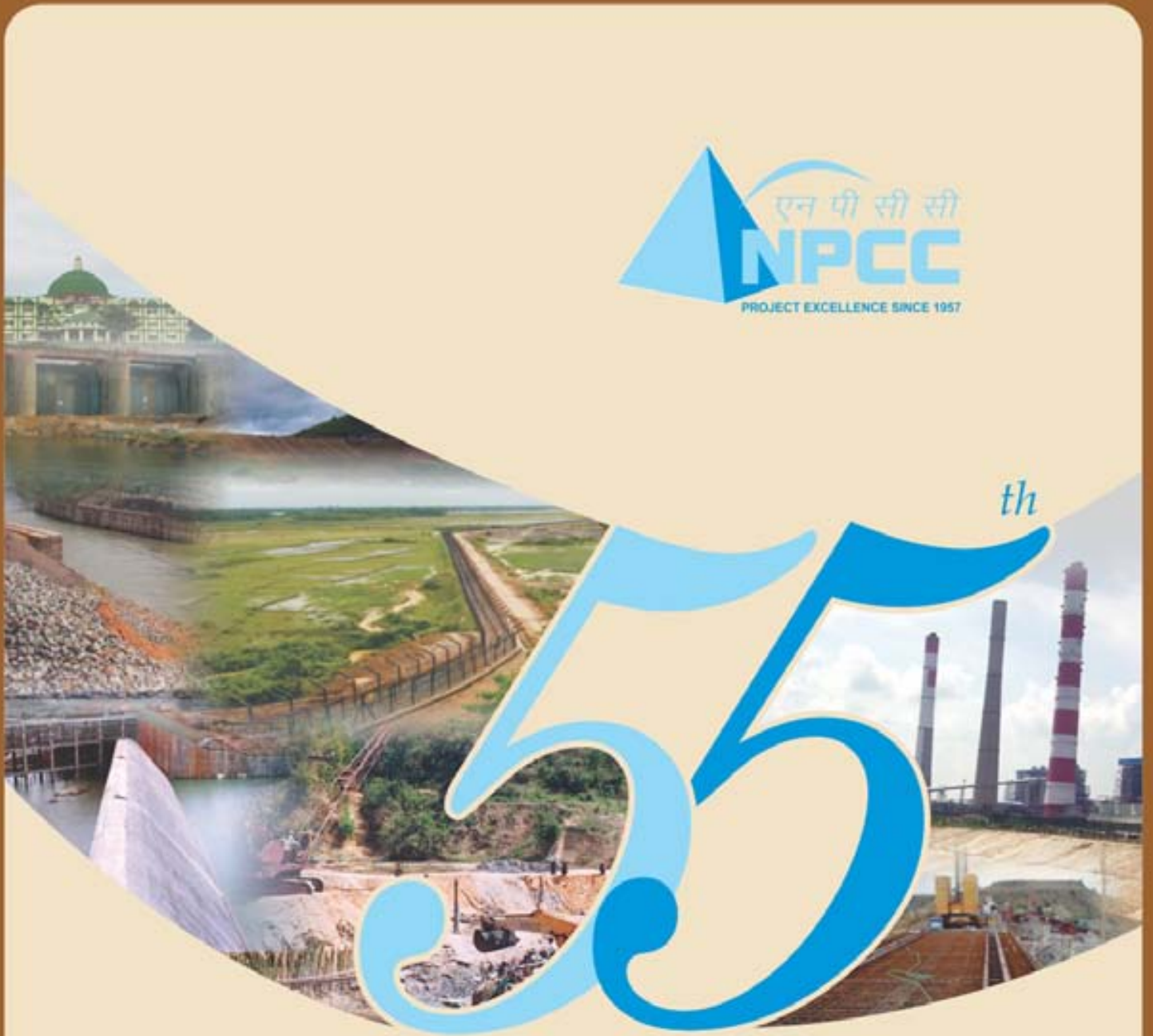


# ANNUAL REPORT 2011-12



नेशनल प्रोजेक्ट्स कन्सट्रक्शन कारपोरेशन लिमिटेड  
National Projects Construction Corporation Limited  
A GOVERNMENT OF INDIA ENTERPRISE





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## VISION

"To become world class  
engineering projects  
implementing organization"



## MISSION

"To achieve a turnover exceeding  
₹ 2,000 crores with positive net  
worth by 2015-16 by focusing  
value addition at all points of  
interaction with our clients and  
continuously enhancing  
capabilities of organization and  
employees through innovations."

## BOARD OF DIRECTORS



**A.K. Jhamb**  
Chairman & Managing Director



**Ravendra Garg**  
Director (Finance)



**N.S. Samant**  
Joint Secretary, MOWR  
Govt. Nominee Director



**Sunil Kohli**  
JS & FA, MOWR  
Govt. Nominee Director



**Dr. M.K. Soni**  
Independent Director



**Rihan Ahmad**  
Independent Director

## CHAIRMAN'S STATEMENT



### Dear Shareholder,

It gives me great pleasure to welcome you and to present the Fifty Fifth Annual Report of your Company for the financial year 2011-12 together with the audited Accounts for the year ended March 31, 2012. The Audited Annual Accounts alongwith financial achievements for this year has already been circulated and with your consent, I take them as read.

### Financial Profile

It is good to see an improved Balance Sheet with regimented work force with passion to perform and structured successor-plan put in place to march ahead upholding the winning spirit. Your Company continued its onward journey surpassing some of its landmarks and setting new targets and goals for future. During the year, the Company has made substantial progress in execution of new projects and growth by way of securing business in new fields. In spite of constraint on various fronts company has achieved a growth rate of 11.64% in turnover during this year. It is heartening to inform that despite global financial uncertainty and competitive business environment; particularly in the construction field, the Company has secured sizeable business valued Rs.1134.90 crores in various sectors with assured margin of profit. Now I must say that future is full of

exciting opportunities. Company has been earning profits consistently from the last three years.

During the year 2011-12, your Company earned a commendable profit of Rs. 42.18 cores. Similarly, on the operational front, I am proud to state that during 2011-12 your company generated Rs. 1224 crores turnover which exceeded the annual MoU target (Budget) for 2011-12 of Rs.1050 crores for an 'Excellent' rating.

### Corporate Plan

Your Company has made its first ever corporate plan which was also approved by the Board in December'11 and was released by the then Hon'ble Minister of Water Resources Shri Pawan Kumar Bansal in the Annual Day Celebration of the Company in January, 2012

### Future Scenario

Government of India has allocated huge funds to the tune of Rs.50000 Billion for infrastructure in 12th Plan. A large portion of investments by Government of India is in Bharat Nirman, Development of NER, Metro, Airport and Border works etc. but due to Global Financial Turmoil, it is not certain whether these funds will be available as per approved plans. Your Company has executed and is executing projects for various Ministries/Government Department/Organizations as their "Extended Engineering Arm". Also Company is assisting Ministry of Rural Development, Ministry of Home Affairs, Ministry of Health, MOFPI, Central Universities as well as State Governments for speedy utilization of planned funds for the projects. The Company has been planning to diversify in new areas like real estate, water treatment plant, sewerage treatment plant, solid waste management projects, and new and renewable energy resources and waiting for appropriate opportunities to enter this market. We have also some projects being executed with utilization of existing machineries etc. The company prime field of operation remains confined to Project

Management Consultancy occupying almost 95% of its turnover.

#### **Multi Skilling of Workers**

In our endeavor to train the manpower of the Company, the training is being imparted to its workers for various trades to up-grade the skill for mutual growth on regular basis.

#### **Customer Satisfaction**

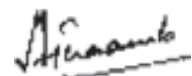
The increase in Customer Satisfaction Index from 92.36% to 94.35% as compared to previous year shows that your Company has more responsibility towards quality, timely and economically completion of projects. This is also evident from repeated orders which your Company is getting from existing clients.

#### **Acknowledgement**

A Company's growth depends to a great extent on the goodwill and cooperation of people within and outside. I express my sincere thanks to the Hon'ble Ministry of Water Resources, Ministry of Home Affairs, Ministry of Rural Development Department of

Public Enterprises, BRPSE, Department of Govt. of India/State Government and Clients Organization, CPSE's etc. for their valued support at all the time. I acknowledge with gratitude, the co-operation and guidance received from the Board of Directors of your Company.

Before I Conclude, I take this opportunity to thank all the shareholders and our valued customers for their support and assure them of our commitment to enlarge the stakeholder's value constantly. I acknowledge the contribution made by everyone of our staff in the success achieved by the Company during the year and look forward to their great involvement and efforts in our collective endeavor to become a globally competitive in the construction sector. I assure, we shall not let your trust fail and I am confident your Company would continue to excel in its achievement in the years ahead.



**A.K. Jhamb**

Chairman & Managing Director  
New Delhi

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting the 55th Annual Report together with audited accounts of the Company for the year ended 31st March, 2012.

### FINANCIAL HIGHLIGHTS

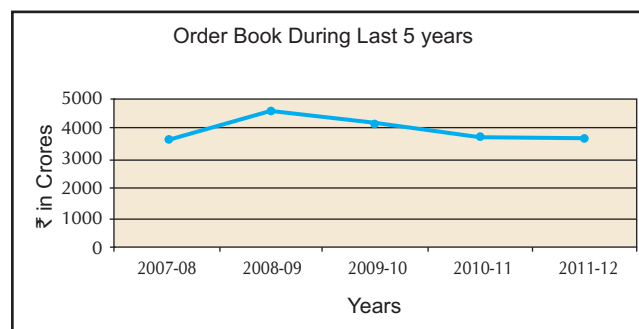
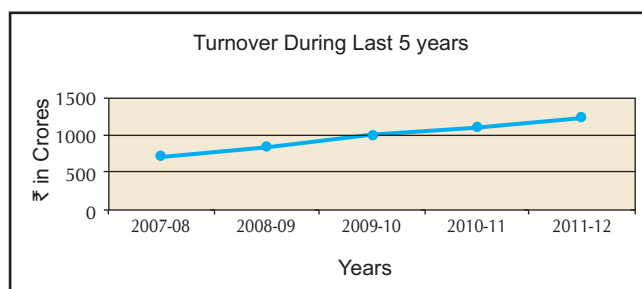
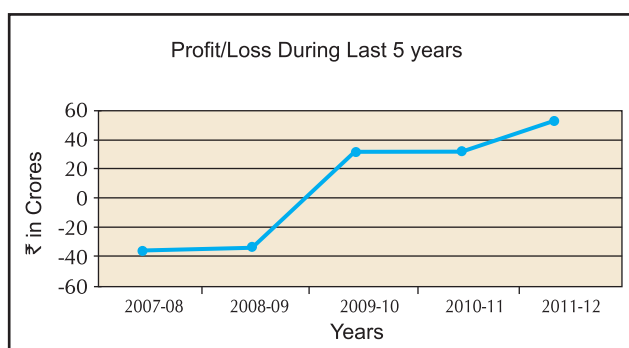
During the year 2011-12, your Corporation has achieved a turnover of Rs.1223.99 crores as against Rs.1096.34 crores last year showing an increase of 11.64%. The Corporation has earned the profit before tax of Rs.53.42 crores as against Rs. 32.09 crores in previous year.

The summarized financial results of the Company are given below:

(₹ in Crores)

Particulars	2011-12	2010-11
Turnover including other income	1223.99	1096.34
Construction & Work expenses	1079.40	983.56
Operational profit	144.59	112.78
Administrative Overhead etc.	103.76	40.04
Profit/(Loss) for the year before Tax	53.42	32.09
Profit/(Loss) after Deferred Tax	42.18	72.74

•Previous years figures have been re-grouped wherever necessary



•MOU task force had restricted the procurement of new business in 2009-10 by NPCC due to comfortable order book position.

### SHARE CAPITAL

Authorized Capital and Paid-up Capital of your Company at the end of the financial year is Rs.700 crores and Rs.94.53 crores respectively.

### BUSINESS DEVELOPMENT SCENARIO

During the year 2011-12, your corporation has secured new works valuing Rs. 1134.90 Crores against the target of Rs. 1100 Crores fixed by Ministry for excellent rating out of which your corporation has secured the new business through tendering to the tune of 29.02%. The order book position is Rs. 3667.41 Crores as on 31st March 2012.

During the year, your corporation had maintained the pace of improvement in terms of quality & speedy implementation of works allotted including the works of MHA in North eastern states & Leh, PMGSY (now known as Bharat Nirman) in the State of Bihar & Jharkhand, Building work for Assam Rifles in North eastern region etc. on PMC basis. The work of Indira Gandhi National Tribal University (IGNTU) at Amarkantak (M.P.) is going on with full swing as the MoU was signed during 2010-11 for at Amarkantak (M.P.) and Senapati (Manipur). Based on performance of the Corporation, Central Ground Water Board (CGWB) has entered in MOU with NPCC for implementation of Rajiv Gandhi National Ground Water Training & Research Institute at Raipur. New clients like Central Excise & Customs Deptt has entrusted the work of residential complex (High rise building) at Dwarka, New Delhi, has awarded the work of Banks & residential buildings at Mumbai,



Gurgaon & New Delhi. NPCC has secured the work of Sher-e-Kashmir University of Agricultural Sciences & Technology at Jammu through tendering. Your corporation has succeeded in getting the long pending work of Hathiari H.E. Project under Lakhwar-Vyasi Scheme through entering with the supplementary agreement with UJVNL in the state of Uttarakhand.

In addition, NPCC has secured repeat orders from Deptt. of Ayush, Ministry of Health, IARI, Ministry of Agriculture, Govt. of India, Science & Technology Deptt., Govt. of Jharkhand, IGNOU, Assam Rifles, Punjab National Bank etc.

NPCC has improved customer satisfaction rating up to 94.35% against the previous year's rating of 92.36% which is helping in securing repeat orders from esteemed clients.

#### BUSINESS STRATEGY

1. Proactive approach with constant touch and liaison with the clients.
2. Introduction of Computerized Project Management & Monitoring System.
3. Introduction of Project Implementation Document (PID) to control the cost of the project.

By implementation of the above system, NPCC is completing its projects on time with quality and within approved cost and achieving greater customers' satisfaction which is helping in securing repeat orders from esteemed clients.

Your Company is aggressively attempting to secure business in different locations to achieve optimum utilization of existing resources.

#### CONSTRUCTION SAFETY MANAGEMENT

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

#### MOU WITH THE MINISTRY

Your Corporation has already entered into a MOU with the Ministry setting an ambitious target for the year 2012-13. The results of major MOU parameters achieved during 2011-12 are as under: -

S. No.	Particular	MOU Budget target (Parameter for the year 2011-12)	Achieved
1.	Turnover	1050	1223.99
2.	Gross Margin	31.50	52.59
3.	Net-Profit	30.75	42.18



Based on the achievement of MOU targets, during the year 2011-12, the Corporation is likely to achieve 'Very Good' rating.

#### PROPAGATION OF RAJ BHASHA

Like yesteryears, sincere efforts were made for implementation of Official Language Act and Rules framed there under. Keeping in view the increasing use of computers in the official work, special thrust was given to impart training to Staff and Officers to enable them transact their routine Official Work in Hindi on Computers. Officers and Staff from various categories were deputed for training in Hindi on computer organized by the Ministry of Home Affairs through National Power Training Institute throughout the year.

Various incentive schemes regarding the propagation of official language-Hindi were continued during the year including Incentive Scheme for the children of NPCC employees on securing higher percentage of marks in Hindi in Secondary and Senior Secondary Examinations. An overwhelming response was received to this scheme.

Various competitions focusing Raj Bhasha Hindi were held during Hindi Pakhwara Organized at Corporate office in which officers and staff actively participated.

## **VIGILANCE ACTIVITIES**

The Company has a full fledged Vigilance Division. It is fulfilling its responsibilities in bringing necessary awareness among the work force by arranging workshop in different Zones of NPCC and by circulating the CVC guidelines from time to time.

Shri A.N. Prasad, IFS(JH:70), joined as full fledged CVO on 05.04.2011 till than Shri S.C. Garg, General Manager, NPCC looked after the work of Chief Vigilance Officer as additional charge since 29.06.2010.

During the period, NPCC Vigilance laid stress on Preventive Vigilance and made continuous efforts for creating awareness about the CVC circulars to the employees. Apart from this, the complaints received directly or through CVC/ MOWR have been investigated and the reports on cases have been sent promptly.

During the year, NPCC Vigilance conducted Training Program/ Workshop on Preventive Vigilance at different Zones of NPCC to create awareness among the employees. The programs were held at North Eastern Region (Central) at Shillong on 30th May, 2011, UP and Uttarakhand Zone on 29.07.11, Southern and Chattisgarh Zone on 25.08.11 and for Bihar Zone on 26.09.11.

Vigilance awareness week was observed in NPCC from 31st October, 2011 to 5th November, 2011. During the week, a lecture & debate on Preventive Vigilance was held on 31st November, 2011 at Corporate Office, Faridabad. NPCC Vigilance also circulated guideline of CVC in a book form to all the participant in the workshop / training program. Shri S.C. Garg, General Manager(Vig) gave a presentation on Procurement and CVC guidelines on tendering procedures during the workshop held at MOWR Vigilance on 02.11.2011 for the Vigilance officers of all the Departments/PSUs under MOWR.

Important circulars, CVC guidelines and Dos' and Don'ts are being uploaded in CVO corner in NPCC website.

## **RIGHT TO INFORMATION ACT**

In compliance to the various provisions of Right to

Information Act, 2005, Company has placed various documents/records at its website. The applications received were handled promptly and information was provided to the applicants. One Senior Level Officer has been designated as Transparency Officer who keeps vigil on RTI activities. There are Appellate Authority-I, PIO and APIO to handle RTI activities. Utmost transparency is kept in mind while providing the information to the applicants. The information received from the Projects scattered all over India is supplied under single window system.

## **SCHEDULED CASTE, SCHEDULED TRIBE AND OTHER BACKWARD CLASSES**

The Company endeavors to provide various privileges under the policies and directives of Government with regard to Scheduled Castes, Scheduled Tribes, Other Backward classes and handicapped persons. Due consideration has been given to the representation of minorities and weaker sections on DPCs/Selection Committees of recruitment

## **PROJECT MANAGEMENT AND CO-ORDINATION**

There is an independent division at corporate level headed by GM(PM&C) which monitors all running projects and provides necessary support in execution of projects. This division also coordinates with various Ministries including MOWR, State Govt. and Central Govt.'s project authorities for implementation of projects within sanctioned cost and schedule time adhering specifications. For greater customer satisfaction Project Management & Co-ordination Division also makes efforts in resolving the complaints from clients as well as Project site and interact with Zonal Managers. This division also suggests ways and means for continuous improvement of system and processing for faster accomplishment of objective.

## **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

The information regarding particulars of employees in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 and the rules framed there under during the year is NIL.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The detail of particulars required under 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 are NIL.

## INDUSTRIAL RELATIONS

IR is a relationship between management and employees or amongst employees. The overall Industrial Relations between the Management and the employees remained harmonious and cordial during the year.

2nd Pay revision was extended to Officers and Staff and Wage Settlement was done with the workmen.

## HUMAN RESOURCES AND DEVELOPMENT

Human Resources Development (HRD) aims at expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement.

In order to achieve the goal of optimization of resources, the Corporation is providing positive work environment and good working opportunities. Efforts have been made to improve their skills and performance. Employees in the Corporation are constantly trained with latest updates and exchange of knowledge in their fields through interactions, meetings, training programmes, seminars, conferences etc.

At the close of Financial year 2011-12 there were 1641 employees on the roll of the Corporation with details given hereunder:

DESCRIPTION	MALE	FEMALE	TOTAL
Executive	321	18	339
Non-Executive	268	31	299
Workmen	994	9	1003
Total	1583	58	1641

## CORPORATE OFFICE BUILDING

Your Company had started construction of corporate office Building at plot no. 148, Sector-44, Gurgaon but a suit in Hon'ble court of Gurgaon has been filed by neighbour related to demarcation of plot. The Hon'ble court has passed restrains order on 7.5.2012

restraining NPCC to raise the construction of the basement. Accordingly work has been stopped since 7-5-2012 in compliance to the restrain order passed by the Hon'ble court. Matter is pending with Estate Officer HUDA, Gurgaon in the office of Chief Administrator HUDA-Punchkulla awaiting final decision.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, Directors of the Company confirm that:

- In preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation to material departures;
- The Directors have selected such Accounting Policies and applied them consistently with departures disclosed appropriately and made 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 at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors have taken proper and sufficient care 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;
- The Directors have prepared the Annual Accounts on a 'going concern basis';

## AUDITORS

For Audit of the Accounts of the Corporation for the year 2011-12 M/s L.C. Kailash & Associates, Chartered Accountants, have been appointed as Statutory Auditors. M/s M.C. Jain & Company, Chartered Accountants, have been appointed as Branch Auditors for Kolkatta, West Bengal. M/s Padam Jain & Company, Chartered Accountants, Guwahati and M/s Varadarajan & Company, Chartered Accountants Chennai, continue to be Branch Auditors.

The reply to the observations made by the Statutory Auditors and the Comments of Comptroller & Auditor General of India on the Accounts of the Corporation for the financial year 2011-12 have been placed in the separate Annexure forming part of the Report.

#### ACKNOWLEDGEMENT

Your Directors sincerely acknowledge the support, cooperation and guidance received from the Ministry of Water Resources and other Ministries and Organizations of Govt. of India and the State Governments.

Your Directors express their gratitude to CAG of India, Statutory Auditors, Branch, Auditors, and Bankers' for their valued cooperation. The Board of directors acknowledges with deep sense of appreciation, the cooperation received from the Ministry of Home Affairs, Ministry of Finance, Ministry of Rural Development, Ministry of Health, Planning

Commission, Cabinet Secretariat, Department of Public Enterprises, Ministry of Corporate Affairs and Registrar of Companies.

Your Directors also wishes to thank consultants, contractors, sub-contractors, vendors for their contribution in implementation of various projects with the Corporation.

Your Directors also take this opportunity to place on record the sincere appreciation for the hard work and efforts put in by all the Members of the NPCC family towards the growth and progress of the Corporation.

For and on behalf of the Board of Directors



**(A.K. Jhamb)**  
**Chairman & Managing Director**

Date : 23.11.2012



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance philosophy stems from our belief that the business strategy and plans should be consistent with the welfare of all stakeholders. We follow Corporate Governance Guidelines details of which are as under :-

### BOARD OF DIRECTORS

The Board has an optimum combination of executive and non-executive Directors. The Board, as on 31-03-2012 comprised of five Directors which included (i) two whole-time Functional Directors viz., Director (Engineering) & Director (Finance), (ii) one Government Director and (iii) Two non official part time Independent Directors. The Independent Directors are usually drawn from the field of Management, Accounts and Engineering as per Article 81(c) of Articles of Association. The Nominee Director on the Board are appointed by the Administrative Ministry of Government of India in terms of Article 81(a) of Articles of Association of the Company.

On 07.04.2011, Shri A.B. Pandya, Commissioner (Projects), Ministry of Water Resources took over the additional charge as CMD of NPCC and continued till 02.12.11.

Thereafter Shri A.K. Jhamb, Director (Engg) of the Corporation was entrusted with the additional charge of CMD of the Company.

The Board meets at regular intervals. During the year under review five Board Meetings were held on 24.06.11, 21.09.11, 05.12.11, 29.12.11 and 28.03.12. Provisions of the Companies Act, 1956 amended up to date have been properly adhered to regarding holding of the Board Meeting.

Details of composition of the Board of Directors, their tenure, category of the Director, attendance at the Board Meeting, General Meeting & other Directorships held during the year 2011-12 are given below :

Name of Directors	Meeting Atten ded	AGM Atten ded	Other Direct orship	Period
<b>(a) Functional Directors</b>				
<b>Shri A.B. Pandya</b> Chairman & Managing Director (Addl. Charge)	2/2	N.A.	NIL	w.e.f. 07.04.11 to 02.12.11
<b>Shri A.K. Jhamb</b> Chairman & Managing Director (Addl. Charge)	3/3	Yes	NIL	w.e.f. 02.12.11 to 31.03.12
<b>Shri A.K. Jhamb</b> Director (Engineering)	5/5	Yes	NIL	Full Year
<b>Shri Ravendra Garg</b> Director (Finance)	5/5	Yes	NIL	Full Year
<b>(b) Govt. Nominees</b>				
<b>Shri Sudhi Garg</b>	5/5	Yes	1	w.e.f. 20.07.10
<b>(c) Independent Director</b>				
<b>Shri Rihan Ahmad</b>	5/5	Yes	NIL	w.e.f. 16.11.10 Full Year
<b>Dr. M.K. Soni</b>	5/5	Yes	NIL	w.e.f. 16.11.10 Full Year

### INDEPENDENT PART TIME DIRECTORS

Two independent Directors, having expertise in two distinct areas of Finance and Engineering were appointed on the Board of NPCC on 16.11.2010. Their best experience guided to the Board which would go a long way in improving towards corporate excellence.

### CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which has been circulated to all concerned executives. All Board

Members and designated Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

### COMMITTEES OF BOARD

NPCC, by following best practices of Corporate Governance, in its 265th Board Meeting held on 24.11.10 re-constituted the committees to assist Board in Compliance of Corporate Governance Guidelines of CPSE. These committees were as under:

- Audit Committee
- Establishment Committee

### AUDIT COMMITTEE

The Audit Committee was re-constituted in accordance with Guidelines on Corporate Governance for CPSE's in the 265th meeting the Board of Directors of the Corporation held on 24.11.10 with terms and reference of the committee being same as proposed in the Guidelines. The present composition of committee is as under:

Name	Designation	Category
Shri Rihan Ahmad	Chairman	Independent Director
Dr. M.K. Soni	Member	Independent Director
Shri A.K. Jhamb	Member	Director (Engineering)

During the year 2011-12, ten meetings of Audit Committee were held on 02.04.11, 25.05.11, 13.07.11, 21.10.11, 29.11.11, 05.12.11, 28.12.11, 10.02.12, 15.03.12 and 27.03.12.

### REMUNERATION OF DIRECTORS

All the Non Official Part Time Independent Directors are paid sitting fees for attending meeting of Board of Directors or committee thereof to which they are appointed as members. The details of remuneration paid to Directors during 2011-12 are as under :

Name & Designation	Sitting Fees (Amt. in Rs.)
Shri Rihan Ahmad, Independent Director	150000/-
Dr. M.K. Soni, Independent Director	150000/-

### GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
2010-11	29th December'11	1.00 p.m.	Regd Office
2009-10	29th December'10	3.00 p.m.	Regd Office
2008-09	30th December'09	12.00 noon	Regd. Office

No Extra Ordinary General meeting was held during 2011-12

### AUDIT QUALIFICATION

The comments on accounts for the year ended on 31st March, 2012 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 and Statutory Auditor are given separately in the addendum to the Director's Report along with the comments of the Company.

### MEANS OF COMMUNICATION WITH THE SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India and 14 State Governments. The majority paid up capital of the company i.e. 98.89% is held by the President of India and rest 1.11% is held by 14 State Government. The Company displays complete Annual Report on its website for the information of its stakeholders together with other important information pertaining to the Company. Annual Report and other papers related to Shareholders are being sent regularly in physical form.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### AN OVERVIEW

Incorporated on 9th January, 1957 as a wholly owned Government of India Undertaking, the President of India acting through the Ministry of Water Resources holds 98.88% of share capital. The Company has obtained Project Management & Consultancy ISO 9001:2008 certification from the Bureau of Indian Standards. The Company is a Schedule 'B' public sector Undertaking. The Company is engaged in the business of (i) project management consultancy services for civil construction projects (ii) civil infrastructure for power sector, and (iii) real estate development. Projects undertaken by the company are spread in different parts of the country. In addition, the company has also executed projects overseas.

### Business Operations

The Company operates primarily in the following three business segments:

1. Project Management Consultancy for civil construction projects. PMC business segment includes providing management and consultancy services for a range of civil construction projects including residential and commercial complexes, redevelopment of buildings and colonies, hospitals, educational institutions, border fencing as well as infrastructure projects such as roads, water supply systems, storm water systems and water storage solutions.
2. Civil Infrastructure for Thermal and Hydro Electric Projects .Civil infrastructure for Thermal and Hydro Electric Projects includes providing engineering and construction services for power projects, including design and execution of (i) civil and structural works for power projects (ii) cooling towers (iii) chimneys.
3. Real Estate Development  
Real estate development segment includes Commercial exploitation of own properties at
  - I) Plot measuring 2198 sqm at Matigara Darjeeling (WB)
  - II) MIDC Plot measuring 55620 sqm Hingna Nagpur(MR)
  - III) Plot measuring 12170 sqm at Faridabad-(Haryana)

### FINANCIAL PERFORMANCE

During the year the company registered a growth of 11.64% in turnover from Rs.1096.34 crores to Rs.1223.99 crores. Gross Margin increased from Rs.35.54 crores in 2010-11 to Rs.52.59 crores in 2011-12 before interest and depreciation. After deducting interest of Rs.0.43 crores, providing a sum of Rs.0.48 crores towards depreciation and Deferred Tax Assets (reverse) of Rs.11.24 crores, the Company by operations resulted in a Net Profit of Rs.42.18 crores in 2011-12 as against Rs.72.74 cores in 2010-11

### OUTLOOK

The Vision, Mission and objectives of the Company as stated in the MoU executed with the Ministry of Water Resources, Government of India for 2012-13 are:

#### VISION

"To become world class premier engineering projects implementing organization"

#### MISSION:

"To achieve a turnover exceeding Rupees 2,000 crores with positive net worth by 2015-16 by focusing value addition at all points of interaction with our clients and continuously enhancing capabilities of organization and employees through innovations."

#### OBJECTIVES OF THE CPSE

1. To ensure customer satisfaction through:

- Execution of projects within schedule time & cost,
  - Adhering Specifications & conditions of Contract,
  - Customer feedback & ensuring improvement.
2. Achieving Turnover Target as per MOU
  3. Securing Business to maintain Work Order Book position around three times of Turnover.
  4. Realizing old dues maximally and quickly for improving financial position of NPCC.
  5. Continual improvement of Manpower knowledge & skills.
  6. Continual organizational re-structuring and diversification with focus to Business, Profitability and Customer's satisfaction..

## **SWOT ANALYSIS**

### **STRENGTHS**

- More than Five decade experienced Govt. of India Company with ISO 9001:2008 certification.
- Share holdings of 14 states gives distinct edge for State Govt. projects
- Rich experience in executing River Valley, Hydro, Thermal, Industrial complex, Building, Health sector, Roads, Flyovers & other infrastructural projects.
- Experience in working in remote & in accessible area as well as terrorist infected area of North east & Jharkhand.
- Survival instinct in competitive market.
- Order book of more than Rs. 3600 Crores and therefore capacity to increase turnover & profitability.

### **WEAKNESSES**

- Average age of employees above 50 years.
- Shortage of young talented professionals commensurate with order book position
- Absence of credit facility from FIs/Banks.
- Mismatched Experienced Employee.
- Slow pace of realization for Sundry Debtors since claim being very old.
- Resistance to change over to new concepts.
- Inability to enter into BOT/BOO and other major project execution due to adverse financial condition.

### **OPPORTUNITIES**

- Continued boom in construction industry.
- Huge allocation of fund for Infrastructure development by GOI in 11th Plan.
- Large investment by GOI in Bharat Nirman, Development of NER, Metro, Airport & Border works etc.
- Opportunities of Joint Ventures/collaboration by Foreign Companies.
- Avenue for diversifying in new areas. (like real estate, Solid Waste Management projects).

### **THREATS**

- Absence of level playing field with Private Sector Company.
- Delay in net profit and thus prolonging negative net worth.
- Large portion of works in PPP for which NPCC unable to take advantage being financially not strong.
- Absence of purchase preference.
- Retirement age of employees is 58 years which leads to attritions of experienced Staff & officer and also restricts the entry of fresh talent.



## **RISKS & CONCERNS**

In construction industry, major concern is cost inflation, timely completion of projects and change in Govt policies due to which there is risk of time and cost overruns which are seldom compensated by clients thereby putting your company into losses.

The Company's employees and projects have been exposed and are exposed to risks and threats of life, liberty and property while operating in risky geographical areas. It, however, takes pride in executing prestigious works in the national building task. The Company has taken measures to provide adequate safety, facilities and also insurance coverage in such places.

## **OUTLOOK FOR FUTURE**

Government of India has allocated huge funds for infrastructure in 12th Plan. A large portion of investments by Government of India is in Bharat Nirman, Development of NER, Metro, Airport and Border works etc. but due to Global Financial Turmoil, it is not certain whether Govt. of India will be releasing the fund as per approved plans. Your Company has executed and is executing projects for various Ministries/Government Department/Organisations as their "Extended Engineering Arm". Your Company is also assisting Ministry of Rural Development, Ministry of Home Affairs, Ministry of Health, MOFPI, Central Universities as well as State Governments for speedy utilization of planned funds for the projects. Your Company is also planning to diversify in new areas like real estate, water treatment plant, sewerage treatment plant, solid waste management projects, new and renewable energy resources.

## **CONSTRAINTS**

Although every Organisation has to work within a certain legal framework, your Corporation as a public sector Company faces certain constraints (not applicable to private sector companies) which put it at disadvantage in a competitive market. Like business from private companies (even though multinational companies) slow decision making process came in way of availing new business opportunities promptly.

## **INTERNAL CONTROL SYSTEM**

The company has adequate system of internal control which helps the management to review the effectiveness of financial and operating controls. Further check and balances are underway for improvements in the system.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

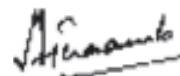
Your Company realises that appreciation in human asset could be achieved through training therefore it has been focusing on the providing training on emerging trends such as corporate governance, gender concern, quality control, e-procurement, global competitive technology strategy and United Nations global compact etc. Relations with the employees remained cordial and harmonious. Welfare and safety of workforce at project sites continued to receive due attention. The total manpower strength as on 31.3.2012 stood at 1641

## **CAUTIONARY STATEMENT**

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

**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, A.K. Jhamb, Chairman-cum-Managing Director, NPCC Ltd., do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct of the Company during 2011-12.



(A.K. JHAMB)

Place: New Delhi

Date: 23-11-12

CHAIRMAN-CUM-MANGING DIRECTOR

---

**Harbans Lal & Co.**  
Company Secretary

Off. 23696096, 46102651  
Resi.: 23696831, Mob.: 9811627414  
E-mail: hlalcs@yahoo.co.in  
59/1, JANAK PALACE, NEW MARKET,  
(IN THE PREMISES OF R.P. NAGANG & CO.)  
(NEAR LIBERTY CINEMA), NEW ROHTAK ROAD,  
NEW DELHI-110005

Dated : 23rd November, 2012

To,  
The Members  
National Projects Construction Corporation Limited  
30-31, Raja House, Nehru Place,  
New Delhi – 110019

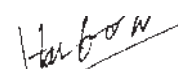
We have examined the relevant records and documents as furnished to us pertaining to the compliance of the conditions of Corporate Governance by National Projects Construction Corporation Limited, (hereinafter referred as 'the company') for the year ended on 31st March, 2012 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises' issued vide O.M No. 18(8)/2005-GM dated 14.05.2010 by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

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

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has generally complied with the conditions of Corporate Governance except appointment of Independent Directors on the Board of the Company, which we understand is done by the Government so as to be inconformity with the requirements of Corporate Governance norms. The Risk Management Policy has been prepared and is in the process of approval of the Board.

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

**For Harbans Lal & Co.**



**(Harbans Lal)**

Company Secretary  
C.P. No. 3944

# SOME OF THE PROJECTS EXECUTED BY NPCC



**New Parli Thermal Power Station**



**Fencing in Meghalaya**



**JBIC Building in Tripura**



**Noida Fly Over**



**High Altitude Road at Leh, J & K**



**College of Fisheries**



## SOME OF THE PROJECTS EXECUTED BY NPCC



Conference Hall for Ministry of Agriculture,  
New Delhi



Profersor Housing RIT Ramgarh



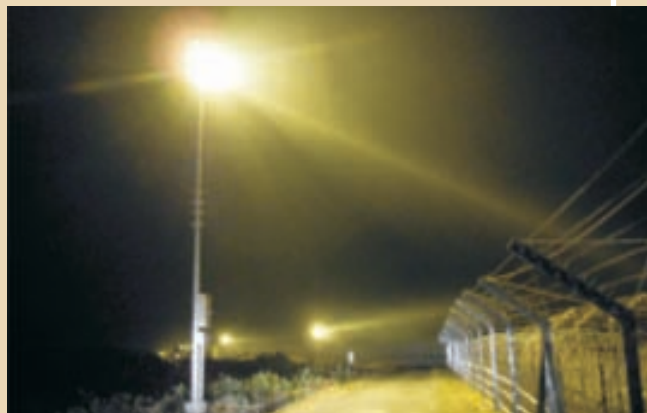
Water Treatment Plant, Bagalkot, Karnataka



Khunga Dam, Manipur



Police Line Academy, Muradabad, UP



Flood Lighting in Tripura




## BALANCE SHEET AS AT 31st MARCH, 2012

(Amount in ₹)

PARTICULARS	Note No.	AS AT 31.3.2012	AS AT 31.3.2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds :</b>			
(a) Share Capital	1	945316000	945316000
(b) Reserves and Surplus	2	-983565158	-1405385748
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	3	637306360	583533362
(b) Long term Provisions	4	354399396	269399728
<b>3 Current Liabilities</b>			
(a) Trade payables	5	2244812296	2363432030
(b) Other current liabilities	6	14894216798	13012890564
(c) Short term provisions	7	41147110	0
<b>Total</b>		<b>18133632802</b>	<b>15769185936</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed assets			
Tangible assets	8	89000188	73784967
(b) Investments	9	0	0
(b) Deferred tax Assets (Net)	10	354877066	467333414
(c) Other non-current assets	11	142257303	140367930
<b>2 Current Assets</b>			
(a) Inventories	12	25338496	11837352
(b) Trade Receivables	13	8961951924	7410851642
(c) Cash and cash equivalents	14	7128861418	6034999895
(d) Short-term loans and advances	15	1340361599	1575328431
(e) Other current assets	16	90984808	54682305
<b>Total</b>		<b>18133632802</b>	<b>15769185936</b>

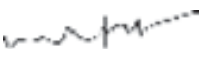
Accounting Policies & Notes on  
Financial Statements 1 to 37

  
(RAJNI AGARWAL)  
COMPANY SECRETARY

  
(DR. M.K. SONI)  
DIRECTOR

  
(A.K. JHAMB)  
CHAIRMAN & MANAGING DIRECTOR

As per our Audit report of even date  
FOR L.C. Kailash & Associates  
Chartered Accountants

  
(L.C. GUPTA)  
Partner  
M.No.005122  
FRN-01811N

Place: New Delhi  
Dated: 23.11.2012

## STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2012

(Amount in ₹)

PARTICULARS	Note No.	2011-12	2010-11
<b>I REVENUE FROM OPERATIONS:</b>			
a Work Done for the year		<b>11673687485</b>	10613018066
b Cost of Work Done for the Corporation		<b>82727</b>	224780
II Other Income	<b>17</b>	<b>566199193</b>	350174963
<b>III TOTAL REVENUE (I + II)</b>		<b>12239969405</b>	10963417809
<b>IV EXPENSES:</b>			
a Construction & Work Expenses	<b>18</b>	<b>10794037195</b>	9835699384
b Employee benefits expenses	<b>19</b>	<b>740985352</b>	630981234
c Finance Cost	<b>20</b>	<b>4335688</b>	29100675
d Depreciation & amortization expense	<b>8</b>	<b>4800313</b>	5386299
e Other Expenses	<b>21</b>	<b>161533919</b>	141312501
<b>TOTAL EXPENSES (IV)</b>		<b>11705692467</b>	10642480093
<b>V Profit(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>534276938</b>	320937716
VI Exceptional Items		<b>0</b>	0
<b>VII Profit(Loss) before extraordinary items &amp; tax (V-VI)</b>		<b>534276938</b>	320937716
VIII Extraordinary Items		<b>0</b>	0
<b>IX Profit/Loss(-) before tax (VII-VIII)</b>		<b>534276938</b>	320937716
X Current Tax (MAT)		<b>0</b>	0
Deferred Tax	<b>10</b>	<b>-112456348</b>	406504089
<b>XI Profit/Loss(-) for the period from continuing operations (X-XII)</b>		<b>421820590</b>	727441805
<b>XII Profit / Loss(-) for the period</b>		<b>421820590</b>	727441805
XIII Earnings per Equity Share:			
Basic & Diluted	<b>31</b>	<b>446.22</b>	138.09

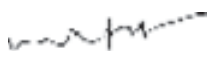
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CHAIRMAN & MANAGING DIRECTOR

As per our Audit report of even date  
FOR L.C. Kailash & Associates  
Chartered Accountants

  
(L.C. GUPTA)  
Partner  
M.No.005122  
FRN-01811N

Place: New Delhi  
Dated: 23.11.2012

## NOTES TO THE BALANCE SHEET

### NOTE - 1

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
7000000 Equity Shares of Rs.1000/- each		
(Previous Year 7000000 Equity Shares of Rs.1000/- each	<b>7000000000</b>	7000000000
<b>TOTAL:</b>	<b>7000000000</b>	7000000000
<b>Issued, Subscribed &amp; Paid up :</b>		
945316 Equity Shares of Rs. 1000/- each fully paid up in cash		
(Previous Year 945316 Equity Shares of Rs1000/- each	<b>945316000</b>	945316000
	<b>945316000</b>	945316000

	Number of share	AS AT 31-3-2012	Number of share	AS AT 31-3-2011
<b>Reconciliation of Equity Share outstanding at end of the year</b>				
Outstanding as at the beginning of the year	<b>945316</b>	<b>945316000</b>	6767375	6767375000
Add: Issued during the year		<b>0</b>		0
Less: Buy back/cancelled during the year		<b>0</b>	5822059	5822059000
Outstanding as at the end of the year	<b>945316</b>	<b>945316000</b>	945316	945316000
<b>Share holders having more than 5% of shares</b>		% of share holding		% of share holding
President of India	<b>934821</b>	<b>98.89</b>	934821	98.89

- a) As a part of restructuring scheme, the Ministry of Corporate Affairs(MCA), Govt of India has accorded its approval vide order No. 40/1/2010-CL-III dated 02.12.10 under section 101 of the Companies Act, 1956 for reducing the paid up equity capital, arising out of conversion of GOI loan and interest thereon, to 10% of the equity share. Accordingly 58,22,059 equity shares of Rs.1000/- each amounting to Rs.58,22,05,90,000/- cancelled and adjusted against accumulated losses as on 28.12.2010.

**The paid up equity capital of the Company after the reduction is Rs.94,53,16,000/- divided into 9,45,316 equity shares of Rs.1000/- each fully paid up in cash.**

### NOTE - 2

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>RESERVES AND SURPLUS</b>		
<b>SURPLUS</b>		
a) Opening balance of Profit & Loss A/c	-1405385748	-7954886553
b) Surplus Transferred from Profit & loss A/c during the Year	421820590	727441805
c) Reduction of Equity Share Capital	0	5822059000
<b>TOTAL</b>	<b>-983565158</b>	-1405385748

**NOTE - 3**

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Non- Current Liabilities</b>		
i) Long Term Borrowings		
a) Secured		
i) From project Authorities secured against Hypothecation of Machinery, Equipment & Vehicles	33428309	33021798
b) Unsecured		
i) From Project Authority (Mobilization & Others)	603878051	550511564
<b>TOTAL</b>	<b>637306360</b>	<b>583533362</b>

**Mobilisation & other advances from Project Authority:-**

The figure in the Balance Sheet includes the amount which is payable/adjustable during the next 12 months.

**NOTE - 4**

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
ii) Long -term provisions		
a) Provision for employees benefits		
i) Provision for Gatuity Work charged	187574662	141703366
ii) Provision for leave Encashment	166824734	127696362
<b>TOTAL</b>	<b>354399396</b>	<b>269399728</b>

- a.) Provision for gratuity and leave encashment is bifurcated between long term and short term in current year only. For the previous years short term provisions of gratuity and leave encashment is not available, as the same was not required to be given as per the old Schedule-VI as per the Companies Act 1956.

**NOTE - 5**

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Current Liabilities</b>		
a) Trade Payables	2244812296	2363432030



## NOTE - 6

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>b) Other Current Liabilities</b>		
1) Security Deposits		
i) Staff	633820	633820
ii) Sub Contractor	1484562657	1296838050
2) Interest accrued and due on advances		
a) From project Authorities secured against Hypothecation of Machinery, Equipment & Vehicles	68609646	19397382
b) From Project Authority (Mobilization & Others)	240683908	289135105
c) Govt. of India	100296065	100296065
d) Interest on Staff Security	2046218	1920307
3) Punjab National Bank, Bhubneswar overdraft	1082357	0
4) Expenses Payable		
a) Liability for Expenses Sub Contractor & Others	10610766543	9555402045
b) To Employees	45155807	38283164
5) Payable to CPF Trust	66266981	339451410
6) Payable to Gratuity Trust	257289419	189581270
7) For Trade/Commercial Tax	48536551	38397103
8) Bonus Payable	309807	517179
9) Other Advance (PMGSY Road Work)	1976890361	1137814001
10) Net liability arising from remittance account of unreconciled and unresponded entires of inter units	-8913342	5223663
<b>TOTAL</b>	<b>14894216798</b>	<b>13012890564</b>

- a) Liability provided for expenses payable to Sub Contractors and Others :-
- It includes Rs. 298309053 payable towards land acquired for IBBF works at Silchar Zone.
  - This includes besides Sub Contractors amount payable to suppliers, employees, professionals, Taxes (Commercial/Income Tax), Expenses Payable etc. The separate figures under each head could not be worked out due to following old charter of accounts clubbing expenses under various heads in common account code.
- b) The difference of Rs. 15992709 between the liability payable to CPF Trust as per corporation books and the amount receivable by the CPF Trust from the corporation as per their books is under reconciliation and the necessary adjustment in this account shall be carried out on reconciliation.
- c) PMGSY Fund of Rs. 197.69 Crores is to be utilised exclusively for PMGSY Work only and kept in separate bank account.
- d) The reconciliation of Inter unit accounts is in progress and pending completion of reconciliation exercise, Any treatment/provision for un-reconciled / un-responded entries can't be given. The net difference between debit and credit entries shall be accounted for under respective heads on reconciliation. The impact of this if any on profit & loss account shall be shown on reconciliation. The following are the balances of Inter unit accounts i.e Remittances, Adjustments a/c, and Death relief fund:

NOTE - 6 cound...

(Amount in ₹)

	Current Year	Previous Year
i) Total of Credit Entries	5,787,007,732.00	6,165,148,424.00
ii) Total of Debit Entries	5,795,921,074.00	6,159,924,761.00
iii) Net Difference (Debit Balance)	8,913,342.00	(Credit) 5,223,663.00

NOTE - 7

(Amount in ₹)

	Current Year	Previous Year
<b>c) Short Term Provisions</b>		
a) Provision for employees benefits		
i) Provision for Gratuity Work charged	17066894	0
ii) Provision for leave Encashment	24080216	0
<b>TOTAL</b>	<b>41147110</b>	<b>0</b>

For previous year figures please refer to explanation given under Note No. 4 pertaining to Long Term Provision for gratuity & leave Encashment.

## NOTE - 8

### TANGIBLE ASSETS

(Amount in ₹)

		GROSS BLOCK (AT COST)						LESS : DEPRECIATION				NET BLOCK		
Sl. No.	Description	As at 1.4.2011	Additions during theyear	Acquired through business combinations	Impairments during the year	Dedn./ Adjustments during the year	Asat 31.3.2012	As at 1.4.2011	During the year	Dedn. Adjustments during the year	Adjustments due to impairments	Up to 31.3.2012	As at 31.3.2012	As at 31.3.2011
1	Free Hold Land	23372849	102060	0	0	0	23474909	0	0	0	0	0	23474909	23372849
2	Lease Hold Land	4610842	0	0	0	0	4610842	721875	12679	0	0	734554	3876288	3888967
3	Buildings on Free Hold Land	3403319	0	0	0	0	3403319	1240227	55474	0	0	1295701	2107618	2163092
4	Buildings on Lease Hold Land	3013754	0	0	0	0	3013754	1024266	37448	0	0	1061714	1952040	1989488
5	Temporary Constructions	96006319	18946	0	0	0	96025265	96006319	18946	0	0	96025265	0	0
6	Machinery	222560959	419985	0	0	15148544	207832400	203595702	1019811	14117868	0	190497645	17334755	18965257
7	Vehicles	35340039	2919767	0	0	2649530	35610276	26709174	1511662	2516387	0	25704449	9905827	8630865
8	Works Equipment	34529697	0	0	0	3847988	30681709	29998117	344792	3669698	0	26673211	4008498	4531580
9	Office Furniture & Equipments	30670061	1645149	0	0	1574120	30741090	22163526	1782655	1518101	0	22428080	8313010	8506535
10	Library Books	520916	34470	0	0	3588	551798	436266	16846	3589	0	449523	102275	84650
CAPITALWORK IN PROGRESS														
11	Building on Freehold Land	1651684	16273284	0	0	0	17924968	0	0	0	0	0	17924968	1651684
Total:		455680439	21413661	0	0	23223770	453870330	381895472	4800313	21825643	0	364870142	89000188	73784967
Previous Year:		484064799	5073747	0	0	33458107	455680439	407881063	5386299	31371890	0	381895472	73784967	76183736

a) The Construction Work of Building on Freehold Land of Rs. 1.79 crores shown under the head Capital WIP is being stayed as per the court order.

b) The above assets includes assets in transit amounting to Rs. 1084818.

c) As required by Accounting Standard AS 28-"Impairment of Assets" issued by the ICAI, the Company has not carried out the assessment for impairment of assets. However, as per Managements internal assessment there has been no impairment loss during the year.

NOTE - 9

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>INVESTMENTS</b>		
Non-traded/Unquoted :		
National Saving Certificates (Pledged as Security with Project Authorities)	15000	15000
Less: Provision	15000      0	15000      0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

NOTE - 10

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Deferred Tax Assets</b>		
Total Deferred Tax Asset	1180394835	1475944787
<b>Deferred Tax Liability</b>		
Total Deferred Tax Liability	86614388	69055606
Net Deferred Tax Assets	1093780447	1406889181
Total Tax Liability	354877066	467333414
Less: Deferred Tax Assets booked up to 2010-11	467333414	60829325
<b>Deferred Tax Assets booked in 2011-12</b>	<b>-112456348</b>	<b>406504089</b>

NOTE - 11

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Other Non Current Assets:</b>		
1) Security Deposit with Project Auth.	237980414	236091041
Less: Provision	95723111      142257303	95723111      140367930
<b>TOTAL:</b>	<b>142257303</b>	<b>140367930</b>



## NOTE - 12

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>CURRENT ASSETS:</b>		
<b>Inventories (at cost):</b>		
a) Stores and Spares (including construction material in hand, at sites and in transit) at cost (FIFO) 30059700		32458805
b) Stores in transit 238559	30298259	238559
Less: Provisions	4991755 <b>25306504</b>	20905365 11791999
c) Tools in hand/ in transit (Rs.238)	<b>31992</b>	45353
<b>TOTAL</b>	<b>25338496</b>	11837352

Inventory of stores & spares and tools has been taken, valued & certified by the Management.

## NOTE - 13

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Trade Receivables (Unsecured considered good unless otherwise stated):</b>		
a) Debts outstanding for a period exceeding six months from due date:		
Considered Good	2082787294	1517772536
Considered Doubtful	768226042	816558298
	2851013336	2334330834
Less: Provision for Doubtful Debts	768226042	816558298
	<b>2082787294</b>	1517772536
b) Other debts (Considered good)	<b>6456479160</b>	5427235289
c) Receivables from Project Authorities on account of services rendered etc.	<b>422685470</b>	465843817
	<b>8961951924</b>	7410851642

- a) An amount of Rs.97301.78 lakhs includes debit in the account " Value of work done suspense" & "Project Authority" account. Value of work done suspense amounting to Rs.93074.92 Lakh includes value of bills raised on the basis of measurement accepted both by the corporation & contractee but remain unpaid & the value of work done derived on the basis of self measurement of the corporation, pending verification by the project authority and for which the corporation has not submitted the bills till 31.03.2012 This balance in the value of work done suspense account has been considered as debts due from project authority / contractee.

NOTE - 14

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Cash and Cash Equivalents</b>		
a) i) Cash in hand	649133	5922594
ii) Cheques / drafts in hand	43885853	362096137
	<b>44534986</b>	368018731
b) Balance with Scheduled Banks:		
i) In Current Accounts	3878343420	2233645858
ii) In Fixed Deposits ( Staff Security)	2600000	2449389
iii) In Fixed Deposits with Banks	3203484923	3432850749
Less: Provision	107920	1985841
	<b>7084320423</b>	5666960155
c) Balance in Current Accounts with Non-Scheduled Banks:		
i) Rafidian Bank, Iraq	15850381	15850381
ii) Rasheed Bank, Iraq	22518777	22518777
iii) Nepal Bank Limited, Nepal	6009	6009
	38375167	38375167
Less: Provision	38369158	38369158
	<b>6009</b>	6009
<b>TOTAL</b>	<b>7128861418</b>	6034984895

- a) The Govt. of Iraq awarded work contract to the corporation. The said work had to be closed due to Iraq war, As per the terms of the contract and as a consequence of that, neither the balance in the bank account nor the net value after adjusting the payables was allowed to be repatriated to India. For the purpose of preparing the annual financial statement of the corporation, the corporation applied the conversion of foreign exchange transaction up to 31/03/1995.
- b) Looking to no change in the existing policy about repatriation, no conversion rate has been applied year to year after 31/03/1995 and the conversion value taken in rupee is continued to be the same as appearing on 31/03/1995 in the annual financial statement as on 31/03/2012.
- c) The Exim Bank which is intermediary for settlement of the out standings in Iraq, has vide letter dated 29/04/2009, advised that the notional credit entries for interest earned on the outstanding credit balance of NPCC in the bank account for US \$ 716732.69. Has been made by Central Bank of Iraq in its books & not amounting to actual credit to the account of the Exim bank.
- d) The maximum amount outstanding at any time during the year from foreign banks is the same as is mentioned under Note No. 13 (c)

## NOTE - 15

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Short-term loans and advances</b> (Considered Good unless other-wise stated)		
1) Advances and other amounts recoverable in cash or in kind or for value to be received		
a) Secured against S.D.held by Corp.		
i) Sub Contractor	68138609	90024484
b) Others		
i) Sub Contractor	431025051	496449654
ii) Suplier	18328879	23341018
iii) Employees	20582482	20111961
iv) Others	498442381	694319599
	968378793	1234222232
Less: Provision for Bad & Doubtful Debts	189025820	191701158
	779352973	1042521074
2) Prepaid Expenses	286969	110699
3) Security Deposit with Project Auth.	433069894	396865992
4) Security Deposit with Others	8846250	9140333
Less Provisions	2377719	2362719
	6468531	6777614
5) Advance & Provisional payment of tax	16821163	2805108
6) Amount deposited with various courts (Against Interim Orders)	36223460	36223460
<b>TOTAL:</b>	<b>1340361599</b>	<b>1575328431</b>

## NOTE - 16

(Amount in ₹)

PARTICULARS	AS AT 31-3-2012	AS AT 31-3-2011
<b>Other Current Assets :</b>		
a) Interest Receivable	90984808	54682305
<b>TOTAL:</b>	<b>90984808</b>	<b>54682305</b>

**NOTE - 17**

(Amount in ₹)

<b>PARTICULARS</b>	<b>2011-12</b>	<b>2010-11</b>
<b>OTHER INCOME :</b>		
Miscellaneous Receipts	<b>16364862</b>	16716767
(Sale of Tender forms)		
Interest Received (Gross) on:		
a) Bank Deposits	309959012	114635886
b) Others- sub contractor	54479160	46444826
	<b>364438172</b>	161080712
Profit on sale of Fixed Assets	<b>4590780</b>	5401256
Hire Charges of Machinery	<b>410466</b>	3383849
Profit on Sale of Scrap, Stores etc.	<b>475004</b>	1548004
Unclaimed Credit Balances Written Back	<b>13852599</b>	22784156
Provisions/Liabilities written back	<b>166067310</b>	139260219
<b>TOTAL</b>	<b>566199193</b>	350174963

**NOTE - 18**

(Amount in ₹)

<b>PARTICULARS</b>	<b>2011-12</b>	<b>2010-11</b>
<b>CONSTRUCTION AND WORKS EXPENSES:</b>		
Material Consumed:		
Opening Balance - Stores & Spares (Including Construction materials in hand, at site and in transit)	32697364	35369479
Net of Purchases & Sales	-735022	2048699
	31962342	37418178
Less: Closing Balance - Stores & Spares (including Construction materials in hand, at site and in transit)	30298259	32697364
	<b>1664083</b>	4720814
Payment to Sub-contractors	<b>9944890697</b>	8571750171
Motive Power & Fuel	<b>72860</b>	211572
Taxes & Fees on Machines & Vehicles	90077	33125
Insurance	68762	26846
Repairs—Workshop Building	515	10390
	<b>159354</b>	70361
Carriage & Freight	<b>39232</b>	92655
Tools & Stores Written off	<b>16534</b>	6101
Commercial/Trade Tax	<b>82096942</b>	111409231
Other Incidental Charges on Works	<b>765097493</b>	1147438479
<b>TOTAL</b>	<b>10794037195</b>	9835699384

- a) Other Incidental Charges on work includes Rs. 75 Crores towards Land acquisition for IBBF related works.
- b) The Corporation follows integrated system of Accounts and hence net figures of purchases and sales have been worked out by adding closing stock to direct materials issued (at issue rate) and deducting opening stock there from and after making adjustments for stock discrepancy and stock storage charges.



## NOTE - 19

(Amount in ₹)

PARTICULARS	2011-12	2010-11
<b>Employees Benefits Expenses :</b>		
Salary and Allowances (including Leave Salary and Pension Contribution)	317601752	260984790
Wages and Allowances (including Leave Salary and Pension Contribution)	189536349	228258635
Contribution to Provident Fund ( Regular)	37800704	21661466
Contribution to Provident Fund (Work Charged)	22230745	10814404
Gratuity Work Charged	12229039	5728601
Gratuity Regular	88869719	68843392
Leave Encashment Actuarial (Regular & Workcharged)	64254498	0
VRS Expenses	204706	28327770
Staff Welfare Expenses	8241647	6257278
Repair to building ( Colony)	16193	104898
<b>TOTAL</b>	<b>740985352</b>	<b>630981234</b>

## NOTE - 20

(Amount in ₹)

PARTICULARS	2011-12	2010-11
<b>Finance Cost:</b>		
a) Interest on advance from Project Authority	4335688	29100675
<b>TOTAL</b>	<b>4335688</b>	<b>29100675</b>

**NOTE - 21**

(Amount in ₹)

PARTICULARS	2011-12	2010-11
<b>OTHER EXPENSES :</b>		
<b>ADMINISTRATION :</b>		
Travelling Expenses (including for Directors Rs.245818/-) Previous Year Rs.123871/-)	<b>15248514</b>	16158221
Rent	<b>5815017</b>	5152814
Repairs and Maintenance:		
Buildings	1275314	1513944
Others	828254	666797
	<b>2103568</b>	2180741
Printing & Stationery	<b>2540810</b>	2575259
Postage, Telephone & Telegrams	<b>2788968</b>	3172769
Electricity and Water Expenses	<b>2675890</b>	1978420
Advertisement and Publicity	<b>6750936</b>	5502941
Legal and Professional Charges	<b>4161553</b>	2444452
Bank Charges	<b>579977</b>	628336
Internal Audit Fees	<b>379722</b>	606543
Payment to Auditors :		
Audit Fee	574939	247500
Tax Audit Fee	122847	74250
	<b>697786</b>	321750
Travelling Expenses—Auditors	<b>1085817</b>	268250
Miscellaneous Expenses	<b>7377884</b>	8700353
Vehicles Running, Maintenance, Hiring etc.	<b>14633370</b>	14529123
Bad Debts Written off	<b>444994</b>	27249141
Rates and Taxes	<b>457400</b>	27055
Insurance	<b>239432</b>	296797
Technical Fee/Consultancy	<b>4233770</b>	1851955
Loss on Sale/Write off of Fixed Assets	<b>20827</b>	233902
Loss on sale of Stores	<b>36358</b>	336686
Provision for Doubtful Debts and Advances	<b>8571270</b>	4716570
Gratuity Workers	<b>70319335</b>	12002093
Provision for Losses of CPF for current year	<b>13951812</b>	35312805
Provision for loss of stores	<b>5877</b>	1389363
<b>PRIOR PERIOD EXPENSES &amp; INCOME</b>		
<b>(A) EXPENSES:</b>		
Salary, Wages & Other benefits to employees	0	22029
Payment to Sub-contractors for work done	0	0
Project Authorities	0	5778
Others	4063462	1374633
<b>Total (A)</b>	<b>4063462</b>	<b>1402440</b>
<b>(B) INCOME</b>		
Recovery of excess payment made to employees/	0	0
Others	7650430	7726278
<b>Total (B)</b>	<b>7650430</b>	<b>7726278</b>
<b>Net Amount (A-B)</b>	<b>-3586968</b>	<b>-6323838</b>
<b>Grand Total</b>	<b>161533919</b>	<b>141312501</b>

## NOTE - 22

## ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

### 2. ACCOUNTING FOR INCOME AND EXPENDITURE

Income and Expenditure in general are accounted for in the current year's Financial Statements. Adjustments arising out of change in accounting estimates or those arising of a contingency relating to prior periods are accounted for as a part of the current year's financials.

### 3. CLASSIFICATION OF EXPENDITURE

All expenditure is accounted for under their natural heads, and wherever necessary, allocation of expenditure on functional basis is presented by way of a note.

### 4. METHOD OF RECKONING OF PROFIT

Profit from construction/erection contracts spread over number of accounting-years is computed every year based on value of work done and expenditure incurred/accrued during the year.

### 5. BORROWING COST

1. Borrowing cost on working capital requirement is charged off to revenue in the period in which they are incurred.
2. Borrowing cost, which is directly attributable to the acquisition, construction of Fixed Assets is capitalised as part of the assets.

### 6. TURNOVER

Value of work done is taken as certified by the Chief Executive of the Corporation and includes: -

- i) The work done measured and certified by the contractees.
- ii) The work done considered realizable and recoverable remaining to be measured upto 31st March by the contractees.
- iii) The work done in earlier years but not accounted for in such years as realization of the same was considered doubtful and settlement for which is reached.
- iv) Quantum of escalation based on the formula mutually accepted with the contractees.
- v) Work done for works where agreements are not signed/executed and for which adjustments are carried out on the basis of rates as per tenders submitted/draft agreements/letters of intent.
- vi) Claims for extra/substituted items and other claims considered realizable by the corporation pending determination of exact amount for settlement of rates etc.

Value of work done, however, excludes:

Work done in earlier years and taken credit of in such years but is considered doubtful of recovery during the current year.

### 7. DEPRECIATION

Depreciation on Fixed Assets is charged on Straight Line Method based on the rates specified in Schedule XIV of the amended Companies Act 1956.

Library Books, the unit cost of which is less than Rs.500/- are charged off. Other books are depreciated @ 5.15% p.a.

Temporary Construction and Assets specifically required to be constructed/erected at Contract Sites for enabling the Corporation to execute the Contract are depreciated, after reducing estimated salvage value, on straight line basis during the life of the Project as per latest anticipated programme of completion intimated to the Project Authorities.

#### **8. GRATUITY AND LEAVE SALARY**

- i) The liability towards contribution to Gratuity Fund in respect of Regular Staff and Workers is based on actuarial valuation as at the year-end.
- ii) Liability for Leave Salary is accounted for on actuarial basis.

#### **9. FOREIGN EXCHANGE TRANSACTIONS**

1. The rates of conversion for items of income and expenditure are taken at average rate for 12 months of relevant year.
2. Assets and liabilities are translated at closing rates as on 31st March of the relevant year.

#### **10. INVENTORIES**

Stock of material, stores and spares including construction materials are valued at cost (using First in First out method). This is subject to additions of 3% stock storage charges in case of material issued through stores and upto 1% adjustment owing to discrepancy of inventory.

#### **11. EXPENDITURE ON PAYMENTS TO SUB-CONTRACTORS**

Pending receipt of bills from Sub-contractors or finalization of rates, provision is made to the extent and proportionate to the work done if it is included in value of work done.

#### **12. DEFERRED REVENUE EXPENDITURE**

Expenditure, if substantial, on items the benefit of which will be available for the period exceeding one financial year during the whole period of the contract is temporarily transferred till the work is completed to "Deferred Revenue Expenditure". This expenditure is charged off in Accounts based on the life of the Project as per latest anticipated programme of completion intimated to Project Authorities.

#### **13. PRIOR PERIOD EXPENSES/INCOME**

Transaction related to earlier year(s) in respect of individual items of expenditure/income not exceeding Rs.5000/- in each case are not accounted for in the Prior period Expenditure/Income in the profit and loss account.

#### **14. PREPAID EXPENSES**

Expenditure upto Rs.5000/- in each case incurred in advance relating to the subsequent year(s) is accounted for on cash basis.

#### **15. ACCOUNTING OF SCRAP**

Revenue on sale of scrap, empties, salvaged or waste material is reckoned on realization.

#### **16. INTEREST**

Interest payable and receivable are accounted for on accrual basis except interest receivable on advance to staff, which is accounted for on receipt basis.

#### **17. CONTRACTUAL OBLIGATION**

Any expenditure on repairs and maintenance during the warranty period is charged to Profit & Loss Account of that financial year.



## **18. EXPORT INCENTIVE**

CCS and EXIM Scrip benefits are reckoned on realization.

## **19. CLAIMS LODGED WITH OTHER PARTIES**

Claims lodged with other parties are accounted for on realization.

## **20. TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## NOTE - 23

(Z In lacs)

### Contingent Liability not provided for in respect of:

	Current Year	Previous Year
a) i) Outstanding claims of contractor Pending before arbitration & Courts	43004.99	27797.64
ii) Counter claims of the Company	95744.38	31437.85
b) Outstanding amount of bank guarantees (Margin money in shape of FDRs amounting To Rs.175.98 Lakh)	175.98	128.43
c) Performance bank guarantees (Margin money in shape of FDRs amounting To Rs.17.35 Lakh)	16.00	16.00
d) Liability towards liquidated damages in case of delayed projects as the time extension applied by the corporation is awaited and amount not ascertainable.		
e) The Possible loss on ongoing projects and on Rs.93074.93 Lakh lying debit in Value of work done suspense account, have not been provided as the same is not ascertainable until the same is finally settled by contractee or project authorities. However the corporation has created the provision for doubtful debts to the tune of Rs. 7682.26 Lakh against the above value of work done suspense on adhoc basis to cover up the expected liability.		
f) The CRPF Project Authority, Vasant Kunj, New Delhi has levied and recovered Liquidity Damages of Rs. 113.97 Lakh. From the works bills and the same could not be provided as the matter is under correspondence with Project authority. The Liquidity damages will be accounted as and when the matter is settled.		
24) Estimated amount of contracts remaining to be executed on Capital Account is Rs. 178 Lakh (Previous Year Rs. NIL).		
25) Debit and Credit balances shown under Sundry Debtors, Loans & Advances, Sundry Creditors and Secured and Unsecured Loans, Sub-Contractors account, security & EMD deposit from Sub-contractors, Inter Unit Accounts are subject to confirmation & reconciliation.		
26) Trade Receivables includes unbilled value of work done based on certification by Project Engineer In charge of the corporation.		
27) In case of Ramam contract of Sardar Sarovar Narmada Valley Power Project(SSNVL), no interest @ 13% on the secured & unsecured loan amounting to Rs. 23.68 Lakh has been provided as the matter has not been finally settled by the client. However, in the joint meeting of the claim committee of SSNVL and the Zonal Manager of Zone, the party has agreed to recover interest up to 14/05/1992, amounting to Rs. 177.38 Lakh against which provision provided in th books amounting to Rs. 1960.04 lakh up to 31/03/2010.		
28) In respect of contract of Taj Corridor Project awarded to the corporation, the corporation had before foreclosure of the work, done the work to the tune of Rs.4311 Lakh for which the corporation filed the writ petition before the Hon'ble High Court at Allahabad for settlement of the claimed amount. The corporation had already received Rs. 1700 Lakh by way of advance paid by Govt. of U.P. Thus the net outstanding after adjustment of Rs.17 crore comes to Rs. 2611 Lakh. The Hon'ble High Court of Allahabad passed an interim order on the writ petition for payment of Rs. 2000 Lakh which had already been sanctioned by Govt. of UP also. In view of the above position, the management did not consider it necessary to create any provision for doubtful debts in respect of net amount due against the work done, pending final decision of the Hon'ble High Court of Allahabad on the writ petition filed by the corporation.		

- 29) No Provision for the income tax or Minimum Alternative Tax (MAT) has been made in view carry forward accumulated business losses and unabsorbed depreciation.
- 30) In the opinion of management, the value of current assets, loan and advances, after providing provisions, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

### 31) Earning / (Loss) per share

“Earning per share” of the Corporation is calculated in accordance with AS-20, issued by ICAI.

#### a. Basic/Diluted EPS

(₹ In lacs)

Particulars		Current Year	Previous Year
Profit / (Loss) including adjustments of Deferred Tax Assets/Liabilities, attributable to equity shares for the year	(A)	4218.21	7274.42
Weighted average number of shares outstanding during the year	(B)	945316	5267995
Basic/Diluted Earning / (Loss) per share (in Rs.)*	(A/B)	446.22	138.09
Nominal value per equity share		1000.00	1000.00

\*EPS for the current year has been worked out on the basis of net profit available after adjustment of Deferred Tax Assets/Liabilities. Therefore the corresponding changes have been calculated in the EPS figure of the previous year to make a prudent comparison, as in the previous year EPS had been calculated before adjustment of the Deferred Tax Assets/Liabilities.

- 32) Segmental Reporting AS – 17 issued by ICAI is not applicable since the corporation primarily operates in one segment i.e. construction only.

### 33) Related Party Disclosures

In accordance with Accounting Standard 18, pertaining to related party transactions, the details are as under:

1)	Related Parties		
(a)	Subsidiary Companies		NIL
(b)	Key management personnel during the FY 2011-12		
	Sh A.B. Pandya 07.04.11 to 01.12.11	CMD	
	Sh A.K. Jhamb 02.12.11 to 31.03.12	CMD (Addl. Charge)	
	Sh A.K. Jhamb Full Year w.e.f. 12.10.07	Director (E)	
	Sh. Ravendra Garg Full year w.e.f.21.07.09	Director (F)	
	Sh Sudhir Garg w.e.f. 20.07.10	Director	
	Dr. M.K. Soni w.e.f. 16.11.10	Director	
	Sh Rihan Ahmad w.e.f. 16.11.10	Director	
2)	Relatives of key management personnel and their enterprises where transactions have taken place		Nil
3)	Other related parties where control exists		Nil

Particulars of Transactions relating to key Management Personnel's during the year Ended 31st March, 2012 are as under:- (Amount in ₹)

Sl. No.	Particulars	Year ended 31-03-2012	Year ended 31-03-2011
A)	Salary & Allowance	2865767	2251950
B)	Leave Encashment	210322	106586
C)	Travelling Expenses	245818	123871
D)	Contribution to PF/CPF	366279	191749
E)	Group Insurance	200	250
F)	Rent paid to directors/ net of recoveries	0	168818
G)	Gratuity	395176	154814

34) Additional information pursuant to schedule VI of the Companies Act, 1956 to the extent applicable:

- Since the corporation executing contracts either on PMC basis or on Back to Back basis (Item rate) where the corporation is getting its fixed margin on the cost & works are being executed by the sub contractor with material on back to back basis & the corporation is not supplying or consuming any material of its own on the contracts executed by the sub contractor thus the information / particulars required under para no.3(a) & 4 d (c) of part II of schedule VI of companies Act,1956 are Nil.
- Maximum debit balance lying in the personal account of Directors/Officers at any time during the year is Rs. Nil (Previous Year Rs. 0.99 lakh) during the year
- Remuneration paid to Directors included under the various heads in the Profit & Loss Account is as under

(Amount in ₹)

Sl. No.	Particulars	Year ended 31-03-2012	Year ended 31-03-2011
A)	Salary & Allowance	2865767	2251950
B)	Leave Encashment	210322	106586
C)	Contribution to PF/CPF	366279	191749
D)	Group Insurance	200	250
E)	Rent paid to directors/ net of recoveries	0	168818
F)	Gratuity	395176	154814
	Total:-	3837744	2874167

	2011-2012	2010-2011
d. Value of Imports of CIF Value:	NIL	NIL
e. Expenditure in Foreign Currency:	NIL	NIL
f. Earning in Foreign Currency	NIL	NIL



### 35) Employee Benefits (AS-15)

The principal assumptions used in actuarial valuation are as follow


Particulars	01.04.2012	31.03.2011
- Discount Rate	8.50%	8.25%
- Expected Rate of future Salary increases	5.00%	5.00%

(₹ In lacs)

	Gratuity Regular Staff Unfunded		Gratuity Work charged Unfunded		Leave Encashment Unfunded	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Change in the present value of obligations						
- Present value of obligations as at 01.04.2011	1968.99	1443.24	1417.03	1419.75	1276.96	1274.06
- Interest Cost	167.36	119.07	115.25	117.13	103.15	105.11
- Current Service Cost	97.51	75.54	68.61	46.58	251.48	41.55
- Benefits paid	(250.06)	(144.90)	(122.29)	(57.28)	(126.79)	(126.16)
- Actuarial (Gain)/Loss on obligations	595.49	35.63	567.81	(109.15)	163.44	(17.60)
- Present value of obligations as at 31.03.2012	<b>2579.30</b>	<b>1968.99</b>	<b>2046.42</b>	<b>1417.03</b>	<b>1668.25</b>	<b>1276.96</b>
Change in Fair Value of Plan	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Liability recognized in the balance sheet	--	--	--	--	--	--
- Present value of obligations as at 31.03.2012	2579.30	1968.99	2046.42	1417.03	1668.25	1276.96
- Fair value of obligations as at the end of the year.	173.38	196.35	--	--	--	--
- Funded status [Surplus/(Deficit)]	(2405.92)	(1772.64)	(2046.42)	(1417.03)	(1668.25)	(1276.96)
- Unrecognized Actuarial (Gain)/Loss	--	--	--	--	--	--
- Net assets/(liability) recognized in the Balance Sheet	<b>(2405.92)</b>	<b>(1772.64)</b>	<b>(2046.42)</b>	<b>(1417.03)</b>	<b>(1668.25)</b>	<b>(1276.96)</b>
Expenses recognized in the Profit and Loss Account	--	--	--	--	--	--
- Current Service cost	97.51	75.54	68.61	46.58	251.48	41.55
- Past Service cost	--	440.41	--	--	--	--
- Interest cost	167.36	119.07	115.25	117.13	103.15	105.11
- Expected return on plan assets	(15.71)	(15.98)	--	--	--	--
- Net Actuarial (Gain)/Loss recognized during the year	597.39	37.78	567.81	(109.15)	163.44	(17.60)
- Total expenses recognized in Profit and Loss Account	<b>846.55</b>	<b>656.82</b>	<b>751.67</b>	<b>54.56</b>	<b>518.08</b>	<b>129.06</b>

- 36) Previous year's figures have been regrouped /rearranged wherever considered necessary with effect from 1st April 2011, revised Schedule VI has become applicable which has not affected the profitability, however, it has impacted the disclosure significantly. The company has accordingly reclassified the figures of 2010-11 to correspond to the current year's presentation.
- 37) In view of insufficient information from suppliers regarding their status as to unit registered under Micro, Small and Medium Enterprise Development Act, 2006, the information of such undertaking could not be ascertained and accordingly could not be disclosed.

**Signatures to Notes 1 to 37**

  
(RAJNI AGARWAL)  
COMPANY SECRETARY

  
(DR. M.K. SONI)  
DIRECTOR

  
(A.K. JHAMB)  
CHAIRMAN & MANAGING DIRECTOR

As per our Audit report of even date  
FOR L.C. Kailash & Associates  
Chartered Accountants

  
(L.C. GUPTA)  
Partner  
M.No.005122  
FRN-01811N

Place: New Delhi  
Dated: 23.11.2012

## CASH FLOW STATEMENT


(₹ In lacs)

PARTICULARS	FY 2011-12	FY 2010-11
<b>Cash flow from Operating Activities</b>		
Receipts from customers	103,557.32	84,558.43
Paid to sub-contractors, suppliers & employees	(96,240.18)	(71,872.85)
Mobilization advance received from Project authority shown under the head of unsecured loans	537.73	1,221.41
Interest on mobilization advance given to Sub contractor	544.79	464.45
Cash generated from operations	8,399.66	14,371.44
<b>Cash flow from Investing activities</b>		
Sale proceeds of Fixed Assets 59.89		74.87
Purchase of Fixed Assets (214.14)		(50.74)
Interest on Bank deposit 2,736.56		1,061.93
	2,582.31	1086.06
<b>Cash flow from financing activities</b>		
Reduction of Losses -		58,220.59
Reduction of Share Capital -		(58,220.59)
Interest paid (43.36)		(176.94)
	(43.36)	(176.94)
Net increase/(decrease) in cash & cash equivalents.	10,938.61	15,280.56
Cash & cash equivalent at the beginning of the year	60,350.00	45,069.44
Cash & cash equivalent at the end of the year	71,288.61	60,350.00

- Note:** 1. Cash and cash equivalents consist of cash in hand Rs.6.49 lac and balances with banks Rs.71282.12 lac inclusive of FDR of Rs.193 lakh against Bank Guarantee  
2. Figures in brackets represent outflow of cash.  
3. Figures of the previous year have been regrouped wherever necessary.

  
(RAJNI AGARWAL)  
COMPANY SECRETARY

  
(DR. M.K. SONI)  
DIRECTOR

  
(A.K. JHAMB)  
CHAIRMAN & MANAGING DIRECTOR

As per our Audit report of even date  
FOR L.C. Kailash & Associates  
Chartered Accountants

  
(L.C. GUPTA)  
Partner  
M.No.005122  
FRN-01811N

Place: New Delhi  
Dated: 23.11.2012

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	C2752	State Code	55	
Balance Sheet Date		31 Date	3 Month	2012 Year

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placements	NIL

### III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)


Total liabilities	18133632	Total Assets	18133632
<b>Sources of Funds</b>			
Paid-up Capital	945316	Reserves & Surplus	NIL
Secured Loans	33428	Unsecured Loans	603878
<b>Application of Funds</b>			
Net Fixed Assets	89000	Investments	0
Net current Assets	155180	Miscellaneous Expenditure	NIL
Accumulated Losses	983565	Deferred Tax Asset	354877

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	11673770	Total Expenditure	11139493
Profit before Tax	534277	Profit after tax	534277
Deferred Tax Revenue/Exp. (-)	-112456	Net Profit after tax revenue	421821
Earning per share in Rs.	446.22	Dividend rate %	NIL

### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms).

The company is not engaged in any manufacturing activities hence not applicable.

  
(RAJNI AGARWAL)  
COMPANY SECRETARY

  
(DR. M.K. SONI)  
DIRECTOR

  
(A.K. JHAMB)  
CHAIRMAN & MANAGING DIRECTOR

As per our Audit report of even date  
FOR L.C. Kailash & Associates  
Chartered Accountants

  
(L.C. GUPTA)  
Partner  
M.No.005122  
FRN-01811N

Place: New Delhi  
Dated: 23.11.2012

## AUDITORS' REPORT TO THE MEMBERS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

1. We have audited the attached Balance Sheet of NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED, as at 31st March, 2012, the Statement of Profit and Loss, and the Cash Flow statement for the period under report annexed thereto, in which the accounts of Units, Branches and other offices audited by branch Auditors in accordance with the letter of appointment of the Comptroller & Auditor General of India are incorporated. 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 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 statements 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) issued by the Central Government of India in terms of Sub-Section (4A) of Section 27 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said 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 best of our knowledge and belief were necessary for the purpose 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 and proper returns adequate for the purpose of our audit have been received from the 92 branches Audited by Branch Auditors appointed by C&AG of India not visited by us. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;
  - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
  - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report, subject to our observations in Para (e) below, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent these are applicable.

**Para – (e) In our opinion and to the best of our information and according to the explanations given to us, and subject to:-**

- i. Accounting of Contracts' income only on the basis of work done measured by the Engineer Incharge of the Company is not as per the Accounting standard (AS) – 7 and 9 issued by ICAI.
- ii.
  - a.) On overall review, in the absence of specific details in respect of debit balance of Rs.97301.78 Lakh appearing in the Balance Sheet under Trade Receivables including that of debit balance in the Work Done Suspense Account, against which the company has created liability for expenses payable to Sub-contractors and others for Rs. 106107.67 Lakhs, which is in excess of the total amount of Trade Receivables by Rs. 8805.89 lakhs. This needs reconciliation and necessary accounting adjustment.
  - b.) Adhoc provision of Doubtful Debts of Rs. 7682.26 Lacs against Trade Receivables, including amount lying in value of Work Done Suspense Account, has been made for the full value including the Profit Margin of the Company although the company had created liability for work expenses



equivalent to the amount payable to the Contractors. Since the work awarded to Sub-Contractors is either on PMC or Back to Back basis i.e, the payment to Contractor is dependent on the payment received by the Company from the Clients, therefore the maximum loss of the company is only to the extent of its Profit Margin which is on an average of 8%. Thus the provision for Doubtful Debt to the extent of Rs. 7067.68 Lacs is excess resulted in understating the Profits and overstating the liabilities.

- c.) There is no documented policy for determining the amount outstanding as doubtful and creating provision. Age wise and bill wise analysis of outstanding Trade Receivables was not made available. We are informed, as per the practice, only such debts which are more than 5 years old are considered as doubtful instead of, based on the status/analyzing the realizability of the amount, and the balances which are not outstanding for more than 5 years have not been reviewed.
- iii. Unidentified adhoc provision of Rs. 957.23 lakh held in Corporate Office on the amount of Security Deposit with clients against which the company has deducted and retained security deposits from the Sub-contractors bills amounting to Rs. 13551.26 Lakhs. Thus provision is Superfluous resulting into understatement of Profit of the company and overstating the liability by Rs. 957.23 Lacs.
- iv. a.) The amount of Contingent Liability on account of Liquidated Damages has not been ascertained in respects of projects where the clients have not extended the time.  
b.) Liability on account of Liquidated damages of Rs. 113.97 lakhs levied and recovered from the work bills by the client - Central Reserve Police Force (CRPF), Vasant Kunj has not been provided in the books.
- v. No provision has been made in the accounts in respect of demand raised by various authorities towards Sales Tax, Commercial Tax, Income Tax, Service Tax, etc amounting to Rs. 602.33 Lacs as per details given in Annexure-III and enclosed with the Annual Accounts as the same are disputed before various Accessing and Appellate authorities/court is indicated there in.
- vi. a.) No provision has been made towards interest and penalty on the disputed demand of service tax amounting to Rs. 404.31 Lacs in respect of Unit of NTPC at SIPAT.  
b.) No liability for service tax for the period from 1/04/2008 to 31/03/2012 has been provided together with interest and penalty thereon for work executed at SIPAT of NTPC Projects.  
c.) The company has executed many other such works which fall in this category. The management has neither worked out nor charged, in the bills raised on the client, the amount of Service Tax and the liability for which has neither been ascertained nor provided in the books.  
d.) Some of the working units have not obtained Service Tax Registration and submitted the Service Tax Returns with the Department.
- vii. Fixed Deposit Receipts(FDR) in various banks taken several years back to the tune of Rs. 1.08 Lakh are neither traceable nor any details like address of the bank branch, date of issue, maturity date, rate of interest etc are available. Therefore it is a total loss and needs to be written off instead of making provision for bad and doubtful debts.
- viii. In respect of Disputes with Sardar Sarovar Narmadha Valley Project (SSNVP), it is agreed in the minutes of the Joint Meeting between the Zonal Authority of the Company and the claim Committee of Client that the client has debited interest of Rs. 177.38 Lakhs on secured & Mobilisation Advance @ 13% up to 14.5.1992 only, whereas the Company has created the liability towards interest upto 31.3.2010 amounting to Rs. 1960.04 Lakhs. Therefore excess provision of interest of Rs. 1782.66 Lakhs has not been reversed and has resulted into understatement of Profit and over statement of Liability.
- ix. a.) There is lack of internal Control Mechanism thereby resulting in heavy outstanding Debit / Credit balances appearing in Clients A/c, Sub-Contractors Accounts, Creditors, Loans and Advances, deposits and in Remittances, Adjusting Account, Death Relief Fund, etc for a very long time which

needs to be reconciled and adjusted in regular heads of accounts. Parties debit/ credit balances in so far as these have not been subsequently realized or discharged are subject to confirmation / reconciliation and consequential revenue impact if any is presently not ascertained. Thus the internal control system needs to be strengthened.

- b.) Debit and credit balances are outstanding in the name of the employees who have either retired / expired or transferred to other units. In our opinion, the balances should have either been recovered from their final payment or transferred to the transferee unit as the case may be.
- x. The method and procedure adopted for physical verification of fixed assets is not found to be satisfactory.
- xi. No verification Report is on record in respect of Inventory lying with third parties or at site which were under the custody of Clients.
- xii. Debit and Credit balances shown under Trade receivables, loan and advances taken and given, Sundry Creditors, Secured and Unsecured Loan, Security Deposit, are subject to reconciliation / confirmation and adjustments.
- xiii. In cases where contracts have been terminated resulting into disputes between Company / Sub-Contractors / Client, the Company has raised various claim bills on the clients based on the claim from the Sub-Contractors, such bill has neither been accounted in the Books as per Accounting Policy 6(vi) of the company nor any details has been provided to us for checking and verification of such bills.
- xiv. There is a difference of Rs. 159.93 Lakhs between the liability of the PF Trust in the books of Company and that of the audited accounts of the PF Trust. The Company Books showing less liability of PF Trust by the above said amount. Thus the liability of the Company has been understated by Rs. 159.93 Lakh.
- xv. The accounting adjustment in respect of the award of the Arbitrator given in favour of EPIL in respect of the Iraq Contract which was abandoned due to Iraq Work has not been carried out. The consequential impact on Revenue is presently not ascertained.

The overall impact of the above qualification on the Statement of Profit and Loss for the year under report and state of affairs as on 31.3.2012 of the Company is not ascertainable for the reasons stated above.

The above observations on the said accounts, read together with Significant Accounting Policies and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

- I) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- II) In the case of statement of Profit and loss of the Profit for the period under report; and
- III) In the case of the Cash Flow Statement, of the cash flows for the period under Report.

For **LC Kailash and Associates**  
Chartered Accountants  
(Firm Reg. No – 01811N)



(**L.C. Gupta**)  
**Sr. Executive Partner**  
**M.No.- 05122**

Place: New Delhi  
Date: 23.11.2012

## ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED (Referred to in Paragraph 3 of Auditors' Report of even date)

- i) a.) The Company has maintained records of Fixed Assets, showing full particulars including quantitative details but do not contain the details as prescribed under the CARO like, situation, identification marks, year of purchase, etc.
- b.) According to the information and explanation given to us, the Fixed Assets have been physically verified by the Management during the year except those which are under custody of the Clients and Inter Unit Transfer in Transit. In our opinion, the methods and procedures adopted for physical verification was not satisfactory, although there exists a system for physical verification, yet in most of the units audited, the reports were not produced before us.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposals has, in our opinion, not effected the going concern status of the company.
- ii) a) As informed to us, physical verification of its inventory has been conducted by the Management at the end of the year excluding materials in transit and inventory lying with third parties at some of the site, locations or under custody of Contractees.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are not satisfactory and adequate in relation to the size of the Company and nature of its business.
- c) The Company has generally maintained proper records of inventory. As explained to us, discrepancies noticed between physical verification as compared to the Book records have been charged /credited to Contract Account.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register required to be maintained under Section 301 of the Companies Act, 1956. In view of the above, we have nothing to express our opinion on Point iii(b) to iii(d).
- b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register required to be maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof. We are informed that there exists an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets. There is lack of internal Control Mechanism thereby resulting in heavy outstanding Debit / Credit balances appearing in the Accounts of Clients and Sub-Contractors Accounts and in Remittances, Adjusting Account and Death Relief fund Account for a very long time which needs to be reconciled and adjusted in regular heads of accounts. Thus the internal control system needs to be strengthened.
- v) According to the information and explanations given to us, we are of the opinion that there are no such type of particulars of contracts or arrangements that need to be entered into a Register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 5,00,000 in respect of any party during the year.

- vi) According to the information and explanations given to us, the Company has not accepted any Deposits from the Public in terms of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Thus we are not required to express our opinion, we are informed that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any Tribunal.
- vii) As informed, the Company has an internal audit system. However, in our opinion, considering the size and nature of the Company's business, the system needs to be strengthened specially with regard to verification, identification and proper accounting of unusable fixed assets, reconciliation of balances of Project Authorities, Sub-contractors and other parties outstanding for many years in Sundry Debtors, Advances and other accounts, Mobilization Advance & Interest thereon, Fixed Deposits in Banks, Suspense and inter unit accounts and Sundry creditors & Other Liabilities. The Scope of the System should be considered to cover all activities of all units.
- viii) We have been informed that the Central Government has not prescribed the Maintenance of Cost records under the Provisions of Section 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including, Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues. However, there are past years arrears of Provident Fund dues to the Provident Fund Trust as on 31st March 2012 amounting to Rs. 662.67 Lakhs. Moreover there exists difference of Rs. 159.93 Lakhs between figures as per Books of PF Trust and that of Company which need reconciliation.  
We have been informed that Provisions of the Employees State Insurance Act, 1948 are not applicable to the Company.  
According to the information and explanations given to us, undisputed statutory dues payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, and Cess which were in arrears, as at 31st March, 2012 amounting to Rs. 45.27 lacs are given in Annexure – II to our report.
- b) According to the information and explanations given to us, the details of disputed dues of Sales Tax, Income Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute amounting to Rs 602.33 lacs . The details of outstanding amount and the authorities where cases are pending given in annexure II.
- x) As at 31st March, 2012, the accumulated losses of the Company are more than Fifty percent of its net worth. The Company has not incurred cash losses during the reporting financial year as well as in the immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not raised and loan from financial institution, banks debenture.
- 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.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/society and as such clause 4(xiii) of companies (Auditor's Report) order, 2003 is not applicable.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and as such clause 4(xiv) of companies (Auditor's Report) order, 2003 is not applicable.

- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) In our opinion and according to the information and explanations given to us by the management no term loans were obtained by the Company.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that, funds raised on short term basis have not, prima facie, been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the period under report and therefore the question of creating security or charge in respect thereof does not arise.
- xx) The Company has not raised any money by public issue during the year.
- xxi) Based on our audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **LC Kailash and Associates**  
Chartered Accountants  
(Firm Reg. No – 01811N)



(L.C. Gupta)  
**Sr. Executive Partner**  
M.No.- 05122

Place: New Delhi  
Date: 23.11.2012



## Undisputed

## Annuxure II

Dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Excise Duty/Cess/Service Tax which have not been deposited (outstanding for more than six months) are as follows :-

Name of the Statute	Nature of dues	Department	Amount (in Rs.)	Unit
Income Tax Act	TDS Contractor	Income Tax Deptt., Bokaro	15,680	B. T. P. S. Close, Bihar
Income Tax Act	TDS Contractor	Income Tax Deptt., Tail Pool	1,85,900	Tail pool Dam, Bihar
Income Tax Act	TDS Employee	Income Tax Deptt., Tail Pool	32,683	Tail pool Dam, Bihar
Sales Tax Act	Sales Tax	Sales Tax Deptt., Tail Pool	2,93,798	Tail pool Dam, Bihar
Income Tax Act	TDS Contractor	Income Tax Deptt., CTPS	1,77,318	CTPS/Maithon, Bihar
Sales Tax Act	Sales Tax	Sales Tax Deptt., CTPS	1,02,579	CTPS/Maithon, Bihar
Sales Tax Act	Sales Tax	Sales Tax Deptt., Malda	5,34,080	Farakka STPP, West Bengal
Income Tax Act	TDS Contractor	Income Tax Deptt., Malda	2,66,639	Farakka STPP, West Bengal.
Income Tax Act	TDS Contractor	Income Tax Deptt., Siliguri	1,21,747	Ramam, West Bengal.
Professional Tax	Professional Tax	Professional Tax, Siliguri	42,321	Ramam, West Bengal.
Income Tax Act	TDS Contractor	Income Tax Deptt., Siliguri	1,03,677	Teesta – III, West Bengal.
Income Tax Act	TDS Contractor	Income Tax Deptt., Durgapur	45,808	Durgapur, West Bengal.
Income Tax Act	TDS Contractor	Income Tax Deptt., Bankura	5,581	Mejia, West Bengal.
Professional Tax	Professional Tax	Professional Tax, Bankura	11,598	Mejia, West Bengal.
Professional Tax	Professional Tax	Professional Tax, Durgapur	1,19,232	Durgapur, West Bengal.
Sales Tax Act	Sales Tax	Sales Tax Deptt., Durgapur	2,64,156	Durgapur, West Bengal.
Income Tax Act	TDS Contractor	Income Tax Deptt., Kopli	81,716	Kopili, Assam
Professional Tax	Professional Tax	Professional Tax Deptt., Kopli	19,593	Kopili, Assam
Sales Tax Act	Sales Tax	Sales Tax Deptt., Guwahati	45,843	DOT Guwahati, Assam
Professional Tax	Professional Tax	Professional Tax Deptt., Karbi	29,899	Karbi Langpi, Assam
Income Tax Act	TDS Contractor	Income Tax Deptt., Karbi	1,529	Karbi Langpi, Assam
Professional Tax	Professional Tax	Professional Tax Deptt., Aizwal	11,268	KVK Aizwal, Arunachal Pradesh
Income Tax Act	TDS Contractor	Income Tax Deptt., Manipur	2,35,680	Khuga Dam, Manipur
Income Tax Act	TDS Contractor	Income Tax Deptt., Manipur	1,38,362	Singda/Loktak, Manipur
Professional Tax	Professional Tax	Professional Tax Deptt., Asansol	625	Bakreshwar, West Bengal
Income Tax Act	TDS Contractor	Income Tax Deptt., Asansol	56,299	Bakreshwar, West Bengal
Sales Tax Act	Sales Tax	Sales Tax Deptt., Gwalior	1583322	GGDU Koni, M.P.
		<b>TOTAL</b>	<b>4526933</b>	

### Annuxure III

#### Disputed

Dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Excise Duty/Cess/Service Tax which have not been deposited as on 31-3-2012 are as follows:-

Name of the Statute	Nature of dues	Authority before whom case pending	Amount(in Rs.)	Unit
Chattisgarh Sales Tax/E.T.	Sales Tax Penalty, 1984-1987	Appeal before High Court Bilaspur.	10,00,000	GGDU, Koni
Sales Tax	Sales Tax Demand, 1999-2000	Asstt. Commissioner of Sales Tax Bhubneshwer	6,92,015	Water Technology Center for Eastern Region, Odissa
Sales Tax	Sales Tax Demand, 1997-1998	Sales Tax Tribunal, Cuttack	1,30,183	Water Technology Center for Eastern Region, Odissa.
Central Excise/ Service Tax	Service Tax Demand, 1997-1998	Appeal before Service Tax Tribunal, Kolkata	1,47,00,000	Talchar STPP, Odissa.
Sales Tax	Sales Tax Demand, 1997-1998	Commissioner of Commercial Tax, Cuttack	3,45,203	Rourkela, Odissa
Sales Tax	Sales Tax Demand, 1997-1998 to 1999-2000	Sales Tax Tribunal, Cuttack	17,29,423	Nalco, Cuttack
Central Excise/ Service Tax	Service Tax Order up to 2008	Appeal before Service Tax Tribunal.	4,04,31,000	Korba Sipat Unit, M.P.
Central Excise/ Service Tax	Service Tax for 2010-11	Commissioner Appeals central Excise, Guwahati	9,18,596	Silchar, Assam
Central Excise & Service Tax	Service Tax 2004-2005	Commissioner Central Excise Appeal, Allahabad	2,19,000	MLC/BHU Allahabad
West Bengal State Tax	Interest on Liability of Professional Tax for 2001-2002	Joint Commissioner Professional Tax, Asansol, WB	67,842	Bakreshwar Dam, West Bengal
		<b>TOTAL</b>	<b>6,02,33,262</b>	

## MANAGEMENT REPLY TO STATUTORY AUDITORS REPORT 2011-12

- i Broadly the company is following the AS-7 & AS-9. Contract income booked as per the duly approved Accounting Policy of the Company. Accounting Policy is under the process of revision.
- ii (a) Provisions created are on accrual basis against revenue recognition, which also includes liabilities other than payment to contractor against trade receivables. The process of reconciliation have already been initiated.  
(b) Provisions maintained in the books on prudence basis.  
(c) As the terms of contract differ from case to case provision are to be on case to case basis. Review of the policy is under consideration.
- iii Noted for review.
- iv (a) Obtainment of extensions are under process.  
(b) Amount recoverable is under correspondence. Refer para 'F' of Note-23
- v In the opinion of management, liability needs to be created only on settlement of disputes as per the policy of the company.
- vi (a) No provision is required to be made since the matter is pending before Tribunal.  
(b) No provision is required to be made as the matter is still under dispute.  
(c) Bills raised as per Contractual provisions vary from case to case. Noted for review.  
(d) In the absence of full details, no comments are offered.
- vii Efforts are in progress for location of such FDR.
- viii Provisions is continued on prudence basis and still be dealt with on settlement.
- ix (a) Noted. Pending settlement of final bills debit and credit balances are outstanding and cases are under review.  
(b) Noted. Pending settlement of final bills debit and credit balances are outstanding and cases are under review.
- x In the opinion of the management, procedure adopted for physical verification is found satisfactory. In the absence of specific points or suggestions- No comments are required to be offered.
- xi Noted for compliance for future.
- xii Refer Note -25. Noted.
- xiii As a principle of Conservatism it is considered appropriate not to account them in the books as the matter is under dispute.
- xiv Disclosed with Para (b) on Notes-6 on the Accounts.
- xv On receipt of final No-due Certificate & Other claims necessary adjustments as required will be carried out.

## ANNEXURE-1 REFERRED TO PARA 2 OF OUR AUDIT REPORT OF EVEN DATE

- i (a) Noted for compliance
- (b) Procedures adopted are satisfactory. In the absence of specific comments or suggestions no comments are offered.
- (c) No comments required.
- ii (a) No comments required.
- (b) The company is following Standard Procedures. In the absence of specific cases, (the remark is a genuine one) no comments are offered.
- (c) No comments required.
- iii (a) No comments required..
- (b) No comments required.
- iv Noted for compliance.
- v No comments required.
- vi No comments required.
- vii Professional Chartered Accountant firms were appointed for conducting the internal audit. For the year 2011-12 seven numbers of professional Chartered Accountants firms were appointed and conducted the internal audit covering all the Zones. Noted the suggestions.
- viii No comments required.
- ix (a) No comments. Refer para (b) on Note No. 6 to the Accounts.  
No comments required.  
The amounts are very old and reconciliations are required and under process.
- ix (b) No comments required.
- x No comments required.
- xi No comments required.
- xii No comments required.
- xiii No comments required.
- xiv No comments required.
- xv No comments required.
- xvi No comments required.
- xvii No comments required.
- xviii No comments required.
- xix No comments required.
- xx No comments required.
- xxi No comments required.

Audit Notes issued by CAG on the audited accounts of the NPCC Ltd in the course of supplementary Audit under section 619 (3)(b) of the Companies Act were placed before the AGM along with the comments of the management which were read, considered, discussed and approved by the Shareholders in the AGM.

Out of the said Audit Notes the CAG of India u/s 619 (4) of the Companies Act 1956, has ultimately commented upon some of the points which were reproduced hereunder as also the management reply.

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of National Projects Construction Corporation Limited (NPCC) for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is 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 is/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 23 November 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 NPCC for the year ended 31 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, the Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

### I Balance Sheet

#### ASSETS

##### (A) Non Current Assts-Fixed Assets

##### (i) Tangible Assets-Note No.8 – ₹ 8,90,00,188

The above includes 50 Earth Moving Machines having book value of ₹ 0.26 crore (Gross Value ₹ 4.84 crore), which were assessed by the management as non-functional and beyond economic repair. These should have been eliminated from tangible assets as required by AS-10.

##### ii) Deferred Tax Assets (net) – ₹ 35,48,77,066

The above were worked out after taking into account the unabsorbed depreciation and accumulated losses to the tune of ₹ 100.46 crore as on Balance Sheet date. The concept of prudence as envisaged in AS-22 states that Deferred Tax Assets (DTA) should be recognised and carried forward 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.



Reasonable certainty can be demonstrated by providing robust and realistic estimates which were not available with NPCC and were not shown on the Balance Sheet. NPCC did not prepare the estimates while calculating the DTA. Further, existence of unabsorbed depreciation and carry forward of losses under tax law is strong evidence that future taxable income may not be available. Though NPCC had earned operating profit of ₹ 21.46 crore and ₹6.71 crore during 2009-10 and 2010-11 respectively and sustained losses of ₹ 5.42 crore during 2011-12 which depicted a downward trend during last three years ending 31 March 2012. This downward trend indicated absence of sufficient future taxable income to realize deferred tax assets, as such deferred tax assets should have reviewed and reversed as per provision under AS-22.

## **(B) Current Assets**

### **Cash & Cash Equivalents-Note No. 14**

Balance with Scheduled Banks-

#### **In Current Account Note 14(b)(i) ₹ 3878343420**

- (i) The above includes ₹198.19 crore received from Ministry of Rural Development, Government of India, Rural Development Department - Government of Bihar for Pradhan Mantri Gram Sadak Yojna and ₹131.64 crore from Ministry of Home Affairs, Government of India for various works at Indo-Bangladesh border.

The above amount of cash of ₹ 329.83 crore available with the Company for executing dedicated Projects of the Government was not disclosed suitably.

#### **Fixed Deposits with Banks Note 14(b)(iii) ₹ 3203484923**

- (ii) The above includes fixed deposit to the tune of ₹ 8.93 crore having maturity period of more than 12 months as on 31 March 2012 which was required to be disclosed separately as per Revised Schedule VI.

## **(C) Equity and Liabilities**

### **Other Current liabilities**

#### **Interest accrued and due on advances - ₹ 100296065**

As per requirement of revised schedule VI default in repayment of loan and interest is to be specifically disclosed in each case, which was not done in case of default in payment of ₹10.02 crore - interest accrued and due on advances from Govt. of India.

## **II Statement of profit and Loss for the year ended 31 March 2012.**

### **Revenue from Operations**

#### **Other Income Note No.17 ₹ 566199193**

#### **Exceptional Items ₹ Nil**

- (i)(a) Other income includes ₹ 6.71 crore being reversal of provision for liability of custom duty payable on second hand machinery repatriated from Iraq project more than 20 years back (1988-89). Since amount written back is material it was required to be disclosed as exceptional item as per AS-5. Further, revised Schedule VI prescribes Exceptional Item as a special line item, therefore, the above reversal of ₹ 6.71 crore should have been depicted under Exceptional Item. This resulted in overstatement of Other Income and understatement of Exceptional Item by the said amount.
- (i) (b) Profit on sale of assets at eighteen units was accounted for under other income instead of exceptional items in contravention of the provisions of revised Schedule-VI of the Companies Act and Accounting Standard 5. This resulted in understatement of Exceptional Item and overstatement of other income by ₹ 0.46 crore.

Thus, accounting of profit on sale of assets and reversal of provision for liability of custom duty under other income also resulted in overstatement of Profit (Loss) before exceptional and extraordinary items and tax by ₹ 7.17 crore.

## Expenses

### (ii) (a) Employees Benefit Expenses Note No.19 ₹ 74,09,85,352

The above does not include an amount of ₹12.68 crore being provision for arrears of pay revision of regular staff in terms of the Ministry's order (August 2011) for revision of pay w.e.f 1 January 2007 subject to availability of funds. NPCC did not provide for liability for the arrears of pay for the regular employees for the period from 01 January 2007 to 25 May 2011 on accrued but not due basis as prescribed under section 209 (3)(b) of the Companies Act, 1956.

This resulted in understatement of employees benefit expenses, Current Liabilities and overstatement of profit by ₹12.68 crore.

- (b) Leave Travel Concession is a defined employee's benefit scheme in NPCC. Therefore, provision for leave travel concession was required to be made on actuarial basis, which was not done. NPCC also did not disclose its accounting policy on 'Leave Travel Concession' under Employee Benefits under Accounting Standard-15.

### III) ACCOUNTING POLICY - Note No.22

The Company's accounting policy on depreciation (No7) regarding temporary structures, inventories (10) valuation of material, stores and spares etc. at cost, Deferred Revenue expenditure (No 12) and interest (16) receivable on advance to employees is in violation of Schedule XIV of the Companies Act, 1956 and Accounting Standard 2, 26 and 1 respectively.

### IV) STATUTORY AUDITOR REPORT

- (i) A reference is invited to Branch Auditor's report of Bihar zone M/s M.C. Jain & Co., para 4 (vii), which states that "During the year the programme fund aggregating to ₹1375 Lakh were used by the Bihar Zonal Office unit in contravention to Pradhan Mantri Gram Sadak Yojna (PMGSY) guidelines which specified that programme fund shall be used only for the purpose of payment to the contractors for construction of roads. This comment of Branch Auditor was not included in the Statutory Auditors Report.

The Management acknowledged that ₹ 13.75 crore was withdrawn during May 2011 to March 2012 in eight installments. Out of this ₹12 crore was deposited during July 2011 to March 2012 leaving an outstanding balance of ₹ 1.75 crore.

- (ii) Assessment for impairment of fixed assets as required by Accounting Standard-28 was not complied by units of NPCC as qualified by branch auditors of NPCC for Jharkhand, Bihar, UP zone and Uttrakhand units have not been included by the Statutory Auditors in his report dated 23 November 2012.

Place: New Delhi  
Date: 09.01.2013

(John K. Sellate)  
Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-IV

## REPLIES TO THE COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) ON THE ACCOUNTS OF NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012

I A(i) Noted for review.

ii The following are the convincing evidences to rely that sufficient taxable income will be available against which Deferred Tax Assets can be realized.

1. Company since revived from sickness and revival scheme approved by the Government of India fully implemented.
2. There is an order book position in hand of Rs. 3667.41 Crore which alone sufficient.
3. Company is earning profit since last 3 years.
4. As per Corporate Plan and 10 year Prospective plan prepared by independent agency, Company's profit Earning trend is increasing in next 10 years.

Noted for suitable disclosure in coming years.

B(i) Funds received from Ministry of Home Affairs and Ministry of Rural development kept in separate account as per contract condition.

NPCC is having number of projects and units and accounts are opened at unit wise and they are dedicated to the concerned projects

In view of this it is felt that the separate disclosure is not required. Noted for review. Suitable disclosure will be made henceforth.

(ii) Noted

(C) Noted

II(i)(a) Guideline for revised schedule VI published by the Institute of Chartered Accountants of India on Exceptional Item in Para 9.6 under Para 14 clearly specify that reversal on account of restructuring activity can be classified on the exceptional item. Since the reversal of Customs duty is not part of scheme of restructuring, the same is not claimed under exceptional item.

Observation noted.

(i)(b) Guideline for revised schedule VI published by the Institute of Chartered Accountants of India on Exceptional Item in Para 9.6 under Para 14 clearly specify that reversal as account of restructuring activity can be classified as the exceptional item. Since the disposal of fixed assets as mentioned in the annual accounts are not on account of restructuring activity and it is a routine feature as the nature of activities of the Company are such that every year, certain fixed assets (Land, etc) are sold. Had it been a manufacturing company, where sale of fixed assets is done only when assets are, retired from use/surplus assets. In our case, in view of above it is not exceptional in nature. Noted for review.

ii(a) Salary arrears for the period 1.1.2007 to 25.5.2011 was not made for regular employees in the books of account in the reporting period 2011-12 in view of the following reasons:

Presidential order empowers the company to implement pay revision from 26-5-2011 only & not from 1.1.2007

Presidential directives are specific on implementation date and hence creation of provision from 2007 onwards was not considered. However action shall be taken only on receipt of further presidential directives.

(b) Company is in the process of revising its Accounting Policy. Suitable disclosure in the Policy will be considered during revision. Observation noted.

III(i) Companies accounting policy is under revision. Suitable revision will be carried out in the accounting policy on temporary construction, Inventories and deferred revenue expenses.

However 100% depreciation was already charged on all temporary constructions as per note 8 (5).

IV(i) No comments

(ii) No comments. Disclosure made in the notes.

## TEN YEARS AT A GLANCE

(₹ In lacs)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Authorised Capital	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	70000.00	70000.00	70000.00	<b>70000.00</b>
Paid up Capital										
A. Equity Shares	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	67673.75	9453.16	<b>9453.16</b>
B. Non-cumulative Preference Shares	---	---	---	---	---	---	---	---	---	---
Reserves & Surplus	---	---	---	---	---	---	---	---	---	---
<b>SOURCES OF FUNDS</b>										
A. Capital	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	2984.20	67673.75	9453.16	<b>9453.16</b>
B. Loan Funds	45105.10	53041.71	65001.05	62726.23	64593.28	67648.57	67954.48	1323.86	9923.62	<b>6373.06</b>
<b>TOTAL</b>	<b>48089.30</b>	<b>56025.91</b>	<b>67985.25</b>	<b>65710.43</b>	<b>67577.48</b>	<b>70632.77</b>	<b>70938.68</b>	<b>68997.61</b>	<b>19376.78</b>	<b>15826.22</b>
<b>APPLICATION OF FUNDS</b>										
Net Fixed Assets	932.70	912.35	865.61	830.94	894.06	834.53	801.38	761.84	737.85	<b>890.00</b>
Investment	20.30	0.30	0.30	0.30	0.30	0.30	0.15	0.15	0.15	<b>0.00</b>
Net Current Assets	-7399.94	-6534.71	-1611.38	-3610.47	-9416.18	-10009.99	-13117.36	-11921.53	-88.41	<b>1551.80</b>
Deferred expenses/ Revenue Assets	21.37	15.93	14.87	0.00	2.04	0.00	576.80	608.29	4673.33	<b>3548.77</b>
Cummulative Loss	54514.87	61632.04	68715.85	68489.66	76097.26	79807.93	82677.71	79548.86	14053.86	<b>9835.65</b>
<b>TOTAL</b>	<b>48089.30</b>	<b>56025.91</b>	<b>67985.25</b>	<b>65710.43</b>	<b>67577.48</b>	<b>70632.77</b>	<b>70938.68</b>	<b>68997.61</b>	<b>19376.78</b>	<b>15826.22</b>
<b>INCOME</b>										
Value of Workdone	22733.26	30274.35	30545.83	57746.08	72194.25	71152.87	82556.38	99110.64	106130.18	<b>116736.87</b>
Value of Workdone for Corp.	28.38	13.15	19.14	20.33	-13.96	5.61	3.80	11.71	2.25	<b>0.83</b>
Other Income	1324.16	569.44	448.10	5063.05	4070.19	1784.33	1544.49	1439.27	3501.74	<b>5661.99</b>
<b>TOTAL</b>	<b>24085.80</b>	<b>30856.94</b>	<b>31013.07</b>	<b>62829.46</b>	<b>76250.48</b>	<b>72942.81</b>	<b>84104.67</b>	<b>100561.62</b>	<b>109634.17</b>	<b>122399.69</b>
<b>EXPENDITURE</b>										
Constuction & Work exp.	22188.22	29375.23	28652.62	54086.71	66790.16	66238.54	77685.03	92637.36	100838.36	<b>107940.37</b>
Personnel	2077.42	2890.81	2211.99	2719.61	3012.87	2569.33	2961.77	2808.03	3860.75	<b>7409.85</b>
Administration	249.92	244.62	258.03	291.44	345.10	367.28	346.84	421.48	393.76	<b>-</b>
Bank Charges	48.47	37.90	31.66	29.40	12.63	8.59	9.08	5.99	6.28	<b>5.80</b>
Other Expenses	664.93	376.59	430.90	463.68	520.19	311.29	327.19	503.55	563.67	<b>1657.54</b>
Provisions	498.24	373.46	1068.48	535.94	8463.50	1771.50	1818.45	666.10	534.21	<b>-</b>
Prior Period Adjustment	7.21	30.62	129.58	74.31	52.01	264.42	53.50	23.22	-63.24	<b>-</b>
<b>TOTAL</b>	<b>25734.41</b>	<b>33329.23</b>	<b>32783.26</b>	<b>58201.09</b>	<b>79196.46</b>	<b>71530.95</b>	<b>83201.86</b>	<b>97065.73</b>	<b>106133.79</b>	<b>117013.56</b>
Profit / - Loss before										
Interest and Tax (PBIT)	-1648.61	-2472.29	-1770.19	4628.37	-2945.98	1411.86	902.81	3495.89	3500.38	<b>5386.13</b>
Interest	3925.82	4644.87	5313.62	4388.94	4693.73	5059.19	4333.95	398.54	291.01	<b>43.36</b>
Tax (FBT)	0.00	0.00	0.00	13.24	16.23	14.99	15.44	0.00	0.00	<b>0.00</b>
Profit / - Loss after										
Interest and Tax (PAIT)	-5574.43	-7117.16	-7083.81	226.19	-7655.94	-3662.32	-3446.58	3097.35	3209.37	<b>5342.77</b>
Deferred Tax Revenue	0.00	0.00	0.00	0.00	0.00	0.00	576.80	31.49	4065.04	<b>-1124.56</b>
Net profit/-Loss after deferred tax revenue	-5574.43	-7117.16	-7083.81	226.19	-7655.94	-3662.32	-2869.78	3128.84	7274.41	<b>4218.21</b>



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