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Board of Directors



Shri SPS Bakshi
Chairman-cum-Managing Director



Shri A.K. Ratwani
Director (Projects)



Shri G.D. Moorjani
Director (Finance)



Shri Rajiv Bansal
Joint Secretary ,DHI



Shri R. Asokan
Director, IF Wing, DHI



Shri Arun Datta
Independent Non-Official Director



Shri Anjan Kumar Mitra
Independent Non-Official Director

Reference Information

Registered Office

Core 3, SCOPE Complex,
7 Lodhi Road,
New Delhi - 110 003.
Phone No: 91-11-24361666
Fax : 91-11-24362436
E-mail : epico@epi.gov.in
Website : www.epi.gov.in

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 : ero@epi.gov.in

Western Regional Office-Mumbai
"Bakhtawar", 6A, 6th Floor,
Nariman Point, Mumbai-400 021
Phone : 91-22- 22027585, 22026347
Fax : 91-22-22882177
E-Mail : wromumbai@epi.gov.in

Northern Regional Office-Delhi
Core-3, 2nd Floor, SCOPE Complex,
7 Lodhi Road, New Delhi 110 003.
Phone : 91-11-24361666
Fax : 91-11-24368293
E-mail : nro@epi.gov.in

Southern Regional Office-Chennai
3D, East Coast Chambers,
92, G.N Chetty Road,
T. Nagar, Chennai - 600 017.
Phone : 91- 44-28156886, 28156421,
Fax : 91-44-28156629
E-Mail : sro@epi.gov.in

North-East Regional Office
Vastav complex (1st floor)
Tripura Road, Jaya Nagar
Beltola, Guwahati -781028
Phone : 09863021819
E-mail : nero@epi.gov.in

Bankers

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

Auditors

M/s. Walker Chandio & Co.,
Chartered Accountants,
L-41, Connaught Circus,
New Delhi-110 001.

Branch Auditors

M/s. G.P. Agrawal & Co.
Chartered Accountants,
7-A Kiran Shankar Ray Road,
Kolkata- 700 001
West Bengal

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-400 028.
Maharashtra

M/s. Sekar & Mohan,
Shop No.10, 1st Floor,
18, Natesan Street, T. Nagar,
Chennai-600 017.
Tamil Nadu



Performance of EPI for last 5 years at a Glance

Rs. in lacs

Particulars/Years	2004-05	2005-06	2006-07	2007-08	2008-09
A. Operating Statistics					
Turnover	51203.87	63737.95	76360.86	85105.51	95870.53
Other Income	1728.94	1854.51	2065.55	2130.53	3079.91
Total income (a)	52932.81	65592.46	78426.41	87236.04	98950.44
Total expenditure (b)	51907.22	63917.23	76213.54	84866.95	96091.69
Gross Margin (a-b)	1025.59	1675.23	2212.87	2369.09	2858.75
Interest	156.01	203.26	363.99	263.90	214.70
Depreciation	94.07	140.74	93.79	91.57	78.16
Profit Before Tax (PBT)	775.51	1331.23	1755.09	2013.62	2565.89
Income Tax including Fringe Benefit Tax	56.17	92.08	225.42	260.43	322.34
Profit after Tax (PAT)	719.34	1239.15	1529.67	1753.19	2243.55
Dividend	531.34	708.45	708.45	708.45	708.45
Dividend Tax	72.83	99.36	99.36	136.18	120.40
Wealth Tax	Nil	Nil	Nil	0.08	Nil
Retained Surplus	115.17	431.34	721.86	908.48	1414.70
No. of Employees	468	469	469	499	472
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	5703.47	6134.82	6856.68	7235.82	8650.52
Misc. expenses to the extent not written off	409.27	204.63	0.00	0.00	0.00
Shareholder's Fund/Net Worth	8836.47	9472.46	10398.95	10778.09	12192.79
C. Financial Ratios					
Gross margin /Turnover %	2.00	2.63	2.90	2.78	2.98
Profit Before Tax (PBT)/Turnover %	1.51	2.09	2.30	2.37	2.68
Profit Before Tax (PBT)/Networth%	8.78	14.05	16.88	18.68	21.04
Profit After Tax (PAT)/Networth %	8.14	13.08	14.71	16.27	18.40
Turnover per Employee	109.41	135.90	162.82	170.55	203.12
Dividend paid / Profit after tax %	73.86	57.17	46.31	40.41	31.58
Dividend paid / Profit before tax %	68.51	53.22	40.37	35.18	27.61
Earning per Share(in Rs)	7.91	13.63	16.82	19.28	24.67
Book Value Per Share of Rs. 38.95 each (in Rs.)	97.16	104.16	114.34	118.51	134.07

Chairman's Statement

Dear Shareholders

I welcome you all to this 39th Annual General Meeting of your Company. During the year 2008-09, world witnessed the greatest slump since 1929, It was a roller coaster ride from peak of asset market to runaway inflation to failures of financial institutions followed by financial market crash. This also affected our economy. Our growth estimates had to be revised downward from 9% to 6.7% inspite of various stimulus package given to industry by Government of India.

Against this background, I am pleased to state that your Company maintained its momentum and achieved a turnover of Rs. 958.70 crores (previous year Rs. 851.06 crores). The net profit before tax also rose to Rs. 25.66 crores in 2008-09 from Rs. 20.14 crores in year 2007-08.

Your Company paid an interim dividend of 10% on Paid-up Share Capital during the year 2008-09 and further recommends a final dividend of 10% of Paid-up Share Capital for the year 2008-09, thus bringing the total dividend payable to 20% for the year on the Paid up Share Capital of Rs. 35.42 crores.

In respect of order booking, your Company has done exceptionally well, it was able to secure order valuing Rs. 2430.51 crores against MOU target of Rs. 1200 crores.

As a result of consistent growth, the performance of the Company has been rated at "Excellent" by DPE for the last three consecutive years. For the year 2008-09 also, based on audited data, your Company qualifies for "Excellent" rating.

Infrastructure Development has been identified

as the vehicle which will help India come out of recession. In view of this, over Rs. 17,50,000 crores of infrastructure spending is envisaged by the Government of India over the next 6-7 years across various sectors. Out of this over 70% would involve engineering and construction expertise, which is the domain in which EPI operates.

To encash upon the these business opportunities, efforts are being made to radically transform the structure of your Company into a world class facility for delivery of mega projects in Power, Highways, Aviation and Engineering sectors. Within the near future, a macro level Corporate Plan for future operations of your company shall be in place, with key elements of sharing the knowledge and close interaction at every level in the organization. We expect to explore areas of work, unexplored so far, such as , nuclear energy, mass transit system, mega power projects, modern townships, large airports, multi-lane expressway and freeways, trade free zones, etc. with a focus on quality, cost and sustainable environment.

A number of initiatives have been taken to bring about meaningful transformation. An effort has been made to give fresh look to your Company's identity by adopting a new logo. The New Logo is a pyramid with a ring at the base and gridline on one side and EPI written in bilingual form on both the faces. This logo signifies growth with stability. A Works Manual has also been drafted laying down the work procedures. Promotion, Recruitment and Transfer policies have been approved by the Directors of your Company. An Environment Manual has been formulated and the same is ready for release. The Manual for



Delegation of Powers is also being revised.

Your Company accords highest importance to transparency, accountability and equity in all facets of its operation. It has been consistent endeavour to achieve the highest level of standards in all areas of its operation in order to enhance value for all its stakeholders. The principles of good Corporate Governance are strictly followed. A separate report on the Corporate Governance Practices being followed in the Company is placed before you as part of Directors' Report.

We, at EPI believe that your Company too has a responsibility towards the society in which it operates. In recognition of this, your Company in association with CIDC organized a three days workshop on the Project and Contract Management for senior level Engineers from Government Departments of North-Eastern States in August, 2009 at New Delhi. The workshop was sponsored by the Ministry of Development of North Eastern Region and was highly appreciated.

Besides, organising the workshop for senior level engineers of North Eastern Region. To give further fillip to accelerated development of NER, a Regional Office has been opened recently at Guwahati. This will help in strengthening the

marketing efforts and in better coordination of project under execution in the North Eastern Region.

While, we enjoy the success and upbeat momentum, we realise that we have to work harder in all areas of operation with sharp focus on quality of services and human resource management. At this point, I would like to record my appreciation for the sincere efforts made by employees of your Company towards achieving the targets and expect that in future they would still strive harder to take your Company to the new heights. I, also acknowledge with thanks the cooperation and guidance received from Members of the Board, Ministry of Heavy Industries and Public Enterprise, other Govt. Departments, Statutory Auditors and Comptroller & Auditor General of India. I also place on record my sincere thanks to our valuable Clients, Business Associates and Banks who have reposed faith in your Company.

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

(SPS Bakshi)
Chairman-cum-Managing Director

Notice

Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the Thirty-ninth Annual General Meeting of the Company will be held at 3.00 p.m. on Tuesday, 29th September 2009 at its Registered and Corporate office, Core 3, SCOPE Complex, (4th Floor), 7 Lodhi Road, New Delhi-110003 to transact the following businesses :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 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)
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 S.P.S. Bakshi was appointed as the Chairman-cum-Managing Director of the Company vide order No. 16(1)2008- TSW (Vol. II) dated 02.02.2009 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry. He assumed the charge of Chairman-cum- Managing Director on 05.02.2009.
4. Dr. Ram S. Tarneja, ceased to be the Director on the Board of the Company w.e.f 21.02.2009 pursuant to order No. 16(13)/2001-TSW (Vol.-II) dated 17.02.2006 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, on completion of his tenure.
5. Dr. Surajit Mitra, ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 24.08.2009 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
6. Shri Rajiv Bansal , Joint Secretary Ministry of Heavy Industries & Public Enterprises, has been appointed as Part-time official Director on the Board vide order No. 16(12)2001-TSW dated 24.08.2009 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

To

All Shareholders of EPI

Copy to :

1. All Directors of EPI
2. Secretary to the Govt. of India,
Ministry of Heavy Industries & Public
Enterprises, (Deptt. of Heavy Industry)
Udyog Bhawan, New Delhi-110001
3. M/s. Walker Chandio & Co.
Chartered Accountants,
Statutory Auditors.
L-41, Connaught Circus,
New Delhi-110 001


(Kumudani Sharma)
Company Secretary

Date : 28th August, 2009
Place : New Delhi



Directors' Report

Dear Members

The Directors have the pleasure in presenting the thirty-ninth Annual Report togetherwith the audited accounts of the Company for the financial year ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS

During the year, Company has earned gross margin of Rs.28.59 crores (previous year Rs. 23.69 crores) and after charging depreciation of Rs.0.78 crores (previous year Rs. 0.92 crores), interest of Rs. 2.15 crores (previous year Rs. 2.64 crores) there is net profit before tax of Rs.25.66 crores (previous year Rs. 20.14 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	2008-09	2007-08
1.	Turnover	95870.53	85105.51
2.	Gross Margin	2858.75	2369.09
3.	Interest	214.70	263.90
4.	Depreciation	78.16	91.57
5.	Net profit before tax	2565.89	2013.62
6.	Tax (including FBT)	322.34	260.43
7.	Net profit after tax	2243.55	1753.19
8.	Net worth	12192.79	10778.09

2. PERFORMANCE

During the year 2008-09, your Company has achieved turnover of Rs.958.70 crores as against previous year turnover of Rs. 851.06 crores registering a growth of 12.65% over previous year.



Corporate Office Building of National Highways Authority of India, Delhi

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.

4. DIVIDEND & RESERVES

Your Directors recommend final dividend of 10% (Ten percent) in addition to the interim dividend of 10% (Ten percent) on paid up capital declared in December, 2008. Thus in aggregate dividend for the year 2008-09 is 20% (Twenty 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 2008-09 will be Rs. 7.08 crores and Rs. 1.20 crores (previous year Rs. 7.08 crores and Rs.1.36 crores respectively).

Your Directors propose an amount of Rs. 2.00 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. 86.51 crores (Previous year Rs. 72.36 crores) shall be

available in “Reserves and Surplus” account as on 31st March, 2009.

5. ORDER BOOK POSITION

During the current financial year, your Company is executing 82 orders worth Rs. 4848.21 crores.

6. MARKETING ACHIEVEMENTS

During the financial year 2008-09, Company has secured 33 projects valuing Rs. 2430.51 crores. Some of the major projects secured are given below :

(Rs. in crores)

Sl. No.	Project	Client	Value
1	Construction of various types of Residential Flats (Stilt+9 Floors) under Rajiv Swagruha Scheme in Karimnagar District , Andhra Pradesh (Eight Packages)	The Director Technical, Andhra Pradesh Rajiv Swagruha Corporation Ltd. Hyderabad	643.01
2	Various construction works in North East Region (on deposit basis)	Mahanideshalaya Assam Rifles, Directorate General Assam Rifles, Shillong	211.41
3	Tail Pond Link Canal to lift water from River Godavari to Nagarjuna Sagar for Dummugudem project Circle of Irrigation & CAD Department	Irrigation & CAD Department, Government of Andhra Pradesh, Tekulapally, Khammam Andhra Pradesh	172.49
4	Construction of Fakhruddin Ali Ahmed Medical College at Barpeta, Assam	Public Works Department (Building), Government of Assam, Guwahati	131.76
5	Construction of Tezpur Medical College, Tezpur, Assam	Public Works Department (Building) Government of Assam, Guwahati	125.00
6	Construction of New CIMFR Campus, Dhanbad, Jharkhand (on deposit basis)	Council of Scientific & Industrial Research, Engineering Services Division, New Delhi	125.00
7	Water Supply Scheme to Kolar City, Bangarpet & Malur town under UIDSSMT (Urban Infrastructure Development Scheme for Small & Medium Towns)	Karnataka Urban Water Supply & Drainage Board, Bangalore	88.89
8	Civil, Structural, Architectural & Electrical works for Plant Building- 1 of Brahmaputra Petrochemical Complex at Lepetkata, Assam	Brahmputra Cracker and Polymer Limited Noida, Uttar Pradesh	83.96



9	Site Grading, Construction of Roads, Storm Water Drains and Compound Wall for Phase III Refinery Project, Mangalore Refinery & Petrochemicals Ltd., Mangalore, Karnataka	Mangalore Refinery and Petrochemicals Ltd., Mangalore	80.13
10	Construction of Garment Park at Howrah Side Land of Vidyasagar Setu, West Bengal	Hooghly River Bridge Commissioners, Kolkata	74.03
11	Construction of Regional Office Building for ESIC at Salt Lake, Kolkata on turnkey basis	Employees' State Insurance Corporation, New Delhi	66.98
12	Construction of Sports Training Centre at Bilaspur, Chhattisgarh	Pulic Works Department Bilaspur, Chhattisgarh	60.41
13	Construction of New Civil Works for Sardar Vallabhbhai National Institute of Technology, Surat, Gujrat (on deposit basis)	Sardar Vallabhbhai National Institute of Technology (SVNIT), Surat, Gujrat	60.00
14	Construction and Development of Phase-I of West Campus of GGSIPU, Dwarka, New Delhi.	University Works Division, Guru Gobind Singh Indraprastha University (GGISPU), Delhi	59.96
15	Puttur Water Supply Improvement Scheme, Andhra Pradesh	Public Health & Municipal Engineering Department, Government of Andhra Pradesh, Nellore	53.65
16	Modernisation of Pennar Delta System (Pkg. 40) for Irrigation Circle, Nellore, Andhra Pradesh.	Irrigation & CAD Department, Government of Andhra Pradesh, Nellore	46.25
17	Civil & Structural Works for Expansion cum Diversification Project (EDP) of Hindustan Newsprint Ltd.	Hindustan Newsprint Ltd, Kottayam, Kerala	45.74
18	Extension to Orissa High Court Building at Cuttack, Orissa	Orissa Industrial Infrastructure Development Corporation (IDCO), Bhubaneswar	42.69

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 2007-08. This is the third consecutive year in which Company's

performance has been rated "Excellent" by DPE. For the year 2008-09, 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

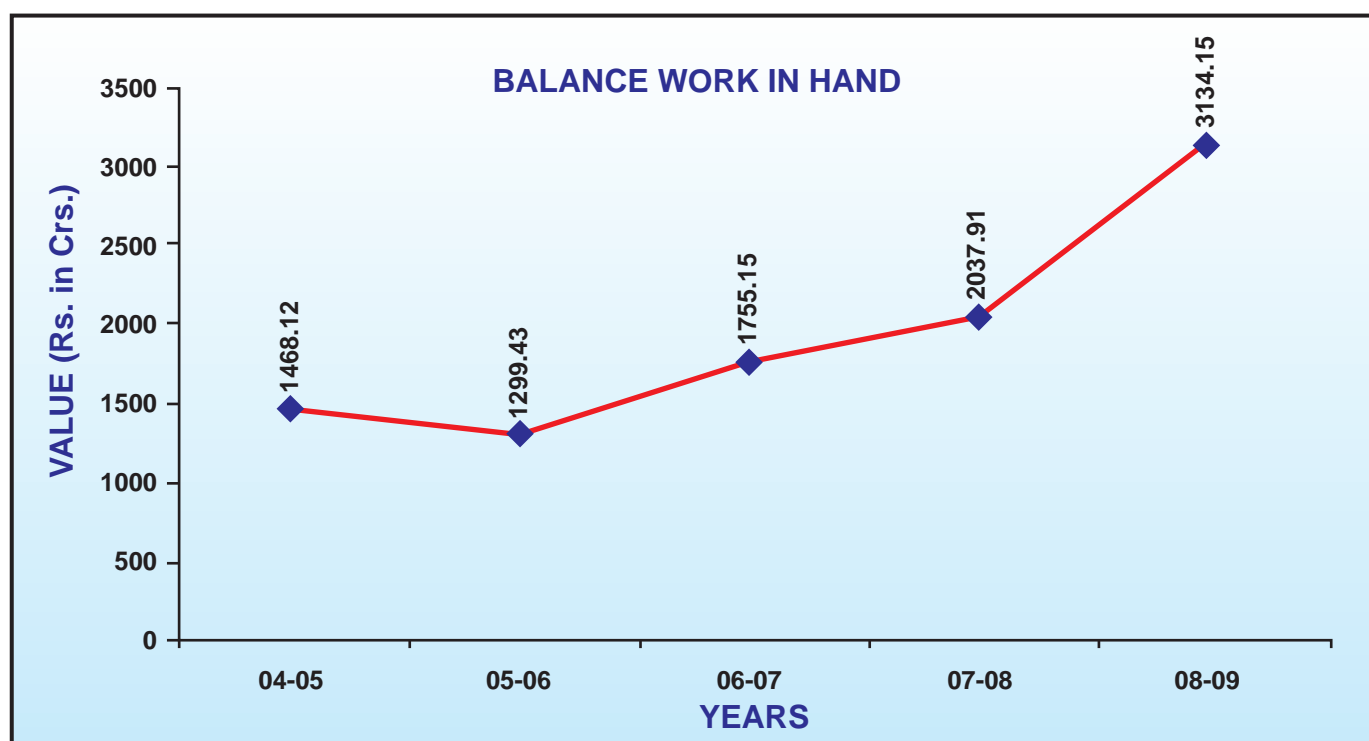
EPI is one of the few Indian contracting companies which have been certified to ISO 9001:2000 and ISO 14001:2004 covering Quality and Environment Management System (QEMS). The scope of certification including Design, Procurement and Implementation of Multi-disciplinary industrial and other construction projects from concept to commissioning. The Company has been re-certified for ISO 14001:2004 i.e. EMS for a

further period of 3 years w.e.f. 03.10.2008. The Company has also been certified for Occupational Health and Safety Assessment Series (OHSAS) 18001: 2007, i.e. Occupational Health and Safety Management System (OHSMS) in respect of corporate office.

10. VIGILANCE ACTIVITIES

During the year 2008-09, the Vigilance Division took number of new initiatives to make operations of the Company more transparent. (NITs) Notice Inviting Tenders of all types are being uploaded on the website of the Company and NITs of high value tenders are also being published in Newspaper for wide publicity.

As a part of further streamlining the systems & procedures, Company has prepared "Work manual", which was released by the Hon'ble Secretary DHI, Shri S. N. Dash on 28th July, 2009. Further, the Company is making payment to its various vendors, suppliers, sub-contractors and





employees through e-payment.

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, 2009, Company had strong force of 473 employees.

12.SC/ST PERSONNEL

The number of SC/ST employees on the rolls of the Company as on 31st March, 2009 was 107, which constitute 22.62% of the total strength.

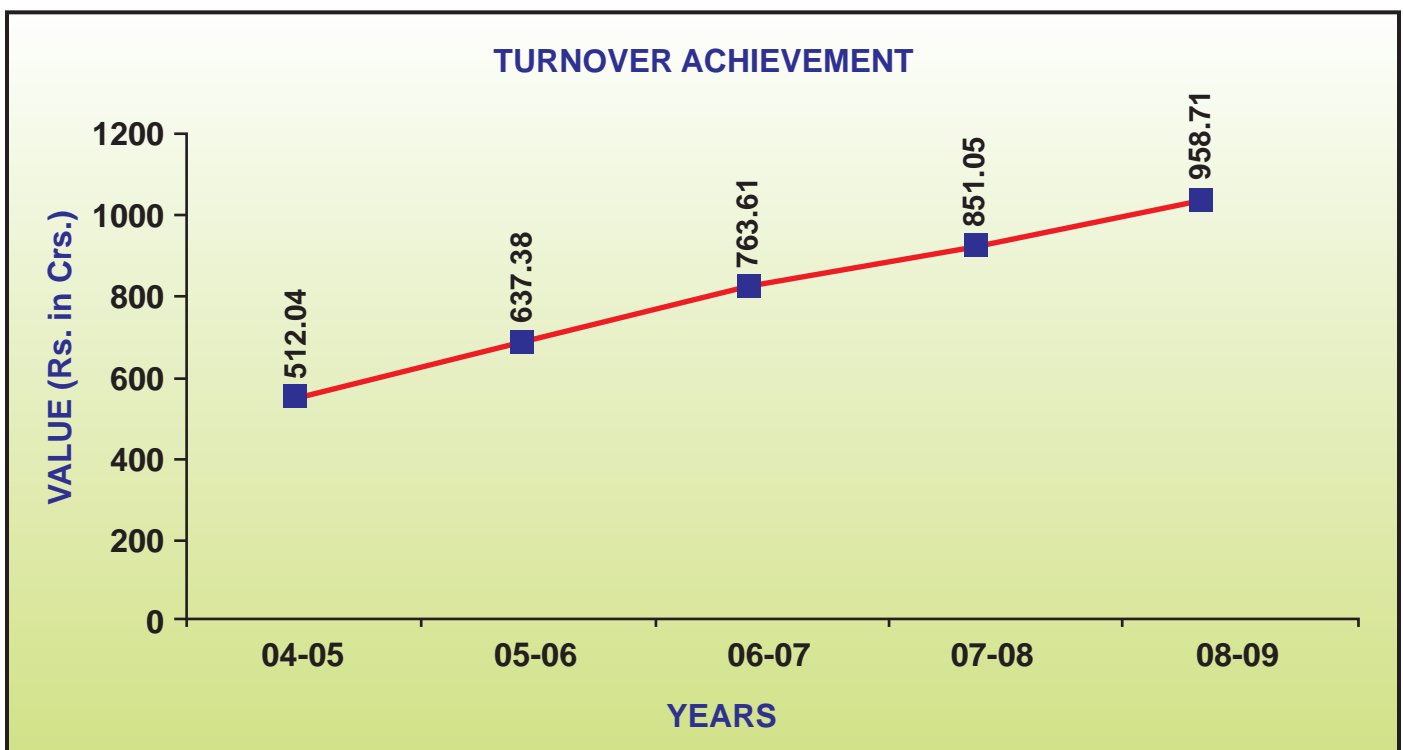
13.PHYSICALLY CHALLENGED PERSON

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.

14.PROPROPAGATION 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. 4.32 lacs (previous year Rs. 11.89 lacs), brand promotion Rs.17.25 lacs (previous year Rs. 24.23 lacs) and advertisement/ publicity Rs. 48.44 lacs (previous year Rs. 25.61 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 2008-09.

17. BOARD OF DIRECTORS

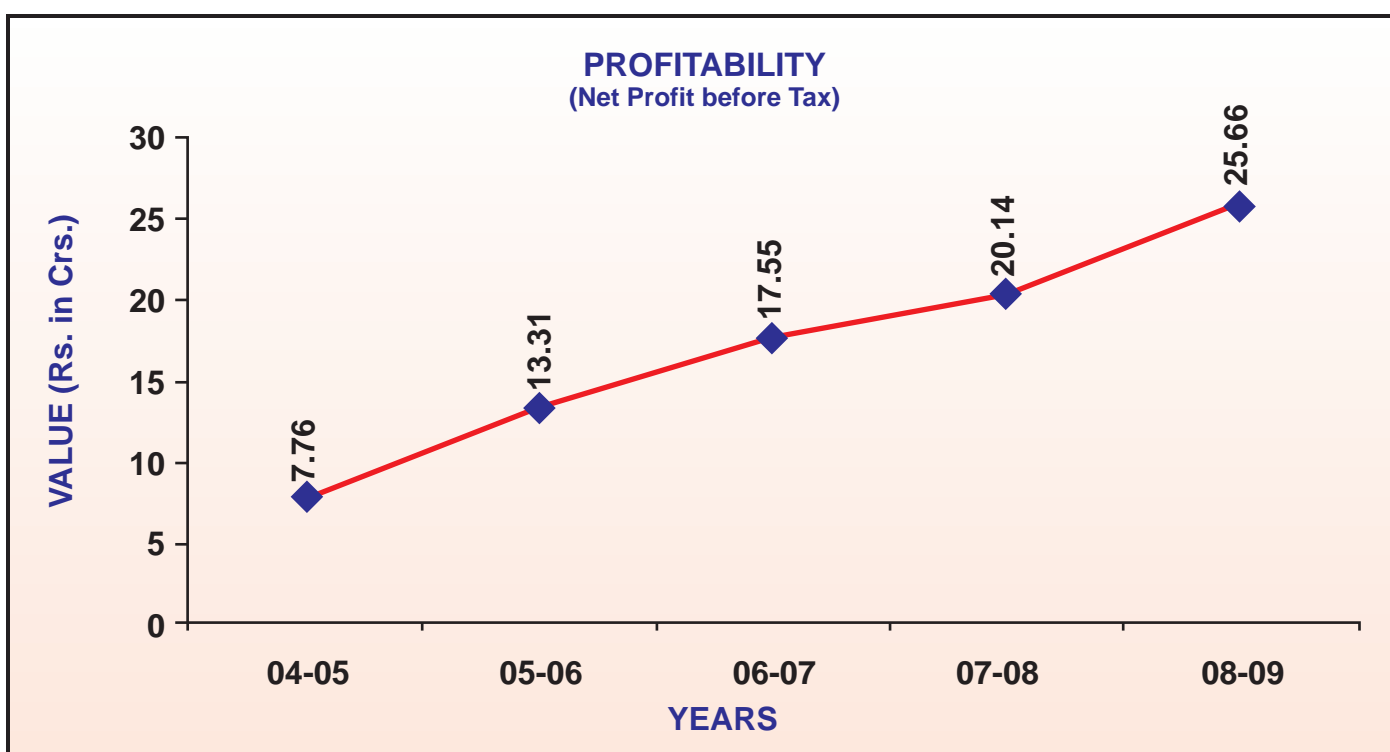
Presently, the Board of Director of the Company consists of seven members, three Directors are functional Directors including the Chairman-cum-Managing Director, two Directors are part-

time Official Directors from the Administrative Ministry and two Directors are part-time Non-official Directors. Following changes took place in the Directorship of the Company from the date of last Annual General Meeting :

Shri S. P.S. Bakshi was appointed as the Chairman-cum-Managing Director of the Company vide order No. 16(1)2008-TSW (Vol.II) dated 02.02.2009 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.

Dr. Ram S. Tarneja, ceased to be the Director on the Board of the Company w.e.f 21.02.2009 pursuant to order No. 16(13)/2001-TSW (Vol.-II) dated 17.02.2006 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, on completion of his tenure.

Dr. Surajit Mitra, ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 24.08.2009 of Ministry





of Heavy Industries & Public Enterprises, Department of Heavy Industry.

Shri Rajiv Bansal , Joint Secretary, Ministry of Heavy Industries & Public Enterprises, was appointed as Part-time official Director on the Board w.e.f. 24.08.2009 vide order No. 16(12)2001-TSW dated 24.08.2009 of Ministry of Heavy Industries & Public Enterprises, Department 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;

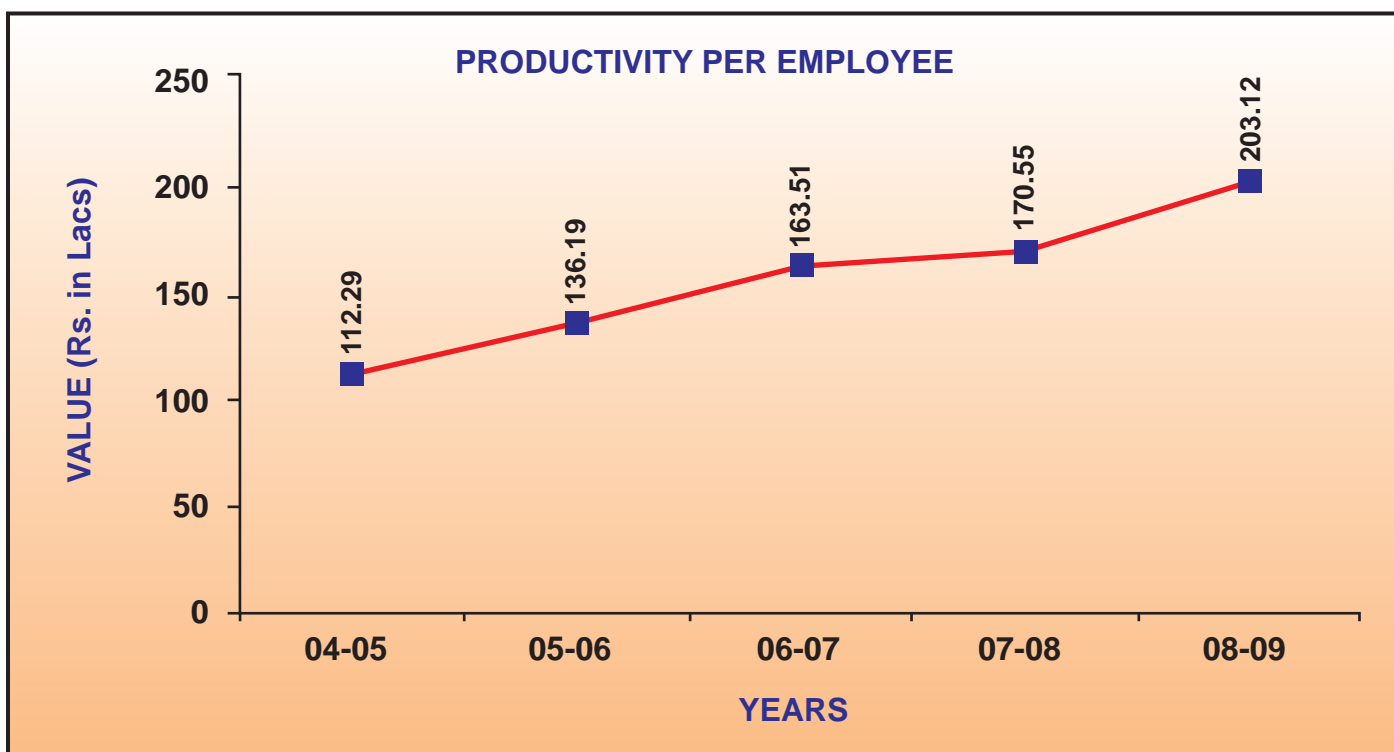
(ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the year ended 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. Walker Chandiook & Co., Chartered



Accountants were appointed as Statutory Auditors and Branch Auditors for Northern Regional Office of the Company for the financial year 2008-09. M/s. G. P. Agrawal & Co., 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, 2009 and Company's replies thereto are annexed to the Report. The comments on accounts for the year ended 31st March, 2009 by the Comptroller & Auditor General of India 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,

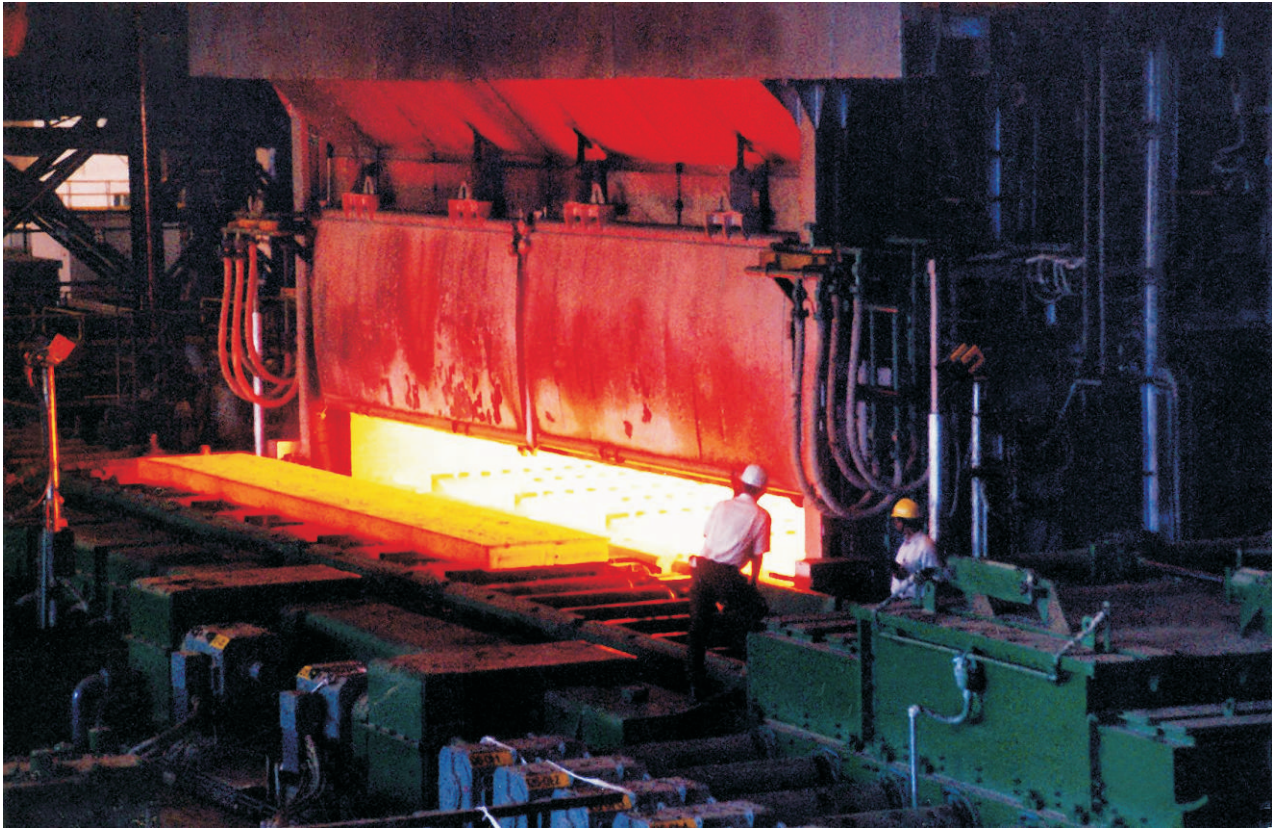
technology absorption and foreign exchange earnings and outgo is detailed as under:

20.01 Conservation of Energy

Within the scope available for saving energy in construction contracts, every effort is being made for conserving energy. The Company's activities do not involve direct use of energy in manufacturing processes, however the critical importance of reducing energy consumption levels and re-use through recuperative and regeneration technologies are kept in constant focus of designers of plant, equipment and processes involving utilization of energy in the form of heat and others, in projects involving chemical reactions with heat exchange processes, heating, chilling, calcination, etc. Conservation of energy is achieved through the use of latest methods & features including energy efficient equipment, recuperators of waste heat, modern construction equipment with enhanced insulating characteristics coupled with modern process control systems based on digital sensing, control and signaling technologies.



Zonal Office Building for Punjab National Bank, Ludhiana (Punjab)



Reheating Furnace at Bhilai Steel Plant, Bhilai

20.02 Technology Absorption

The Company continues its endeavour to apply and absorb latest technology development and innovation in its operations which are taking place in different areas of its business. The range of latest technologies from leading companies of global repute, which is available with the organisation for utilization in industrial projects include Acid Concentration Plants, Chemical Process Plants, Specialized Ore beneficiation facilities for extraction of rare earths etc. Experts of the Company are sponsored for training for various programmes and seminars for development of technical know how.

20.03 Foreign exchange earnings and outgo

During the year 2008-09, there is an outgo of foreign exchange to the tune of Rs 4.32 lacs

(previous year Rs. 470.87 lacs) towards design & consultancy, import of equipments & spare parts and foreign travel and your Company has earned foreign exchange of Rs. 94.18 lacs (previous year Rs. 53.78 lacs).

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, 2009.

22. ACKNOWLEDGEMENT

Yours Directors gratefully acknowledge the support and guidance 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 wish to place on record their appreciation to the continued contribution of the sub-contractors, vendors and consultants in implementation of the projects and support received from Banks and Financial Institutions. Your Directors acknowledge with deep sense of appreciation the cooperation and support received from all employees of the Company. Your Directors are fully confident that the employees of all ranks would continue to strive hard to improve the performance of the Company in the coming

years. Your Directors also acknowledge with thanks, the assistance and guidance rendered by the Govt. Auditors & Statutory Auditors.

For and on behalf of the Board



(S.P.S. Bakshi)
Chairman-cum-Managing Director
DIN : 02548430

Place: New Delhi.
Dated : 24.08.2009



Assam Rifles Project at Khanapara, Guwahati



Report on Corporate Governance

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Engineering Projects (India) Limited (EPI) relishes its commitment in promoting & strengthening the principles of sound Corporate Governance norms through the adherence of highest standards of transparency, integrity, accountability, professionalism and commitment to the organisation for sustainable enrichment of value for all its stakeholders. 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. It consists of eight members, of whom three are Functional Directors (including Chairman-cum-Managing Director), two are Nominees of Govt of India and

three are Independent Directors. The Independent Directors are usually drawn from the fields of Management, Engineering, and Economics & Accounts etc. The Directors on the Board are appointed by the administrative Ministry of Government of India in terms of the Article 68 of Articles of Association of the Company.

As on 31st March, 2009, EPI has three functional Directors, two Govt. Nominees and two Independent Directors. One position of Independent Director is vacant. During the year, Dr. Ram S. Tarneja, Independent Director ceased to be the Director on the Board on completion of his tenure. The Govt. of India in terms of Article 68 of Articles of Association of the Company is in process of filling this vacancy.

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 2008-09 are given below :

Name	Meeting attended	AGM attended	Other Directorship	Period
(a) Functional Directors				
Shri S.P.S. Bakshi ChairmanCum-Managing Director DIN :02548430	1/1	NA	Nil	05.02.09- 04.02.14
Shri A.K. Ratwani Director (Projects) 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

Name	Meeting attended	AGM attended	Other Directorship	Period
(b) Govt Nominees				
Dr. Surajit Mitra Additional Secretary, Ministry of Heavy Industries & Public Enterprises DIN : 00122304	4/4	No	6	26.04.07- till further orders
Shri R. Asokan Director, Ministry of Heavy Industries & Public Enterprises DIN :01079166	4/4	Yes	4	01.02.08- till further orders
(c) Independent Director				
Shri Arun Datta DIN : 00180069	4/4	Yes	5	14.09.05- 13.09.11
Dr. Ram S. Tarneja DIN : 00009395	4/4	Yes	17	21.02.06- 20.02.09
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 (28.04.08, 06.08.08, 12.12.08 & 11.02.09) and all information required in accordance with DPE Guidelines was placed before the Board.

Brief Resume of the Directors on the Board.

(i) Shri S.P.S. Bakshi (50 years) Shri S.P.S. Bakshi joined EPI as Chairman-cum-Managing Director in February, 2009. Shri Bakshi is a Post Graduate in Highways & Trans. Engineering and MBA in Human Resource Development. He is a Fellow Member of the Institution of Engineers (India) and a Member of the Institute of Transportation Engineers, USA. Shri Bakshi has a rich and comprehensive experience of 30 years in the field of Project Planning & Management with special reference to Implementation of Mega Buildings & Airports and Highway Projects

on turnkey basis. Shri Bakshi completed these mega projects without time and cost over-runs. He has also handled projects on Public Private Partnership basis. Shri S.P.S. Bakshi has worked at senior positions in Airports Authority of India and National Highways Authority of India before joining EPI. He has handled major Infrastructure Airports and Highways Projects of National Importance.

(ii) Shri A.K.Ratwani (52 years) Shri A.K. Ratwani joined EPI as Director (Projects) in September, 2006. 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.

(iii) Shri G.D. Moorjani (59 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 frame-work of the company. He is fellow member of the Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India.

(iv) Dr. Surajit Mitra (57 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 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, Cement Corporation of India Ltd and Hindustan Paper Corporation Ltd.

(v) Shri R. Asokan (53 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.

(vi) **Shri Arun Datta (62 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 India Cement Ltd.

(vii) **Shri Anjan Kumar Mitra (62 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

(a) Composition of the Audit Committee

The Audit Committee was constituted in accordance with Guidelines on Corporate Governance for CPSEs in the meeting of the Board of Directors held on January 17th



Union Bank of India Building, Mumbai

2008, with terms and references of the committee being same as proposed in the Guidelines.

Due to completion of tenure of Dr. Ram S. Tarneja, an Independent Director also the Chairman of the Audit Committee in February 2009, the Audit Committee was reconstituted in June 2009, by inducting Shri R. Asokan, Director (Integrated Finance Wing), Department of Heavy Industry and a Govt. Nominee on the Board of your Company. The present composition of the Committee is as under :-

Name & Designation	Category
Shri Anjan Kumar Mitra, Chairman	Independent Director
Shri R. Asokan, Member	Govt. Nominee
Shri A.K. Ratwani, Member	Director (Projects)

During the year, four meetings of the Audit Committee were held on 16th May, 2008, 23rd July, 2008, 11th November, 2008 and 11th February, 2009

(b) Role and Power of Audit Committee :

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



New Building for UPSC at Shahjahan Road, New Delhi

(4) REMUNERATION COMMITTEE

The Board has constituted Remuneration Committee for the purpose of giving recommendation in respect of emoluments of employees of the Company. The Remuneration Committee was reconstituted in the 207th meeting of Board of Directors held on 9th June, 2009 to induct Shri Anjan Kumar Mitra, an Independent Director in place of Dr. Ram S. Tarneja and Shri R. Asokan, Govt. Nominee, in place of Shri Arun Datta, Independent Director. The present composition of the Committee is as under :

Name & Designation	Category
Shri R. Asokan, Chairman	Govt. Nominee
Shri Anjan Kumar Mitra, Member	Independent Director
Shri G.D Moorjani, Member	Director (Finance)

During the year, one meeting of the Remuneration Committee was held on 31st January, 2009 for recommending the Implementation of Revised Pay scales in the Company which was attended by all the members.

5. DISCLOSURES

(i) Details of the remuneration paid to the functional Directors and sitting fees paid to

Independent Directors during the year 2008-09 are as under:

A: Functional Director

(In Rs)

Directors	Salary	Per-quisite	Total
Shri S.P.S. Bakshi Chairman-cum-Managing-Director (w.e.f 05.02.2009)	150324	3500	153824
Shri A.K. Ratwani Director (Projects)	1142543	68201	1210744
Shri G.D. Moorjani Director (Finance)	1380835	66816	1447651

B: Independent Directors:

(In Rs)

Directors	Sitting Fees
Shri Arun Datta	Rs 28,000
Dr. Ram S. Tarneja	Rs 44,000
Shri Anjan Kumar Mitra	Rs 36,000

- (ii) During the year there was no related party transaction except salary paid to functional Directors and sitting fees paid to non-functional Directors.
- (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 except sales tax matter which is under appeal.

The Company is complying with all the requirements of the Guidelines on Corporate Governance for CPSEs issued by the DPE except the Composition of Audit Committee which is pending due to vacancy created by completion of tenure of one of the Independent Director w.e.f 21.02.2009 and formulation of Risk



Wss at Variav - View of 10m Dia intake Well in 15m deep riverbed with 14m Dia Pumphouse & 60mld Wtp

Management Policy.

- (v) During the year, Presidential Directives issued by the Government of India has been complied by the Company.
- (vi) 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	Date and Time of AGM	Location
2007-08	September 26th, 2008 at 3.30 p.m.	Core 3, SCOPE Complex Lodhi Road, New Delhi
2006-07	September 21st, 2007 at 3.30 p.m	Core 3, SCOPE Complex Lodhi Road, New Delhi

2005-06	September 29th, 2006 at 3.30 p.m	Core 3, SCOPE Complex Lodhi Road, New Delhi
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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 its complete Annual Reports on its website for the information of its shareholders together with other important information pertaining to the Company. Annual report and other papers related to shareholders are being sent regularly in physical form.

8. AUDIT QUALIFICATIONS

The comments on accounts for the year ended on 31st March, 2009 by the Comptroller & Auditor



General of India under Section 619(4) of the Companies Act, 1956 and statutory auditor are given in the addendum to the Directors' Report along with the comments of the Company.

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 Directors are also sponsored for the seminars/conferences organized in this respect.

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.epi.gov.in>. 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 of Corporate Governance of 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 2008-09.**

I, S.P.S.Bakshi, 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 2008-09.



(S.P.S.Bakshi)
Chairman-cum-Managing Director

Place : New Delhi

Date: 24.08.2009



AJAY GARG & ASSOCIATES

COMPANY SECRETARIES

1st Floor, 970, Sec-21D
Faridabad-121001 (Haryana),
Near New Delhi
E-mail : ag_ajaygarg@yahoo.co.in
gargajay24@yahoo.co.in
Ph. : 95129-4080970
Mobile : 9811386723, 9873186723

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Engineering Projects (India) Limited
Core 3, Scope Complex,
7 Institutional Area, Lodhi Road,
New 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, 2009 as stipulated in 'Guidelines on Corporate Governance for the Central Public Sector Enterprises, 2007' vide Notification No. 18(8)/2005-GM dated 22.06.2007 of Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures 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 abovementioned guidelines. It is neither an audit not 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 abovementioned Guidelines.

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

Signature :
For Ajay Garg & Associates

(Ajay Garg)
Company Secretary
C.P. Mo. 4373

Place : New Delhi
Date : 24.08.09

Management Discussions and Analysis Report

Industry Structure and Development

After significant global growth over almost a decade, signs of slowdown were to be seen by the end of 2007. Matters worsened in 2008 especially in second half and more so, after the collapse of Lehman Brothers on 14th September, 2008. Every major developed nation is in recession and is expected to continue throughout the year 2009-10.

India has been no exception from the adverse effects of the global economic recession. During 2008-09, India's GDP grew by 6.7% against 9% in the preceding fiscal. To upkeep this growth in 2008-09, Government of India had to announce stimulus packages in form of tax relief to boost demand and increased expenditure on public projects to create employment and public assets. The RBI also took a number of monetary easing and liquidity enhancing measures to facilitate flow of funds from the financial system to meet the needs of productive sectors. These measures has resulted in ballooning of fiscal deficit to 6.2% of the GDP in 2008-09 from 3.1% in 2007-08.

The Indian infrastructure industry grew by 2.7% in the last fiscal against 5.9% growth in 2007-08. Despite the large number of investments in the country, the infrastructure spending is currently short of what is required for achieving higher economic growth in the coming year. Currently, infrastructure is on the key area list of the Indian Government and is being planned to develop in a big way over next several years. Public-Private partnerships are being encouraged to develop the rail transport, port and maritime infrastructure and aviation infrastructure in the

country.

The opportunities in infrastructure projects across the country in coming years are immense. Indian Government is in the process of setting up a special dedicated fund to provide loans to infrastructure projects primarily roads, airports and ports being developed by both private companies and Government- Private joint venture.

It is predicted that the current global turmoil is unlikely to impact the investment potential of infrastructure projects in the country. Indian Government is doing everything possible and exploring all feasible options to ease the crisis. Government is considering ways of increasing investment in infrastructure after the global financial crisis choked inflows in major investment projects.

Strengths and Weaknesses

EPI has the capability of undertaking large multidisciplinary Industrial and Construction projects on turnkey basis such as civil and structural works, buildings, coal & material handling systems, metallurgical sector projects, process plants, environment & pollution control, oil & petrochemicals, Defence related projects, Transmission lines/sub-stations, water supply, sewage & drainage projects, irrigation/canal works, Roads & highways, Airport, sports stadium. EPI can also offer end to end engineering, procurement and construction services. Further EPI has Regional offices at different geographical locations to undertake operations across India.

However, the average age of employees at EPI



is quite high as a result of which huge number of senior employees retiring within next 2 years leading to a senior management continuation crisis. Further attrition rate at working level especially in technical cadre due to ample opportunities available in Private sector with higher pay is high in EPI.

Opportunities and Threats

Over 17,50,000 crores of infrastructure expenditure is envisaged over the next 6-7 years in India across various sectors. Out of this over 70% would involve engineering and construction expertise, which is the domain in which EPI operates. Further higher infrastructure spending is earmarked for urban renewal projects under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), leading to heightened activity in EPI's areas of expertise in Sewage Treatment Plant (STP) and Water Treatment Plant (WTP). EPI is making special efforts to

convert these opportunities into successful growth story. 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 and product wise Performance

Housing & building works continued to be highest contributor to the turnover of the Company though its contribution has slightly decreased from 44% to 42% of the turnover during 2007-08 to 2008-09 followed by Dam & Irrigation project from 25% to 17%. The percentage share of Water Supply & Environmental Schemes projects had increased from 12% in 2007-08 to 15% in 2008-09. Whereas Transportation Structures had declined from 10% to 5% in 2008-09. The table below presents the segment wise analysis of the operations of the Company :

(Rs. in Cr.)

Sl. No	Segments of Projects	2006-07		2007-08		2008-09	
		Turnover	%	Turnover	%	Turnover	%
1	Housing & Building Works	228.45	30	372.41	44	408.03	42
2	Dams & Irrigation Projects	182.64	24	215.73	25	163.76	17
3	Industrial, Process Plant, Material Handling & Electrical Projects	126.10	16	65.14	8	66.66	7
4	Water Supply & Environmental Schemes	84.57	11	100.45	12	144.16	15
5	Transportation Structures	126.41	17	84.40	10	45.90	5
6	Other Projects	15.43	2	12.92	1	130.19	14
	Total	763.60	100	851.05	100	958.70	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

EPI is executing most of the contracts for Govt. of India, State Govt. and PSUs. Sometimes there is a diversion of funds by the State Govt. especially with change in political situation. This affects the work at the projects site and revenue of EPI. Further delays like availability of work front, designs/drawings etc. also affects the turnover of EPI and also increases the risk of litigations. To overcome these problems strong liaisoning is maintained with client at all levels.

Internal control Systems and 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 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. EPI has prepared "works manual" which was released by the secretary DHI, Shri S.N. Dash on 28th July, 2009.

Discussion on financial performance with respect to the operational performance

The turnover of the Company increased by 12.65% over the previous year from Rs. 851.06 crores to Rs. 958.70 crores in 2008-09, the gross margin increased by 20.68% from Rs. 23.69 crores to Rs. 28.59 crores in 2008-09. The net profit before tax also rose to Rs. 25.66 crores in 2008-09 from Rs. 20.14 crores in the previous year registering an increase of 27.41%. As a result, the networth of the Company increased from Rs. 107.78 crores in 2007-08 to Rs. 121.92 crores in 2008-09.

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. 38.95 each during the year. The Company declared interim dividend of 10% on the paid up capital of the Company in December, 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 31.58% 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. To motivate the employees, Company has recently implemented the DPE recommendations on Revised Pay scales for CPSEs.



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

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

(a) Environmental Protection & Conservation

The aspect of protecting and conserving the natural environment while pursuing 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 in the environment manual which shall be released shortly.

The specific steps taken during design and construction of projects in compliance with such procedural requirements cover:

1. Tree plantation at project sites, avoidance of cutting trees.
2. Providing water harvesting systems, wherever feasible.
3. Use of environment friendly technology of building design such as Energy Conservation Building Code (ECBC 2007).

(b) Technological Conservation :

The technical requirements of projects under construction are adhered to by working out the design, based on environmental and process data coupled with the desired level of technology, The corresponding specification of processes and equipment are followed to establish the plant with the help of best available workmanship; which is made available to the customer after following the specified inspection and testing



Administrative Building of Assam Rifles
at Laitkor, Shillong

procedures according to the latest standards for desired delivery of the project.

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 vision for embracing new technologies covering use of renewable form of energy, which is scheduled to play a critically important role in industrial activities in the coming decades. Some forms of use of solar energy, wind-based and ocean-based energy are expected to demand the attention on industrial policy makers which in turn would fuel the growth of viable technologies to be used in industries of the future, for the Company aims to gear up its capabilities.

(d) Foreign Exchange Conservation

Industries & developmental projects are required to utilise the cost & associated benefits of

advancing technologies in various fields, in order to remain competitive in the globalised scenario. Introduction of cutting-edge technologies often entail substantial outgo of funds in foreign currency.

The Company's policy outlook has enabled utilization of developing technologies in installation of modern 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, thereby reducing direct importation of plant & equipment to a minimum, often restricted to items/materials of proprietary nature, from sources abroad. Significant conservation of foreign 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 effective ways. The endeavours of the Company include the activities in the areas of Community Development and environment protection. 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>1. We have audited the attached Balance Sheet of Engineering Projects (India) Limited (the "Company") as at 31 March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements') in which are incorporated financial statements of Eastern, Western & Southern Regional Offices audited by Branch Auditors appointed by the Comptroller & Auditor 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. Those 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 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 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.</p>	
<p>4. Further to our comments in the Annexure referred to 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 appears from our examination of those books of accounts and proper returns adequate for the purposes of our audit have been received from branches not visited by us.</p>	No Comments
<p>c. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with while preparing our report.</p>	No Comments
<p>d. The financial statements dealt with by this report are in agreement with books of account;</p>	No Comments
<p>e. In respect of disqualification of directors, Department of Companies Affairs vide their clarification No.G.S.R. 829 (E) dated 21 October 2003 has exempted Government Companies from provision of section 274(1) (g) of the companies Act 1956;</p>	
<p>f. As mentioned in Note 2 on Schedule 19 (B), pending settlement of claim of National Thermal Power Corporation Limited (one of the PSUs) relating to cost of interior works and furnishings etc. amounting to Rs. 4,605,400, capitalization and consequential depreciation has not been charged. We are unable to express opinion on consequential impact on revenue, assets and liabilities;</p>	Disclosed in Note B-2 of Schedule 19

- g. As mentioned in Note 3 (a) on Schedule 19 (B), debit and credit balances of various clients, associates, suppliers and others are subject to reconciliation and confirmation. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those balances; Disclosed in Note B-3 (a) of Schedule - 19
- h. As mentioned in Note 3 (b) on Schedule 19 (B), free materials issued by client and supplied to Associates are subject to reconciliation and confirmation. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those balances; Disclosed in Note B-3 (b) of Schedule - 19
- i. As mentioned in Note 4 on Schedule 19 (B), due to non verification of financial records and settlements of Dubai Lagoon Project we are unable to ascertain and report the impact of the same on the state of affairs/profitability; Disclosed in Note B-4 of Schedule - 19
- j. As mentioned in Note 6 on Schedule 19 (B), 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. We are unable to ascertain and report the impact of adjustments that may arise on account of reconciliation and final settlement of those cases; Disclosed in Note B-6 of Schedule - 19
- k. As mentioned in Note 12 (b) on Schedule 19 (B), in respect of employee benefit relating to gratuity, information has not been disclosed as required under Accounting standard 15. Disclosed in Note B-12 (b) of Schedule - 19
5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report, subject to the effects of such adjustments as mentioned in Para 3 (f) to (k), if any, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of :
- i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2009;
- ii) the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandio & Co
Chartered Accountants

Sd/-
(B.P. SINGH)
PARTNER
Membership No. 70116

Place : New Delhi

Date : 20.08.2009

For Engineering Projects (India) Ltd.



(S.P.S. BAKSHI)
CHAIRMAN-CUM-MANAGING DIRECTOR



Annexure to Auditor's Report

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

Auditor's Report/Comments	Reply of the Company
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that :	
(i) (a). The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.	No Comments
(b). Fixed assets have been physically verified by the management during the year and there is a programme of verification twice in one year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.	No Comments
(c). In our opinion, a substantial part of fixed assets has not been disposed off during the year.	No Comments
(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.	No Comments
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.	No Comments
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.	
(iii) The Company has neither granted nor taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (a) to (d) of the Order are not applicable.	No Comments
(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system. However, internal control procedure needs to be strengthened in order to make it commensurate with the size of the company and nature of its business.	Noted
(v) The company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.	No Comments
(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.	No Comments
(vii) The company has an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.	Scope and coverage of Internal Audit has been well defined and audit is being conducted accordingly.

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable No Comments
- (ix) (a) The Company is generally regular in depositing the undisputed statutory dues including income tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities and there are no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable. However, we are unable to express our opinion for liability on account of non compliance of provisions of tax deducted at source under Income tax act 1961 and liability, if any in respect of Service Tax, Provident Fund and Employees State Insurance on account of associates due to lack of control by way of cross verification and sales tax acts of various states. Further, we have been informed that the provisions of the Employee State Insurance Act and Investor education and protection fund are not applicable to Company. Regional offices/Site Offices have been 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 and ESI on account of Associates, the Associates are registered with the concerned authorities and are liable for any non-compliance.
- (b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess etc on account of dispute, are as follows: Disclosed in Note No.B-1(a) of Schedule 19. The cases are being followed up at appropriate level for early settlement.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
UP Trade Tax Act, 1948	UP Trade Tax	8,409,506	1975-76, 1976-77 & 1977-78	STO Aligarh
Delhi Sales Tax Act, 1975	Penalty	40,000	1990-91	Assistant Commissioner, Sales Tax
Delhi Sales Tax Act, 1975	CST	9,745,379	1995-96, 1997-98 & 1998-99	Additional commissioner sales tax
Orissa Sales Tax Act, 1947	Orissa sales Tax	17,501	1997-98	Commercial Tax Officer
UP Trade Tax Act, 1948	UP Trade Tax	872,500	1993-94	Sales Tax Tribunal
Orissa Sales Tax	Sales tax	322,913	1997-1998	Before Asst. Commissioner of sales tax, Sundargarh Range, Rourkela
Tamilnadu General Sales Tax Act, 1959	TNGST	10,196,988	1997-1998	Sales Tax Tribunal Additional Branch
Karnataka Sales Tax Act, 1957	Sales Tax Demand	1,845,658	2002-2003	Deputy Commissioner, Commercial Tax Office, Fast Track 41 Seshadripuram, Banglore



Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Additional Demand	5,913,918	2003-2004	Deputy Commissioner, Commercial Tax Office, Fast Track 41 CD 2& 4, Bangalore
Karnataka Sales Tax Act, 1957	Additional Demand	3,553,779	2004-2005	Deputy Commissioner Commercial Tax Office Fast Track 41 CD 2& 4, Bangalore
Gujarat Sales Tax Act, 1969	VAT Gujarat	205,694	2004-2005	Dy. Commissioner, Commercial Tax (Appeal), Ahmedabad, Gujarat
Gujarat Sales Tax Act, 1969	VAT Gujarat	16,298,974	2005-2006	Gujarat Value Added Tax Tribunal, Ahmedabad, Gujarat
Total		57,422,810		

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year. No Comments
- (xi) The Company has no dues payable to a financial institution or a bank or debenture holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable. No Comments
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable. No Comments
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable. No Comments
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable. No Comments
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable. No Comments
- (xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable. No Comments
- (xvii) The Company did not have any borrowings outstanding during the year. Accordingly, the provisions of clause 4(xvii) of the Order are not applicable. 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. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable. No Comments
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable. No Comments

- (xx) The Company has not raised any money by public issues during the year. No Comments
Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period No Comments
covered by our audit.

**For Walker, Chandio & Co
Chartered Accountants**

Sd/-
(B.P. SINGH)
PARTNER
Membership No. 70116

Place : New Delhi
Date : 20.08.2009

For Engineering Projects (India) Ltd.



(S.P.S. BAKSHI)
CHAIRMAN-CUM-MANAGING DIRECTOR



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	354,226,880	354,226,880
Reserve and surplus	2	865,051,997	723,582,498
		1,219,278,877	1,077,809,378
APPLICATION OF FUNDS			
Fixed assets			
Gross block		159,417,345	159,386,817
Les s: Accumulated depreciation		115,007,253	109,188,187
Net block	3	44,410,092	50,198,630
Current assets, loans and advances			
Work-in-progress	4	24,883,553,329	19,487,905,572
Inventories	5	892,576	12,710,127
Sundry debtors	6	1,567,250,012	1,210,654,941
Cash and bank balances	7	1,534,821,413	1,595,352,934
Other current assets	8	56,267,921	14,398,412
Loans and advances	9	9,945,269,060	5,821,727,806
		37,988,054,311	28,142,749,792
Less: Current liabilities and provisions			
Current liabilities	10	36,467,013,076	26,843,445,972
Provisions	11	346,172,450	271,693,072
		36,813,185,526	27,115,139,044
Net current assets		1,174,868,785	1,027,610,748
		1,219,278,877	1,077,809,378
Significant accounting policies and notes to the financial statements	19		

The schedules referred to above form an integral part of the financial statements

For and on behalf of board of directors

(Kumudani Sharma)
Dy. Company Secretary

(M.K. Anand)
Group General Manager(F)

(G.D. Moorjani)
Director (Finance)

(S.P.S. Bakshi)
Chairman-cum Managing Director

This is the balance sheet referred to in our report of even date.

For
Walker, Chandiook & Co
Chartered Accountants

by **B.P. Singh**
Partner

Place : New Delhi
Date : 20th August, 2009

Membership No. 70116

Profit & Loss Account for the Year ended 31.03.2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Work done for the year		9,577,074,452	8,510,200,942
Claims received		68,522,417	4,865,268
Foreign exchange fluctuation (net)		-	2,522,141
Other income	12	72,651,710	41,869,342
Interest income	13	176,796,017	164,147,080
		9,895,044,596	8,723,604,773
EXPENDITURE			
Direct expenditure	14	9,039,462,794	8,035,752,017
Claims paid		38,050,851	22,072,656
Administrative expenditure	15	433,164,097	405,144,655
Finance cost	16	21,470,285	26,390,003
Depreciation		7,815,578	9,156,963
Contract contingencies		94,319	40,914
Foreign exchange fluctuation (net)		1,010,928	-
		9,541,068,852	8,498,557,208
Profit before tax and prior period items		353,975,744	225,047,565
Tax expense			
Current tax - minimum alternate tax		28,668,746	22,160,855
Fringe benefit tax		3,565,524	3,882,510
Profit after tax and before prior period items		321,741,474	199,004,200
Prior period adjustments (Net)	17	(97,386,429)	(23,685,309)
Profit after tax and prior period items		224,355,045	175,318,891
Balance brought forward from previous year		679,372,478	656,457,851
Adjustments for employee benefits as on 1 April 2008		-	(52,932,329)
Profit available for appropriation		903,727,523	778,844,413



(Amount in Rupees)

	Schedule	2009	2008
Appropriations			
Interim dividend		35,422,688	35,422,688
Proposed dividend		35,422,688	35,422,688
Corporate dividend tax		12,040,170	13,618,251
Wealth tax		-	8,308
General reserve		20,000,000	15,000,000
Balance carried to balance sheet		800,841,977	679,372,478
		903,727,523	778,844,413
Basic and diluted earnings per equity share	18	24.67	19.28
Face value per share (Rs.)		38.95	38.95
Significant accounting policies and notes to the financial statements	19		

The schedules referred to above form an integral part of the financial statements

For and on behalf of board of directors

(Kumudani Sharma)
Dy. Company Secretary

(M.K. Anand)
Group General Manager(F)

(G.D. Moorjani)
Director (Finance)

(S.P.S. Bakshi)
Chairman-cum Managing Director

This is the Profit & Loss account referred to in our report of even date.

For **Walker, Chandiook & Co**
Chartered Accountants

by **B.P. Singh**
Partner

Membership No. 70116

Place : New Delhi
Date : 20th August, 2009

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 1		
Share capital		
Authorised		
233,480,000 Equity shares of Rs.38.95 each (previous year 233,480,000 Equity shares of Rs.38.95 each)	9,094,046,000	9,094,046,000
	9,094,046,000	9,094,046,000
Issued, subscribed and paid-up		
9,094,400 Equity shares of Rs.38.95 each fully paid up (previous year 9,094,400 Equity shares of Rs.38.95 each fully paid up)	354,226,880	354,226,880
	354,226,880	354,226,880
Schedule - 2		
Reserves and surplus		
Capital reserve	210,020	210,020
General reserve		
Opening balance	44,000,000	29,000,000
Add : Addition during the year	20,000,000	15,000,000
	64,000,000	44,000,000
Profit and loss account		
Opening balance	679,372,478	656,457,851
Less : Adjustments for employee benefits as on 01.04.2008	-	52,932,329
	679,372,478	603,525,522
Add : Addition during the year	121,469,499	75,846,956
	800,841,977	679,372,478
	865,051,997	723,582,498

Schedule - 3 FIXED ASSETS



Amount in Rupees

Particulars	Gross block		Accumulated depreciation		Net block				
	1 April 2008	Additions	Deletions/ Adjustments	31 March 2009	1 April 2008	For the year	Deletions/ adjustments	31 March 2009	31 March 2008
Leasehold land	1,615,856	-	-	1,615,856	-	-	-	1,615,856	1,615,856
Building - leasehold	47,119,595	-	-	47,119,595	16,905,724	802,453	-	17,708,177	29,411,418
Building - freehold	1,270,132	-	-	1,270,132	533,454	21,338	-	554,792	715,340
Construction equipment	47,294,822	-	293,822	47,001,000	44,670,645	181,099	279,131	44,572,613	2,428,387
Furniture and fixture	9,794,565	437,400	690,302	9,541,663	7,017,558	549,187	510,562	7,056,183	2,485,480
Office equipment	14,015,205	750,266	1,344,188	13,421,283	10,498,927	1,150,206	1,131,664	10,517,469	2,903,814
Data processing machine and computers	34,391,786	1,800,179	624,505	35,567,460	28,848,025	4,717,341	325,939	31,239,427	4,328,033
Vehicles	3,884,856	-	4,500	3,880,356	2,713,854	649,238	4,500	3,358,592	521,764
Total	159,386,817	2,987,845	2,957,317	159,417,345	109,188,187	8,070,862	2,251,796	115,007,253	44,410,092
Previous year	164,998,958	10,709,950	16,322,091	159,386,817	115,351,243	9,259,716	15,422,772	109,188,187	50,198,630

Depreciation of Rs. 8,070,862 includes depreciation for the previous year of Rs. 255,384

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 4		
Work-in-progress		
Opening balance	19,487,905,572	16,358,823,477
Add : Work done for the year	9,577,074,452	8,510,200,942
	29,064,980,024	24,869,024,419
Add : Prior period adjustments	-	10,450,085
	29,064,980,024	24,879,474,504
Less : Contracts completed	4,181,426,695	5,391,568,932
	24,883,553,329	19,487,905,572
 Schedule - 5		
Inventories		
(As taken, valued and certified by the management)		
Stock of construction		
Materials at cost (includes material held by associates)	892,576	12,710,127
	892,576	12,710,127
 Schedule - 6		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	765,404,574	723,254,973
Considered doubtful	22,538,855	22,538,855
Others (considered good)	801,845,438	487,399,968
	1,589,788,867	1,233,193,796
Less : Provision for doubtful debts	22,538,855	22,538,855
	1,567,250,012	1,210,654,941



Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 7		
Cash and bank balances		
Cash in hand	138,760	2,438,659
Cheques in hand	1,941,321	-
Postage imprest	409	123
Cheques in transit	22,000,000	2,052,379
Balance with schedule banks in current accounts	60,463,920	614,151,869
deposits accounts	1,450,277,003	976,709,904
	1,534,821,413	1,595,352,934
Schedule - 8		
Other current assets		
Interest accrued but not due on deposits	56,267,921	14,398,412
	56,267,921	14,398,412

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009		2008	
Schedule - 9				
Loans and advances				
(Unsecured, considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Loans to employees (includes loans to officers Rs 5,26,929) (previous year Rs.11,37,255) maximum balance during the year Rs.28,74,538 (previous year Rs. 18,44,906)		14,463,909		15,998,007
Advances for works				
Secured against material at site		117,559,051		63,187,710
Secured against bank guarantees		661,831,230		394,231,203
Others (includes Rs. 58,383,656) (previous year Rs. 173,197,502) considered doubtful)	58,608,583		189,417,622	
Less : Provision for doubtful advances	<u>58,383,655</u>	224,928	<u>173,197,502</u>	16,220,120
Recoverable from employees		940,378		1,093,778
Recoverable from others (includes Rs. 31,632,803 (previous year Rs. 31,632,335) considered doubtful)	7,846,081,407		4,186,383,674	
Less : Provision for doubtful advances	<u>31,632,803</u>	7,814,448,604	<u>31,636,335</u>	4,154,747,339
Tax deducted at source		169,882,000		157,153,932
Security deposit and retention money				
Works (includes Rs. 39,395,706) (previous year Rs. 39,395,706) considered doubtful)	1,187,824,315		1,048,860,397	
Less : Provision for doubtful advances	<u>39,395,706</u>	1,148,428,609	<u>39,395,706</u>	1,009,464,691
Others	17,646,609		9,787,284	
Less : Provision for doubtful security deposit and retention money (includes Rs. 156,228 (previous year Rs. 156,228) considered doubtful)	<u>156,258</u>	17,490,351	<u>156,258</u>	9,631,026
		<u>9,945,269,060</u>		<u>5,821,727,806</u>



Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 10		
Current liabilities		
Outstanding dues to micro, small and medium enterprises	5,831,117	-
Outstanding dues of creditors other than micro, small and medium enterprises	8,705,780,285	5,299,975,937
Advance from clients	1,870,368,714	1,156,318,805
Security deposit, earnest money and retention money payable	1,042,981,049	916,924,520
Amount billed to client	24,842,051,911	19,470,226,710
	<u>36,467,013,076</u>	<u>26,843,445,972</u>
Schedule - 11		
Provisions		
Leave encashment	120,603,839	117,221,678
Gratuity	40,459,885	8,134,345
Service tax	-	723,224
Proposed dividend	35,422,688	35,422,688
Corporate dividend tax	6,020,085	6,020,085
Fringe benefit tax	11,013,987	10,553,063
Income tax	69,804,908	41,136,163
Medical expenses (Ex. employees)	53,501,470	43,989,787
Long service award	4,695,125	4,231,918
Leave travel concession	4,650,463	4,260,121
	<u>346,172,450</u>	<u>271,693,072</u>

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 12		
Other income		
Miscellaneous income	49,440,522	27,741,348
Profit on sales of fixed assets	59,357	700,619
Consultancy fee	9,978,306	350,000
Excess provision written back	2,971,879	5,263,347
Rent	10,201,646	7,814,028
	72,651,710	41,869,342
Schedule - 13		
Interest income		
Banks (including TDS amounting to Rs.4,66,329) (previous year Rs. 41,385)	125,112,062	77,606,211
Employees	1,207,085	924,485
Others - subcontractors/clients (includes interest on income tax refund (Rs. 30,62,964) previous year (Rs. 29,57,828))	50,476,870	85,616,384
	176,796,017	164,147,080



Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Schedule - 14		
Direct expenditure		
Civil, mechanical and electrical jobs including imported equipment	8,864,607,088	7,797,672,701
Design and consultancy	20,139,148	17,398,533
Other direct expenses	57,932,968	124,399,976
Repair and maintenance of plant and machinery	341,294	408,405
Salary and allowances - project staff	87,473,364	83,654,458
Contribution to provident and other funds - project staff	7,311,449	5,933,775
Liquidated damages	100,000	305,619
Royalty	1,270,186	5,269,461
Amounts written off - projects	287,297	709,089
	9,039,462,794	8,035,752,017
Schedule - 15		
Administrative expenditure		
(a) Salary, allowances and benefits to staff :		
Salary and allowances	168,161,088	146,372,557
Contribution to provident and other funds	14,038,049	13,133,213
Bonus	91,000	208,401
Medical	30,205,221	21,257,394
Welfare	22,017,280	22,742,960
Gratuity	40,459,885	8,134,345
Training	827,406	719,400
Leave encashment	18,385,902	24,396,049
Interest subsidy employees	228,250	72,197
	294,414,081	237,036,516

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
(b) Administration		
Travelling and conveyance [(includes site living hardship expenses Rs. 9,255,642 (previous year Rs.8,989,633), travelling expenses of directors Rs. 1,615,005 (previous year Rs. 2,336,070)]	44,819,030	61,613,422
Rent	3,277,780	3,466,802
Printing and stationery	4,472,240	4,797,914
Postage, telephone and telegram	9,468,648	10,803,575
Bank charges and guarantee commission	10,420,870	15,472,532
Publicity and advertisement	4,844,174	2,561,040
Sales promotion	653,722	1,316,741
Entertainment (includes for Directors, Chairman and Managing Director Rs.1,84,866) (previous year Rs.2,99,945)	1,725,152	2,423,439
Repairs and maintenance		
Building	741,085	1,446,912
Office	21,251,310	22,378,422
Vehicles	1,321,181	1,541,186
Other fixed assets	255,597	487,344
Rates and taxes	2,379,728	1,737,192
Petrol, oil and lubricants	1,499,996	2,342,917
Insurance	459,533	385,218
Water, power and electricity charges	7,700,899	7,630,150
Legal and professional charges	13,747,040	12,764,987
Payment to auditors		
Audit fees	375,000	375,000
Tax audit fees	112,500	112,500
Service tax	50,214	60,840
Travelling and other expenses	400,000	550,000



Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Guest house expenses (net)	167,322	127,498
Tendering expenses	3,347,170	3,296,388
Gifts and donations	-	195,979
Sponsorship fee and service charges	-	100,000
Miscellaneous expenses	5,245,924	5,768,981
	138,736,115	163,756,979
(c) Other expenses		
Assets written off	7,037	10,727
Amount written off	-	21,454
Loss on sale of fixed assets	6,864	269,150
Provident fund trust loss	-	4,049,829
	13,901	4,351,160
	433,164,097	405,144,655
Schedule - 16		
Finance cost		
On short term loan - bank	2,715,288	1,009,406
Others - subcontractors/clients	18,754,997	25,380,597
	21,470,285	26,390,003
	21,470,285	26,390,003
Schedule - 17		
Prior period adjustment		
I. Expenditure		
A. Project expenditure		
Civil, mechanical and electrical jobs	25,142,854	19,227,904
Plant and equipments	94,626	743,595
Design and consultancy	101,124	-
Other direct expenses	8,453	6,727,448
Salary and allowances - project staff	10,060	-

Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
Sales tax expenses	693,757	6,759,099
Royalty	-	4,419,311
	26,050,874	37,877,357
B. Administrative expenditure		
Salaries and allowances	80,550,738	223,047
Medical	217,598	351,697
Staff welfare	328,142	112,175
Travelling and conveyance	724,711	695,529
Rent	534,380	-
Printing and stationery	39,696	47,318
Postage, telephone and telegram	70,221	91,612
Bank charges and guarantee commission	280,900	15,394
Repairs and maintenance		
Building	230,391	25,089
Office	14,120	-
Vehicles	43,371	-
Computer expenses	15,253	348,621
Water, power and electricity	10,515	33,423
Petrol, oil and lubricants	6,436	-
Legal and professional charges	473,819	110,650
Depreciation	255,284	102,754
Entertainment	6,809	3,724
Out of pocket expenses	-	6,025
Tendering expenses	458	-
Advertising and publicity	41,113	22,000
Fringe benefit tax	289,185	-
Miscellaneous	8,077	80,062
	84,141,217	2,269,120



Schedules forming part of the financial statements for the year ended 31.03.2009

(Amount in Rupees)

	2009	2008
C. Interest - others	463	4,877,688
	110,192,554	45,024,165
II. INCOME		
Recoveries of bank guarantee charges	713,719	-
Encashment of bank guarantee	825,000	-
Expenses written back	-	4,063,554
Recoveries from completed projects	5,211,237	-
WCT refund	4,819,982	-
Refund of TDS	51,527	-
Royalty	890,320	-
Miscellaneous	294,340	17,275,302
	12,806,125	21,338,856
Net expenditure (I - II)	(97,386,429)	(23,685,309)
Schedule - 18		
Earnings per share		
Profit after tax	224,355,045	175,318,891
Profit attributable to equity shareholders	224,355,045	175,318,891
Weighted average number of equity shares outstanding	9,094,400	9,094,400
Face value per share (Rs.)	38.95	38.95
Earnings per share - basic and diluted (Rs.)	24.67	19.28

Schedules forming part of the financial statements for the year ended 31.03.2009

Schedule -19

A. Significant accounting policies

1. Basis of accounting

The financial statements have been prepared under historical cost convention on accrual basis (except where otherwise stated) in accordance with generally accepted accounting principles, the provisions of the Companies Act, 1956 and applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

2. Use of estimates

The preparation and presentation of financial statements 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 reporting period. Actual result could differ from those estimated. Any revision to accounting estimate is recognised in current and future period.

3. 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 for each contract.

ii) Valuation of work-in-progress :

Work-in-progress is valued by taking cumulative actual costs incurred up to 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) At the year end works executed but not measured/partly executed are accounted for based on certification of 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 of 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.

4. 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.

5. The contract is considered as closed for accounting purposes upon final billing, commissioning certificate, commercial run,



Schedules forming part of the financial statements for the year ended 31.03.2009

foreclosure and/or termination whichever is earlier.

Till closure of each contract, cumulative value of 'Amount billed to client' is shown under 'current liabilities' and 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".

6. Foreign exchange transactions

Transaction in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year end exchange rate.

The exchange differences arising on such conversion and on settlement of the transactions are dealt with in the profit and loss account.

7. Fixed assets and 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 equipment and Vehicles at project sites are depreciated over a period of five years based on technical evaluation. Other fixed assets are depreciated at the rates estimated by the management (as mentioned in 'f' below) which are greater than or equal to the corresponding rates prescribed in schedule XIV of the Companies Act, 1956.

c) Lease hold building are amortised over the

period of lease or over the specified period calculated as per the rates adopted by the Company which ever is shorter. Lease hold land (perpetual) is valued at cost.

d) 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 and are being consistently followed over the years :

Building	1.68%
Temporary construction	100.00%
Construction equipment	19.00%
Furniture & fixtures	6.33%
Office equipment	11.88%
Data processing machines and computers including softwares	47.50%
Mobile phone	100.00%
Vehicles	19.00%

The depreciation rates are indicative of the expected useful lives of assets.

8. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revises 2005) Revised AS 15".

a) Provident Fund

The Company's contribution to the Provident Fund is remitted to separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Profit and Loss Account. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to profit and loss account. In terms of the Guidance on implementing the revised AS

Schedules forming part of the financial statements for the year ended 31.03.2009

15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any.

b) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is estimated annually by independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the profit and loss account in the year to which such gains or losses relate.

c) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

d) Other short term benefits

Expense in respect of other short term benefits including performance awards is recognized on the basis of amount paid or

payable for the period during which services are rendered by the employee.

9. Provisions, contingent liabilities and contingents 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.

10. Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.



Schedules forming part of the financial statements for the year ended 31.03.2009

B. Notes to financial statements

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. 57,422,810 (previous year Rs. 45,727,649) against which an amount of Rs. 7,826,291 (previous year Rs. 7,826,291) has been deposited with the respective authorities.
 - b) Guarantees issued by Banks in favour of various clients on behalf of the Company Rs. 3,193,666,567 (previous year Rs. 2,215,641,935).
 - c) Indemnity Bonds issued to clients Rs. 110,728,852 (previous year Rs. 113,882,521).
 - d) Corporate Guarantees issued to clients Rs. 10,000,000 (previous year Rs. Nil)
 - e) Claims against the Company not acknowledged as debts Rs. 7,345,220,722 (previous year Rs. 7,986,456,499).
2. Company had let out its premises at SCOPE Building to National Thermal Power Corporation (one of the PSUs), which vacated premises during Feb 2002 and left out some furniture and fixture amounting to Rs. 4,605,400. It was agreed that cost of left out furniture and fixture would be paid at

mutually agreed price. The PSU has retained an amount of Rs. 4,913,684 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) Debit and Credit balances of various clients, associates and suppliers are subject to confirmation and reconciliation.
(b) 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 (Lagoon Project at Dubai), Financial Statements as on 31 March 2009 reflecting total assets of Rs. Nil, total liability of Rs. Nil, total revenues of Rs. 112,866,319 and total expenditure of Rs. 113,877,247 including exchange variation of Rs. 1,010,928 have been incorporated as certified by the management. In addition an amount of Rs. 2,813,251 on account of miscellaneous income has been recognized as Revenue. The Financial Statements have been prepared as per the Accounting Standards and Indian Company Law. Exchange variation loss amounting to Rs. 1,010,928 arising out of conversion of foreign currency has been recorded as per provisions of AS-11.

5. Particulars in Foreign Currency :

a. Expenditure in foreign currency :

	2009 (Rs.)	2008 (Rs.)
CIF value of Import of components and Spare parts	-	42,646,440
Design and Consultancy	-	3,252,000
Foreign Travel	432,151	1,188,803

Schedules forming part of the financial statements for the year ended 31.03.2009

b. Income in foreign currency :

	2009 (Rs.)	2008 (Rs.)
Design and Consultancy	5,084,077	-
Others	4,334,321	-

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 the Company. Management is hopeful of getting necessary remissions against above contracts.
7. Depreciation rates in respect of fixed assets costing Rs. 5,000 and Mobile Phones purchased before 01.04.1993 and 01.04.2006 respectively have been changed during last year. Had the depreciation been calculated on the same basis as in the previous year, the charge for depreciation would have been reduced by Rs. 255,284 and the profit for the year and the net fixed assets would have increased by the corresponding amount.
8. (a) Conveyance Deeds in respect of building at Scope Complex, New Delhi (Rs.37,441,925) 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.133,189,715 (Previous Year Rs. 146,612,267), and equitable mortgage of office building at Scope Complex, New Delhi Rs.37,441,925 (previous year Rs.37,441,925).
- (c) Company has pledged FDR's amounting to Rs 27,936,000 (Previous Year Rs.7,831,001) with clients/others on account of Earnest Money Deposit /Security Deposit.
9. During the year, Company was primarily engaged in construction activities within 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" are not applicable to the Company.
10. Company has carried forward losses available for set off under the Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income, net deferred tax assets at year end and credit for MAT entitlement have not been recognised in the accounts on prudent basis.
11. Disclosure pursuant to requirements of Accounting Standard 7 Construction Contracts



Schedules forming part of the financial statements for the year ended 31.03.2009

S. No	PARTICULARS	AMOUNT	
		2009 (Rs.)	2008 (Rs.)
1	Contract revenue as revenue in the period	9,577,074,452	8,510,200,942
2	Contract costs incurred and profit recognised upto the reporting date	24,883,553,329	19,487,905,572
3	Advances received	1,870,368,714	1,156,318,805
4	Gross amount due from customers for contract work- presented as an asset	151,038,737	99,225,410
5	Gross amount due to customers for contract work-presented as a liability	109,537,319	81,546,548

12. Employee benefits :

The company has classified various employee benefits as under:

- a) Contribution to Provident Fund
Rs. 20,849,498 (previous year
Rs. 18,566,988)

The Fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall, pending the issuance of the Guidance Note from the Actuarial Society of India, the

measurement of actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

- b) 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 assumptions as given hereunder

	2009	2008
(a) Rate of Salary escalation (per annum)	5.00%	5.00%
(b) Discounting Rate (per annum)	8.00%	8.00%
(c) Normal Retirement Age	60 Years	60 Years
(d) Mortality Rates considered as per the rates published in the Life Insurance Corporation (1994-96) Mortality Table		
(e) No of Employee :	471	498
(f) Total Monthly Salary (Rs.)	15,439,507	11,600,988
(g) Value of Gratuity Fund as at 31.3.2009 (Rs.)	156,972,928	125,716,444
(h) Contribution of Gratuity for the year 2008-09 (Rs.)	40,459,885	8,134,345

The company has not disclosed the required information in respect of employee benefit relating to gratuity in accordance with Accounting Standard- 15 as the same is not available in the actuary certificate obtained from the LIC.

Schedules forming part of the financial statements for the year ended 31.03.2009

- 3) 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 (2008-09)

(Amount in Rs.)

	Long terms Compensated absences	Long service award	Post Retirement Medical Benefit	Leave travel concession
	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 1 April 2008	117,221,678	4,231,918	43,989,787	4,260,121
Current service cost	6,561,872	238,174	1,408,768	2,456,678
Interest cost	9,377,734	338,553	3,519,183	340,810
Settlement cost/(credit) benefits paid	(15,003,741)	(390,090)	(2,660,829)	(1,865,889)
Actuarial (gain)/loss on obligations	2,446,296	276,570	7,244,561	(54,1257)
Defined benefit obligation as at 31 March 2009	120,603,839	4,695,125	53,501,470	4,650,463

(A) Changes in defined benefit obligation (2007-08)

(Amount in Rs.)

	Long terms Compensated absences	Long service award	Post Retirement Medical Benefit	Leave travel concession
	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 1 April 2007	108,071,056	3,912,896	40,109,128	3,901,259
Current service cost	8,987,241	219,735	1,378,333	229,532
Interest cost	8,645,684	313,032	3,208,730	312,101
Settlement cost/(credit) benefits paid	(15,245,427)	(395,722)	(1,013,050)	(2,479,069)
Actuarial (gain)/loss on obligations	6,763,124	181,977	306,646	2,296,298
Defined benefit obligation as at 31 March 2008	117,221,678	4,231,918	43,989,787	4,260,121



Schedules forming part of the financial statements for the year ended 31.03.2009

(B) Changes in the fair value of plan assets (funded scheme) (2008-09)

(Amount in Rs.)

Fair value of plan assets as at 1 April 2008	-	-	-	-
Expected actual return on plan assets	-	-	-	-
Actuarial gains / (losses)	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value of plan assets as at 31 March 2009	-	-	-	-

(B) Changes in the Fair Value of Plan Assets (Funded Scheme) (2007-08)

(Amount in Rs.)

Fair value of plan assets as at 1 April 2007	-	-	-	-
Expected actual return on plan assets	-	-	-	-
Actuarial gains / (losses)	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value of plan assets as at 31 March 2008	-	-	-	-

(C) Amount recognized in the Balance Sheet (2008-09)

(Amount in Rs.)

Defined benefit obligation as at 31 March 2009	120,603,839	4,695,125	53,501,470	4,650,463
Fair value of plan assets as at 31 March 2009	-	-	-	-
Amount not recognized as an asset (limit in Para 59 (b))	-	-	-	-
Liability/(asset) recognized in balance sheet	120,603,839	4,695,125	53,501,470	4,650,463
Included in current liabilities and provisions (Schedule-12)	120,603,839	4,695,125	53,501,470	4,650,463

Schedules forming part of the financial statements for the year ended 31.03.2009

(C) Amount recognized in the balance sheet (2007-08)

(Amount in Rs.)

Defined benefit obligation as at 31 March 2008	117,221,678	4,231,918	43,989,787	4,260,121
Fair value of plan assets as at 31 March 2008	-	-	-	-
Amount not recognized as an asset (limit in Para 59 (b))	-	-	-	-
Liability/(Asset) recognized in balance sheet	117,221,678	4,231,918	43,989,787	4,260,121
Included in current liabilities and provisions (Schedule-12)	117,221,678	4,231,918	43,989,787	4,260,121

(D) Expenses recognized in the Profit and Loss Account (2008-09)

(Amount in Rs.)

Current service cost	6,561,872	238,174	1,408,768	2,456,678
Past service cost	-			
Interest cost	9,377,734	338,553	3,519,183	340,810
Expected return on plan assets	-	-	-	-
Curtailment/ settlement cost/(credit)	-	-	-	-
Net actuarial (gain)/loss recognized in the period	2,446,296	276,570	7,244,561	(541,257)
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	18,385,902	853,297	12,172,512	2,256,231
Included in contribution to provident and other funds (Schedule 15)				



Schedules forming part of the financial statements for the year ended 31.03.2009

(D) Expenses recognized in the Profit and Loss Account (2007-08)

(Amount in Rs.)

Current service cost	8,987,241	219,735	1,378,333	229,532
Past service cost	-	-	-	-
Interest cost	8,645,684	313,032	3,208,730	312,101
Expected return on plan assets	-	-	-	-
Curtailment/ settlement cost/(credit)	-	-	-	-
Net actuarial (gain)/loss recognized in the period	6,763,124	181,977	306,646	2,296,298
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	24,396,049	714,744	4,893,709	2,837,931
Included in contribution to provident and other funds (Schedule 15)				

As this is the second 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 two years have not been furnished.

13. Related Party Disclosures:

i) Key Management Personnel during the year:

Shri S. P. S. Bakshi, Chairman-cum-
Managing Director

(Appointed w.e.f. 05.02.2009)

Shri AK Ratwani, Director (P)

(Holding additional charge of CMD Office till
04.02.2009)

Shri G.D. Moorjani, Director (F)

Shri Surajit Mitra, Director

Shri R. Asokan, Director

Shri Anjan Kumar Mitra, Director

Shri Arun Datta, Director

Dr. Ram S. Tarneja, Director

(Ceased w.e.f. 21.02.2009)

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

(Amount in Rs.)

		2009	2008
		(Rs.)	(Rs.)
Salary		2,426,093	2,996,155
House Rent		99,000	519,160
Medical Expenses		99,619	13,982

Schedules forming part of the financial statements for the year ended 31.03.2009

Contribution to Provident Fund	187,507	271,611
Sitting Fees	108,000	72,000

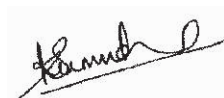
Chairman-cum-Managing Director and whole time Directors are allowed to use the company's car for non-duty journey upto 1,000 km per month on payment of Rs.780/ Rs.520/ Rs.490/ Rs.325. Gratuity and leave encashment are also payable as per the Rules of the company.

14. An amount of Rs. 8.05 Crores being arrears of pay determined on the basis of recommendations of Pay Commission Reports which were not provided last year have been provided during the year and have been considered as Prior Period Item.
15. Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium

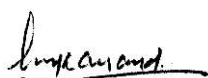
Enterprises Development Act, 2006, have been identified on the basis of confirmations received from these entities and information available with the Company. There was no amount due for more than forty five days payable to these identified entities at any time during the year.

16. There are no other items requiring disclosure pursuant to Para 4-C and Para 4-D of part II of Schedule VI of the Companies Act, 1956.
17. Management has made an assessment and found that there is no impairment in the value of fixed assets.
18. Previous year figures have been re-grouped/rearranged wherever found necessary.

For and on behalf of board of directors



(Kumudani Sharma)
Dy. Company Secretary



(M.K. Anand)
Group General Manager(F)



(G.D. Moorjani)
Director (Finance)



(S.P.S. Bakshi)
Chairman-cum Managing Director

Place : New Delhi
Date : 20th August, 2009



Cash Flow Statement for the year ended 31 March, 2009

(Amount in Rupees)

	2009	2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and prior period items	353,975,744	225,047,565
Adjustments for:		
Prior period adjustments (net)	(97,386,429)	(23,685,309)
Depreciation	8,070,862	9,259,716
Interest income	(125,112,062)	(77,606,211)
Interest expense	2,715,288	1,009,406
Amounts written off	287,297	730,543
Assets written off	7,037	10,727
(profit)/ loss on sale of fixed assets (net)	(52,493)	(431,469)
Excess provision written back	(2,971,879)	(5,263,347)
Operating Profit before working capital changes	<u>139,533,365</u>	<u>129,071,621</u>
Adjustments for :		
Decrease in inventories	11,817,551	4,412,592
Increase in trade/other receivable and loan and advances	(4,488,553,268)	(2,970,849,186)
Increase in trade/other payables and provision	4,297,091,612	3,305,073,397
Cash (used in)/generated from operations	<u>(40,110,740)</u>	<u>467,708,424</u>
Direct taxes paid	(15,832,669)	(9,443,560)
Net cash (used in)/from operating activities	<u>(55,943,409)</u>	<u>458,264,864</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,987,845)	(10,709,950)
Proceeds from sale of fixed assets	758,014	1,330,788
Movement in restricted cash	(6,682,447)	(13,462,631)
Interest received	83,242,553	93,104,178
Net cash used in investing activities	<u>74,330,275</u>	<u>70,262,385</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,715,288)	(1,009,406)
Dividend paid	(70,845,376)	(88,556,720)
Taxes on dividend	(12,040,170)	(15,050,214)
Net cash used in financing activities	<u>(85,600,834)</u>	<u>(104,616,340)</u>
Net increase in cash and cash equivalent	(67,213,968)	423,910,909
Cash and cash equivalents in the beginning	1,440,909,666	1,016,998,757
Cash and cash equivalents at the close	<u>1,373,695,698</u>	<u>1,440,909,666</u>

Cash Flow Statement for the year ended 31 March, 2009

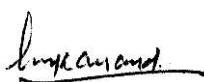
(Amount in Rupees)

	2009	2008
Note:		
Cash and cash equivalent include:		
Cash and cheques in hand and remittances in transit	24,080,490	4,491,161
Balances with bank - current Accounts	60,463,920	614,151,869
Balances with bank - deposit account	1,289,151,288	822,266,636
Cash and cash equivalents	1,373,695,698	1,440,909,666
Balances in fixed deposit accounts (pledged)	161,125,715	154,443,268
Cash and Bank Balances as per Balance Sheet	1,534,821,413	1,595,352,934
	-	-

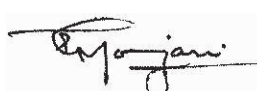
For and on behalf of board of directors



(Kumudani Sharma)
Dy. Company Secretary



(M.K. Anand)
Group General Manager(F)



(G.D. Moorjani)
Director (Finance)



(S.P.S. Bakshi)
Chairman-cum Managing Director

This is the Cash Flow Statement referred to in our report of even date.
for **Walker, Chandio & Co**
Chartered Accountants



by **B P Singh**
Partner

Place : New Delhi
Date : 20th August, 2009

Membership No 70116



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	31.03.2009		
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	38032464		38032464
		Share Capital		Reserve & Surplus
	Application of Funds	354227		865052
		Net Fixed Assets		Investments
		44410		Nil
		Net Current Assets		Misc. Expenditure
		1174869		Nil
IV.	Performance of Company (Amount in Rs. Thousands)			
		Turnover		Total Expenditure
		9907851		9651262
		Profit Before Tax		Profit After Tax
		256589		224355
		Earning per share		Dividend
		Rs.24.67		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 2009

The preparation of financial statements of **Engineering Projects (India) Limited** for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20 August, 2009.

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, 2009. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

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



(Birendra Kumar)

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

Place : New Delhi

Dated : 18 September 2009



AREAS OF OPERATION

