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ANNUAL REPORT

2011-2012

इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.

ENGINEERING PROJECTS (INDIA) LTD.

(A GOVERNMENT OF INDIA ENTERPRISE)

Shri Praful Manoharbhai Patel, Hon'ble Minister for Heavy Industries and Public Enterprises, receiving cheque towards dividend for the year 2011–12

CONTENTS

MISSION / VISION AND OBJECTIVES

MISSION / VISION

To be leading turnkey Project Execution Company, committed to quality and timely completion of projects, continuously enhancing stakeholder value.

OBJECTIVES

i) Focus and maintain business in its most profitable segments while expanding into new business segments.

ii) Deliver exceptional client service with an unrelenting focus on value creation.

iii) Pursue operational excellence with a strong focus on quality and margins.

BOARD OF DIRECTORS

Shri S P S Bakshi
Chairman-cum-Managing Director

Shri A.K. Verma
Director (Finance)

Shri Vinoo Gopal
Director (Projects)

Shri Niraj Kumar
Director, DHI

Dr. K.S. Rao
Independent Director

MAJOR AREAS OF OPERATION

REFERENCE INFORMATION

REGISTERED OFFICE

Core 3, SCOPE Complex,
7 Lodhi Road,
New Delhi - 110 003.
Phone No : 91-11-24361666
Fax : 91-11-24363426
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 Shetty Road,
T. Nagar, Chennai - 600 017.
Phone : 91- 44-28156886, 28156421,
Fax : 91-44-28156629
E-Mail : sro@epi.gov.in

North Eastern Regional Office
Vastav complex (Ist floor)
Tripura Road, Jaya Nagar,
Beltola
Guwahati -781028
Phone : 0361-2229982
Fax : 0361-2229983
E-mail : nero@epi.gov.in

BANKERS (as on 31.03.2012)

Allahabad Bank
Bank of Baroda
Canara Bank
HDFC Bank
Corporation Bank
Dena Bank
IDBI Bank
State Bank of India
State Bank of Hyderabad
Syndicate Bank
Union Bank of India
Indusind Bank
ICICI Bank

AUDITORS

M/s. Satyendra Jain & Associates
D-1, 2nd Floor,
Defence Colony
New Delhi-110024

BRANCH AUDITORS

M/s. R.B. Jain & Associates
108, Shyam Kamal “C” Bldg
Agarwal Market
Vile Parle (East), Mumbai-400057
Maharashtra

M/s. G.P. Agrawal & Co.
Chartered Accountants
7-A Kiran Shankar Ray Road, 2nd Floor
Kolkata- 700 001
West Bengal

M/s. Padmanabhan Prakash & Co.
5, Smith Road
II Floor
Northern Wing, Chennai-600002
Tamil Nadu

FINANCIAL PERFORMANCE OF EPI OF LAST 5 YEARS

₹ in lacs

Particulars/Years	2007-08	2008-09	2009-10	2010-11	2011-12
A. Operating Statistics					
Turnover	85105.51	95870.53	106199.83	110368.72	90127.34
Other Income	2130.53	3079.91	2447.11	2490.07	3645.25
Total income (a)	87236.04	98950.44	108646.94	112858.79	93772.59
Total expenditure (b)	84866.95	96091.69	105606.30	110359.87	89416.13
Gross Margin (a-b)	2369.09	2858.75	3040.64	2498.92	4356.46
Interest	263.90	214.70	242.81	186.11	647.45
Depreciation	91.57	78.16	55.28	55.04	72.53
Profit Before Tax (PBT)	2013.62	2565.89	2742.55	2257.77	3636.46
Income Tax including Fringe Benefit Tax	260.43	322.34	(1258.80)	752.70	1189.04
Profit after Tax (PAT)	1753.19	2243.55	4001.35	1505.07	2446.71
Dividend	708.45	708.45	708.45	708.45	708.45
Dividend Tax	136.18	120.40	117.67	114.93	114.93
Wealth Tax	0.08	Nil	Nil	Nil	Nil
Retained Surplus	908.48	1414.70	3175.23	681.69	1623.33
No. of Employees	499	472	435	434	419
No. of Equity Shares	9094400	9094400	9094400	35422688	35422688
B. Financial Position					
Share Capital	3542.27	3542.27	3542.27	3542.27	3542.27
Reserve and Surplus	7235.82	8650.52	11825.75	12507.44	14130.76
Shareholder's Fund	10778.09	12192.79	15368.02	16049.71	17673.03
Misc. expenses to the extent not written off	0.00	0.00	0.00	0.00	0.00
Net Worth	10778.09	12192.79	15368.02	16049.71	17673.03
C. Financial Ratios					
Gross margin /Turnover %	2.78	2.98	2.86	2.26	4.83
Profit Before Tax (PBT)/Turnover %	2.37	2.68	2.58	2.05	4.03
Profit Before Tax (PBT)/Networth%	18.68	21.04	17.85	14.07	20.58
Profit After Tax (PAT)/Networth %	16.27	18.40	26.04	9.38	13.84
Turnover per Employee (₹ In lakhs)	170.55	203.12	244.14	254.31	215.10
Dividend paid / Profit after tax %	40.41	31.58	17.71	47.07	28.96
Dividend paid / Profit before tax %	35.18	27.61	25.83	31.38	19.48
Earning per Share(in ₹)	19.28	24.67	44.00	4.25	6.91
Book Value Per Share of ₹ 38.95 each (in ₹) and ₹ 10/- for the financial year 2010-11	118.51	134.07	168.98	45.31	49.89

CHAIRMAN'S STATEMENT

Dear Shareholders'

On behalf of the Board of Directors of EPI, I have a great pleasure in welcoming you all to the 42nd Annual General Meeting of your Company. The Annual Report containing Directors 'Report, Audited Accounts, Auditors Report and Company's Reply thereon has already been circulated to the Shareholders and comments of CAG are placed before you and with your permission, I shall take them as read.

Economic Environment

Global Economy

After suffering a major setback during 2011, global prospects are gradually strengthening again, but downside risks remain elevated. Improved activity in the United States during second half of 2011 and better policies in the euro zone in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. Still, the recovery in the developed countries has been generally slow, till a sustainable solution to the euro zone problem emerges.

Indian Economy

The Indian economy's performance in 2011-12 too was marked by slow growth, high inflation and widening fiscal and current account gap. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging growth down. But despite the slow growth rate of 6.9%, our country was able to stand next to China in achieving high growth rate over the last few years.

Infrastructure Sector

The performance of infrastructure sector during Eleventh Five Year Plan, has been remarkable as compared to the previous Five Year Plan, though there have been slippages in some sectors. The success in garnering private sector investment in infrastructure through the public-private partnership (PPP) route during the Plan has laid solid foundation for a substantial step in private-sector funding in coming years. During 12th Plan, an investment of over 1 trillion US Dollars to build the physical infrastructure in the Country has been envisaged. Such investment shall give great boost to employment opportunities.

Performance Highlights

During the year, your Company has earned a gross margin of ₹ 43.57crores against the previous year gross margin of ₹ 24.99 crores from the turnover of ₹ 901.27 crores.

Further, net profit before tax earned was ₹ 36.37 crores against a profit of ₹ 22.58 crores during the previous year and as a result, book value per share rose to ₹ 49.89

Your Company has secured 12 projects valuing ₹ 1017.21 crores.

Dividend

Your Directors have recommended a dividend of 20% of the paid-up share capital of the Company for the year 2011-12.

Performance under MOU

The performance of your Company was rated as "Very Good" for the year 2010-11 by the Department of Public Enterprises (DPE) under the MOU signed with the Government.

Human Resource

To ensure timely execution of the projects, Company has been focusing on augmentation of its manpower force. During the year 2011-12, Company has recruited persons with specialised skill at certain levels. The recruitment drive was further essential to fulfil the gap created by superannuation especially at top levels. Besides augmentation of manpower, your Company has been taking initiatives for harnessing the inherent strength of its employees. In order to achieve this purpose, employees are being sponsored for in house and outside training programmes, seminars and workshops to enhance technical, communication and personal skills from time to time at various levels.

Corporate Governance

In discharging the business responsibilities, due focus was on adherence of rules, regulation, transparency and disclosure. Your Company believes that these corporate governance practices in the long term lead to creation of wealth for all its stakeholders. Your Company has been complying with the Corporate Governance Guidelines issued by Department of Public Enterprise (DPE) and regularly submits the Compliance Report to Department of Heavy Industry (DHI) on quarterly basis.

Further, during the year, your Company has formulated Risk Management Policy in terms of Corporate Governance Guidelines issued by DPE in order to identify, evaluate and mitigate risk surrounding the Company. Its main objective is to define a framework for identification, evaluation and mitigation of risk, to encourage pro-active rather than re-active management, provide assistance to and improve the quality of decision making throughout the organization.

Corporate Social Responsibility

While discharging the business responsibility, EPI was equally aware of Corporate Social Responsibility (CSR). Skill Development training was provided to unskilled youth in skills related to construction industry and to village women in sewing, tailoring and apparel designing. Beside Skill Development, focus was also on Community Development. Various programmes for Sanitation, Drinking Water, Solar Lights, Health Forming techniques were launched in Nalanda district, Bihar.

For the initiatives undertaken in the field of CSR, EPI was awarded the prestigious “Golden Peacock Award for Corporate Social Responsibility 2012”.

Future Plan

During the year 2011-12, EPI consolidated its operations and has been focussing its efforts on large sized projects and projects overseas. As a result of aggressive efforts put in last year, your Company was able to secure a PMC work of Central University, Ranchi for ₹ 900 Crores project. Further, Company is also putting its efforts to secure overseas projects.

Acknowledgement

I believe that any growth story is a result of contributions made by its Stakeholders and Supporters. In this reference, I sincerely acknowledge the support extended by our Shareholders, Customers/Clients and Govt. of India. Further, I ‘m thankful for the constructive support and guidance given by our Auditors. Last but not the least, I wish to express special thanks to all employees of EPI to make this day happen.

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

NOTICE

Notice is hereby given to all the Shareholders of Engineering Projects (India) Ltd. that the 42nd Annual General Meeting of the Company will be held on Friday, 28th September, 2012 at 5.00 p.m. at its Registered and Corporate Office, Core 3, SCOPE Complex, (4th Floor), 7 Lodhi Road, New Delhi – 110003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2012 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 appoint a Director in place of Dr K.S. Rao, who retires by rotation and being eligible, offers himself for reappointment.

Special Business

1. Appointment of Director

To consider and if thought fit, to pass with or without modification(s), the following Ordinary resolution:

"RESOLVED that Shri Vinoo Gopal who was appointed as an Additional Director of the Company by the Board of Directors with effect from 02.01.2012 and who holds the Office under said Articles up to the date of this Annual General Meeting and is eligible for re appointment under the relevant provision of the Companies Act, 1956 and in respect of whom Company has received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company."

(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 Vinoo Gopal was appointed as Director (Projects) of the Company vide order No. 16(9)/2011-TSW dated 21.12.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 02.01.2012.
4. Shri R. Asokan, Director, Ministry of Heavy Industries & Public Enterprises ceased to be the Director on the Board of the Company, vide his letter dated 14.06.2012 addressed to the Company Secretary, EPI consequent upon his transfer to National Pharmaceutical Pricing Authority (Department of Pharmaceutical, Ministry of Chemical & Fertilizers).

Explanatory statement u/s 173(2) of the Companies Act, 1956 forming part of the Notice

Item No. 1 – Appointment of Director

Shri Vinoo Gopal is a Civil Engineer having rich experience in handling Multidisciplinary Projects both in India and abroad. He was appointed as Additional Director on the Board w.e.f 02.01.2012 consequent to his appointment as Director (Projects) by the Govt. of India. In terms of Article 68 read with Article 3 of Article of Association of the Company, he holds the office as an Additional Director upto the date of next Annual General Meeting and is eligible for reappointment. He has offered his candidature for reappointment. A notice has been received proposing his candidature for the office of Director as required by section 257 of the Companies Act, 1956.

The Board recommends appointment of Shri Vinoo Gopal.

None of the Directors except Shri Vinoo Gopal is in any way, concerned/ interested in the above resolution.

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. Satyendra Jain & Associates
D-1, 2nd Floor
Defence Colony
New Delhi- 110024.

(Kumudani Sharma)
Company Secretary

Date : 19.09.2012

Place: New Delhi

NOMINATION FORM

To

The Company Secretary
Engineering Projects (India) Limited
Core-3, SCOPE Complex,
7 Lodhi Road,
New Delhi – 110 003

Dear Sir / Madam,

I hereby nominate Shri ____

(Name)

____ ________________________

(Designation)

as my nominee to represent at the 42nd Annual General Meeting (and any other adjourned meeting thereof) of the Shareholders of EPI to be held on 28th September, 2012.

Thanking you,

Yours' faithfully,

Signature
Designation

Place:
Date:

DIRECTORS' REPORT

Dear Members

Your Directors have the pleasure in presenting 42nd Annual Report on the performance of the Company. The Report of the Statutory Auditors' and the Comments on the Accounts of the Company by the Comptroller and Auditor General of India are annexed to this Report.

1. FINANCIAL HIGHLIGHTS

During the year 2011-12, the Company achieved a turnover of ₹ 90,127 Lakhs against the previous year turnover of ₹ 110,369 Lakhs. It earned a Gross Margin of ₹ 4356 Lakhs against the previous year Gross Margin of ₹ 2499 Lakhs and earned a Profit Before Tax (PBT) of ₹ 3636 Lakhs from the previous year PBT of ₹ 2258 Lakhs, which is an increase of 61%. The financial highlights of your Company during the year 2011-12 along with the corresponding previous year's figures are as under:

(₹ in Lacs)

S.No	Description	2011-12	2010-11
1.	Turnover	90,127	110,369
2.	Other Income	3645	2490
3.	Total Income	93,772	112,859
4	Gross Margin	4356	2499
5.	Interest Paid	647	186
6.	Depreciation	73	55
7.	Profit Before Tax	3636	2258
8.	Taxes	1197	753
9	Profit After Tax	2447	1505
10	Net Worth	17,673	16,050

2. CAPITAL STRUCTURE

The authorised and paid-up share capital of the Company remains at ₹ 909.40 crores and ₹ 35.42 crores respectively. The Company entered into an agreement with National Securities Depository Ltd. (NSDL) for dematerialisation of Shares and all the Shareholders were given the option for conversion of their holding into dematerialized form.

3. DIVIDEND & RESERVES

Your Directors recommend Dividend of 20% of the Paid-up share Capital of the Company for the year 2011-12. The 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 2011-12 will be Rs.708 lakhs and ₹ 115 lakhs respectively.

Your Directors propose an amount of ₹ 200 Lakhs to be transferred to the General Reserve of the Company and the balance profit to be carried forward. Accordingly, an amount of ₹ 14,124 Lakhs shall be available in the "Reserves & Surplus" account as on 31 March, 2012.

4. MARKETING ACHIEVEMENTS

During the financial year 2011-12, Company has secured 12 projects valuing ₹ 1017.21crores. Some of the major projects are given below:

S. No.	Name & Place of the Project	Client	Value (₹ in crs)
1.	Construction of Bihar Police Academy, Rajgir, District Nalanda (Bihar)	Bihar Police Building Construction Corporation, (A Govt. of Bihar Undertaking), Patna	181.16
2.	Raw Water Pipeline Works and Civil & Structural Works for Offsites (Part-B) for onshore Gas Terminal of GSPCL at Mallavaram, Andhra Pradesh (2 Pkgs)	Engineers India Limited, New Delhi	149.83
3.	Construction of 2418 Tenements at Perumbakkam Phase-II in Chennai under JNNURM (BSUP) (2 Pkgs).	Tamilnadu Slum Clearance Board, Chennai	117.97
4.	Construction of Mega Hostel for National Institute of Technology (Phase-II), Calicut.	Central Public Works Department, Kannur Central Division, Payyanur	99.61
5.	Civil, Electrical and other Utility Services for Construction of Pre-Engineered Buildings (PEB) for Main Overhaul Hangar, Utility Buildings & Allied Facilities in factory at Nasik (2 Pkgs).	Hindustan Aeronautics Limited, Aircraft Division, Nasik	92.45
6.	Construction of HIG, MIG and LIG Flats and related works at Sholinganallur, (Phase - I&II) & Moggapair East, Chennai	Tamil Nadu Housing Board, Chennai	52.39
7.	Construction of Polytechnic Institute at Gumla & Garhwa, Jharkhand	Department of Science & Technology, (Govt. of Jharkhand), Ranchi	35.14

5. ORDER BOOK POSITION

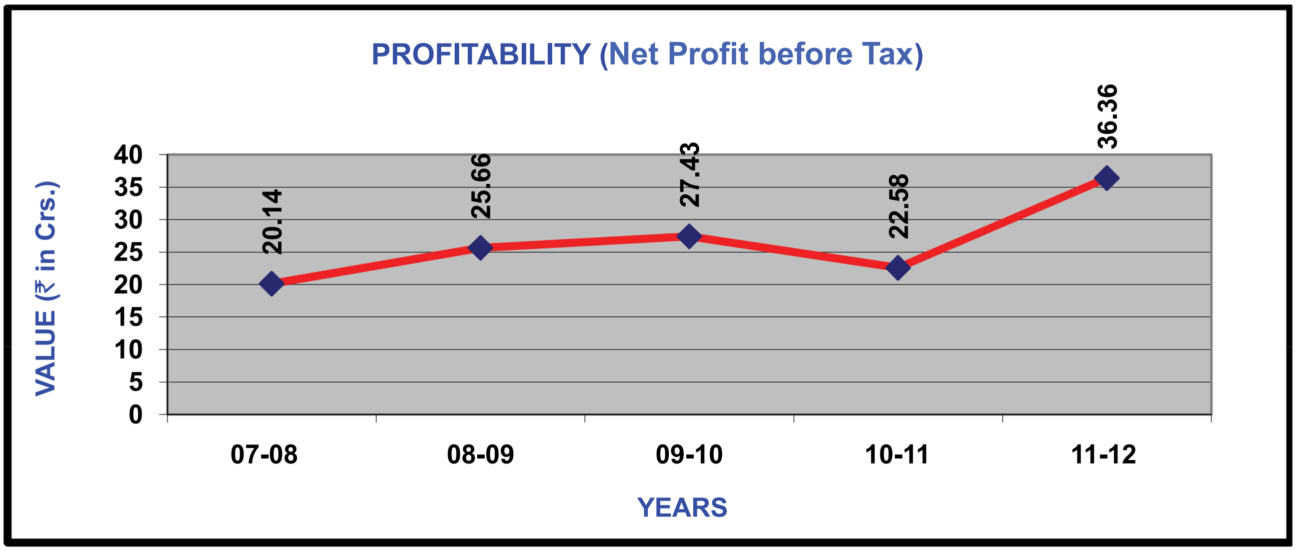
During the current year 2012-13, your Company secured orders worth ₹ 63.34 crores till July 2012.

6. PERFORMANCE RATING UNDER MOU

The performance of the company for the year 2010-2011 has been rated "Very Good" by the Department of Public Enterprises (DPE) under the MOU signed with the Government for the year.

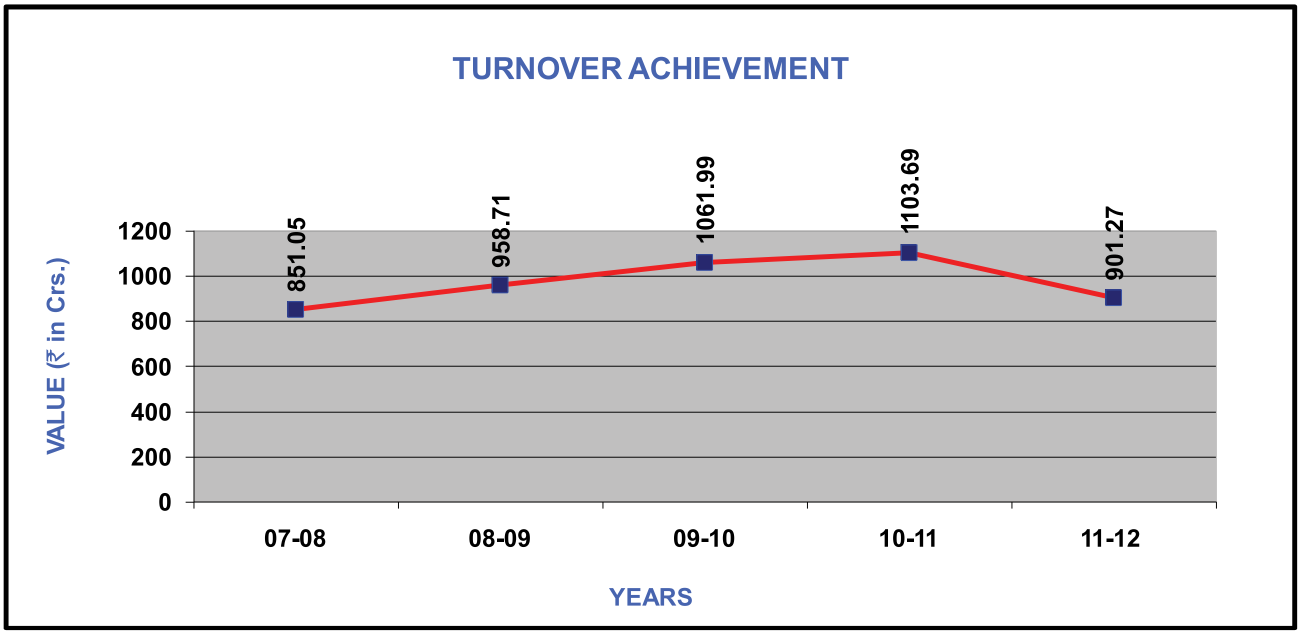
7. CORPORATE GOVERNANCE

EPI is committed to practice sound corporate governance in conducting business in a legal, ethical and transparent manner. The Company believes that good Corporate Governance practices in the long term leads to creation of wealth for all its stakeholders. EPI has been complying with the Corporate Governance Guidelines issued by Department of Public Enterprises (DPE) and regularly submits the Compliance Report to Department of Heavy Industry (DHI) on quarterly basis. A Report on Corporate Governance practices being followed by the Company and Management Discussion and Analysis Report are annexed to the Directors' Report.



8. CREDIT RATING

The Rating Committee of ICRA, after due consideration, has assigned Long Term Rating of ICRA 'A Plus' and Short Term Rating of ICRA 'A1 Plus' to the Company. The outlook on the long term rating is "Stable".



9. VIGILANCE ACTIVITIES

Vigilance Wing is headed by Chief Vigilance Officer, which helps in ensuring functioning of the organisation in a transparent manner. Preventive vigilance is done through periodic inspections and taking corrective actions well in advance along with the recommendations to infuse transparency and curtail corrupt practice.

A number of new initiatives have been taken to enhance the transparency in operations during the period under reference. Technical examinations are conducted at various project sites to ensure quality end product. Integrity Pact, Fraud Prevention Policy, Whistle Blower Policy have been implemented in the right earnest.

Your Company observed "Vigilance Awareness Week" with effect from 31.10.2011 to 05.11.2011 in its Corporate/Regional/Site Offices as per the directions of CVC with great zeal.

10. HUMAN RESOURCE

Company knows the importance of development of its human resource. To keep pace with the new emerging trends in the field of project execution, its main business, it trains its manpower in the emerging fields. Employees are being sponsored for In house and outside training programmes, seminars and workshops to enhance technical, communication and personal skills from time to time at various levels. Further, all efforts are being done to retain its present manpower.

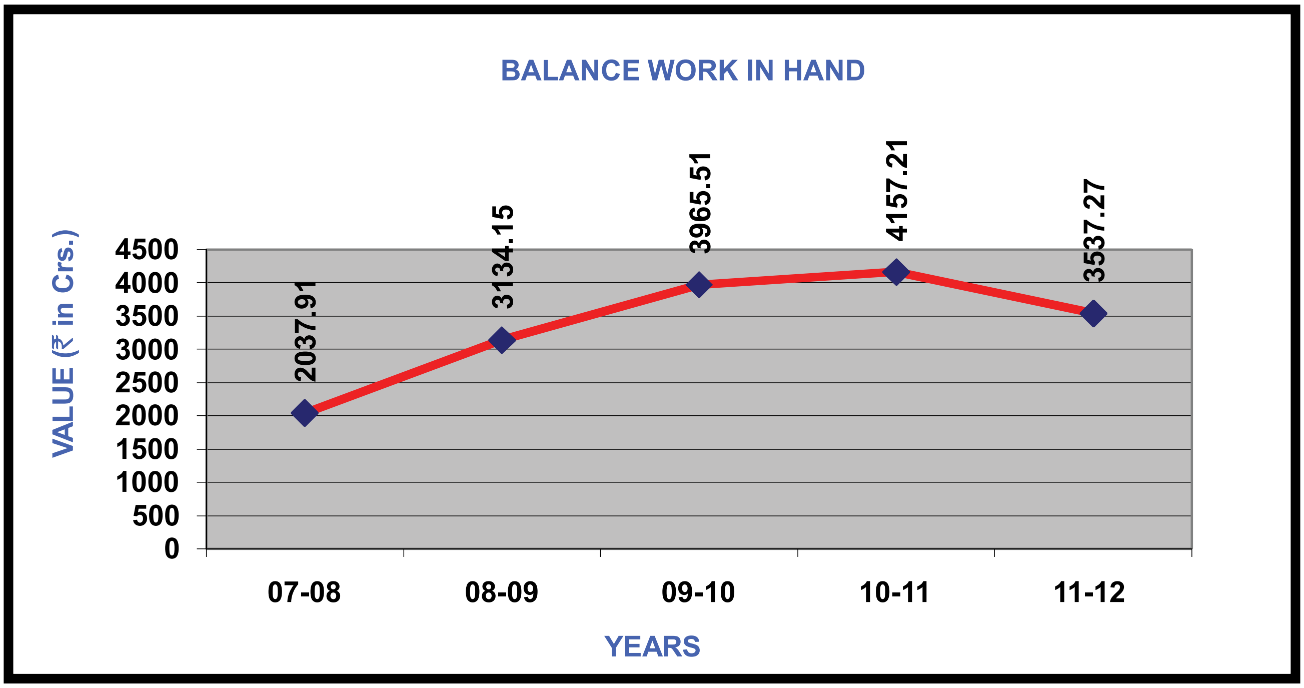
As on 31st March, 2012, Company had a strong force of 419 employees.

11. SC/ST PERSONNEL

The number of SC/ST employees on the rolls of the Company as on 31st March, 2012 was 93, which constituted 22.19% of the total strength.

12. PHYSICALLY CHALLANGED PERSON

The number of physically challenged persons as on 31st March, 2012 was 9 which constituted 2.14% of the total strength.



13. PROPAGATION OF RAJBHASHA/HINDI

EPI follows all Govt. guidelines on implementation of Rajbhasha in its Corporate Office and its Regional Offices. Rajbhasha Karanavyan Samiti's meetings are done at regular intervals in the Company, where all decisions are taken for progress of Hindi in EPI. Number of awards are given to the employees who work in Hindi which includes monetary benefits also.

To promote the usage of Hindi, EPI made serious efforts. "Hindi Pakhwara" is being celebrated from 1st September to 14th September, for the progress of Hindi language. During Pakhwara, Rajbhasha Division organized many competitions for employees and their families which include competitions on Writing, Poem Recitation, Chitra Abhivaykti, Dictation, Noting-Drafting, Hastakashar, Debate, Quiz etc. Employees are encouraged to work in Hindi.

14. ECONOMY IN ADMINISTRATIVE EXPENDITURE

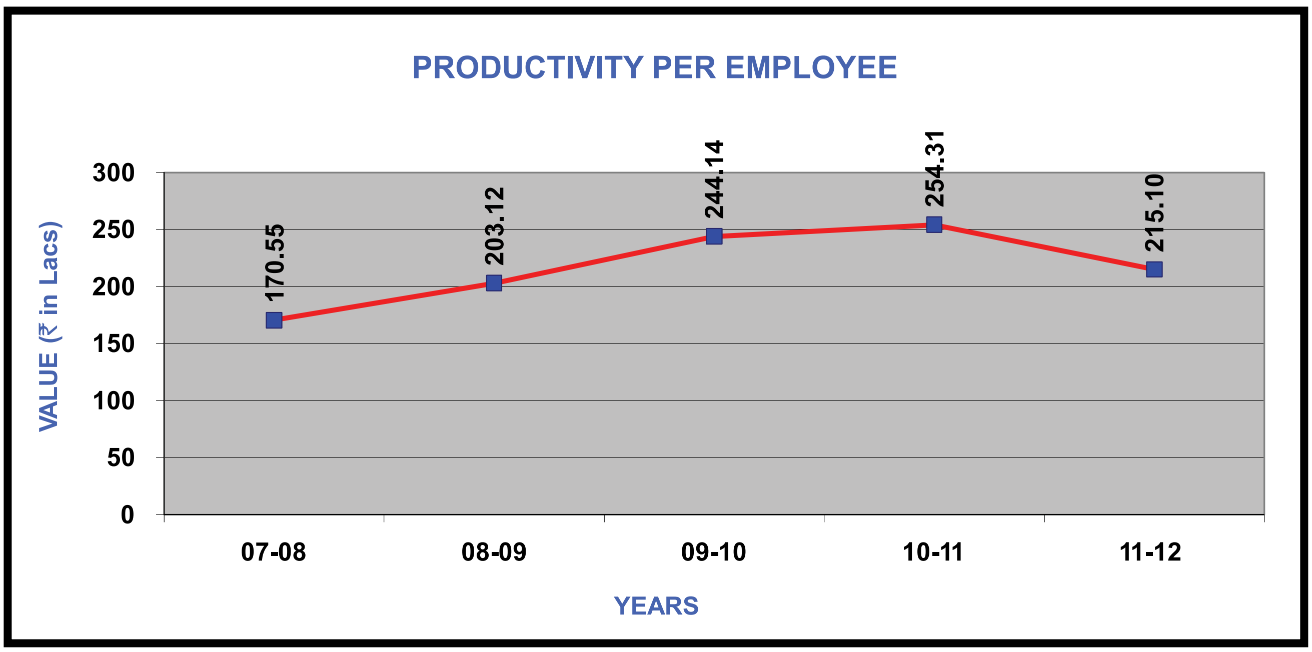
Keeping in view the Govt. Directives, efforts were made to achieve economy in administrative expenditure in EPI during the year 2011-12.

15. BOARD OF DIRECTORS

Presently, the Board of Directors of the Company consists of five members, three Directors are functional Directors including the Chairman-cum-Managing Director, one Director is part-time Official Director from the Administrative Ministry and one Director is part-time non Official Director. Following changes took place in the Directorship of the Company from the date of last Annual General Meeting: -

Shri Vinoo Gopal was appointed as Director (Projects) of the Company vide order No. 16(9)/2011-TSW dated 21.12.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 02.01.2012.

Shri R.Asokan tendered his resignation from the Directorship of EPI on 14.06.2012 vide his letter addressed to the Company Secretary, EPI consequent upon his transfer to National Pharmaceutical Pricing Authority (Department of Pharmaceutical, Ministry of Chemical & Fertilizers).



16. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with 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, 2012 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.

17. AUDITORS

M/s. Satyendra Jain & Associates, Chartered Accountants, were appointed as Statutory Auditors and Branch Auditors for Northern Regional Office of the Company for the financial year 2011-12. M/s. G.P. Agrawal & Company, M/s. R.B. Jain & Associates and M/s. Padmanabhan Prakash & Company, were appointed as Branch Auditors for the Eastern, Western and Southern Regional Offices respectively. Report of Statutory Auditors on the Accounts of the Company for the year ended 31st March 2012 are annexed to the Report. The comments on the accounts for the year ended 31st March 2012 by the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956 are given in the addendum to this Auditors Report.

18. 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:

18.01 Energy Efficiency and its Conservation –

The Company's activities do not involve direct use of energy in construction processes, EPI has been consistently laying emphasis on utilizing energy efficient equipment in its office premises and in various projects entrusted to it for execution so as to minimally affect the ecology and environment.

Energy conservation measures taken:

(i) Avoiding idle running of Equipments.

(ii) Switching off the Lights when not required.

(iii) Replacing inefficient/higher capacity equipments with efficient/low capacity equipments.

(iv) Improving output rates of equipments to reduce power consumption.

18.02 Technology Absorption

a) Research and Development

The Company's R&D initiative includes development of software like Conveyor Sizing Calculations, Civil Costing & Estimation and Strud. The Conveyor Sizing Calculation Software creates conveyor characteristic data based on conveyor load requirement. Civil Casting & Estimation Software creates basic rate for civil items like RCC, PCC etc. and Strud helps in designing of steel structure building and estimating the bill of quantity. Besides development of softwares, efforts were also focused towards improving quality of works and efficiency in construction by sponsoring programmes for skill enhancement in trades related to construction industry like site accounting, general supervision, land survey, carpentry, bar-bending etc.

b) Technology Absorption

To strengthen management skill, various softwares were installed. Further, concept of pre-engineered building (PEB) was put in practice in projects executed by EPI.

Further, EPI has in house designing and detail drawings.

18.03 Foreign exchange earnings and outgo

During the year 2011-12, there is an outgo of foreign exchange to the tune of ₹ 7.06 Lakhs towards foreign travel expenses and there are no earnings in foreign exchange.

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

None of the employees was in receipt of remuneration in excess of ₹ 5, 00,000/- per month or ₹ 60,00,000/- per annum during the year ended 31st March, 2012.

20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a socially responsible corporate citizen, Your Company is committed to create a positive and lasting social impact by mutual trust and respect for raising the standard of living of the people in and around the project site. The CSR Vision of EPI is -

"To work for society at large and improve their quality of life and build a positive and socially responsible image of EPI as a corporate entity".

During the year 2011-12, Company has allocated 3% of Profit after tax to CSR activities and has undertaken the following activities:

(i) Skill Enhancement Programme in various trades like Masonry, Carpentry, Bar Bending, General supervisory work etc. for the unemployed youth living in and around the project sites at Dwarka (Delhi) and Joka(Kolkata). After successful completion of training, beneficiaries have been placed in companies such as M/s Shapoorji Pallonji & Co. Ltd, M/s Larsen & Toubro Ltd., M/s Simplex Infrastructure, M/s Rose Valley Co., M/s B.L. Kashyap Co., M/s G.D.Construction, M/s R. D.S. Projects etc

(ii) "Training program in Tailoring, Cutting and Apparel Designing for Marginalized and Destitute Women of Jhansi (UP)".

(iii) Community Development Project undertaken at Nalanda District of Bihar covers the aspects such as Skill Enhancement, Health Related Issues, Street Lighting, Safe Drinking Water, Sanitation. The programme is being undertaken in 20 villages in Rajgir Block of Nalanda District in Bihar.

For the initiatives undertaken in the field of CSR, EPI was awarded the "Golden Peacock Award for Corporate Social Responsibility 2012" in engineering sector.

21. SUSTAINABLE DEVELOPMENT (SD)

EPI endures to have a balanced approach to economic activity, social progress and environment responsibility. During the year, EPI undertook activities like Rain Water Harvesting solutions, Solar Street Lightning, Tree Plantation in areas in and around projects of the Company. The Sustainable Development initiatives are regularly reviewed by the Board Level Committee headed by an Independent Director.

22. ACKNOWLEDGEMENT

Your Directors express their sincere thanks for all the help, guidance and support extended by Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry and other Ministries and Organizations of the Government of India and State Governments. Your Directors are also grateful to various clients and Banks for the confidence reposed by them and appreciate the contribution of the sub–contractors, vendors and consultants in implementation of the projects. Your Directors wish to convey their appreciation to all employees for valuable services and co-operation extended by them and are confident that they will continue to contribute their best towards achieving better performance in future.

For and on behalf of the Board

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

Place: New Delhi.
Dated: 13.09.2012

Medical Health Check-up Camp Organized by EPI at Nalanda District, Rajgir Block

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Mission/Vision statement of the Company includes enhancing the stakeholders' value and the Company firmly believes that only good corporate governance will generate value on a sustained basis to all its stakeholders. Corporate Governance primarily concerns transparency, full disclosure of material facts, independence of Board and fair play with all stakeholders. The Company will endeavour to constantly comply with and to continuously improve on these aspects with an overall view to earn the trust and respect of members,lenders and other stakeholders. The philosophy on Corporate Governance of EPI 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

(A) Composition of the Board

EPI being a PSU, appointment/nomination of Directors is made by the President of India through Ministry of Heavy Industry and Public Enterprises pursuant to Article 68 of Articles of Association (AOA) of the company. Presently, Board of EPI can have 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.

As on 31st March, 2012, there were six Directors on the Board comprising of three Whole Time Directors including Chairman-cum-Managing Director, two part time official directors who are Govt. Nominee and one Independent Director. Two positions of Independent Directors are vacant. The Govt. of India is in process of filling up these vacancies in terms of Article 68 of Articles of Association of the Company.

(B) Board Procedure

The Board of Directors plays primary role in ensuring good governance and functioning of the Company. The meetings of the Board are generally held at the Company's registered office in New Delhi. The Board meets at regular intervals to discuss the physical & financial progress of the Company. The agenda notes for the meeting are prepared by the concerned officials and approved by the Functional Directors including Chairman-cum-Managing Director. Duly approved agenda notes are circulated to all the Directors in advance. Wherever it is not practical to send the relevant information as a part of the agenda papers, the same is tabled in the meeting.

The Board periodically reviews the compliance status of all the applicable laws. All the decisions are taken after detailed deliberations by the Board Members at the meetings.

(C) Number of Board Meetings

During the year 2011-12, four (4) Meetings were held, the details of which are given below:

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1	27.06.2011*	6	4
2	06.09.2011*	5	5

3	24.10.2011	5	5
4	19.01.2012	6	6
5	28.03.2012	6	6

*The meeting was adjourned due to the absence of Govt. Directors and was held on 06th September, 2011

(D) 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 2011-12 are given below :

Name	Meeting attended	AGM attended	Other Directorship	Period
(a) Functional Directors				
Shri S P S Bakshi Chairman-cum-Managing Director DIN : 02548430	4/4	Yes	Nil	05.02.09 to 04.02.14
Shri A.K. Ratwani Director (Projects) DIN : 00730349	1/1	N/A	Nil	01.09.06 to 31.08.11
Shri A.K. Verma Director (Finance) DIN : 03428630	4/4	Yes	Nil	01.02.11 to 31.01.16
Shri Vinoo Gopal Director (Projects) DIN : 05173442	2/2	N/A	Nil	02.01.12 to 01.01. 17
(b) Govt. Nominees				
Shri Harbhajan Singh Joint Secretary, Ministry of Heavy Industries & Public Enterprises DIN:02922092	0/1	N/A	8	08.01.10 to 17.08.2011
Shri R. Asokan Director, Ministry of Heavy Industries & Public Enterprises DIN :01079166	4/4	Yes	4*	01.02.08 – till further orders
Shri Niraj Kumar Director, Ministry of Heavy Industries & Public Enterprises DIN :03622825	4/4	Yes	Nil	17.08.2011 – till further orders
(c) Independent Director				
Dr. K.S. Rao DIN :03383447	4/4	Yes	Nil	16.12.2010 to 15.12.13

* Shri R. Asokan resigned from the Directorship of Bharat Bhari Udyog Nigam Ltd. on 22.08.2011.

During the year 2011-2012, following changes in the Directorship took place:

1. Shri Harbhajan Singh, Joint Secretary, Ministry of Heavy Industries & Public Enterprises ceased to be the Director on the Board of the Company, pursuant to order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
2. Shri Niraj Kumar, Director, Department of Heavy Industry was appointed as Part time Official Director on the Board of the Company, vide order No. 16(12)/2001-TSW dated 17.08.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
3. Shri A.K.Ratwani ceased to be the Director on the Board of the Company, on completion of his tenure on 31.08.2011 in accordance with order No. 16(15)/2005-TSW dated 11.08.2006 of Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry.
4. Shri Vinoo Gopal was appointed as Director (Projects) of the Company vide order No. 16(9)2011-TSW dated 21.12.2011 of Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (DHI). He assumed the charge on 02.01.2012.

(E) Brief Resume of the Directors presently on the Board

(i) **Shri S P S Bakshi (53 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. He has also handled projects on Public Private Partnership basis. Before joining EPI, Shri S P S Bakshi has worked at senior positions in Airports Authority of India and National Highways Authority of India. He has handled major Infrastructure Airports and Highways Projects of national importance.

(ii) **Shri A.K.Verma (52 Years)** Shri A.K. Verma joined EPI as Director (Finance) on 1st February, 2011. He has rich experience of about 30 years in Finance, Accounts and Auditing fields. He holds qualification of M.Com, MBA, LL.B and is also a Fellow Member of the Institute of Cost and Works Accountants of India. Shri Verma has been associated in various Railways, Highways and Buildings projects in the nature of turnkey, items rates, cost plus/deposit work in India and abroad. Shri Verma has vast exposure of costing of cash projects including financial modeling for BOT/Annuity/Concession projects, project financing, finalization of accounts for construction companies, budget & budgetary control tools, foreign currency hedging and cross currency risk. Before joining EPI, Shri Verma has worked with IRCON International Ltd. and various other Public Sector companies.

(iii) **Shri Vinoo Gopal (53 Years)** Shri Vinoo Gopal joined EPI as Director (Projects) on 2nd January, 2012. He is a Civil Engineer having rich experience spanning over 30 years in Cost Estimation, Tendering, Business Development, Contract Management, Planning& Project Execution in the field of Railways, Highways, Bridges and Buildings. Shri Gopal has handled Multi-disciplinary Projects both in India and abroad including projects of Public Private Partnership basis. Before joining EPI, Shri Gopal has worked with IRCON International Ltd. and Uttar Pradesh Rajkiya Nirman Nigam.

(iv) **Shri Niraj Kumar (46 years)** Shri Niraj Kumar is Director, Department of Heavy Industry Govt. of India. He joined the Board of EPI on 17th August, 2011 as nominee of Govt. of India. Shri Kumar is from Indian Postal Service, 1992 Batch. He is a B.Sc. (Geology) from Patna University. During his service in the Department of Posts, he has worked in different parts of the country including Rajasthan, Tamil Nadu. In the year 2002 he joined Raipur as Director, Postal Services, Chhattisgarh Circle. In 2004, he joined as Director in the Ministry of Communications and IT, Department of Posts at Dak Bhawan, New Delhi. He also worked as Additional General Manager, Business Development & Marketing Directorate. Shri Kumar has also represented the country in various seminars/ conferences conducted abroad.

(v) **Dr. K.S. Rao (54 Years)** Dr. K.S. Rao, Professor, Department of Commerce & Management Studies, Andhra University, Visakhapatnam joined EPI, as an Independent Director on 16th December, 2010. He has rich and comprehensive experience of 26 years in the field of Teaching and Research. He is Life Member in "All India Commerce Association" and "Commerce Association of Kerala". He is also a member of "Research Development Association" and "Indian Accounting Association". Dr. K.S. Rao has been awarded with "UGC Career Award". He served as a member in various working group meetings for development of instructional material organized by PSSCIVE (NCERT Wing). He is also a Governing Body Member in various Degree Colleges affiliated to Andhra University.

3. AUDIT COMMITTEE

The Company has an Audit Committee duly constituted by Board with powers and role defined in accordance with DPE Guidelines on Corporate Governance and Sec 292A of the Companies Act, 1956.

During the year 2011-12, Shri A. K. Ratwani, Director (Projects) completed his tenure on 31st August, 2011. Consequent upon completion of tenure of Shri A. K. Ratwani, Audit Committee was reconstituted to induct Shri S P S Bakshi, CMD,EPI as the member on the Audit Committee. Thereafter, Shri Vinoo Gopal was appointed as Director (Projects) on 2nd January, 2012 and Audit Committee was reconstituted to induct Shri Vinoo Gopal, Director (Projects) in place of Shri S P S Bakshi, CMD on 19th January, 2012.

The composition of the Committee as on 31.03.2012 is as under:-

Name	Designation	Category
Dr. K.S. Rao	Chairman	Independent Director
Shri R. Asokan	Member	Govt. Nominee
Shri Vinoo Gopal	Member	Director (Projects)

During the year 2011-12, two meetings of the Audit Committee were held on 27th June, 2011 and 19th January, 2012. The Meeting held on 27th June, 2011 was adjourned due to the absence of Govt. Directors and the adjourned meeting was held on 6th September, 2011.

Terms of Reference of Audit Committee

The terms of reference of Audit Committee are in line with Section 292A of the Companies Act, 1956 and DPE Guidelines on Corporate Governance.

4. REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted in the meeting of Board of Directors held on 19th January, 2012 and Shri Vinoo Gopal, Director (Projects) was inducted as Member of the Committee. During the year 2011-12, three meetings of the Remuneration Committee were held on October 24, 2011, January 19, 2012 and March 28, 2012.

The composition of the Committee as on 31.03.2012 and the attendance of the members at the meetings are as under:

Name	No. of Meetings held during their respective tenure	No. of Meetings attended
Dr. K.S. Rao Chairman	3	3
Shri R. Asokan Member	3	3
Shri A.K. Verma Member	3	3
Shri Vinoo Gopal Member	1	1

Terms of Reference of Remuneration Committee

The term of reference of Remuneration Committee is to look into the aspects related to Remuneration of the employees including annual bonus/variable pay pool and policy for its distribution across the Executives and Non-Unionized Supervisors, within the prescribed limit. In addition to the same, any other matter may be specifically referred by the Board of Directors for its recommendation.

5. SHARE TRANSFER COMMITTEE

The Company has a Share Transfer Committee consisting of Senior Officials of the Company to look into all the transfers, transmissions of Shares. M/s MCS Ltd. has been appointed as Registrar and Share Transfer agent to register the share transfer and Coordinate with the depositories etc.

6. SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD

In compliance to DPE Guidelines on Sustainable Development (SD), a Board level committee on SD has been constituted on 19th January, 2012 consisting of the following Directors:

1. Dr. K.S. Rao, Director- Chairman
2. Shri A.K. Verma, Director (Finance) - Member
3. Shri Vinoo Gopal, Director (Projects) - Member

The 1st Meeting of this Committee was held on 29th February, 2012, wherein Committee approved the SD Policy of the Company.

7. DISCLOSURES

A. Details of the remuneration paid to the Functional Directors and sitting fees paid to Independent Directors during the year 2011-12 are as under :

A: Functional Director **(In ₹)**

Directors	Salary	Perquisite	Total
Shri S P S Bakshi Chairman-cum-Managing Director	23,04,286	1,52,865	24,57,151
Shri A.K. Ratwani Director (Projects)	8,16,495	71,937	8,88,432
Shri Vinoo Gopal Director (Projects)	3,96,424	8,100	4,04,524
Shri A. K. Verma Director (Finance)	19,83,134	1,45,692	21,28,826

B: Independent Director:

Directors	Sitting Fees
Dr. K.S.Rao	₹ 87,500

(i) During the year there was no related party transaction except salary paid to Functional Directors and Sitting Fees paid to Non-Functional Directors.

(ii) The Statutory Compliance Report together with the status of the statutory dues is being placed before the Board regularly.

(iii) It is reaffirmed that no penalties, strictures have been imposed by any statutory body except sales tax matter which is under appeal.

(iv) The Company is complying with all the requirements of the Guidelines on Corporate Governance for CPSEs issued by the DPE except the Composition of Board and its Sub – Committees as Govt. of India is in process of filling the vacancies of the Independent Directors.

(v) During the year, no Presidential Directive was issued by the Government of India.

(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.

(vii) The Company has formulated a Whistle Blower Policy and no Personnel have been denied access to Audit Committee.

(Viii) The Percentage of Administrative Expenses to Total Expenses has increased to 7.23% as against previous year Percentage of 5.60%. The Administrative Expenses includes Employee Expenses of ₹ 4536 lakhs (previous year ₹ 4626 lakhs) and Other Expenses amounting to ₹ 1982 lakhs (previous year ₹ 1571 lakhs). The increase is partly on account of increase in Other Expenses during the year and partly on account of decrease in total expenses during the year, which is due to corresponding decrease in the Turnover.

8. RISK MANAGEMENT & FRAUD PREVENTION POLICY

EPI has formulated Risk Management policy to identify, evaluate and mitigate risk surrounding the company. The main objectives of Risk management policy of EPI is to define a framework for identification, evaluation and mitigation of risk, to encourage pro-active rather than reactive management, provide assistance to and improve the quality of decision making throughout the organization.

Further, Company also has a Fraud Prevention Policy in place since September 2010 for prevention, detection, reporting of fraud prevailing in the Company.

9. GENERAL BODY MEETINGS:

i) The details of the last three Annual General Meeting of the Company are given below:

AGM	Financial Year	Date and Time of AGM	Location
41st*	2010-11	September 29th, 2011 at 4.30 p.m.	Core 3, SCOPE Complex. Lodhi Road, New Delhi
40th	2009-10	September 30th, 2010 at 3.00 p.m.	Core 3, SCOPE Complex. Lodhi Road, New Delhi
39th	2008-09	September 29th, 2009 at 3.00 p.m.	Core 3, SCOPE Complex. Lodhi Road, New Delhi

* The Annual General Meeting dated 29th September, 2011 was adjourned due to non-receipt of comments of Comptroller and Auditor General of India and held on 30th September, 2011.

ii) Details of Special Resolution passed at last three AGMs

AGM	Financial Year	Details of Special Resolution passed
41st	2010-11	NIL
40th	2009-10	(i) Amendment in Articles of Association of the Company, (ii) Conversion of Company into Public Limited Company
39th	2008-09	NIL

10. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India, seven CPSEs and a trust created on behalf of these CPSEs. The Government of India holds 99.98% of the paid up capital of the Company. The Company displays its bilingual Annual Report 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 as well as through electronic mode pursuant to Circular No. 17/95/2011- CL.V dated 29.04.2011 issued by Ministry of Corporate Affairs (MCA).

11. AUDIT QUALIFICATIONS

The comments on the Accounts for the year ended on 31st March, 2012 by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 and the Statutory Auditor are given in the addendum to the Directors' Report.

12. TRAINING OF BOARD OF DIRECTORS

The Company makes a brief presentation about the working of the Company and provides various 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, Role and Responsibility of Directors etc. The Directors are also sponsored for the seminars/conferences organized in this respect.

13. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy which ensures full protection to the person making protected disclosure from any victimization. All employees are eligible to make protected disclosures to the Chairman, Audit Committee preferably in writing.

14. 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.

15. 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.

CDRI Campus, Lucknow

DECLARATION BY CHAIRMAN-CUM-MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2011-12.

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 2011-12.

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

Place : New Delhi
Date : 13.09.2012

Inauguration of Nandakam Guest House by Hon'ble President of India on 09.09.12 constructed by EPI for TTD, Andhra Pradesh

AGB & ASSOCIATES
COMPANY SECRETARIES

Head .Office:-1st Floor, 970, Sector-21D,
Faridabad-121001, NCT of Delhi
E-Mail Id:- gargajay24@yahoo.co.in
agbassociates@yahoo.in
Tel:- 0129-4080970,9811386723, 9873186723

CORPORATE GOVERNANCE CERTIFICATE

To

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

We have examined the compliance of the conditions of Corporate Governance by **Engineering Projects India Limited,** (hereinafter referred as **'the Company'**) for the year ended on **31st March, 2012** as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010' vide Notification No. 1 No. 18(8)/2005-GM originally issued on 22.06.2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the 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 the 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 nor an expression of opinion on the financial statements of the Company.

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

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

Place: New Delhi
Date: 11.09.2012

Signature:
For AGB & Associates

(Nitin Rawat)
Company Secretaries
C.P. No. 10554

Branch off :- D-93, Rosewood City, Sohna Road, Sector-49-50, Gurgaon - NCT of Delhi

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The developments over the last year in major economies of the world have not been encouraging. The global economic environment which was tenuous at best throughout the year, turned sharply adverse in September, 2011, owing to the turmoil in the Euro-zone countries and reflected in sharp ratings downgrades of sovereign debt in most major advanced countries. The US economy has shown some improvement but economic growth remains sluggish.

For the Indian economy, this was a year of recovery interrupted. Indian economy is estimated to grow by 6.9% in 2011-12 mainly due to weakening industrial growth. This indicates a slowdown compared not just to the previous two years, when the economy grew by 8.4%, but also from 2003 to 2011, except 2008-09 economic downturn, when the growth rate was 6.7 percent. But despite the low growth figure of 6.9%, India remains one of the fastest growing economies of the world as all major countries including the fast growing emerging economies are seeing a significant slowdown.

Inadequate infrastructure was recognized in the Eleventh Plan as a major constraint on rapid growth. The Plan had, therefore, emphasized the need for massive expansion in investment in infrastructure based on a combination of public and private investment. Substantial progress has been made in this respect, not only at the level of the Central Government, but also at the level of the individual States. A large number of PPP projects have taken off, and many of them are currently operational in both the Centre and the States.

The 2011 census shows an increase in the urban population from 27.8 per cent in 2001 to 31.2 per cent in 2011, and it is likely to exceed 40 per cent by 2030. This would generate a heavy demand for better quality infrastructure in urban areas, especially water, sewerage, public transport and low cost housing etc. Further, the Planning Commission, in its approach paper has projected an investment of over ₹ 45 lakh crore during the Twelfth Plan (2012-17). It is projected that at least 50 percent of this investment will come from the private sector as against the 36 per cent anticipated in the Eleventh Plan and public sector investment will need to increase to over ₹ 22.5 lakh crore as against an expenditure of ₹ 13.1 lakh crore during the Eleventh Plan. Financing infrastructure will, therefore, be a big challenge in the coming years and will require some innovative ideas and new models of financing.

SWOT Analysis

Strengths

- Integrated engineering project management and construction Company having rich experience of handling wide range of projects and turnkey execution capabilities in major areas of operation.
- In-house design, engineering and project management capabilities.
- A team of competent professionals.
- Pan India presence and five regional offices at different geographical locations to undertake operations across India.
- Exposure in execution of international projects.
- Consistent performance.
- Profit making Dividend paying Company.
- Debt free company.

Weaknesses/Risk/Concern

- Operate in a competitive market,
- Problem in hiring and retaining best human resource
- High liquidity with private player is also putting EPI in a disadvantageous position.
- No experience of execution of projects on PPP basis.
- Restrictions for equity/ capital investment affect growth prospects of the Company.

Opportunities

- Major expansion of steel plants & power projects.
- Large value projects in infrastructure being proposed for urban renewal projects of water supply, drainage, roads, urban transportation system.
- Major investment in canals, dams, river connectivity works planned in future.
- Various Projects on "Deposit work basis" from Central/State Government also being proposed.
- Development of surplus land of Government and PSUs.

Threats

- Smaller multiple players have crowded the infrastructure sector.
- Low entry barriers for EPC contractors in the irrigation and WSS sectors.
- Prolonged delay in land acquisition and environmental clearances.
- Security concerns in certain regions.
- Lack of quality awareness in the Industry.

Segment Wise and Product Wise Performance

Housing & Building works continued to be the highest contributor to the turnover of the Company followed by Industrial, Process Plant, Material Handling & Electrical Projects which percentage share has increased from 6.83% in year 2010-2011 to 33.42% in the year 2011-2012. The percentage share of Dams & Irrigation Projects has declined from 7.82% to 1% during year 2011-2012.

The table below presents the segment wise analysis of the operations of the Company:

(₹ in Cr.)

Sl. No	Segments of Projects	2009-2010		2010-2011		2011-2012	
		Turnover	%	Turnover	%	Turnover	%
1	Housing & Building Works	603.20	57	766.15	69.42	575.72	63.88
2	Dams & Irrigation Projects	106.32	10	86.31	7.82	9.00	1.00
3	Industrial, Process Plant, Material Handling & Electrical Projects	95.88	9	75.36	6.83	301.19	33.42

4	Water Supply & Environmental Schemes	144.23	14	77.91	7.06	0.3	0.03
5	Transportation Structures	34.12	3	2.46	0.22	4.22	0.47
6	Other Projects	78.25	7	95.50	8.65	10.84	1.2
	Total	**1062.00**	**100**	**1103.69**	**100**	**901.27**	**100**

Outlook

During eleventh plan, combination of public and private investment (PPP) in infrastructure sector has gained considerable success. Further, investment in infrastructure is estimated to over ₹ 45 lakh crore with half of this expected from private sector during Twelfth Plan period. Considering the total investment in infrastructure during the 12th plan and success of private investment in infrastructure through PPP mode, EPI may also enter into private partnership or enter into strategic alliance with private agency to gain the new opportunities/ projects in infrastructure sector in its forthcoming years.

Internal Control Systems and Their Adequacy

The Company has an effective internal control and audit system for maintaining efficiency of operations and compliances of applicable relevant laws and regulations. The organisation has well-structured policies and guidelines according to which works are executed. Regular, in-depth and exhaustive internal audits are being conducted by professionally qualified and experienced in-house Internal Audit team headed by a qualified and experienced Officer of the rank of Additional General Manager, who is reporting directly to the Chairman and Managing Director.

Internal Audit has resulted in not only improving quality of processes and expediting deliverables, but also accountability at all levels. The internal control and audit systems are being reviewed periodically by the Management and the Audit Committee and necessary steps are taken from time to time as a part of continuous improvement.

Discussion on Financial Performance with Respect to the Operational Performance

During the year 2011-12, the Company has earned Profit Before Tax (PBT) of ₹ 3636 lakhs as against previous year's PBT of ₹ 2258 Lakhs, registering an increase of 61.07% and achieved a turnover of ₹ 90,127 Lakhs as against the previous year turnover of ₹ 110,369 Lakhs. The Gross Margin of the year was ₹ 4356 lakhs as compared to ₹ 2499 lakhs of the previous year, higher by 74.35%. The net worth of the Company has increased from ₹ 16,050 Lakhs to ₹ 17,673 Lakhs, an increase of 10.11%.

The Board has proposed a dividend of ₹ 708 lakhs, which is 20% of the paid up share capital of the Company.

Material Development in Human Resource, Industrial Relations Front, Including Number of the People Employed

The industrial relations climate in the Company remained harmonious and peaceful during the year. The company has been taking initiatives for harnessing the inherent strength of its employees and for continuous improvement in work culture. It is also focusing on building leadership capabilities and strategic orientation in its employees through a series of training programmes and workshops. Training Programme have been focused on providing knowledge and necessary skills on emerging trends such as corporate governance, gender concern, quality control in road and bridge, e-procurement, global competitive technology strategy and United Nations global compact etc.

Environmental Protection and Conservation, Technological Conservation, Foreign Exchange Conservation

(a) Environmental Protection & Conservation

To adhere to the need of Environment Protection and Conservation, due importance has been given on planting trees at the construction site, use of environment friendly construction material, installation of energy efficient lighting system and recycling of waste water/ effluent treatment system, utilization of natural lights, thermal insulation, intelligent building management system. On the eve of Independence Day, a tree plantation programme was launched by EPI at Scope Complex, Lodhi Road, New Delhi wherein 1000 trees were planted in and around the Scope Building.

(b) Technological Conservation

As a part of Technological Conservation, EPI has restored to the concept of Pre Engineered Building (PEB) in some of projects in order to minimize erection period as well as to avoid cumbersome erection process.

(c) Foreign Exchange Conservation

The futuristic outlook of the Company's policy has enabled optimal utilization of developing technologies for installation of modern production & processing facilities in India. Many such plants require suitable modification/adaptation of the machinery, equipment & facilities from indigenous sources of foreign-based technological design. All the processes are put through rigorous testing and trials for adaptation for operating under rigors of Indian conditions. This has resulted in bringing down direct importation of plant & equipment to the barest minimum. The outgo of precious foreign exchange has been minimized through assimilation of advanced design & technical features using Indian expertise in detailed engineering, manufacturing & assembly of facilities based on new technologies and know-how developed abroad.

Corporate Social Responsibility

As a socially responsible corporate citizen, your Company is committed to create a positive and lasting social impact by mutual trust and respect for raising the standard of living of the people in and around the project site. The CSR Vision of EPI is -

"To work for society at large and improve their quality of life and build a positive and socially responsible image of EPI as a corporate entity".

During the year 2011-12, Company has allocated 3% of Profit after tax to CSR activities and has undertaken the following activities:

1. Skill Enhancement Programme in various trades like Masonry, Carpentry, Bar Bending, General supervisory work etc. for the unemployed youth living in and around the project sites at Dwarka (Delhi) and Joka (Kolkata). After successful completion of training, beneficiaries have been placed in companies M/s Shapoorji Pallonji & Co. Ltd., M/s Larsen & Toubro Ltd., M/s Simplex Infrastructure, M/s Rose valley Co., M/s B.L. Kashyap Co., M/s G.D.Construction, M/s R. D.S. Projects etc
2. A "Training program in Tailoring, Cutting and Apparel Designing for Marginalized and Destitute Women of Jhansi (UP)".

Golden Peacock Award

3. Community Development Project undertaken at Nalanda District of Bihar covers the aspects such as Skill Enhancement, Health Related Issues, Street lighting, Safe drinking water, Sanitation. The programme is being undertaken in 20 villages in Rajgir Block of Nalanda District in Bihar.

For the initiatives undertaken in the field of CSR, EPI was awarded the 'Golden Peacock award for Corporate Social Responsibility 2012' in engineering sector.

Session on Health and Hygiene at Nalanda District, Rajgir Block

Cautionary Statement

Statement in this management discussion and analysis report describing the company's objectives, projections and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied, important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in economic environment in India, exchange rate fluctuations, tax, laws, litigation and labour relation.

ANNEXURE TO DIRECTORS' REPORT: AUDITOR'S REPORT

Auditor's Report

To,

The Members of Engineering Projects (India) Limited

1. We have audited the attached Balance Sheet of **Engineering Projects (India) Limited** (the "Company") as at 31 March 2012, Statement of Profit and Loss and also the Cash Flow Statement for the year then ended 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 and Auditor General of India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

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.

4. Further to our comments in the Annexure referred to above , we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   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;

   c. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with while preparing our report;

   d. The financial statements dealt with by this report are in agreement with books of account;

   e. In respect of disqualification of directors, Department of Companies Affairs vides 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; and

   f. 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 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 31st March 2012;

ii) the Statement of Profit and Loss, of the profit for the year then ended; and

iii) the Cash Flow Statement, of the cash flows for the year then ended.

For **Satyendra Jain & Associates**
Chartered Accountants
Firm Registration No: 012018N

CA Anil Jain
Partner
Membership No. 072783

Place : New Delhi
Date : 11.09.2012

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF ENGINEERING PROJECTS (INDIA) LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

Auditors Report

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.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) Inventory of the Company comprises of construction work in progress and stock of material. The inventory (except stock lying with contractor/clients, confirmation for which have been obtained) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(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.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (b) to (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(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. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.

(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.

(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.

(vii) The company has an internal audit system, the scope and coverage of which, in our opinion, requires to be further strengthened to be commensurate with its size and the nature of its business.

(viii) Recently the Central Government has prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. The company is under process of maintaining the records and Cost Audit.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. 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. 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 became payable except ₹ 58,54,331/-as follows:

Sl. No.	Name of the statute	Nature of dues	Period to which pertain	Amount (₹)	Since Paid on
1.	Manipur Vat Act	VAT	2010-2011	42,84,806	30.07.12
2.	West Bengal Vat Act	VAT	2010-2011	27,145	24.07.12
3.	Income Tax Act, 1961	Income tax	2010-2011 2011-2012	1,16,606	09.07.12
4.	Income Tax Act, 1961	Income tax	2010-2011 2011-2012	14,972	07.07.12
5.	Income Tax Act, 1961	Income tax	2010-2011	449	23.06.12
6.	Bihar Labour Cess	Labour Cess	2010-2011	13,51,856	31.07.12
7.	Jharkhand Labour Cess	Labour Cess	2010-2011	58,497	01.08.12
	Total			**58,54,331**	

(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:

Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
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
UP Trade Tax Act, 1948	UP trade tax	872,500	1993-94	Sales Tax Tribunal
Tamil Nadu General Sales Tax Act, 1959	TNGST	10,196,988	1997-1998	Sales Tax Tribunal Additional Branch
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		**37,359,535**		

(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.

(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.

(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.

(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.

(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.

(xv) As informed to us, 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.

(xvi) The Company did not have any term loan outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.

(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.

(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.

(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.

(xx) The Company has not raised any money by public issues during the year. 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 covered by our audit.

For **Satyendra Jain & Associates**
Chartered Accountants
Firm Registration No: 012018N

CA Anil Jain
Partner
Membership No. 072783

Place: New Delhi
Date: 11.09.2012

BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2012		As at 31st March, 2011	
I.	**EQUITY AND LIABILITIES**					
1	**Shareholders' funds :**					
	a) Share Capital	2.1	354,226,880		354,226,880	
	b) Reserves and surplus	2.2	1,413,075,636	1,767,302,516	1,250,743,213	1,604,970,093
2	**Non current liabilites**					
	a) Long - term borrowings	2.3	-		-	
	b) Other long - term liabilites	2.4	1,193,463,119		977,892,163	
	c) Long - term provisions	2.5	204,929,126	1,398,392,245	190,858,556	1,168,750,719
3	**Current liabilites**					
	a) Short term borrowings	2.6	-		-	
	b) Trade payables	2.7	2,366,670,301		2,243,672,317	
	c) Other current liabilites	2.8	54,136,258,159		50,425,998,212	
	d) Short term provisions	2.9	285,028,451	56,787,956,911	280,866,380	52,950,536,909
	TOTAL			**59,953,651,672**		**55,724,257,721**
II.	**ASSETS**					
1	**Non current assets**					
	a) Fixed assets	2.10				
	(i) Tangible assets		51,667,829		48,556,239	
	(ii) Intangible assets		2,084,766		1,426,362	
	(iii) Capital work-in-progress		-		-	
	(iv) Intangible assets under development		-		-	
			53,752,595		49,982,601	
	b) Non current investments	2.11	-		-	
	c) Deferred tax assets (net)	2.12	89,569,029		85,201,948	
	d) Long term loans and advances	2.13	2,056,041,105		2,256,052,586	
	e) Other non current assets	2.14	624,972,003	2,824,334,732	717,602,595	3,108,839,730

	Particulars	Note No.	As at 31st March, 2012		As at 31st March, 2011	
2	**Current assets**					
	a) Current investments	2.15	-		-	
	b) Inventories	2.16	38,003,202,372		35,346,264,574	
	c) Trade receivables	2.17	1,615,907,775		595,382,533	
	d) Cash and bank balances	2.18	2,818,577,155		3,026,591,956	
	e) Short term loans and advances	2.19	2,604,441,597		1,867,071,706	
	f) Other current assets	2.20	12,087,188,041	57,129,316,940	11,780,107,222	52,615,417,991
	TOTAL			**59,953,651,672**		**55,724,257,721**
	Significant Accounting Policies	1				
	Notes to accounts	2				

The accounting policies and notes are an integral part of the financial statements.

For and on behalf of board of directors

(Kumudani Sharma)
Company Secretary

(A.K. Gupta)
General Manager (Finance)

(A.K. Verma)
Director (Finance)

(S P S Bakshi)
Chairman-cum Managing Director

This is the Balance Sheet referred to in our report of even date

For **Satyendra Jain & Associates**
Chartered Accountants
Firm Registration No.012018 N

CA Anil Jain
Partner
Membership No. 072783

Place : New Delhi
Date : 11th September 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
I.	**Revenue from operations**	2.21	9,012,733,639	11,068,330,095
II.	Other income	2.22	364,525,198	217,548,932
III.	**Total Revenue (I+II)**		**9,377,258,837**	**11,285,879,027**
IV.	**Expenses:**			
	Operating Expenses	2.23	8,289,703,647	10,416,160,245
	Change in inventories of work -in-progress	2.24	-	-
	Employee benefits expenses	2.25	453,626,893	462,699,006
	Finance costs	2.26	64,745,431	18,611,448
	Depreciation & Amortisation expense	2.10	7,253,942	5,503,624
	Other expenses	2.27	198,282,992	157,127,908
	Total Expenses		**9,013,612,905**	**11,060,102,231**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		363,645,932	225,776,796
VI.	Exceptional items		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		363,645,932	225,776,796
VIII.	Extraordinary items		-	-
IX.	**Profit/(Loss) before tax (VII-VIII)**		**363,645,932**	**225,776,796**
X	Tax Expense			
	Current tax		**125,040,742**	**78,000,000**
	Deffered tax		**(4,367,081)**	**1,623,944**
	Minimum alternate tax credit entitlement		**(1,698,418)**	**(4,353,896)**
XI.	**Profit for the year (IX-X)**		**244,670,689**	**150,506,748**

	Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
XII.	**Earnings per share-Basic & Diluted**	2.44	**6.91**	**4.25**
	Significant Accounting Policies	1		
	Notes to accounts	2		

The accounting policies and notes are an integral part of the financial statements.

For and on behalf of board of directors

(Kumudani Sharma)
Company Secretary

(A.K. Gupta)
General Manager (Finance)

(A.K. Verma)
Director (Finance)

(S P S Bakshi)
Chairman-cum Managing Director

This is the Balance Sheet referred to in our report of even date

For **Satyendra Jain & Associates**
Chartered Accountants
Firm Registration No.012018 N

CA Anil Jain
Partner
Membership No. 072783

Place : New Delhi
Date : 11th September 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	2011-2012	2010-2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	363,645,933	225,776,796
	Adjustments for:		
	Depreciation and amortization	7,253,942	5,525,606
	Loss/(profit) on sale of assets (net)	17,933	(134,062)
	Interest income excluding interest on FD's		
	Interest on FD's	**(226,555,751)**	**(103,543,512)**
	Interest on inter corporate deposits		
	Income from investments		
	Provision for impairment		
	Fixed assets - lost in accident/written off		
	Provision for diminution in value of investment		
	Provision for doubtful debts/advances/TDS/banks		
	Effect of exchange differences on translation of foreign currency		
	Cash & cash equivalents		
	Operating profit before working capital changes		
	Decrease/(increase) in inventories	12,333,175	(8,154,936)
	Decrease/(increase) in works in progress	(2,669,270,973)	(9,543,719,437)
	Decrease/(increase) in sundry debtors	(927,894,650)	13,335,298
	Decrease/(increase) in FD's under lien	(158,041,556)	64,892,385
	Decrease/(increase) in other assets excluding interest accrued on FD's		
	Decrease/(increase) in loans & advances	2,665,317,930	6,070,044,058
	Increase/(decrease) in current liabilities & provisions	617,406,818	4,090,563,793
	Cash generated from operations		
	Income tax paid	(129,440,795)	(30,976,697)
	Net cash from operating activities		
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase/construction of fixed assets	(11,303,046)	(7,294,394)
	Proceeds from sale of assets	261,175	585,412
	Investments in shares		
	Investments in bonds		
	Loans to joint venture company		
	Loan received back from IRWO		
	Interest income	161,058,884	99,192,500
	Interest on inter corporate deposits		
	Income from investments		
	NET CASH FROM INVESTING ACTIVITIES		

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

C.	<u>**CASH FLOW FROM FINANCING ACTIVITIES**</u>		
	Dividend paid	(70,845,376)	(70,845,376)
	Dividend tax paid	-	(11,766,530)
	Net cash used in financing activities		
	Effect of exchange differences on translation of foreign currency		
	Cash & cash equivalents		
	Net (decrease)/increase in cash and cash equivalents	(366,056,357)	793,480,904
	Cash and cash equivalents at the beginning of the year	2,823,189,327	2,029,708,423
	Cash and cash equivalents at the end of the year	2,457,132,970	2,823,189,327
	Reconciliation of cash and cash equivalents		
	Cash in hand (refer note no 2.18)	110,998	86,720
	Cheques in hand (refer note no 2.18)	335,290,000	-
	"Balance with bank's in current accounts (refer note no 2.18)"	250,347,329	162,641,067
	Balance with other bank's fixed deposites other (refer note no 2.18)	1,871,384,643	2,660,461,540
	Cash and cash equivalent	2,457,132,970	2,823,189,327
	Add: balance in deposit accounts (pledged)	361,444,185	203,402,629
	Cash and cash equivalents at the end of the year	**2,818,577,155**	**3,026,591,956**

"Note: cash and cash equivalents consist of cash and bank balances including FD's, interest accrued and liquid investment excluding FD's under lien/margin .

For and on behalf of Board of Directors

(Kumudani Sharma)
Company Secretary

(A.K. Gupta)
General Manager (Finance)

(A.K. Verma)
Director (Finance)

(S P S Bakshi)
Chairman-cum Managing Director

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

For **Satyendra Jain & Associates**
Chartered Accountants
Firm Registration No.012018 N

CA Anil Jain
Partner
Membership No. 072783

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

a) The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the "Act").

b) All Assets and Liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of operations and time within which the assets are expected to be realized in cash and cash equivalents, the company has ascertained its operating cycles as 12 months for the purpose of current and non-current classification of assets and liabilities.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

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. In respect of cases where ultimate collection with reasonable certainty is lacking at the time of claim, recognition is postponed till collection is made.

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 the contract costs exceed the contract revenues, anticipated loss is recognised immediately.

b) Escalation and extra works not provided for in the contract with client and insurance claims are accounted for on receipt 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.

d) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

e) Revenue from rent is recognized on accrual basis, based on the lease agreements with the tenants except where the ultimate collection is considered doubtful.

4. Inventory

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 lower of cost or net realisable value. Cost includes freight and other related incidental expenses and is arrived at on weighted average cost.

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

Till closure of each contract, cumulative value of “Amount billed to client” is shown under ‘other current liabilities’ and cumulative amount of work done is shown as "Work-in-progress" under ‘Inventories’.

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

6. Foreign exchange transactions

Transactions 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 (gross block) are stated at historical cost. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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 ‘e’ below) which are greater than or equal to the corresponding rates prescribed in schedule XIV of the Companies Act, 1956.

c) Fixed asset costing ₹ 5,000 or less and mobile phones are fully depreciated in year of purchase.

d) 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 under perpetual lease is not being amortised and are carried at cost.

e) 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 and 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 Revised Accounting Standard 15 - Employee Benefits of Companies (Accounting Standards) Rules 2006.

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, will be made good by the Company and charged to profit and loss account. In terms of the Guidance on implementing the revised AS-15, of Companies (Accounting Standards) Rules 2006, 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.

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.

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 contingent assets

Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

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.

11. Taxation

Provision for tax for the year comprises estimated current income-tax determined as higher of the amount of tax payable in respect of taxable income for the period or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income tax Act, 1961 and deferred tax being the tax effect of temporary timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (‘MAT’) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the future. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to utilize that credit during the specified period.

12. Leases

Lease payments under operating leases are recognised as expense in the profit and loss account on straight line basis over the lease term.

13. Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03. 2012

Note No. 2.1

Share Capital (Amount in ₹)

Particulars	2011 - 2012		2010 - 2011	
	Number	Value	Number	Value
AUTHORISED				
Equity Shares of ₹ 10/- Each	909,404,600	9,094,046,000	909,404,600	9,094,046,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP				
Equity Shares of ₹ 10/- Each Fully Paid Up	35,422,688	354,226,880	35,422,688	354,226,880
TOTAL		354,226,880		354,226,880

Note 2.1 A

Particulars	2011 - 2012		2010 - 2011	
	Number	Value	Number	Value
RECONCILIATION OF NO. OF SHARES OUTSTANDING				
At the beginning of the year	35,422,688	354,226,880	9,094,400	354,226,880
Add: Issued during the year (Increase due to change in face value of shares)	-	-	26,328,288	-
Less: Brought Back	-	-	-	-
At the end of the year	35,422,688	354,226,880	35,422,688	354,226,880

Note 2.1 B

Particulars	Number	% of Holding	Number	% of Holding
NO. OF SHARES HELD BY EACH SHARE HOLDER HOLDING MORE THAN 5%				
President of India acting through Ministry of Heavy Industry	35,415,677	99.98	35,415,677	99.98

Note 2.1 C

Particulars	Number	Value	Number	Value
NO. OF FULLY PAID-UP EQUITY SHARES ISSUED BY WAY OF BONUS SHARES				
For the period of five years immediately preceding the Balance Sheet Date	-			-

Note No. 2.2

Reserve & Surplus

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
A) CAPITAL RESERVE		
At the beginning of the year	210,020	210,020
	210,020	**210,020**
B) GENERAL RESERVE		
At the beginning of the year	111,500,000	96,500,000
Add: Addition during the year	20,000,000	15,000,000
	131,500,000	**111,500,000**
C) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
At the beginning of the year	1,139,033,193	1,085,864,713
Add: Net Profit/(Loss) for the year	244,670,689	150,506,746
Less: Proposed Dividend	70,845,376	70,845,376
Less: Dividend Distribution Tax	11,492,890	11,492,890
Less: Transfer to Reserves	20,000,000	15,000,000
Closing Balance	**1,281,365,616**	**1,139,033,193**
TOTAL	**1,413,075,636**	**1,250,743,213**

Note No. 2.3

Long Term Borrowings

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Deposits	-	-
Advance from related parties	-	-
Other Loans & Advances	-	-
TOTAL	-	-

Note No. 2.4

Other Long Term Liabilities

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Trade Payable		
- Micro, Small & Medium Enterprises	-	-
- Others	88,151,728	71,528,581
Other Liabilities		
- Security Deposit / EMD Payable	1,097,163,441	906,307,284
- Others	8,147,950	56,298
TOTAL	**1,193,463,119**	**977,892,163**

Note No. 2.5

Long Term Provisions

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Employee Benefits	204,929,126	190,858,556
Others	-	-
TOTAL	**204,929,126**	**190,858,556**

Note No. 2.6

Short Term Borrowings

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Deposits	-	-
Advance from related parties	-	-
Other Loans & Advances	-	-
TOTAL	-	-

Note No. 2.7

Trade Payables

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Trade Payable		
- Micro, Small & Medium Enterprises	304,855	2,082,926
- Others	2,366,365,446	2,241,589,391
TOTAL	**2,366,670,301**	**2,243,672,317**

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. ₹ 3,04,855/- is related to escalation bill which will be due after receipt of payment from client as per contract.

Note No. 2.8

Other Current Liabilities

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Advance from clients	2,864,519,073	2,880,621,081
Security Deposit / Earnest Money	520,281,715	713,494,854
Outstanding Liabilities	15,941,910	8,120,073
Amount Payable to others	11,564,908,344	11,099,878,616
Amount billed to client	39,037,959,731	35,624,314,368
Payable to Employees	30,131,282	28,205,066
Statutory liabilities	102,083,642	71,227,740
Interest Payable to Micro, Small & Medium Enterprises	432,462	136,414
TOTAL	**54,136,258,159**	**50,425,998,212**

Note No. 2.9

Short Term Provisions

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Taxation	151,667,893	127,151,435
Proposed dividend	70,845,376	70,845,376
Dividend tax on proposed dividend	22,985,780	11,492,890
Employee benefits	36,679,776	70,540,049
Corporate social responsibility	2,849,626	836,630
TOTAL	**285,028,451**	**280,866,380**

Note No. 2.10

Fixed Assets

(Amount in ₹)

	DESCRIPTION	GROSS BLOCK AS AT 01/04/2011	ADDITIONS DURING THE YEAR	ADJ DURING THE YEAR	SALE/ WRITTEN OFF DURING THE YEAR	TOTAL	DEPRECIATION / AMORTISATION AS AT 01/04/2011	FOR THE YEAR	ADJ DURING THE YEAR	WRITTEN BACK DURING THE YEAR	TOTAL	NET BLOCK AS AT 31/03/2012	AS AT 31/03/2011
a)	**Tangible Assets**												
	Land Freehold					-					-	-	-
	Land Leasehold	**1,615,856**				**1,615,856**					-	**1,615,856**	**1,615,856**
	Building Freehold	**4,687,325**	-	-	-	**4,687,325**	2,002,695	78,747	-	-	**2,081,442**	**2,605,883**	**2,684,630**
	Building Leasehold	**47,103,886**	2,506,215	-	-	**49,610,101**	17,948,433	809,566	-	-	**18,757,999**	**30,852,102**	**29,155,453**
	Computer And Equipments	**29,716,606**	4,732,669	374,822	422,961	**34,401,135**	25,733,144	3,205,371	57,934	397,056	**28,599,393**	**5,801,742**	**3,983,462**
	Office And Other Equipments	**15,074,459**	984,201	11,400	717,291	**15,352,769**	11,463,043	1,100,984	(57,934)	686,163	**11,819,929**	**3,532,840**	**3,611,417**
	Construction Equipments	**45,778,456**	42,906	-	3,662,686	**42,158,677**	43,493,019	6,687		3,479,551	**40,020,154**	**2,138,522**	**2,285,437**
	Furnitures & Fixtures	**10,998,258**	879,959	-	177,736	**11,700,482**	7,912,287	528,814	-	160,326	**8,280,775**	**3,419,706**	**3,085,971**
	Vehicles	**4,867,883**	32,000	-	430,614	**4,469,269**	2,733,871	443,302		409,083	**2,768,090**	**1,701,179**	**2,134,012**
	Sub Total	**159,842,730**	**9,177,950**	**386,222**	**5,411,288**	**163,995,613**	**111,286,492**	**6,173,471**	**-**	**5,132,180**	**112,327,783**	**51,667,830**	**48,556,238**
	Capital Work In Progress	**-**	-	-	-	**-**	-	-	-	-	**-**	**-**	**-**
	Total	**159,842,730**	**9,177,950**	**386,222**	**5,411,288**	**163,995,613**	**111,286,492**	**6,173,471**	**-**	**5,132,180**	**112,327,783**	**51,667,829**	**48,556,239**
b)	**Intangible Assets**												
	Softwares (Acquired)	**3,062,633**	1,605,535	133,339	-	**4,801,507**	1,636,270	1,080,471	-	-	**2,716,741**	**2,084,766**	**1,426,362**
	Sub Total	**3,062,633**	**1,605,535**	**133,339**	**-**	**4,801,507**	**1,636,270**	**1,080,471**	**-**	**-**	**2,716,741**	**2,084,766**	**1,426,362**
	Intangible Assets Under Development	**-**	-	-	-	**-**	-	-	-	-	**-**	**-**	**-**
	Grand Total	**162,905, 363**	**10,783,485**	**519,561**	**5,411,288**	**168,797,121**	**112,922,763**	**7,253,942**	**-**	**5,132,180**	**115,044,524**	**53,752,595**	**49,982,601**
	Previous Year	**163,917,595**	**7,294,394**	**-**	**8,306,626**	**162,905,363**	**115,252,433**	**5,525,606**	**-**	**7,855,276**	**112,922,763**	**49,982,601**	

Note No. 2.11

Non Current Investments

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Trade Investments	-	-
Other Investments	-	-
TOTAL	-	-

Note No. 2.12

Deferred Tax Assets (Net)

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Depreciation on fixed assets	(8,039,174)	(7,659,632)
Provision for doubtful debts, Security deposits/EMD, Advances etc.	50,598,559	48,726,498
Provision for Employee Benefits	46,085,083	44,135,082
Provision for Corporate Social Responsibility	924,561	-
TOTAL	**89,569,029**	**85,201,948**

Note No. 2.13

Long term Loans and Advances

(Unsecured, considered good unless stated otherwise)

(Amount in ₹)

Particulars	2011 - 2012		2010 - 2011	
Advance for works secured against Bank guarantee		331,421,266		430,887,676
Advance for works secured against Material		11,372,946		11,372,946
Other Advances	58,371,599		58,371,599	
Less: Provision for doubtful advances	58,146,672	224,927	58,146,672	224,927
Staff Advances*		6,965,003		8,279,267
Retention Money	905,606,129		1,257,791,302	
Less: Provision for doubtful recovery	38,294,206	867,311,923	39,395,706	1,218,395,596
Security deposit / Earnest Money	26,893,073		33,981,407	
Less: Provision for doubtful recovery	48,278	26,844,795	156,258	33,825,149
Work Contract Tax/VAT		22,774,046		21,607,609
Advance Sales Tax		37,033,294		21,094,480
ITDS		326,199,811		246,724,540

Advance FBT		4,158,315		8,333,450
Advance Service Tax		3,826,358		-
Amount Recoverable - others	454,832,202		285,251,296	
Less: Provision for doubtful recovery	36,923,781	417,908,421	29,944,350	255,306,946
TOTAL		**2,056,041,105**		**2,256,052,586**

* Staff Advances includes advances to officers amounting to ₹ 1,167,185 (previous year ₹ 1,576,430)

Note No. 2.14

Other Non Current Assets

Trade Receivables

(Unsecured considered good) **(Amount in ₹)**

Particulars	2011 - 2012		2010 - 2011	
Debts outstanding for a period less than six months	-	-	-	-
Debts outstanding for a period more than six months	647,510,858		740,141,450	
Less: Provision for doubtful debts	22,538,855	624,972,003	22,538,855	717,602,595
TOTAL		**624,972,003**		**717,602,595**

Note No. 2.15

Current Investments

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
A) Trade (Unquoted) - at cost, Long Term Investments (in Shares)	-	-
B) Trade Current Investments - At Cost		-
TOTAL	-	-

Note No. 2.16

Inventories

(Amount in ₹)

Particulars	2011 - 2012		2010 - 2011	
Materials**		5,949,623		18,282,798
Work in progress (Construction Project)				
Opening Work-in-Progress	35,327,981,776		25,784,262,339	
Add: Work done during the year	8,813,393,883		11,035,508,345	
	44,141,375,659		36,819,770,684	

Add: Prior Period Adjustments	-		1,653,820	
	44,141,375,659		36,821,424,504	
Less: Project Completed	6,144,122,910	37,997,252,749	1,493,442,728	35,327,981,776
TOTAL		**38,003,202,372**		**35,346,264,574**

** Includes material held by associates amounting to ₹ 5,057,047 (previous year ₹ 17,390,222)

Note No. 2.17

Trade Receivables

(Unsecured considered good) **(Amount in ₹)**

Particulars	2011 - 2012		2010 - 2011	
Debts outstanding for a period less than six months	1,187,964,623			595,382,533
Debts outstanding for a period more than six months	427,943,152	1,615,907,775		-
TOTAL		**1,615,907,775**		**595,382,533**

Note No. 2.18

Cash and Bank Balances

(Amount in ₹)

Particulars	2011 - 2012		2010 - 2011	
a) Cash & Cash Equivalents				
Cash in hand*	110,997		86,720	
Cheques in hand	335,290,000		-	
Balances with banks				
-In current accounts	250,347,330		162,641,067	
Fixed Deposit (with maturity upto 3 months)	455,000,000	1,040,748,327	1,217,781,476	1,380,509,263
b) Other Bank Balances				
Fixed Deposits (Pledged against Margin money / Earnest Money)		361,444,185		203,402,629
Fixed deposit (with maturity more than 3 months)		1,416,384,643		1,442,680,064
TOTAL		**2,818,577,155**		**3,026,591,956**

* Cash in Hand includes ₹ 673.00 (previous year ₹ 673.00) towards postage imprest.

Note No. 2.19

Short Term Loan & Advances

(Unsecured, considered good unless stated otherwise) **(Amount in ₹)**

Particulars	2011 - 2012		2010 - 2011	
Advance for works secured against material	557,570,626		145,783,405	
Advance for works secured against BG	510,987,114		404,023,416	
Others advances	1,002,116,252	2,070,673,992	936,049,840	1,485,856,661
Staff advances*		4,897,333		3,720,133
Security deposit / Earnest Money		517,341,109		313,119,787
Minmum alternate tax credit entitlement		7,898,272		56,758,614
Other loans & advances				
- Prepaid Expeneses		3,590,961		7,576,581
- Others advances		39,930		39,930
TOTAL		**2,604,441,597**		**1,867,071,706**

* Staff Advances includes advances to Officers amounting to ₹ 409,545 (previous year ₹ 298,156)

Note No. 2.20

Other Current Assets

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Interest accrued but not due on bank deposits	91,162,729	25,665,861
Recoverable from Others	11,996,025,312	11,754,441,361
TOTAL	**12,087,188,041**	**11,780,107,222**

Note No. 2.21

Revenue From Operations

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Value of work done	8,813,393,882	11,035,508,344
Consultancy fee	845,334	1,363,716
Other operating income (claims received)	198,494,423	31,458,035
TOTAL	**9,012,733,639**	**11,068,330,095**

Note No. 2.22

Other Income

(Amount in ₹)

Particulars	2011 - 2012		2010 - 2011	
Interest Income earned on				
Deposits with bank	226,555,751		103,543,512	
Staff Advances	835,880		784,828	
Other (From sub contractor/clients)	98,918,905	326,310,536	41,025,593	145,353,933
Other non-operating income				
Unspent Liabilities/balances written back	14,126,108		27,469,998	
Miscellaneous income	24,088,554	38,214,662	44,725,001	72,194,999
TOTAL		**364,525,198**		**217,548,932**

Note No. 2.23

Operating Expenses

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Civil, mechanical and electrical jobs including imported equipment	8,035,484,460	10,283,770,987
Design and consultancy charges	49,400,107	22,387,372
Other direct expenses	71,346,287	92,472,154
Claims paid	126,756,596	8,142,804
Royalty	404,447	293,434
Liquidated damages	6,311,750	9,093,494
TOTAL	**8,289,703,647**	**10,416,160,245**

Note No. 2.24

Change in Inventories of Work in progress

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Work-in-Progress	-	-
TOTAL	-	-

Note No. 2.25

Employee Benefits Expenses

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Salaries	327,048,635	294,797,408
Contribution to provident fund & other funds	37,791,225	46,976,695
Medical Expenses	33,308,281	30,681,419
Rajbhasha Expenses	705,772	557,336
Leave Encashment	28,659,806	33,328,941
Gratuity	7,209,592	40,312,381
Staff welfare expenses	18,903,582	16,044,826
TOTAL	**453,626,893**	**462,699,006**

Note No. 2.26

Finance Cost

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Interest-Bank	1,398,545	194,559
Interest-Others	63,346,886	18,416,889
TOTAL	**64,745,431**	**18,611,448**

Note No. 2.27

Other Expenses

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Printing & stationary	5,481,410	4,520,124
Gift & Donation	-	3,997
Rates & taxes	2,980,558	2,292,521
Postage & telecommunication	6,202,946	6,667,222
Office Repair & Maintenance	40,187,938	29,234,551
Repair & Maintenance (F.Assets)	649,977	458,683
Repairs to building	1,138,626	1,423,607
Water Power and fuel charges	9,165,740	8,516,407
Tendering expenses	3,826,730	3,191,033
Advertisement and publicity	3,396,840	3,530,241

Particulars	2011 - 2012	2010 - 2011
Legal and professional charges	23,533,775	16,645,223
Insurance	833,272	918,279
Entertainment	1,563,786	1,574,992
Bank charges	11,679,895	11,621,383
Vehicle running and maintenance	2,345,180	3,321,559
Manpower Development	836,593	515,635
Loss on sale of fixed assets	84,371	255,514
Sponsorship fee	1,479,709	162,875
Travelling & other incidental expenses	46,748,325	44,766,542
Corporate Social Responsibility	4,515,000	2,000,000
Research & Development	400,000	-
Auditor's Remuneration	1,202,705	1,116,950
Business Promotion	1,804,397	1,397,610
Rent (Office)	4,403,530	4,394,822
Computer Expenses	3,183,187	3,072,421
Membership & Subscription fee	758,382	852,853
Filing & Registration fee	66,097	34,777
Amounts written off	2,577,513	-
Doubtful advances written off	8,534,794	-
Miscellaneous Expenses	2,766,788	4,141,630
Prior Period Adjustments (Net)	5,934,928	496,458
TOTAL	**198,282,992**	**157,127,908**

Travelling and other incidental expenses includes ₹ 8,274,705 towards site living hardship expenses (previous year ₹ 8,169,310) and travelling expenses of directors ₹ 1,574,517 (previous year ₹ 1,329,666)

Auditor's Remuneration

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
As auditors	617,465	551,500
For tax audit	185,240	165,450
Other expenses	400,000	400,000
TOTAL	**1,202,705**	**1,116,950**

Prior Period Adjustments (Net)

(Amount in ₹)

Particulars	2011 - 2012	2010 - 2011
Legal & Professional	258,050	58,200
Employee's cost	421,748	265,146
Other	5,255,130	173,112
TOTAL	**5,934,928**	**496,458**

Note No. 2.28

CONTINGENT LIABILITIES

Contingent Liabilities			As on 31.03.12 (₹)	As on 31.03.11 (₹)
1		In respect of legal and Arbitration		
	a	Claims pending for adjudication, amount thereof has been taken wherever quantified or reasonably ascertainable	6,217,847,860	6,297,795,970
	b	In respect of cases where awards are published in favour of company but defendants have gone to appeal.	203,300,000	Nil
2		In respect of Indemnity bonds issued to Clients	861,373,158	360,256,189
3		In respect of Sales Tax/Works Contract Tax demand in respect of completed assessments under dispute/appeals	37,359,535	46,844,733

Note No. 2.29

The amount of ₹ 6,816,600 (previous year ₹ 8,027,655) deposited with Sales Tax Authorities shown under the head. "Advance Sales Tax" is pending for adjustment for want of respective assessment orders.

Note No. 2.30

Company had let out its premises at SCOPE Building to National Thermal Power Corporation (one of the PSUs), which vacated premises during February 2002 and left some furniture and fixture amounting to ₹ 4,605,400 (previous year ₹ 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 ₹ 4,913,684 (previous year ₹ 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 recorded in the accounts.

Note No. 2.31

Expenditure in foreign currency:

Sl. No.	Particulars	As on 31.03.12 (₹)	As on 31.03.11 (₹)
1	Foreign travel	705,575	618,186
2	Advertisement and publicity	-	19,211

Note No. 2.32

a) Conveyance deeds in respect of building at Scope Complex, New Delhi included in fixed assets at a cost of ₹ 37,441,925 (previous year ₹ 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 banks without any security (Previous year the facility was availed against pledge of fixed deposits amounting to ₹ 141,615,685 and equitable mortgage of office building amounting to ₹ 37,441,925 at Scope Complex, New Delhi).

c) Company is having fund based credit limits of ₹ 320,000,000 (previous year ₹ 90,000,000) from various banks against pledge of fixed deposits amounting to ₹ 320,000,000 (previous year ₹ 40,000,000).

d) Company has pledged fixed deposits amounting to ₹ 41,444,185 (previous year ₹ 21,786,944) with clients/others on account of earnest money deposit/security deposit.

Note No. 2.33

The Company is engaged in the business of construction activities, which as per Accounting Standard 17 on “Segment Reporting” of the Companies (Accounting Standards) Rules 2006, is considered to be the only reportable business segment. The Company is operating in India which is considered as a single geographical segment.

Note No. 2.34

Disclosure pursuant to requirements of Accounting Standard 7 “Construction Contracts” of Companies (Accounting Standards) Rules 2006.

S. No.	Particulars	(Amount in ₹)	
		As on 31.03.12	As on 31.03.11
1	Revenue from operations	9,012,733,639	11,035,508,344
2	Contract costs incurred and profit recognised upto the reporting date	37,997,252,748	35,327,981,776
3	Advances received	2,864,519,073	2,880,621,081
4	Gross amount due from customers for contract work- presented as an asset	39,586,871	507,837,093
5	Gross amount due to customers for contract work – presented as a liability	1,080,293,854	804,169,685
6	Retention money payable	1,552,459,968	1,566,691,520

Note No. 2.35

Employee benefits:

The company has classified various employee benefits as under:

a) Contribution to Provident Fund ₹ 30,738,675 (previous year ₹ 34,525,488) has been charged to Profit and Loss Account. Further, the fund has interest shortfall of ₹ 6,982,020 (previous year ₹ 12,451,206) for the year which has been charged to Profit and Loss Account.

b) The company also provides for gratuity, long term compensated absences, post retirement medical benefits, leave travel concession and Long service award on actuarial basis.

(A) Changes in defined benefit obligation (2011-12)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 01 April 2011	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371
Current service cost	7,285,907	8,624,049	378,858	1,379,404	2,460,068
Interest cost	13,873,187	11,948,498	471,202	5,995,282	377,347
Past service cost	-	-	-	-	-
Settlement cost/(credit) benefits paid	(21,701,190)	(23,232,340)	(765,296)	(6,501,826)	(2,568,993)
Actuarial (gain)/loss on obligations	(1,044,984)	8,087,259	1,831,415	4,882,221	(54,162)
Defined benefit obligation as at 31 March 2012	161,626,883	145,998,029	7,459,734	76,287,816	4,653,731

(A) Changes in defined benefit obligation (2010-11)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 1 April 2010	155,298,094	139,577,629	4,691,690	65,741,099	4,521,959
Current service cost	7,014,930	7,170,243	156,222	1,358,183	2,276,487
Interest cost	13,200,338	11,864,098	398,794	5,587,993	384,367
Past service cost	81,096,978	-	-	-	-

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Settlement cost/ (credit) benefits paid	(44,867,861)	(32,336,007)	(592,860)	(4,710,292)	(1,454,984)
Actuarial (gain)/loss on obligations	(48,528,489)	14,294,600	889,709	2,555,752	(1,288,458)
Defined benefit obligation as at 31 March 2011	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371

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

(Amount in ₹)

Particulars	2011-12	2010-11
	(Funded)	(Funded)
Fair value of plan assets as at 1 April 2011	122,901,582	146,684,947
Expected actual return on plan assets	12,904,518	11,734,796
Actuarial gains / (losses)	1,351,769	736,553
Contributions	40,312,381	8,613,147
Benefits paid	(21,701,190)	(44,867,861)
Fair value of plan assets as at 31 March 2012	154,417,291	122,901,582

(C) Amount recognized in the Balance Sheet (2011-12)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 31 March 2012	161,626,883	145,998,029	7,459,734	76,287,816	4,653,731
Fair value of plan assets as at 31 March 2012	154,417,291	-	-	-	-

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Amount not recognized as an asset [limit in Para 59 (b)]	-	-	-	-	-
Liability/(asset) recognized in balance sheet	161,626,883	145,998,029	7,459,734	76,287,816	4,653,731
Included in current liabilities and provisions	161,626,883	145,998,029	7,459,734	76,287,816	4,653,731

(C) Amount recognized in the Balance Sheet (2010-11)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Defined benefit obligation as at 31 March 2011	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371
Fair value of plan assets as at 31 March 2011	122,901,582	-	-	-	-
Amount not recognized as an asset [limit in Para 59 (b)]	-	-	-	-	-
Liability/(asset) recognized in balance sheet	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371
Included in current liabilities and provisions	163,213,963	140,570,563	5,543,555	70,532,735	4,439,371

(D) Expenses recognized in the Profit and Loss Account (2011-12)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Current service cost	7,285,907	8,624,049	378,858	1,379,404	2,460,068
Past service cost	-	-	-	-	-
Interest cost	13,873,187	11,948,498	471,202	5,995,282	377,347
Expected return on plan assets	(11,552,749)	-	-	-	-

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Curtailment/ settlement cost/(credit)	-	-	-	-	-
Net actuarial (gain)/ loss recognized in the period	(2,396,753)	8,087,259	1,831,415	4,882,221	(54,162)
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	7,209,592	28,659,806	2,681,475	12,256,907	2,783,253

(D) Expenses recognized in the Profit and Loss Account (2010-11)

(Amount in ₹)

Particulars	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
	(Funded)	(Un-funded)	(Un-funded)	(Un-funded)	(Un-funded)
Current service cost	7,014,903	7,170,243	156,222	1,358,183	2,276,487
Past service cost	81,096,978	-	-	-	-
Interest cost	13,200,338	11,864,098	398,794	5,587,993	384,367
Expected return on plan assets	(11,734,796)	-	-	-	-
Curtailment/ settlement cost/ (credit)	-	-	-	-	-
Net actuarial (gain)/loss recognized in the period	(49,265,042)	14,294,600	889,709	2,555,752	(1,288,458)
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	40,312,381	33,328,941	1,444,725	9,501,928	1,372,396

For determination of the employee benefits liability of the Company, the following actuarial assumptions were used (2011-12)

	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%

For determination of the employee benefits liability of the Company, the following actuarial assumptions were used (2010-11)

	Gratuity	Long term compensated absences	Long service award	Post retirement medical benefit	Leave travel concession
Discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%	5.00%

<u>Note No. 2.36</u>

Related party disclosures

In accordance with Accounting Standard-18 “Related Party Disclosures” of the Companies (Accounting Standards) Rules 2006, the names of related parties along with aggregate amount of transactions and year end balances with them as identified and certified by the management are given as follows-

i) Key Management Personnel with whom their were transactions during the year :
Shri S. P. S. Bakshi, Chairman-cum- Managing Director
Shri A.K. Verma, Director (Finance)
Shri Vinoo Gopal, Director (Projects) (w.e.f. 2nd January 2012)
Shri A K Ratwani, Director (Projects) (till 31st August 2011)
Shri K. S. Rao, Director

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

	(Amount in ₹)	
	2012	2011
Salary	3,905,992	5,052,253
House rent	1,386,101	1,080,076
Medical expenses	170,494	205,300
Contribution to provident fund	416,346	493,141
Sitting fees	87,500	22,000

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 ₹ 780/₹ 520/₹ 490/₹ 325. Gratuity and compensated absences are also payable as per the Rules of the company.

Note No. 2.37

Quantitative details for the stock of construction material as on 31st March are given below:

	31 March 2012		31 March 2011	
	Quantity	Value (₹)	Quantity	Value (₹)
Steel pipe	352.85 RM	892,576	352.85 RM	892,576
Steel	139.178 MT	5,057,047	530.902 MT	17,390,222

Note No. 2.38

Lease rental expenses under the cancellable operating leases amounting to ₹ 4,403,530 (previous year ₹ 4,394,822) for the year has been charged to profit and loss account.

Note No. 2.39

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 except disclosed in Note No. 2.7 of the financial statements.

Note No. 2.40

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.

Note No. 2.41

Company is in the process of disinvestment of its equity vide direction from Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry letter No. F, No.16 (1)/2010-TSW dated 10th June 2010. Pending disinvestment the following actions have already been taken:

1) Amendment in the Memorandum and Articles of Association of the company for converting EPI into a Public Limited Company;

2) Splitting of its equity shares in the denomination of ₹ 10/- each from the present value of ₹ 38.95 each (which is the precondition for listing of the company with stock exchange);

3) Dematerialize equity shares of the company as the same are in physical form at present; and

4) Reducing the contingent liabilities of EPI in order to fetch better market price for the shares of EPI.

Note No. 2.42

Movement in Provisions (Current & Non-Current)

(₹) in Lacs

Particulars	Opening Balance	Provision made during the year	Paid during the year	Provision written back	Closing Balance
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(ii+iii-iv-v)
Taxation	1200.20	1250.41	969.59	-	1481.02
Dividend	708.45	708.45	708.45	-	708.45

Particulars	Opening Balance	Provision made during the year	Paid during the year	Provision written back	Closing Balance
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(ii+iii-iv-v)
Dividend tax	114.93	114.93	-	-	229.86
Fringe Benefit tax	71.31	-	35.66	-	35.65
CSR	8.37	28.50	8.37	-	28.50
Project Contingencies	1501.82	85.35	-	27.65	1559.52
Employee Benefits	2613.99	437.55	635.45	-	2416.09
Total	**6219.07**	**2625.19**	**2357.52**	**27.65**	**6459.09**
Previous Year	**5422.60**	**2403.77**	**1604.93**	**2.37**	**6219.07**

Note No. 2.43

Management has made an assessment and found that there is no impairment in the value of fixed assets.

Note No. 2.44

Basic and diluted earning per share are computed by dividing net profit after tax ₹ 244,670,690 (previous year ₹ 150,506,748) by 35,422,688 fully paid up equity share of ₹ 10 each.

	2011-12	2010-11
Basic and diluted earning per share (₹)	6.91	4.25

Note No. 2.45

The Financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI of Companies Act 1956. Accordingly, the previous year figures have also been reclassified to conform with current year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principle followed for preparation of financial statements.

For and on behalf of Board of Directors

(Kumudani Sharma)	**(A.K. Gupta)**	**(A.K. Verma)**	**(S P S Bakshi)**
Company Secretary	General Manager (Finance)	Director (Finance)	Chairman-cum Managing Director

For Satyendra Jain & Associates
Chartered Accountants
Firm Registration No. 012018 N

CA Anil Jain
Partner
Membership No. 072783

Place : New Delhi
Dated : 11 September 2012

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 31st MARCH 2012

The preparation of financial statements of **Engineering Projects (India) Limited** for the year ended 31st March 2012 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 11 September 2012.

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 31st March 2012. 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 Auditor's report under Section 619(4) of the Companies Act, 1956.

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

(Ila Singh)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi

Place : New Delhi

Dated : 28 September 2012

EPI organized 'Tree Plantation Drive' at SCOPE Complex on the eve of 66th Independence Day. Shri T.K.A. Nair, Advisor to Honorable Prime Minister, Shri O.P. Rawat, Secretary-DPE, Shri Arup Roy Choudhary, Chairman-SCOPE and Shri S P S Bakshi, CMD, EPI planted the saplings along with other Govt. Dignitaries and EPI's Management.

इंजीनियरिंग प्रोजेक्ट्स (इंडिया) लि.

ENGINEERING PROJECTS (INDIA) LTD.

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