.61	1.51	2.09	2.30	2.37
Profit Before Tax (PBT)/Networth%	34.83	8.78	14.05	16.88	18.68
Profit After Tax (PAT)/Networth %	34.83	8.14	13.08	14.71	16.27
Turnover per Employee	83.84	109.41	135.90	162.82	170.55
Turnover/Networth (No. of times)	4.58	5.79	6.73	7.34	7.90
Dividend paid / Profit after tax %	11.93	73.86	57.17	46.31	40.41
Earning per Share(in Rs)	32.61	7.91	13.63	16.82	19.28
Book Value Per Share of Rs. 38.95 each (in Rs.)	100.40	101.70	106.40	114.30	118.50



Notice

Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the thirty-eighth Annual General Meeting of the Company will be held at 3.30 p.m. on Friday, 26th September 2008 at its Registered and Corporate office, Core 3, SCOPE Complex, (4th Floor), 7 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 2008 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.

(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 Form in duplicate is sent herewith to all members of the Company with a request to return the same duly filled.
3. Shri Saleem Hamid, Chairman-cum-Managing Director of the Company ceased to be the Chairman-Cum-Managing Director of the Company w.e.f 22.12.2007 consequent upon completion of his tenure.
4. Shri N. Gokulram, Additional Secretary and Financial Advisor, Deptt. of Industrial Policy and Promotion, Ministry of Commerce and Industry ceased to be Part-time Official Director on the Board of the Company vide order no.16 (12)/2001-TSW dated 1st February, 2008 of Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry.
5. Shri R. Asokan, Director, Integrated Finance Wing, Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry was appointed as Part-time Official Director on the Board w.e.f 01.02.08 vide order No.16(12)/2001-TSW dated 1st February, 2008 of Ministry of Heavy Industries & Public Enterprises, 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
3. M/s. J. P. Kapur & Uberai
Chartered Accountants
Statutory Auditors.

(Kumudani Sharma)
Dy. Company Secretary

Date : 18th September, 2008
Place : New Delhi

Chairman's Statement

Dear Shareholders,

It gives me immense pleasure to welcome you to the 38th Annual General Meeting of the Company. The notice convening the AGM, Balance Sheet, and Directors' Report for the year ended 31st March 2008 are already with you and with your permission I take them as read. I consider it as my privilege to address and share my views on performance of the Company and future scenario.

Performance Overview

Your Company continued its journey on the growth path and achieved a turnover of Rs.851.06 crores (previous year Rs.763.61 crores). The net profit before tax also rose to Rs.20.14 crores in 2007-08 from Rs.17.55 crores in year 2006-07. Housing & Building works continued to be highest contributor to the turnover of the Company. Its contribution was 44% of the turnover followed by Dam & Irrigation project at 25%.

Your Company has paid an interim dividend of 10% on paid-up share capital during the year 2007-08 and further recommends a final dividend of 10% of paid-up share capital for the year 2007-08, thus bringing the total dividend of 20% for the year on the paid up share capital of Rs. 35.42 crores.

In the current year till 31st August 2008, your company has secured 19 projects valuing Rs.908.18 crores and is hopeful of exceeding the targets assigned in the MOU signed with the Government of India for the year 2008-09. The performance of the Company was evaluated recently by Inter-Ministerial Committee (IMC) and in view of consistent good performance of Company during last few years, the IMC has decided for continuation of Mini-Ratna Category II status for the Company.

Future Scenario

The last decade has seen path-breaking initiatives to strengthen the infrastructure sector. Policies have been formulated, regulations enacted and mega projects launched. Massive investments to the tune of Rs.2,000 crores in Infrastructure Sector is being made in the next 4 years. Besides, major

capital investments in the Engineering Sector is in the pipeline. Availability of this huge business opportunity makes your company more confident and ambitious. However, we need to spruce up our work style, diversify and aggressively look for new business opportunities. In this direction, your Company has already appointed a reputed international consultant for preparation of business plan for the next 10 years which shall be implemented shortly. This will enable your Company to grow strongly in the carefully chosen business sectors including strengthening the core competencies and diversify into high return segments.

Corporate Governance

Your Company firmly believes and accords highest importance to transparency, accountability and equity in all facets of its operations. It constantly endeavours to achieve the highest level of standards of corporate governance in order to enhance long-term stakeholders' value. A separate Report on the corporate governance practices being followed in the Company is placed before you as annexure to the Directors' Report.

Acknowledgment

Any accomplishment requires human contribution and growth of EPI is no different story. I, on behalf of Board of Directors and on my own behalf, place on record appreciation for hard work of our committed and competent employees whose sincere and continued efforts have yielded excellent results. I am grateful to the Members of Board, Shareholders, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises and other Government Departments for their continued guidance and support. I also place on record my sincere thanks to our valuable Clients, Business Associates & Banks who have reposed faith in your Company.

I look forward to your continued support for the Company's growth in the future.



(A.K. Ratwani)

Chairman-cum-Managing Director
DIN : 00730349



Directors' Report

Dear Members

The Directors have the pleasure in presenting the thirty-eighth Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2008.

1. Financial Highlights

During the year, Company has earned gross margin of Rs. 23.69 crores (previous year Rs. 22.13 crores) and after charging depreciation of Rs. 0.92 crores (previous year Rs. 0.94 crores), interest of Rs. 2.64 crores (previous year Rs. 3.64 crores) there is net profit before tax of Rs. 20.14 crores (previous year Rs. 17.55 crores). Thus your Company has been able to improve its overall performance consistently.

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

(Rs. in lacs)

S.No.	Description	2007-08	2006-07
1.	Turnover	85105.51	76360.86
2.	Gross Margin	2369.09	2212.87
3.	Interest	263.90	363.99
4.	Depreciation	91.57	93.79
5.	Net profit before tax	2013.62	1755.09
6.	Tax (including FBT)	260.43	225.42
7.	Net profit after tax	1753.19	1529.67
8.	Net worth	10778.09	10398.95

2. Performance

During the year 2007-08, your Company has achieved turnover of Rs. 851.06 crores as against previous year turnover of Rs. 763.61 crores registering a growth of 11.45 per cent over previous year and completed projects valuing Rs. 539.16 crores (previous year Rs. 425.06 crores).

3. Capital Structure

The authorised and paid-up share capital of the Company remains at Rs. 909.40 crores and Rs. 35.42 crores respectively.



Union Bank of India Building, Mumbai

4. Dividend & Reserves

Your Directors recommend final dividend of 10 percent in addition to the interim dividend of 10 percent on paid up capital declared in January, 2008. Thus in aggregate dividend for the year 2007-08 is 20 percent on the paid up capital of the Company. The final dividend shall be paid after seeking approval of the shareholders at the Annual General Meeting of the Company. The total outgo on account of dividend and dividend tax for the year 2007-08 will be Rs. 7.08 crores and Rs. 1.36 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. 1.50 crores) to be transferred to General Reserve of the Company and balance profits be carried forward. Accordingly, an amount of Rs. 67.94 crores (Previous year Rs. 65.65 crores) shall be available in "Reserve and Surplus" Account as on 31st March, 2008.

5. Order Book Position

During the current financial year, your Company is executing 88 orders worth Rs. 3783.40 crores.

6. Marketing Achievements

During the year 2007-08, the Company had secured 21 projects valuing Rs. 1037.90 crores. The brief particulars of the major projects secured are given below:

(Rs. in Crores)

S.No	Project	Client	Value
I	Construction of New CDRI Campus at Sitapur Road, Lucknow (on Deposit basis).	Central Drug Research Institute, Lucknow	135.13
II	Construction of Medical College & 750 Bedded Teaching Hospital at Sagar, Madhya Pradesh.	MP Housing Board, Project Division, Sagar (Madhya Pradesh)	114.30
III	Construction of Carriage Periodic Overhauling Workshop for BG Railway Coaches at Harnaut, District Nalanda, Bihar	East-Central Railway, Patna	105.66
IV	Excavation of approach & Link Channel including Construction of CM & CD works etc. in Kurnool District, Andhra Pradesh.	HNSS Circle-I Irrigation & CAD Department, Govt. of Andhra Pradesh, Kurnool	88.29
V	Lift Irrigation Scheme for Irrigation & CAD Department, Telugu Ganga Project Circle, Nandyal, Andhra Pradesh.	Irrigation & CAD Department, Govt. of Andhra Pradesh, Nandyal	72.63
VI	Construction of Central Prison including its Planning, Designing and Detail Engineering at Bishalgarh, West Tripura (on turnkey basis).	Public Works Department, Govt. of Tripura Bishalgarh, West Tripura	62.55
VII	Construction of College of Agriculture at Lembucherra, Agartala (Tripura) on (Deposit Basis).	Director of Agriculture, Govt. of Tripura, Agartala	58.71
VIII	Construction of CD & CM Works of Main Canal and Distributory System in Karimnagar District, Andhra Pradesh	Irrigation & CAD Department, Govt. of Andhra Pradesh	50.50
IX	Modernization of Churaibari Check Post at Churaibari, Tripura (on Deposit Basis).	Commissioner of Taxes, Govt. of Tripura, Agartala.	45.79
X	Construction of Cement Concrete Roads at various Places in Tadipatri Municipality under UIDSSMT (Urban Infrastructure Development Scheme for Small & Medium Towns)	Public Health & Municipal Engineering Department, Govt. of Andhra Pradesh, Hyderabad	35.54
XI	Construction of Break Waters at Northern and Southern sides, Koyilandy Fishery Harbour, Kozhikode, Kerala.	Harbour Engineering Department, Kamaleswaram, Thiruvananthapuram.	32.82
XII	Construction and Maintenance of Technical Institutes in the State of Jharkhand.	Department of Science & Technology, Govt. of Jharkhand, Ranchi.	32.00
XIII	Construction of Sewerage & Drainage for Borough XIV including House Connection Lot-1 for Kolkata Environmental Improvement Project.	Kolkata Environmental Improvement Project, Kolkata	28.48
XIV	Construction of 2000 ML capacity Additional Summer Storage Tank at Guntaka, Andhra Pradesh	Public Health & Municipal Engineering Department, Govt. of Andhra Pradesh	26.73



Further, in the current financial year 2008-09 upto 31st August, 2008, the Company has already secured projects valuing Rs. 908.18 crores, and is hopeful of exceeding the order booking target of Rs. 1200 crores set out in the MOU signed with the Govt. of India.

7. Performance Rating Under MoU

The performance of your Company has been rated as “Excellent” by the Department of Public Enterprises (DPE) for the year 2006-07. This is the third consecutive year in which Company’s performance has been rated “Excellent” by DPE. For the year 2007-08, also the performance of your Company qualifies for “Excellent” rating based on the audited data of the Company.

8. Corporate Governance

The Company believes that good corporate governance practices in the long term leads to creation of wealth for all its stakeholders. A Report on Corporate Governance practices being followed by the Company and Management Discussion and Analysis Report are annexed to the Directors’ Report.

9. Quality and Environmental Management

EPI is an ISO 9001:2000 and ISO 14001:2004 certified Company covering Quality and

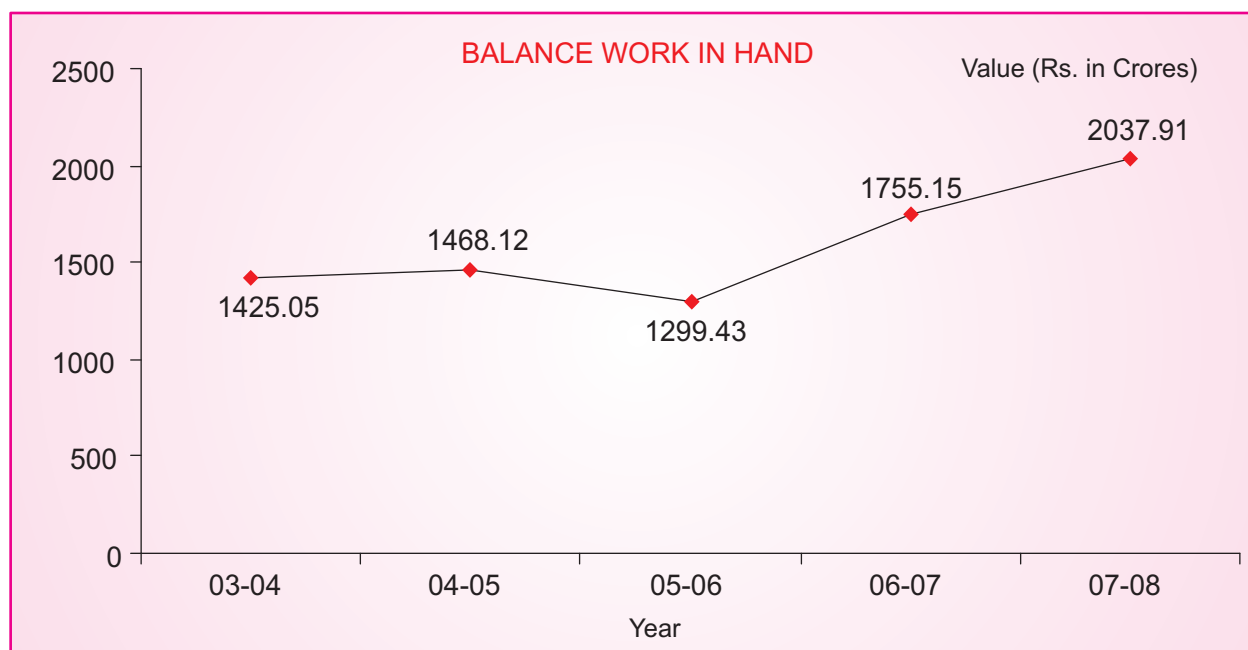
Environmental Management Systems (QEMS). The scope of certification includes design, procurement and implementation of multi-disciplinary industrial and other construction projects from concept to commissioning. In view of adherence to QEMS, the Company has been recertified for QMS certification i.e. ISO 9001:2000”.

10. Vigilance Activities

During the year 2007-08, several new initiatives were taken by the Company to enhance the transparency in its operations by utilizing technical advancement of Information Technology. All tenders are being invited by wide publicity. Your Company has undertaken measures for improved preventive vigilance through better quality of inspection.

11. Human Resource

Your Company takes pride for its human resource utilisation with whose contribution, Company had walked miles and shall take big leap into future. The Company believes that in fulfillment of its business plan, the employees of the Company should be suitably leveraged. As on 31st March, 2008, Company had strong force of 499 employees.



12. SC/ST Personnel

The number of SC/ST employees on the rolls of the Company as on 31st March, 2008 was 111, which constitute 22.24% of the total strength.

13. Physically Challenged Person

With a view to focus on its role as socially conscious organization, Company endeavours to take responsibility of adequate representation of physically challenged person in its work force. Reservation has been provided for physically handicapped as per the Rules / Policy. Various other initiatives are also taken by the Company for the welfare of the physically challenged person such as, advance for three wheeler vehicle with a hand fitted engine, enhanced transport subsidy etc.

14. 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,

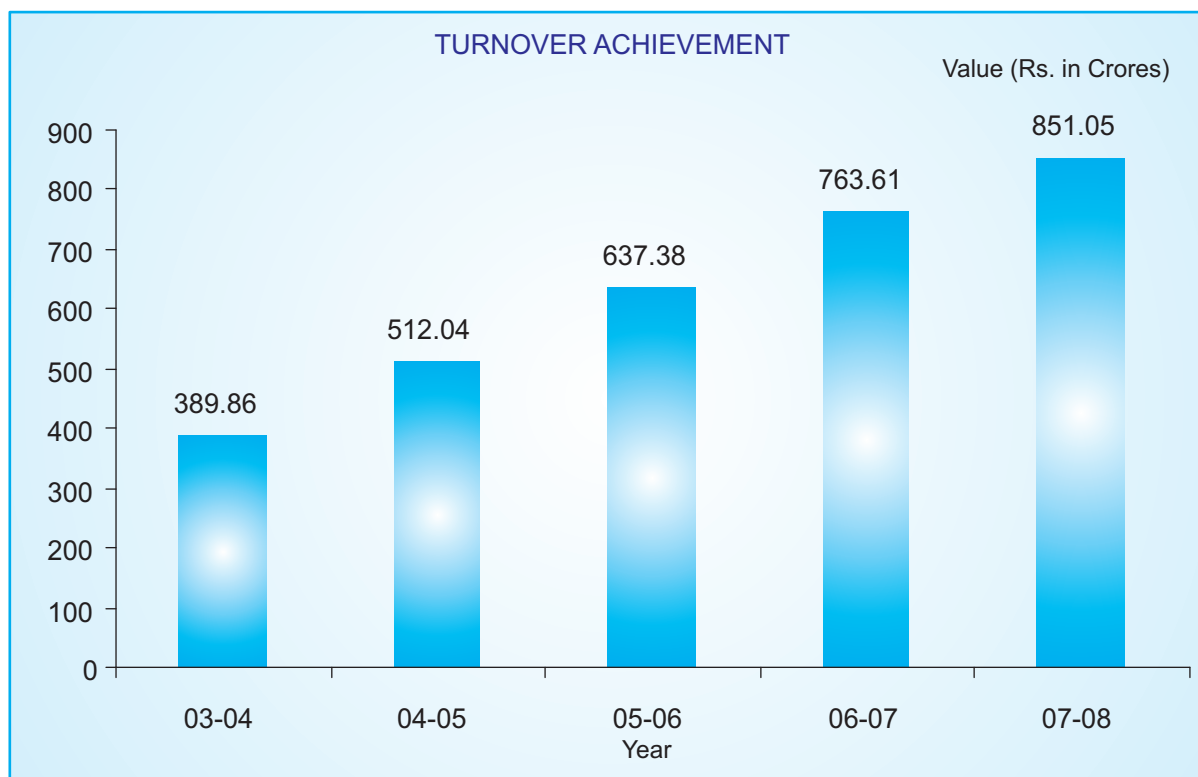
Dictation, Noting-Drafting, Essay Writing, Hastakashar, Debate, Chitra Abhivayakti, Quiz, Poems Recitation etc. were organized during Hindi Pakhwara. Employees were motivated to work in Hindi through training programmes, workshops, awards and personal contacts. The wards of employees were awarded for their better performance in Hindi subject through our Pratibha Puraskar Yojana.

15. Expenditure on Foreign Travel, Brand Promotion and Advertising/Publicity

During the year under review, the total expenditure incurred on foreign tours was Rs. 11.89 lacs (previous year Rs. 44.26 lacs), brand promotion Rs. 24.23 lacs (previous year Rs.13.86 lacs) and advertisement/ publicity Rs. 25.61 lacs (previous year Rs. 14.62 lacs).

16. Economy in Administrative Expenditure

Keeping in view the Govt. Directives, efforts were made to achieve economy in administrative expenditure in EPI during the year 2007-08.





17. Board of Directors

The Board of Director of the Company consists of eight members, three Directors are functional Directors including the Chairman-cum-Managing Director, two Directors are part-time Official Directors from the Administrative Ministry and three Directors are part-time Non-official Directors drawn from various fields.

Following changes took place in the Directorship of the Company from the date of last Annual General Meeting:

Shri Saleem Hamid, Chairman-cum-Managing Director of the Company ceased to be the Chairman-cum-Managing Director of the Company w.e.f. 22.12.07 consequent upon completion of his tenure.

Shri N. Gokulram, Additional Secretary and Financial Advisor, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry ceased to be part-time Official Director of your Company vide Order No.16 (12)/2001-TSW dated 1st February, 2008, of Ministry of Heavy Industries & Public Enterprises, Deptt of Heavy Industry.

Shri R. Asokan, Director, Integrated Finance Wing, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry was appointed as part-time Official Director on the Board w.e.f 01.02.08 vide Order No.16(12)/2001-TSW dated 1st February, 2008 of Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry.

18. Director's 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, 2008 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. Auditors

M/s. J. P. Kapur & Uberai, Chartered Accountants were appointed as Statutory Auditors of the Company for the financial Year 2007-08. M/s. Nundi & Associates, M/s. Singavi Oturkar & Kelkar and M/s. Sekar & Mohan were appointed as Branch Auditors for the Eastern, Western and Southern Regional Offices respectively. Report of the Statutory Auditors on the accounts of the Company for the year ended on 31st March, 2008 and Company's replies thereto are annexed to the Report. The comments on accounts for the year ended 31st March, 2008 by the Comptroller &

Auditor General of India and company's replies there to under Section 619(4) of the Companies Act, 1956 are given in the addendum to this Report.

20. 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 detailed as under:

20.01 Conservation of Energy

The Company's activities do not involve direct use of energy in manufacturing processes, however, importance of reducing energy consumption levels and re-use through recuperative and regeneration technologies are kept in constant focus of designers of plants, equipment and processes involving utilization of energy. For the designs used for projects involving chemical reactions with heat exchange processes, heating, chilling, calcination etc., reduction of levels of specific consumption and



maximizing conservation with optimum energy-economy is achieved through the use of latest methods & features including energy efficient equipment, recuperators of waste heat, advanced construction materials with enhanced insulating characteristics coupled with modern process control systems based on digital sensing, control and signalling technologies.

20.02 Technology Absorption

a) Research & Development

As a turnkey project executing organisation, EPI 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. Research & Development activities are focused to improve performance and efficiency in product cycle like achieve cost reduction while adopting advanced technologies. Specific emphasis is laid in evolving improved features of design and use of materials 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 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 capabilities.

b) Technology Absorption

The Company, endowed with the internationally acclaimed certification of ISO-9001:2000 Quality Management System and ISO 14001:2004 Environment Management System covering its total range of operations. The Company brings the benefits of latest technology through its continuous endeavour by acquiring & absorbing latest technologies through collaborations with



Micro Tunneling Machine

Coal Handling Plant, North Chennai



internationally reputed organisations. The latest technologies available with the organisation include Acid Concentration Plants, Chemical Process Plants, Specialized Ore beneficiation facilities for extraction of rare earths etc.

Specific project-based collaborations are also arranged to meet the needs of modern industrial projects. The technological collaborations for Indian projects ensure adoption of the technical features to match Indian conditions and development of substitute components of imported origin by Indian manufacturers. 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 has enabled your company in securing substantial volume of technology-based business in the

country. Constant endeavour is made by your company to keep abreast of the latest developments in various areas and adopt new trends under the influence of globalization of industrial technologies.

20.03 Foreign Exchange Earnings and Outgo

During the year 2007-08, there is an outgo of foreign exchange to the tune of Rs. 470.87 lacs (previous year Rs. 44.26 lacs) towards design & consultancy, import of equipments & spare parts and foreign travel and your Company has earned foreign exchange of Rs. 53.78 lacs (previous year – Nil).

21. 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, 2008.



22. Acknowledgement

Your Directors acknowledge with deep sense of appreciation the cooperation and support received from Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry and other Ministries and Organisations of the Government of India and State Governments. Your Directors express their gratitude to various clients and Banks for the confidence reposed by them and appreciate the contribution of the sub-contractors, vendors and consultants in implementation of the projects. Your Directors are also thankful to the Government Auditors and the Statutory Auditors for their suggestions. 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. This unstinted support of everyone has been integral part of ongoing success of EPI.

For and on behalf of the Board

(A.K. Ratwani)

Chairman-cum-Managing Director

DIN 00730349

Place: New Delhi.

Date : 9th September, 2008

Report on Corporate Governance

1. The Company's Philosophy on Corporate Governance

Engineering Projects (India) Limited (EPI) firmly believes and accords highest importance to transparency, accountability and equity in all facets of its operations. EPI constantly endeavours to achieve the highest level of standards of corporate governance in order to enhance long-term stakeholders' value. EPI has adopted a philosophy on Code of Corporate Governance which is as follows:

"To Exercise Professionalism and be Effective, Responsive and Transparent in order to create value for all the stakeholders of the Company"

2. Board of Directors

The Board of EPI is well structured in line with the Guidelines on Corporate Governance for CPSEs

and various Office Memorandums issued by Department of Public Enterprises (DPE). It consists of eight members, of whom three are Functional Directors (including Chairman-cum-Managing Director), two are Nominee of Govt of India and three are Independent Directors. The Independent directors of the Company are drawn from the fields of Management, Engineering, Economics & Accounts. The directors on the Board are appointed by the Government of India in terms of the Article 68 of Articles of Association of the Company.

Details of the composition of the Board of Directors, their tenure, category of the director, attendance at the Board Meeting & General Meeting, other directorship held during the year 2007-08 are given below :

Name	Meeting Attended	AGM Attended	Other Directorship	Period
(a) Functional Directors				
Shri Saleem Hamid Chairman-Cum-Managing Director DIN : 00267980	3/3	Yes	Nil	22.12.97- 21.12.07
Shri A.K. Ratwani Director (Projects) (Holding Additional charge of CMD w.e.f 22.12.07) DIN : 00730349	4/4	Yes	Nil	01.09.06- 31.08.11
Shri G.D. Moorjani Director(Finance) DIN : 01454008	4/4	Yes	Nil	11.04.07- 31.08.10
(b) Govt Nominees				
Shri N. Gokulram Additional Secretary & Financial Advisor Ministry of Commerce & Industry DIN : 00267160	2/4	No	3	23.01.07- 01.02.08
Shri DRS Chaudhary Joint Secretary, Ministry of Heavy Industries & Public Enterprise DIN : 00269508	0/0	NA	2	06.03.07- 26.04.07
Dr. Surajit Mitra Additional Secretary, Ministry of Heavy Industries & Public Enterprise DIN : 00122304	4/4	No	7	26.04.07 till further orders



Name	Meeting Attended	AGM Attended	Other Directorship	Period
Shri R. Asokan Director, Ministry of Heavy Industries & Public Enterprise DIN : 01079166	0/0	NA	4	01.02.08- till further orders
(c) Independent Director				
Shri Arun Datta DIN : 00180069	1/4	Yes	6	14.09.05- 13.09.11
Dr. Ram S. Tarneja DIN : 00009395	3/4	Yes	20	26.02.06- 25.02.09
Shri Anjan Kumar Mitra DIN : 00888372	4/4	Yes	1	11.05.07- 10.05.10

The Board of the company met four times in a year at regular intervals (21.06.07, 01.08.07, 30.10.07 & 17.01.08) and all information required in accordance with DPE Guidelines was placed before the Board.

Brief Resume of the Directors on the Board

(i) **Shri A.K. Ratwani** (51 years) Shri A.K. Ratwani joined EPI as Director (Projects) in September, 2006 and is holding additional charge as Chairman-cum-Managing Director since 22nd December, 2007. Shri Ratwani is a Civil Engineer and holds qualification of MBA in Marketing. Shri Ratwani has rich and varied experience spanning over 30 years in Marketing, Project Management, Project Execution and Real Estate Projects. Shri Ratwani has handled multi-disciplinary projects both in India and abroad. Before joining EPI, he has worked over 28 years in Construction Organisations & PSUs. With his extensive experience in Project Management and Execution, Shri Ratwani has streamlined the operation of the company for better management of its resources which has resulted in efficient operations and improved profitability of EPI. With his marketing acumen, the present order book position of

EPI has gone up considerably over previous years.

- (ii) **Shri G.D. Moorjani** (58 years) Shri G.D. Moorjani, Director (Finance) since April, 2007 has rich experience of over 30 years in Corporate Finance & Management. Before joining the Board as Director (Finance), Shri Moorjani was Executive Director (Finance) & Company Secretary of the Company. He gives direction with respect to overall financial management of the Company including Annual Financial Plan, Budgetary Control, Cash Management and other matters. He also gives direction on the Corporate Governance framework of the Company. He is fellow member of the Institute of Cost and works Accountants of India and Institute of Company Secretaries of India.
- (iii) **Dr. Surajit Mitra** (55 years) Dr. Surajit Mitra, Additional Secretary, Govt. of India, joined the Board of EPI on April 26th 2007 as Nominee of Govt. of India. Before his tenure as Additional Secretary, Deptt. of Heavy Industry, Dr. Mitra has held various important positions which include Joint Secretary (Deptt. of Heavy Industry), Joint Secretary for ESCAP, ASEAN in the Ministry of Commerce, Joint Secretary &

Financial Advisor in Ministry of Petroleum & Natural Gas and Principal Secretary, (Planning & Development) Govt. of Assam. Dr. Mitra has wide experience spread across various Ministries and Departments of Govt. of India vis Ministry of Rural Development, Tourism, Communication, Defence, Home, Commerce, Petroleum, North East Development and important assignments with State Governments. Dr. Mitra is Doctorate of Economic from University of Cambridge, (U.K.). The administrative and academic recognitions received by Dr. Mitra include fellow of Queen Elizabeth, University of Oxford (International Trade) and Hon' Professor in the Centre for Policy Research (South – South Cooperation) Dr. Mitra is also Nominee Director on the Board of Bharat Heavy Electricals Ltd, HMT International Limited, HMT Ltd, HMT Machine Tools Ltd, Bharat Bhari Udyog Nigam Ltd., Cement Corporation of India Ltd and Hindustan Paper Corporation Ltd.

- (iv) **Shri R. Asokan** (52 years) Shri R. Asokan is Director, Integrated Finance Wing, Department of Heavy Industry, Government of India. He joined the Board of EPI as Nominee Director w.e.f 01.02.08. Shri Asokan is a Cost & Works Accountant and Post graduate in Commerce. Prior to his tenure in Department of Heavy Industry, Shri Asokan has worked in Department of Economic Affairs, Deptt of Industrial policy & Promotion (BICP, Tariff Commission), Deptt of Expenditure, Deptt of Company Affairs and Deptt of Fertilizers. Before joining Indian Cost Accounts Services in 1989, Shri Asokan has worked for 9 years with Neyveli Lignite Corporation Ltd. Shri Asokan is also Nominee Director on the Board of Cement Corporation of India, Bharat Bhari Udyog Nigam Ltd., NEPA Ltd., and Heavy Engineering Corporation Ltd.
- (v) **Shri Arun Datta** (61 years) Shri Arun Datta was appointed as Independent Director on the Board of EPI w.e.f. 14.09.2005 for a period of 3 years. The tenure of Shri Datta has been

extended by Ministry of Heavy Industries & Public Enterprises for further period of 3 years w.e.f 14.09.08. Shri Datta is Mechanical Engineer with a post graduate diploma in Marketing Management. He is an Independent Business Advisor having extensive experience in Corporate Policy, Project Management and Marketing in sectors like Heavy Engineering, Power, Infrastructure, Water and Transport. Shri Datta is also Independent Director on the Board of GIC Housing Finance Ltd., India Cement Ltd. and Electricals Manufacturing Company Ltd, North Karnataka Expressway Ltd. and Marmagoa Steel Ltd.

- (vi) **Dr. Ram S. Tarneja** (77 years) Dr. Ram S. Tarneja joined the Board of EPI on 26.02.06 as Independent Director. Dr. Tarneja is active leader in professional Management Movement of Asia. He retired as Managing Director of the Bennett Coleman & Company Ltd. (The Times of India) in 1991 and since then continues to be member on their Board. Besides, Bennett Coleman & Company, he is member of the Board of 17 Companies (including Public Ltd., Private Ltd. and Section 25 Companies). He is on the Board of two organisations established under the Act of Parliament. These are Employees Provident Fund Organisation (EPFO) and National Board of Agricultural and Rural Development (NABARD). Prior to joining, Bennett Coleman & Company, Dr. Tarneja was Director of Personnel of a Group of Companies in Kolkata for about 10 years. After obtaining the PhD degree from Cornell University, he was Director, Graduate Department of Business Administration, Duquesne University, Pittsburgh, Pa, USA. He is also Chairman/ Member of various sub-Committees of the Board of Companies on which he is a Director.
- (vii) **Shri Anjan Kumar Mitra** (61 years) Shri Anjan Kumar Mitra joined the Board of EPI on 11th May, 2007 as Independent Director. Shri Mitra is a fellow member of Institute of Chartered Accountants of India and a Law graduate. He is a proprietor of a Chartered Accountant firm

“Mitra & Associates” and Managing Director of United Mohun Bagan Football Team Private Ltd. Shri Mitra has extensive experience in the field of Taxation, Bank Audit and Govt. Audit.

3. Audit Committee

(i) Composition of the Audit Committee

The Audit Committee was reconstituted in accordance with Guidelines on Corporate Governance for CPSEs in the meeting of the Board of Directors held on 17th January 2008, with terms and references of the Committee being same as proposed in the Guidelines. After its reconstitution, a meeting was held on 22nd February 2008, which was attended by all the members of Committee. This was the only meeting held during the year 2007-08. The present composition of the Committee is as under:

Name & Designation	Category
Dr. Ram S. Tarneja, Chairman	Independent Director
Shri Anjan Kumar Mitra, Member	Independent Director
Shri A.K. Ratwani, Member	Director (Projects)

(ii) Role and Power of Audit Committee:

The role and power of Audit Committee as detailed in the DPE Guidelines was adopted by the Board.

4. Remuneration Committee

The Company has also constituted Remuneration Committee in accordance with the decision of the Board of Directors for recommending the proposals on the benefits to the employees of the company. The present composition of the Committee is as under:

Name & Designation	Category
Shri Arun Datta, Chairman	Independent Director
Dr. Ram S. Tarneja, Member	Independent Director
Shri G.D Moorjani, Member	Director (Finance)

There were two meetings of the Remuneration Committee held on 20th June 2007 and 21st June 2007 which were attended by all the members.



Ore Processing Plant, Jharkhand for UCIL

5. Disclosures

(i) Details of the remuneration paid to the functional directors and sitting fees paid to Independent Directors are as under:

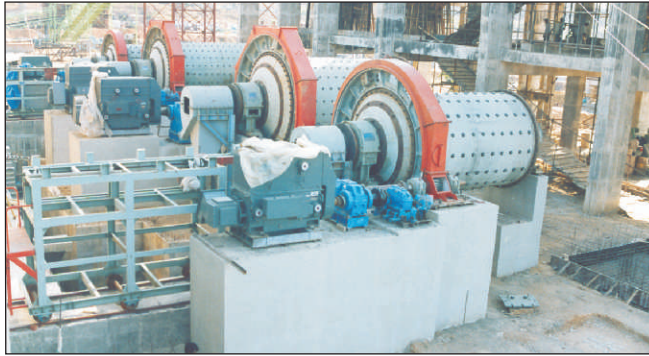
A: Functional Director (In Rs.)

Directors	Salary	Per-quisite	Total
Shri Saleem Hamid Chairman-cum-Managing Director (upto 21.12.2007)	1726842	111555	1838397
Shri A.K. Ratwani Director (Projects)	880398	101499	981897
Shri G.D. Moorjani Director (Finance)	901709	78905	980614

B : Independent Directors (In Rs.)

Directors	Sitting Fees
Shri Arun Datta	14,000/-
Dr. Ram S. Tarneja	30,000/-
Shri Anjan Kumar Mitra	28,000/-

(ii) During the year there was no related party transaction, Audit Committee in their meeting held on 22.02.08 has nominated Shri A.K. Ratwani, Director (Projects) who shall be responsible for pre-approving Related Party Transactions.



Ore Processing Plant, Jharkhand for UCIL

- (iii) The Statutory Compliance Report together with the status of the Statutory dues is being placed before the Board regularly.
- (iv) It is reaffirmed that no penalties, strictures have been imposed by any statutory body.
- (v) The Company is complying with all the requirements of the Guidelines on Corporate Governance for CPSEs issued by the DPE except Risk Management Policy and Whistle Blowers' Policy, which are under finalisation and shall be implemented shortly.
- (vi) During the year, Presidential Directives issued by the Government of India has been complied by the Company.
- (vii) During the year, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure and no expenses which are of personal nature have been incurred for the Board of Directors and Top Management.

6. General Body Meetings

AGM for the Financial Year Ended	Date and Time of AGM	Location
2006-07	Sept. 21 st , 2007 at 3.30 p.m.	Core 3, SCOPE Complex, Lodhi Road, New Delhi
2005-06	Sept. 29 th , 2006 at 3.30 p.m.	Core 3, SCOPE Complex, Lodhi Road, New Delhi
2004-05	Sept. 30 th , 2005 at 3.30 p.m.	Core 3, SCOPE Complex, Lodhi Road, New Delhi

7. Means of Communication with Shareholders

The paid up share capital of the Company is being held by the Government of India and seven CPSEs.

The Government of India holds 99.98% of the paid up capital of the Company. The Company displays complete Annual Reports on its website for the information of its shareholders together with other important information pertaining to the Company.

8. Audit Qualifications

The comments on accounts for the year ended on 31st March, 2008 by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in the addendum to the Directors' Report.

9. Training of Board of Directors

The Company furnishes a set of documents and booklets to the directors on their joining the Board. This includes important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance Guidelines etc. The functional directors also attended conclave on Corporate Governance organised by the Deptt. of Public Enterprises.

10. Code of Conduct

The Board of Directors has laid down the Code of Business Conduct and Ethics for the Board members and Senior Management of the Company. The copy of the Code is displayed on the Website of the Company <http://www.engineeringprojects.com>. All Board members and key officials of the company have affirmed their compliance with the code. A declaration to this effect is annexed to this Report.

11. Compliance Certificate

This Report duly complies with the requirements of Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in Annexure-VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly. The certificate obtained from practicing Company Secretary regarding compliance of conditions of Guidelines on Corporate Governance for CPSEs has been annexed to the Report.



Declaration by Chairman-cum-Managing Director regarding compliance with the code of conduct by Board Members and Senior Management during the financial year 2007-08

I, A.K. Ratwani, Chairman-cum-Managing Director, Engineering Projects (India) Limited, do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Business Conduct and Ethics of the Company during 2007-08

(A.K. Ratwani)

Chairman-cum-Managing Director

Place : New Delhi

Date : 21.07.2008

AJAY GARG & ASSOCIATES

Company Secretaries

Off. : 970, Sector-21D, Faridabad
Tel. : 95129-4080970, 9811366723
E-mail : ajargr24@airtelmail.in

CORPORATE GOVERNANCE CERTIFICATE

To

The Members,
Engineering Projects India Limited,
Core 3, Scope Complex,
7 Institutional Area, Lodi Road,
Delhi-110003

We have examined the compliance of the conditions of corporate governance by Engineering Projects India Limited, (hereinafter referred as 'the company') for the year ended on 31st March, 2008 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007' vide Notification No. 18(8)/2007-GM dated 22.06.2007 of Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexure mentioned there under (hereinafter referred as 'Guidelines')

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

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Guidelines.

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

Signature
For Ajay Garg & Associates



(Ajay Garg)
Company Secretary
C.P. No. 4373

Place : New Delhi
Date : 01.08.2008



Management Discussions and Analysis Report

Industry Structure and Development

Our economy has moved decisively to a higher growth phase in Xth Plan. Since 2003-04, our economy is growing with average growth rate of exceeding 8%. With this rapid growth of economy in recent years, the importance and the urgency of removing infrastructure constraints have increased. The Government has made serious efforts to facilitate the entry of private players through changes in legal framework and have invested significant sums where private players were not forthcoming such as irrigation, rural roads, rural electrification etc. During Eleventh Plan (2007-2012) an investment of Rs. 2002 thousand crores is envisaged in electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation. The projected sector-wise shares are: 30.4 per cent in electricity, 15.4 per cent in roads and bridges, 13.7 percent in telecommunications and 12.4 per cent in railways among others. For this, the Government has already enacted many proactive measures like opening up a number of infrastructure sectors to private players, permitting FDI into various sectors, introducing model concession agreements, taking up new projects like the National Highway Development Project, National Maritime Development Programme among others. Some of the projects planned for the next five years include:

- ▶ The Government is planning a 40,000-MW hydro power generation capacity during the Twelfth (2012-17) and Thirteenth (2017-22) Plans.
- ▶ Additional power generation capacity of about 70,000 MW.
- ▶ Constructing Dedicated Freight Corridors between Mumbai-Delhi and Ludhiana-Kolkata.
- ▶ Capacity addition of 485 million MT in Major Ports, 345 million MT in Minor Ports.
- ▶ Modernisation and redevelopment of 21 railway stations.
- ▶ Developing 16 million hectares through major, medium and minor irrigation works.

- ▶ Modernisation and redevelopment of 4 metro and 35 non-metro airports.
- ▶ Six-laning 6,500 km of Golden Quadrilateral and selected National Highways.
- ▶ Constructing 1,65,244 km of new rural roads, and renewing and upgrading existing 1,92,464 km covering 78,304 rural habitations.

Further, the Govt. has proposed to increase gradually the investment in infrastructure from 5% of GDP to 9% GDP by the end of Eleventh Plan. Growing need for infrastructure has provided great opportunities of growth to the construction industry. The players of the industry have major role to play in meeting the intended targets in time. For meeting the intended targets in time, there is a need to strengthen the industry and address the major issues affecting the efficiency of the industry.

Construction industry is an integral part of country's infrastructure. It includes hospital, schools, townships, offices, houses and other building and urban infrastructure (including water supply, sewerage, airports, drainage) highways, roads, ports, power systems, irrigation and agriculture, telecommunication system etc. This industry generates substantial employment and provides a growth impetus to other backward sector and forward linkages. The industry has major linkages with the building material industry since it accounts for 50-60% of construction cost. These includes cement, steel, bricks, fixtures, fittings paints, chemicals construction equipments, petro-products, timber, mineral production, aluminum, glass and plastics etc.

Strengths and Weaknesses

EPI is the integrated engineering project management and construction company having rich experience of handling wide range of projects. During 37 years of its operation, EPI has successfully completed projects of diversified nature in India and abroad in areas like civil structures, material handling, metallurgical projects, process plants, environment & pollution control, irrigation, sports, irrigation projects,

transmission lines, sub-stations etc. Its credential established over period of 37 years of operation, experienced & professional staff, congenial working environment and quality performance are the strengths of EPI.

However, in next few years, a significant number of experienced personnel at senior level shall reach their superannuation age. To fill the vacuum created by superannuation of large number of technically experienced staff, company has made plans to train its middle level executives to take up higher responsibilities and also to make fresh recruitments at the induction level as well as at the senior level depending upon requirements.

Opportunities and Threats

Revival of the interest in the development of infrastructure sector and high growth rate of industrial development has provided ample opportunities to all players in the Industry.

EPI is making special efforts to convert these opportunities into successful growth story of the company. However, cut throat competition leading to low margin and shortage of skilled manpower in the industry are perceived as threats by the management of the Company.

Segment wise & Product wise Performance

Housing & building works continued to be highest contributor to the turnover of the Company. Its contribution has increased from 33% to 44% of the turnover during 2005-06 to 2007-08 followed by Dam & Irrigation project from 9% to 25%. The percentage share of Industrial process plant Material handling & electrical projects had declined from 30% in 2005-06 to 8% in 2007-08. The table below presents the segment wise analysis of the operations of the company:

(Rs. in crores)

Sl. No.	Segments of Projects	2005-06		2006-07		2007-08	
		Turnover	%age	Turnover	%age	Turnover	%age
1	Housing & Building Works	209.99	33	228.45	30	372.41	44
2	Dams & Irrigation Projects	55.51	9	182.64	24	215.73	25
3	Industrial, Process Plant, Material Handling & Electrical Projects	190.88	30	126.10	16	65.14	8
4	Water Supply & Environmental Schemes	48.68	8	84.57	11	100.45	12
5	Transportation Structure	111.95	18	126.41	17	84.40	10
6	Other Projects	20.36	3	15.43	2	12.92	2
	Total	637.37	100	763.60	100	851.05	100

Outlook

The Company believes that amidst this favourable economic environment, Company shall continue to be on its growth platform making new highs year by year. To further strengthen its position, Company is reassessing its strengths and weaknesses in present scenario and is preparing a Long term business plan which shall enable the Company to strategically position itself and identify to its new growth areas.

Risk and Concern

Most of the contracts which EPI is executing are either fixed price projects or projects with escalation cost on price index basis. Due to steep increase in price of inputs i.e. steel, cement etc. in the recent past, the profitability of the Projects is adversely affected. In order to overcome this situation, company has taken up the matter with various clients to compensate for abnormal increase in the prices of steel, cement etc.



Internal control Systems & their Adequacy

The Company had evolved a system of internal control commensurate with the size of the Company. To make the internal control more effective and project specific, comprehensive internal audit manual and other accounting manuals are being updated. The Company has reconstituted its Audit Committee in accordance with Guidelines on Corporate Governance for CPSEs issued by DPE. The Internal Audit cell directly reports to Chairman-cum-Managing Director. Internal control and audit systems are being reviewed periodically by Audit Committee and corrective measures are taken for continuous improvement.

Discussion on financial performance with respect to the operational performance

The turnover of the company increased by 11.45% over the previous year from Rs. 763.60 crores to Rs. 851.06 crores in 2007-08, the gross margin increased by 7.06% from Rs. 22.13 crores to Rs. 23.69 crores in 2007-08. The net profit before tax also rose to Rs 20.14 crores in 2007-08 from Rs. 17.55 crores in the previous year registering an increase of 14.75%. As a result, the networth of the company increased from Rs. 103.99 crores in 2006-07 to Rs. 107.78 crores in 2007-08.

The capital structure of the company remained unchanged with paid up capital of Rs. 35.42 crores divided into 90,94,400 equity share of Rs. 38.50 each during the year. The company declared interim dividend of 10% on the paid up capital of the company in January, 2008 and now your Board has proposed a final dividend of 10% of paid up capital, making total dividend paid to 20% of the paid up capital. The dividend pay out ratio is 40% which is among highest in its peer Group companies in public sector.

Material Development in Human Resource, Industrial Relations front, including number of the people employed

Employees' productivity has been key focus of the company. Various measures have been initiated to increase the employee productivity.

Various training programmes in technical, managerial, and IT areas are organized for upgrading the skills of the employees of the Company. Besides conducting training & development programmes, company has introduced Productivity Linked Incentive Scheme based on internal MOU rating w.e.f 2007-08 for motivating its work force. As a result of above efforts, the Company's productivity per employee has increased from Rs. 71.59 lakhs in 2002-03 to Rs. 170.55 lakhs in 2007-08.

Employees' relation in the company continued to be cordial and harmonious during the year.

Environmental Protection & Conservation, Technological Conservation, Renewable Energy Developments, Foreign Exchange Conservation

(a) Environmental Protection & Conservation

The protection and conservation of natural environment in pursuit of business goals involving construction of projects and facilities have commanded due attention in formulating the business policy of the company. The subject has been specifically addressed through adoption of environment management system as an integral part of company's activities and built the necessary steps in the manual of procedures.

The specific steps taken at various work sites in compliance with such procedural requirements cover:

1. Re-orientation & modification of layout of industrial plants, structures.
2. Avoidance of cutting trees/plants, effecting eco-systems and areas with vegetation.
3. Plantation of trees and different project sites.
4. Control with a view to eliminate emission of toxic gases, spillage of oils, Lubricants, chemicals and other pollutants by operation and maintenance of pollution control systems, equipment of industrial plants, machineries and vehicles used at project sites.
5. Adoption of fire prevention systems and practice of fire fighting drills.
6. Location specific emergency preparedness and response plan is circulated and informed to all

personnel engaged in field work and displayed at site offices, notice boards.

(b) Technological Conservation

The technical requirements of projects under construction are adhered to by working out the design based on environmental concerns and process data coupled with the desired level of technology. The corresponding specification of processes and equipments are followed to establish the plant with the help of best available workmanship. The specified inspection and testing procedures as per the latest standards for desired delivery of the project are followed.

Micro-tunnelling, a modern technological methodology has been adopted for underground laying of large diameter RCC pipe-lines by the company during the current year.

Technological documentation of various projects are preserved at centralized locations for reference and use in applications required by the company in future.

(c) Renewable Energy Developments

The company has formulated a long-term policy for embracing new technologies covering use of renewable energy in the projects. The use of solar energy, wind-based and ocean-based energy are expected to fuel the growth of viable technologies to be used in industries of the future. The company aims to gear up its capabilities in this direction.

(d) Foreign Exchange Conservation

The company's outlook has enabled utilization of developing technologies in installation of production & processing facilities in India. Many such plants involve machineries, equipment & facilities from indigenous sources after adaptation of foreign-based technological design to operate under Indian conditions. This reduces direct importation of plant & equipment to a minimum, often restricted to items/materials of proprietary nature only. Significant conservation of foreign



Gas Collecting Station at Kovilkalappal, Tamil Nadu

exchange has been possible through assimilation of advancing design & technical features using Indian expertise in detail engineering, manufacturing & assembly of facilities, based on new technology developed abroad.

Corporate Social Responsibility

EPI recognises its social responsibility and make efforts to contribute to the society in effective ways. The endeavours of the company include the activities in the areas of Community Development and Environment Protection. The Company organized welfare activities for unskilled work force working at the project sites and also plant trees in and around project area to mitigate the effect of the construction activities.

Cautionary Statement

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



Annexure to Director's Report

Auditor's Report and Company's Reply

Auditor's Report/Comments	Reply of the Company
<p>J.P. Kapur & Uberai Chartered Accountants</p>	
<p>1. We have audited the attached Balance Sheet of Engineering Projects (India) Limited ("the Company"), as on 31st March, 2008, 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 Eastern, Western & Southern Regional Offices audited by Branch Auditors 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.</p>	
<p>2. 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.</p>	
<p>3. 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.</p>	
<p>4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:</p>	
<p>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;</p>	No Comments
<p>b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Branches not audited by us;</p>	No Comments
<p>c) The report on the accounts of Eastern, Western & Southern Branch Offices audited by the Branch Auditors referred to in paragraph 1 above has been forwarded to us and have been dealt with by us in preparing this report;</p>	No Comments
<p>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.</p>	No Comments
<p>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</p>	No Comments

- Accounting Standards, referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- | | | |
|----|--|--|
| f) | In respect of disqualification of directors, Department of Company 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) | Pending settlement of claim of a PSU relating to cost of interior works and furnishings etc. amounting to Rs.46,05,400/- 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-2 of Schedule – 17) | Disclosed in Note B-2 of Schedule-17 |
| h) | Further to our comments in annexure referred to in Para 3 and Para 4(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-3 (c) of Schedule-17); | Disclosed in Note B-3 (c) of Schedule-17 |
| j) | 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-3 (d) of Schedule-17); | Disclosed in Note B-3 (d) of Schedule-17 |
| k) | Non verification of financial records and statements of Dubai Lagoon project. (Refer Note No. B-4 of Schedule-17); | Disclosed in Note B-4 of Schedule-17 |
5. 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, 2008 | |
| 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.


(A.K. RATWANI)
(CHAIRMAN-CUM-MANAGING DIRECTOR)

Place : New Delhi
Date : August 06, 2008



Annexure to Auditor's Report

(Referred to in paragraph 3 of our Report of even date)

Auditor's Report/Comments

Reply of the Company

- | | |
|---|--|
| <p>(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.</p> | <p>Disclosed in Note No. B –7 (a) of Schedule 17 that conveyance deeds 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.</p> |
| <p>(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.</p> | <p>No Comments</p> |
| <p>(c) Fixed assets disposed off during the year were not substantial to affect the going concern status of the Company.</p> | <p>No Comments</p> |
| <p>(ii) (a) According to the information and explanations given to us, inventories have been physically verified by the management.</p> | <p>No Comments</p> |
| <p>(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 its business.</p> | <p>No Comments</p> |
| <p>(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.</p> | <p>No Comments</p> |
| <p>(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.</p> | <p>No Comments</p> |
| <p>(b) The company has not taken any loans, secured or unsecured from companies, firms or other parties</p> | <p>No Comments</p> |

<p>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.</p>	
<p>(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.</p>	<p>Noted</p>
<p>(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.</p>	<p>No Comments</p>
<p>(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.</p>	<p>No Comments</p>
<p>(vii) The company has a system of internal audit which is generally commensurate with the size of the company and nature of its business.</p>	<p>No Comments</p>
<p>(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.</p>	<p>No Comments</p>
<p>(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, cess 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 were outstanding, as at 31st March 2008 for a period of more than six months from the date they became payable. However, we are unable to express our opinion for liability if any on account of non-compliance of provisions of tax deducted at source under Income Tax Act, 1961, Sales Tax Acts of various</p>	<p>Regional offices / site offices are being advised to strictly ensure that Associates furnish documentary proof of payment of statutory dues i.e. PF, ESI etc. and Tax deducted at source is deposited as per the provisions of Income Tax Act/ Sales Tax Act's 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 any non-compliance.</p>



states and in respect of Service Tax, Provident fund & Employees State Insurance on account of associates due to lack of control by way of cross verification. We have been informed that the provisions of the Employees State Insurance Act, and Investor 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 2008 which have not been deposited on account of any dispute, except the following:

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

Sr. No.	Name of Statute	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	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.	Karnataka Sales Tax	VAT	17,77,891	Qtr. Ending 31-12-94 to 31-3-95	Sales Tax Tribunal
5.	Commercial Tax Officer, Andhra Pradesh	APGST	10,54,753	1986-87	Deputy 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	Deputy 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.	Deputy Commissioner of Commercial Tax, Karnataka	Sales Tax Demand	18,45,658	1986-87	Asst. Comm. Sales Tax, Cuttack
11.	Deputy Commissinor of Commercial Tax, Karnataka	Additional Demand	59,13,918	1987-88	Asst. Comm. Sales Tax, Cuttack
12.	AP Genl. Sales Tax	Sales Tax Demand	70,167	1989-90	Deputy Comm. of Comm. Taxes, Kakinada

Sr. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Forum where Dispute is Pending
13.	AP Genl. Sales Tax	Sales Tax Demand	1,31,630	1990-91	Deputy. Comm. (Appeal) of Comm. 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.	Deputy Commissioner of Comm. Tax, Karnataka	Additional Demand	35,53,779	2002-03	Asst. Appellate Commissioner
TOTAL			4,57,27,649		

- (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 deposits and such fixed deposits have been held by the company, in its name. No Comments
- (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 | No Comments |

For J. P., Kapur & Uberai
Chartered Accountants

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

Place : New Delhi
Date : August 06, 2008

For Engineering Projects (India) Ltd.

(A.K. RATWANI)
(CHAIRMAN-CUM-MANAGING DIRECTOR)


Balance Sheet as at 31st March, 2008

	Schedule No.	As at 31.03.2008		As at 31.03.2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1		354226880		354226880
Reserve and Surplus	2		723582498		685667871
Total			<u>1077809378</u>		<u>1039894751</u>
APPLICATION OF FUNDS					
Fixed Assets :					
Gross Block			159386817		164998958
Less : Accumulated Depreciation			<u>109188187</u>		<u>115351243</u>
Net Block	3		50198630		49647715
Current Assets, Loans & Advances					
Work-in-progress	4	19487905572		16358823477	
Inventories	5	12710127		17122719	
Sundry Debtors	6	1210654941		1128231704	
Cash & Bank Balances	7	1595352934		1157979394	
Other Current Assets	8	14398412		29896379	
Loans & Advances	9	<u>5811174743</u>		<u>2913243716</u>	
			28132196729		21605297389
Less: Current Liabilities & Provisions	10	<u>27104585981</u>		<u>20615050353</u>	
Net Current Assets			1027610748		990247036
Total			<u>1077809378</u>		<u>1039894751</u>
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


(KUMUDANI SHARMA)
Dy. Company Secretary


(G.D. MOORJANI)
Director (Finance)


(AK RATWANI)
Director (Projects)

Auditors Report
As per our report of even date attached
for J.P., KAPUR & UBERAI
Chartered Accountants


(VINAY JAIN)
Partner

Place : New Delhi
Dated : 6th August, 2008



Profit & Loss Account for the year ended 31.03.2008

	Schedule No.	2007-2008 Rs.	2006-2007 Rs.
INCOME:			
Work Done for the year		8510200942	7632590540
Claims Received		4865268	35251928
Exchange Variation		2522141	—
Other Income	11	41869342	69583488
Interest	12	164147080	105215266
TOTAL		<u>8723604773</u>	<u>7842641222</u>
EXPENDITURE			
Direct Expenditure	13	8035752017	7169742346
Claims Paid		22072656	30230099
Administrative Expenditure	14	405144655	381419442
Interest	15	26390003	36399286
Depreciation		9156963	9379320
Contract Contingencies		40914	6333814
TOTAL		<u>8498557208</u>	<u>7633504307</u>
Profit for the year		225047565	209136915
Prior period adjustments (Net)	16	<u>-23685309</u>	<u>-33628506</u>
Profit before Tax		201362256	175508409
Less : Provision for Tax		22160855	18975307
Less : Provision for Fringe Benefit Tax		<u>3882510</u>	<u>3565953</u>
Net Profit after Tax		175318891	152967149
Balance brought forward from last year		656457851	599272141
Less: Adjustments for Employee Benefits as on 01.04.2007 (Refer Note11)		<u>52932329</u>	<u>—</u>
Profit Available for Appropriation		<u>778844413</u>	<u>752239290</u>
Appropriations :-			
Interim Dividend		35422688	17711343
Proposed Final Dividend		35422688	53134032

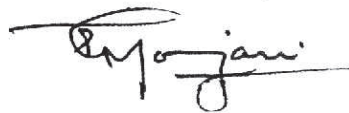
	Schedule No.	2007-2008 Rs.	2006-2007 Rs.
Tax on Dividend		13618251	9936064
Wealth Tax		8308	—
General Reserve		15000000	15000000
Balance carried to Balance Sheet		<u>679372478</u>	<u>656457851</u>
Basic Earnings per equity share (Rupees)		19.28	16.82
Diluted Earnings per equity share (Rupees)		19.28	16.82
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



(KUMUDANI SHARMA)
Dy. Company Secretary



(G.D. MOORJANI)
Director (Finance)



(AK RATWANI)
Director (Projects)

Auditors Report
As per our report of even date attached

for J.P., KAPUR & UBERAI
Chartered Accountants



(VINAY JAIN),
Partner,
M.No. 95187

Place : New Delhi
Dated : 6th August, 2008



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.		As at 31.03.2007 Rs.	
SCHEDULE - 1 SHARE CAPITAL				
Authorised:				
23,34,80,000 Equity Shares of Rs.38.95 each		<u>9094046000</u>		<u>9094046000</u>
Issued, Subscribed & Paid-up:				
90,94,400 Equity Shares of Rs.38.95 each		<u>354226880</u>		<u>354226880</u>
SCHEDULE - 2 RESERVE AND SURPLUS				
Capital Reserve				
Opening Balance	210020		210020	
Add :- Transfer from				
Profit & Loss Account	<u>—</u>	210020	<u>—</u>	210020
General Reserve				
Opening Balance	29000000		14000000	
Add :- Addition during the year	<u>15000000</u>	44000000	<u>15000000</u>	29000000
Profit & Loss Account				
Opening Balance	656457851		599272141	
Less: Adjustments for				
Employee Benefits as on 01.04.07 (Refer Note 11)	<u>52932329</u>		<u>—</u>	
	603525522		599272141	
Add :- Addition during the year	<u>75846956</u>	679372478	<u>57185710</u>	656457851
		<u>723582498</u>		<u>685667871</u>

SCHEDULE - 3 FIXED ASSETS

	COST			DESCRIPTION					NET BLOCK		
	As on 01.04.2007	Additions	Deductions	As on 31.03.2008	Upto 31.03.2007	For the Year	Written Back	Upto 31.03.2008	As on 31.03.2008	As on 31.03.2007	
1	2	3	4	5	6	7	8	9	10	11	12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Land (Lease Hold)	1615856			1615856					1615856	1615856
2.	Building (Lease Hold) Free Hold	47119595 1270132			47119595 1270132	802453 21338			16905724 533454	30213871 736678	31016324 758016
3.	Construction Equipment	62597219	18906	15321303	47294822	207600	1455238		44670645	2624177	3578936
4.	Furniture & Fixture	7808352	2180946	194733	9794565	797353	184450		7017558	2777007	1403697
5.	Office Equipment	12937985	1473153	395933	14015205	1290412	371566		10498927	3516278	3357904
6.	Data Processing Machine and Computers	27730262	7032985	371461	34391786	5665823	274715		26848025	7543761	6273345
7.	Vehicles	3919557	3960	38661	3884856	474737	36803		2713854	1171002	1643637
	Total	164998958	10709950	16322091	159386817	9259716	15422772		109188187	50198630	49647715
	Previous Year	213656447	7197489	55854978	164998958	9379320	21426635		115351249	49647715	



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE - 4 WORK-IN-PROGRESS		
Opening Balance	16358823477	12979929048
Add: Work done for the year	<u>8510200942</u>	<u>7632590540</u>
	24869024419	20612519588
Add: Prior Period Adjustments	<u>10450085</u>	<u>—</u>
	24879474504	20612519588
Less: Prior Period Adjustments	<u>—</u>	<u>3130659</u>
	24879474504	20609388929
Less: Contracts completed	<u>5391568932</u>	<u>4250565452</u>
	<u>19487905572</u>	<u>16358823477</u>
SCHEDULE - 5 INVENTORIES		
(As taken, valued and certified by the management)		
Stock of Construction	12710127	13293701
Materials at cost (Includes material held by Associates)		
Less Prov. for stock held by Client/Associate	<u>—</u> 12710127	<u>1410138</u> 11883563
Material-in-transit	<u>—</u>	<u>5239156</u>
	<u>12710127</u>	<u>17122719</u>

Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE - 6 SUNDRY DEBTORS		
(Unsecured)		
(a) Debts outstanding for a period exceeding six months		
- Considered good	723254973	405785644
- Considered doubtful	22538855	23851329
Less: Provision for doubtful debts	<u>22538855</u> —	<u>23851329</u> —
(b) Others (considered good)	487399968	722446060
	<u>1210654941</u>	<u>1128231704</u>
SCHEDULE - 7 CASH & BANK BALANCES		
(a) Cash in hand	2438659	141568
(b) Cheques in hand	—	332247
(c) Postage Imprest	123	109
(d) Cheques in Transit	2052379	4517621
(e) Bank Balances :		
With Scheduled Banks		
i) Current Accounts	614151869	403955786
ii) Deposits Accounts	976709904	749032063
	<u>1595352934</u>	<u>1157979394</u>
SCHEDULE - 8 OTHER CURRENT ASSETS		
Interest accrued on Deposits	<u>14398412</u>	<u>29896379</u>



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.		As at 31.03.2007 Rs.	
SCHEDULE 9-LOANS & ADVANCES				
Advances recoverable in cash or in kind or for value to be received (unsecured, considered good unless otherwise stated)				
(a) Loans to Employees (includes loans to officers Rs 11,37,255) (Previous Year Rs.16,17,608) Maximum balance during the year Rs.18,44,906 (Previous Year Rs. 23,35,693)		15998007		15214353
(b) Advances for Works:				
- Secured against material at Site		63187710		66588492
Secured against Bank guarantees.	394231203		272554464	
Less:Prov.for doubtful advances	—	394231203	5300000	267254464
- Others	189417622		222213015	
Less:Prov.for doubtful advances	173197502	16220120	221476349	736666
(c) Recoverable from Employees		1093778		1793432
(d) Recoverable from Others	4175830611		1479701177	
Less:Prov.for doubtful advances	31636335	4144194276	34305085	1445396092
(e) Tax deducted at source		157153932		152768939
(f) Security Deposit & Retention Money				
- Works	1048860397		1013025158	
Less:Prov.for doubtful SD/RM	39395706	1009464691	59256602	953768556
- Others	9787284		9885380	
Less:Prov.for doubtful SD/RM	156258	9631026	162658	9722722
		<u>5811174743</u>		<u>2913243716</u>

Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 10-CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
1) Sundry Creditors	5299975937	2552032823
ii) Advance from clients	1156318805	744510250
iii) Security deposit, earnest & retention money payable	916924520	767311548
iv) Interest accrued but not due	—	888583
v) Amount Billed to Client	19470226710	16329993544
B. PROVISIONS:		
i) Leave Encashment	117221678	103062010
ii) Gratuity	8134345	25969395
iii) Service Tax	723224	—
iv) Proposed Dividend	35422688	53134032
v) Corporate Dividend Tax	6020085	7452048
vi) Income Tax	41136163	30696120
vii) Medical Expenses (Ex. Employees)	43989787	—
viii) Long Service Award	4231918	—
ix) Leave Travel Concession	4260121	220313605
	<u>27104585981</u>	<u>20615050353</u>
SCHEDULE 11-OTHER-INCOME		
(a) Miscellaneous income	27741348	39255606
(b) Profit on sale of Fixed Assets	700619	4064201
(c) Consultancy Fee	350000	3495202
(d) Excess provision written back	5263347	14954451
(e) Rent	7814028	7814028
	<u>41869342</u>	<u>69583488</u>



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 12-INTEREST RECEIVED		
(a) Banks (including TDS amounting to Rs.41,385) (previous year Rs.3,15,199)	77606211	60535913
(b) Employees	924485	698030
(c) Others (includes interest on Income-Tax Refund (Rs. 29,57,828) Previous Year (Rs. -Nil-))	85616384	43981323
	<u>164147080</u>	<u>105215266</u>
SCHEDULE 13-DIRECT EXPENDITURE		
(a) Civil, Mechanical and Electrical Jobs including imported equipment	7797672701	7029842632
(b) Design & Consultancy	17398533	20361062
(c) Other Direct Expenses	124399976	50031471
(d) Repairs & Maintenance of Plant & Machinery	408405	1536541
(e) Salary and Allowances	83654458	51122845
(f) Contribution to Provident & Other Funds-Project Staff.	5933775	5085020
(g) Liquidated damages	305619	3974743
(h) Loss on Sales of Material	—	7157
(i) Royalty	5269461	7780875
(j) Amounts Written off (Projects)	709089	—
	<u>8035752017</u>	<u>7169742346</u>
SCHEDULE 14- ADMINISTRATIVE EXPENDITURE		
(a) Salary, Allowances & Benefits to Staff:		
- Salary & Allowances	146372557	121445794
- Contribution to Provident & Other Funds:	13133213	12134107

Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
- Bonus	208401	—
- Medical	21257394	15516072
- Welfare	22742960	14069585
- Gratuity	8134345	25969395
- Training	719400	435061
- Leave Encashment	24396049	23063699
- Interest Subsidy Employees	72197	85538
- VRS Payments	—	20463583
(Total - a)	<u>237036516</u>	<u>233182834</u>
 (b) Administration		
- Travelling & Conveyance (includes site living hardship expenses (Rs 89,89,633) (Previous year Rs.57,83,471) (includes for Directors Rs. 23,36,070) (Previous Year Rs. 20,40,841)	61613422	48952171
- Rent	3466802	2428907
- Printing & Stationery	4797914	5012385
- Postage, Telephone & Telegram	10803575	9362681
- Bank Charges & Guarantee Commission	15472532	13304559
- Publicity & Advertisement	2561040	1461789
- Sales Promotion	1316741	1818677
- Entertainment (includes for Directors, Chairman & Mg.Director Rs.2,99,945) (Previous Year Rs.2,31,115)	2423439	1386453
- Repairs & Maintenance		
- Building	1446912	839309
- Office	22378422	20959419
- Vehicles	1541186	1379542
- Other Fixed Assets	487344	914771
- Rates & Taxes	1737192	2093965
- Petrol, Oil & Lubricants	2342917	2535287
- Insurance	385218	759616
- Water,Power & Electricity charges	7630150	6927270



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
- Legal & Professional Charges	12764987	6586245
- Payment to Auditors		
- Audit Fees	375000	440000
- Tax Audit Fees	112500	42000
- Service Tax	60840	58997
- Travelling & Other expenses	550000	550000
- Guest House expenses (net)	127498	95478
- Miscellaneous expenses	5768981	5537120
- Tendering expenses	3296388	2411784
- Gifts & Donations	195979	20000
- Sponsorship Fee & Service Charges	100000	-
(Total - b)	<u>163756979</u>	<u>135878425</u>
(c) Other Expenses :		
- Assets Written off	10727	4756
- Amount Written off.	21454	7221290
- Loss on sale of Fixed Assets	269150	137201
- PF Trust Loss	4049829	4994936
(Total - c)	<u>4351160</u>	<u>12358183</u>
Grand Total (a)+(b)+(c)	<u>405144655</u>	<u>381419442</u>
SCHEDULE 15-INTEREST		
(a) On Short Term Loan		
- Bank	1009406	457494
(b) Others	25380597	35941792
	<u>26390003</u>	<u>36399286</u>

Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 16 -		
PRIOR PERIOD ADJUSTMENTS		
A. EXPENDITURE		
I. Project Expenditure		
Civil, Mechanical & Electrical jobs	19227904	38390515
Plant & Equipments	743595	15867
Direct Purchases (Plant & Equipments)	—	27132867
Erection & Commissioning	—	43200
Other Direct Expenses	6727448	131559
Sales Tax Expenses	6759099	165552
Royalty	4419311	—
	<u>37877357</u>	<u>65879560</u>
II. Administrative Expenditure		
Salaries & Allowances	223047	97208
Site Living Expenses	15914	275464
Medical	351697	207714
Welfare	112175	10259
Registration & Filing Fees	—	2500
Travelling & Conveyance	679615	66311
Printing & Stationery	47318	1573
Postage, Telephone & Telegrams	91612	44834
Bank Charges & Guarantee Commission	15394	12992
Repairs & Maintenance:Office	25089	573779
Computer Expenses	348621	74674
Water, Power & Electricity	33423	202217
Legal and Professional charges	110650	48056
News Paper & Periodicals	4754	3698



Schedules Attached to and Forming Part of the Accounts for the Year Ended 31.03.2008

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
Miscellaneous	75308	4147
Depreciation	102754	—
Entertainment	3724	7224
Out of Pocket Expenses	6025	1792
Interest subsidy	—	41617
Sales Promotion	—	3061
Advertising and Publicity	22000	—
	<u>2269120</u>	<u>1679120</u>
III. Interest (Others)	<u>4877688</u>	<u>4851578</u>
Total - A (I+II+III) :	<u>45024165</u>	<u>72410258</u>
B. INCOME		
Interest-Banks/Others	—	93009
Miscellaneous	17275302	989206
Received against Amount Billed to Client	—	13287745
Expenses Written Back	4063554	93918
Recoveries from Completed Projects	—	21187215
Work Done	—	3130659
TOTAL :	<u>21338856</u>	<u>38781752</u>
NET TOTAL : (B-A)	-23685309	-33628506

SCHEDULE - 17 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A) SIGNIFICANT ACCOUNTING POLICIES

1 (a) 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.

(b) Use of Estimates

The preparation and presentation of financial statements are in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known / materialized.

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) Works executed but not measured/partly executed at the end of the year are accounted for based on certification by the engineers.

- iv) In case of projects foreclosed/terminated, revenue is recognised only to the extent of contract value of which recovery is probable.
- v) 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.
- vi) 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. Lease hold 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.:-

Buildings	1.68%
Temporary Construction	100.00%
Construction Equipments	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%

-Corporate Office/Regional Offices 19.00%

7. Employee Benefits:

- (a) In respect of liability for future payment of Gratuity to employees, Company makes contributions to a recognised Trust on an actuarial basis.
- (b) Leave Encashment, Post-Retirement Benefits and Other Terminal Benefits liabilities are provided on an actuarial basis.
- (c) Contributions made to a Government administered Provident Fund @ 12% of the basic salary are charged to the Profit and Loss Account.

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) is 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.

10. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are

adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provisions for impairment loss, if any, required; or
- b) the reversal, if any, required of impairment loss recognised in previous periods.

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. 4,57,27,649 (previous year Rs.4,43,04,494) 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. 221,56,41,935 (previous year Rs. 1,59,57,00,312).
- (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. 798,64,56,499 (previous year Rs.6,71,14,58,505).
- (e) Arbitration award against the company against which appeals are pending with appropriate authorities amounting to Rs. 28,81,00,905 (Previous year Rs. 34,30,36,830) including interest due amounting to Rs.23,21,99,731 (Previous year 26,92,37,777) against which Rs.nil

(Previous year Rs. 1,50,00,000) has been deposited with Court.

2. 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.
3. (a) Company does not owe any sum to small scale industrial undertakings.
(b) The company has not received any intimation from the suppliers regarding status under Micro, Small and Medium Enterprises Development Act, 2006 (the Act), however, at the time of registration, it has verified that none of the suppliers are covered under MSME Act. Hence, there is no :
 - i. Amount due and outstanding to Suppliers as at the end of the accounting year;
 - ii. Interest paid during the year;
 - iii. Interest payable at the end of the accounting year;
 - iv. Interest accrued and unpaid at the end of the accounting year, which has not been provided.
- (c) Debit and Credit balances of various clients, associates and suppliers are subject to confirmation and reconciliation.
- (d) Free materials issued by client and supplied to Associates are subject to reconciliation and consequential adjustment, if any.
4. In one of the foreign contracts, Financial Statements as on 31.03.2008 reflecting total assets of Rs. 31,68,77,633 and total liability of Rs. 31,68,77,633 and total revenues of Rs. 25,42,75,251 and total expenditure of Rs. 25,42,75,251 have been incorporated at no profit no loss as certified by the management.



The Financial Statements have been prepared as per the Accounting Standards and Indian Company Law. Exchange variation profit amounting to Rs. 25,22,141 arising out of conversion of foreign currency has been booked as per provisions of AS-11.

5. Expenditure in Foreign Currency :

	31.3.2008	31.3.2007
	(Rs.)	(Rs.)
i) CIF value of import of components & spare parts	42646440	Nil
ii) Design & Consultancy	3252000	Nil
iii) Foreign Travel	1188803	4426204

6. 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.

7. (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 non fund based credit limits from Bank against pledge of FDR's amounting to Rs.14,66,12,267 (Previous Year Rs. 13,49,80,637), and equitable mortgage of office building at Scope Complex, New Delhi Rs.3,74,41,925 (previous year Rs.3,74,41,925).

(c) Company has pledged FDR's amounting to Rs 78,31,001 (Previous Year Rs. 60,00,000) with clients on account of Earnest Money Deposit/Security Deposit

8. Company is primarily engaged in one business segment i.e. construction activities and in two geographical areas India and Dubai. Revenue from segments other than primary geographical area i.e. Dubai is less than 10% of the total revenue, so requisite disclosures in respect of Accounting Standard-17 "Segment Reporting" issued by the ICAI is not applicable to the Company.

9. 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 a prudent basis.

10. DISCLOSURE PURSUANT TO REQUIREMENTS OF ACCOUNTING STANDARD – 7 (Revised) issued by ICAI

S.No	PARTICULARS	AMOUNT(RS.)	
		2007-08	2006-07
1	Contract revenue as revenue in the period	8510200942	7632590540
2	Contract costs incurred and recognised profits upto the reporting date	19487905572	16358823477
3	Advances received	1156318805	744510250
4	Gross amount due from customers for contract work-presented as an asset	99225410	166543044
5	Gross amount due to customers for contract work – presented as a liability	81546548	137713110

11. Employee benefits:

The company has classified various employee benefits as under:

a) Defined contribution plans:

The company has recognized the following amounts in the Profit and Loss Account for the year:

Contribution to Provident Fund	Rs. 18566988/-
Bonus	Rs. 208401/-

b) Defined benefit plans:

- 1) Provision for liability in respect of Gratuity is made as per valuation report received from the Life Insurance Corporation of India (LIC), in respect of

EPI Employees Gratuity Fund Trust, using the following assumptions:

(a) Rate of Salary escalation (per annum)	5.00%
(b) Discounting Rate (per annum)	8.00%
(d) Mortality Rates considered as per the rates published in the Life Insurance Corporation (1994-96) Mortality Table	
(e) No of Employee :	498
(f) Total Monthly Salary	Rs. 11600988/-
(g) Value of Gratuity Fund as at 31.3.2008	Rs.125716444/
(h) Contribution of Gratuity for the year 2007-08	Rs. 8134345/-

- 2) The company also provides for long term compensated absences, post retirement medical benefits, Leave travel concession and Long services award on actuarial basis.

(A) CHANGES IN DEFINED BENEFIT OBLIGATION

(Amount in Rs.)

	Long terms Compensated absences	Long Service Award	Post Retirement Medical Benefit	Leave travel concession
	(Non-funded scheme)	(Non-funded scheme)	(Non-funded scheme)	(Non-funded scheme)
Defined Benefit Obligation as at April 1 st , 07	108071056	3912896	40109128	3901259
Current Service Cost	8987241	219735	1378333	229532
Interest Cost	8645684	313032	3208730	312101
Settlement Cost/(Credit) Benefits Paid	(15245427)	(395722)	(1013050)	(2479069)
Actuarial (gain)/loss on Obligations	6763124	181977	306646	2296298
Defined Benefit Obligation as at March 31, 2008	117221678	4231918	43989787	4260121

(B) CHANGES IN THE FAIR VALUE OF PLAN ASSETS (FUNDED SCHEME)

(Amount in Rs.)

Fair Value of Plan Assets as at April 1, 2007	Nil	Nil	Nil	Nil
Expected Actual Return on Plan Assets	Nil	Nil	Nil	Nil
Actuarial Gains / (Losses)	Nil	Nil	Nil	Nil
Contributions	Nil	Nil	Nil	Nil
Benefits Paid	Nil	Nil	Nil	Nil
Fair Value of Plan Assets as at March 31, 2008	Nil	Nil	Nil	Nil



(C) AMOUNT RECOGNIZED IN THE BALANCE SHEET

(Amount in Rs.)

	Long terms Compensated absences	Long Service Award	Post Retirement Medical Benefit	Leave travel concession
	(Non-funded scheme)	(Non-funded scheme)	(Non-funded scheme)	(Non-funded scheme)
Defined Benefit Obligation as at 31.3.2008	117221678	4231918	43989787	4260121
Fair Value of Plan Assets as at March 31, 2008	Nil	Nil	Nil	Nil
Amount not recognised as an Asset (limit in Para 59 (b))	Nil	Nil	Nil	Nil
Liability/(Asset) recognized in the Balance Sheet	117221678	4231918	43989787	4260121
Included in Current Liabilities and Provisions (Schedule-12)	117221678	4231918	43989787	4260121

(D) EXPENSE RECOGNIZED IN THE PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

Current Service Cost	8987241	219735	1378333	229532
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	8645684	313032	3208730	312101
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment/ Settlement cost/(credit)				
Net actuarial (gain)/loss recognized in the period	6763124	181977	306646	2296298
Effect of the limit in Para 59(b) of Accounting Standard 15 (Revised 2005)	-	-	-	-
One Year Renewable Term Assurance (OYRTA) Premium	-	-	-	-
Total Expenses recognized in the Profit and Loss Account	24396049	714744	4893709	2837931
Included in Contribution to Provident and				

As this is the first year in which the Revised AS-15 has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

12. Related Party Disclosures:

i) Key Management Personnel during the year :

Shri Saleem Hamid,
Chairman & Managing Director
(Ceased w.e.f. 22.12.2007)
Shri AK Ratwani, Director (P)
(Holding additional charge of CMD Office
w.e.f. 22.12.2007)
Shri G.D. Moorjani, Director (F)
Shri N. Gokulram, Director
(Ceased w.e.f. 01.02.2008)
Shri Surajit Mitra, Director
Shri R. Asokan, Director
Shri Anjan Kumar Mitra, Director
Shri DRS Chaudhary, Director
(Ceased w.e.f. 26.04.2007)
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 31.3.2008	Year Ended 31.3.2007
Salary	2996155	2439558
House Rent	519160	535953
Medical Expenses	13982	71057
Contribution to Provident Fund	271611	227142
Sitting Fees	72000	56000

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.

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

BASIC & DILUTED:

Particulars/Year	2007-08	2006-07
Profit after tax as per Accounts (Rs. Lacs)	1753.19	1529.67
Number of Shares issued B	9094400	9094400
BASIC & DILUTED		
EPS (Rupees) A/B	19.28	16.82
Face value per Equity Share (Rupees)	38.95	38.95

14. In accordance with Accounting Standard – 28 issued by the Institute of Chartered Accountants of India, Management has made an assessment and found that there is no impairment in the value of Fixed Assets.

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



Cash Flow Statement for the year Ended 31st March, 2008

	Rs. in Lacs	
	2007-08 Rs.	2006-07 Rs.
A Cash Flow from operating activities :		
Net Profit before tax and extraordinary item	2013.62	1755.08
Depreciation	92.60	93.79
Items considered separately - Interest Paid	10.09	4.57
- Interest Received	-776.06	-605.36
Miscellaneous Expenses to the extent Not Written Off	0.00	204.64
Operating Profit before working capital changes	1340.25	1452.72
Increase(-)/Decrease in Trade and Other receivables	-23967.57	-12434.76
Increase(-)/Decrease in Inventories	-44.13	234.41
Increase/Decrease(-) in Trade Payables	27449.92	10423.84
Net Cash from Operating Activities	4778.47	-323.79
B Cash flow from investing activities :		
Cash used in long term Investments	-2626.78	-2836.78
Purchase of Fixed Assets	-107.10	-71.97
Sale of Fixed Assets	8.99	344.28
Interest Received	776.06	605.36
Net Cash (used in)/from Investing Activities	-1948.83	-1959.11
C Cash flow from financing activities :		
Payment of Dividend	-531.34	-531.34
Payment of Interim Dividend	-354.23	-177.11
Payment of Dividend Tax and FBT	-187.02	-99.36
Interest Paid	-10.09	-4.57
Net Cash (used in)/from financing Activities	-1082.68	-812.38
Net decrease(-)/increase in cash and cash equivalents (A+B+C)	1746.96	-3095.28
Cash and cash equivalents at beginning of the year	5089.47	8184.75
Cash and Cash equivalents at end of the year	6836.43	5089.47

	Rs. in Lacs	
	2007-08 Rs.	2006-07 Rs.
Notes :		
1 Long Term Investments	<u>9117.10</u>	<u>6490.32</u>
Details of Cash and Cash equivalents at end of the year		
ShortTerm Investments	650.00	1000.00
Cash in hand	24.39	1.42
Current Accounts	6162.04	4088.05
	<u>6836.43</u>	<u>5089.47</u>

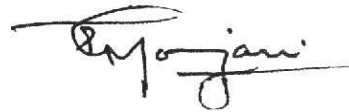
- 2 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 (AS-3) issued by the Institute of Chartered Accountants of India.
- 3 Previous figures have been regrouped/reclassified to make it comparable with the figures of the current year.

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

for and on behalf of the Board



(KUMUDANI SHARMA)
Dy. Company Secretary



(G.D. MOORJANI)
Director (Finance)



(AK RATWANI)
Director (Projects)

Auditors Report
As per our report of even date attached

for J.P., KAPUR & UBERAI
Chartered Accountants



(VINAY JAIN),
Partner,
M.No. 95187

Place : New Delhi
Dated : 6th August, 2008



ENGINEERING PROJECTS (INDIA) LTD.

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

I.	Registration Details Registration No.	U27109DL1970GOI 117585	State Code	55
	Balance Sheet	31.03.2008		
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	28182395		28182395
		Share Capital		Reserve & Surplus
	Application of Funds	354227		723583
		Net Fixed Assets		Investments
		50199		Nil
		Net Current Assets		Misc. Expenditure
		1027611		Nil
IV.	Performance of Company (Amount in Rs. Thousands)			
		Turnover		Total Expenditure
		8744943		8543581
		Profit Before Tax		Profit After Tax
		201362		175319
		Earning per share		Dividend
		Rs. 19.28		20%*
V.	Generic Names of Three principal product/services of Company (as per monetary terms)			
	Item Code No. (ITC Code)	Nil		
	Product Description	Construction and Projects related activities		
	Item Code No. (ITC Code)	Nil		
	Product Description	Nil		
	Item Code No. (ITC Code)	Nil		
	Product description	Nil		

* Including Interim Dividend of 10% paid during the year.

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 2008 and Company's reply thereto:

Comments

The preparation of financial statements of Engineering Projects (India) Limited for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is 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 6 August 2008.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Engineering Projects (India) Limited for the year ended 31 March 2008. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Profit and Loss Account Interest (Schedule 12) Rs. 16.41 crore

This is overstated by Rs. 6.81 crore on account of interest on the amount of an arbitration award which has been disputed and is still subjudice. This is in contravention of AS 4 which states that contingent

Reply of the Company

Interest has been recognized in line with the Provisions of AS-4 which allows recognition of such gains when the realization of such gains is virtually certain.



gains should be recognised only when the realisation of the gain is virtually certain. This has also resulted in overstatement of profit for the year by Rs. 6.81 crore.

The award is published in favour of the company by the Joint Secretary cum Sole Arbitrator duly appointed by Law Secretary, Govt. of India (GOI) under Permanent Machinery of Arbitrators (PMA). Principal amount Rs.849.63 lacs as awarded is admitted by the other party vide the minutes of the meeting dated 01/02-02-2001 which were duly approved by the Competent Authorities of both parties. Against the above principal amount of Rs.849.63 lacs, Rs.4.00 crores has already been received by the company. Interest awarded by the Arbitrator on the above amount admitted is in line with the Provisions of Section 31, 7 (a) & 7 (b) of 'The Arbitration and Conciliation Act, 1996 (26 of 1996)'.

Existence of the above conditions implies that the realization of awarded amount is virtually certain and hence the income was recognized in line with the Provisions of AS- 4 and there is no overstatement of profit for the year.

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

Sd/-
(Birendra Kumar)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi.

For and on behalf of
Engineering Projects (India) Ltd.

Sd/-
(A.K. Ratwani)
Chairman cum Managing Director

Place: New Delhi

Dated: 24 September 2008

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