

HSCC (INDIA) LIMITED

BALANCE SHEET AS AT 31st March 2010

	SCHEDULE NO.	As at 31st March,2010 (Rupees)		As at 31st March,2009 (Rupees)
SOURCES OF FUNDS:				
SHAREHOLDERS FUNDS				
Share Capital	1	24,001,800		24,001,800
Reserves and Surplus	2	699,884,845		634,112,913
TOTAL		<u>723,886,645</u>		<u>658,114,713</u>
APPLICATION OF FUNDS:				
FIXED ASSETS				
Gross Block	3	112,090,944		112,606,798
Less: Depreciation		<u>48,896,640</u>	63,194,304	<u>45,060,756</u>
Net Block				67,546,042
DEFERRED TAX ASSET (NET) (Refer Note No. 21)			16,719,916	9,456,641
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	4	124,659,619		65,404,893
Cash and Bank Balances	5	3,759,630,712		3,465,712,487
Other Current Assets	6	257,017,989		207,429,321
Loans and Advances	7	483,343,782		454,139,872
		<u>4,624,652,102</u>		<u>4,192,686,573</u>
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	8	3,927,547,990		3,566,802,157
Provisions	9	53,131,688		44,772,386
		<u>3,980,679,678</u>		<u>3,611,574,543</u>
NET CURRENT ASSETS			643,972,424	581,112,030
Significant Accounting Policies	13			
Notes to Accounts	14			
TOTAL		<u>723,886,645</u>		<u>658,114,713</u>

Schedules referred to above form an integral part of the accounts

As per our Report of even date attached

For Jindal & Co.

Chartered Accountants

(Dr. B.S.Jindal)

Partner

M No. 7331

Place : New Delhi

Dated : 30th August 2010

For and on behalf of the Board of Directors

(V. C. Sharma)
Chairman and Managing Director

(Dr. S. N. Pal)
Director (Engg.)

(A. K. Aggarwal)
Executive Director (F&A) and CS

HSCC (India) Limited
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March,2010

	SCHEDULE NO.		2009 - 10 (Rupees)		2008-09 (Rupees)
INCOME:					
Consultancy Fee-		214,243,740		195,931,519	
(Includes Rs 4522110/- as prior period income ; Previous Year Rs.1086514/-)					
(Gross of tax deducted at source Rs. 5923025/- ; Previous Year Rs 13674950 /-)					
Less: Reversal of Excess fees booked in previous years		<u>456,736</u>	213,787,004	<u>2,292,373</u>	193,639,146
Other Income	10		<u>121,789,557</u>		<u>133,666,804</u>
Total Income			<u>335,576,561</u>		<u>327,305,950</u>
EXPENDITURE:					
Employees remuneration and benefits	11		126,261,727		104,432,072
Contribution to Staff Trusts			3,400,000		3,450,000
Administrative and Other Expenses	12		67,386,644		61,754,064
Depreciation			<u>3,924,607</u>		<u>4,369,107</u>
Total Expenditure			<u>200,972,978</u>		<u>174,005,243</u>
Profit Before Tax			<u>134,603,584</u>		<u>153,300,707</u>
Less: Provision for Income Tax					
- Current year Tax		55,500,000		60,000,000	
- Deferred Tax Liability (Asset)		<u>(7,263,274)</u>		<u>(5,263,352)</u>	
- Fringe Benefit Tax			<u>48,236,726</u>	<u>1,496,979</u>	<u>56,233,627</u>
			86,366,858		97,067,080
Add/ (Less):Income Tax / FBT Adjustment for Earlier years			<u>(443,417)</u>		<u>(74,366)</u>
Profit After Tax			<u>85,923,441</u>		<u>96,992,714</u>
Balance Brought Forward From Previous Year			<u>446,553,187</u>		<u>393,897,257</u>
Profit available for Appropriations			<u>532,476,627</u>		<u>490,889,971</u>
APPROPRIATIONS					
Dividend			17,281,300		20,801,560
Corporate Tax on Dividend			2,870,210		3,535,225
Transfer to General Reserve			20,000,000		20,000,000
Surplus Carried to Balance Sheet			<u>492,325,117</u>		<u>446,553,186</u>
			<u>532,476,627</u>		<u>490,889,971</u>
Earning Per Share (Basic/ Diluted)			358		404
Significant Accounting Policies	13				
Notes to Accounts	14				

Schedules referred to above form an integral part of the accounts

As per our Report of even date attached

For and on behalf of the Board of Directors

For Jindal & Co.

Chartered Accountants

(V. C. Sharma)
Chairman and Managing Director

(Dr. S. N. Pal)
Director (Engg.)

(Dr. B.S.Jindal)

Partner

M No. 7331

Place : New Delhi

Dated : 30th August 2010

(A. K. Aggarwal)
Executive Director (F&A) and CS

HSCC (India) Limited

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st March 2010

SCHEDULE - 1

SHARE CAPITAL

	As at 31st March,2010 (Rupees)	As at 31st March,2009 (Rupees)
AUTHORISED		
500000 Equity Shares (Previous year 500000) of Rs.100/- each	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
240018 Equity Shares (Previous year 240018) of Rs.100/-each fully paid up (Out of above shares 120009 shares and 80006 shares of Rs. 100/- each fully paid up have been issued by way of Bonus Shares by capitalisation of General Reserve in the year 2003-04 and 2008-09 respectively)	24,001,800	24,001,800
	<u>24,001,800</u>	<u>24,001,800</u>

HSCC (India) Limited

SCHEDULE - 2

RESERVES AND SURPLUS

	As at 31st March,2010 (Rupees)		As at 31st March,2009 (Rupees)	
GENERAL RESERVE				
As per Last Account	187,559,727		175,560,327	
Less : Utilized for Issue of Bonus Shares			(8,000,600)	
Add: Transfer from Profit & Loss Account	<u>20,000,000</u>	207,559,727	<u>20,000,000</u>	187,559,727
Balance in Profit and Loss Account		492,325,117		446,553,186
		<u>699,884,845</u>		<u>634,112,913</u>

HSCC (INDIA) LIMITED

SCHEDULE-3

FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Addition during the Year	Sales/Adjustment during the Year	As at 31.03.10	upto 31.03.2009	For the Year	Adjustment during the Year	Upto 31.03.2010	As at 31.03.10	As at 31.03.09
Land -Lease Hold *	45,362,956		697,694	44,665,262	2,331,801	504,033		2,835,834	41,829,428	43,031,155
Bulding-on Lease Hold Land	19,269,374			19,269,374	7,506,086	588,164		8,094,250	11,175,124	11,763,288
Office Flats- Lease Hold	2,947,502			2,947,502	1,402,881	77,231		1,480,112	1,467,390	1,544,621
Furniture & Fixtures	9,377,060	105,507	1,400	9,481,167	7,730,283	305,091	1,400	8,033,974	1,447,193	1,646,777
Electrical Appliances	12,060,305	9,800	77,985	11,992,120	8,661,990	472,865	38,155	9,096,700	2,895,420	3,398,315
Air Conditioners/ Coolers	2,852,828	31,950	52,800	2,831,978	1,801,128	145,754	19,188	1,927,694	904,284	1,051,700
Office Equipments	2,548,766	109,004		2,657,770	1,668,088	133,406		1,801,494	856,276	880,678
Vehicles	1,285,076		31,092	1,253,984	1,107,185	45,768	29,980	1,122,973	131,011	177,891
Computers	16,902,931	88,856		16,991,787	12,851,314	1,652,295		14,503,609	2,488,178	4,051,617
Current Year's Total	112,606,798	345,117	860,971	112,090,944	45,060,756	3,924,607	88,723	48,896,640	63,194,304	67,546,042

Previous Year's Total **113,620,278** **4,383,621** **5,397,101** **112,606,798** **44,063,523** **4,369,107** **3,371,874** **45,060,756** **67,546,042**

Note:

* Lease hold land is amortised proportionately over 90 years from the date of Lease deed from 1996 valuing Rs. 5,749,075/- and from 2006 valuing Rs. 41,464,508/- (Refer Note No. 3)

HSCC (India) Limited

SCHEDULE - 4

SUNDRY DEBTORS (Unsecured)

	As at 31st March,2010 (Rupees)	As at 31st March,2009 (Rupees)
Debts Outstanding for a Period exceeding six months:		
-Considered Good	59,575,812	23,066,446
-Considered Doubtful	20,221,376	7,276,525
	<hr/>	<hr/>
	79,797,188	30,342,971
Other Debts - Considered Good	65,083,807	42,338,447
	<hr/>	<hr/>
	144,880,995	72,681,418
Less : Provision for doubtful debts	20,221,376	7,276,525
	<hr/>	<hr/>
	124,659,619	65,404,893
	<hr/> <hr/>	<hr/> <hr/>

HSCC (India) Limited

SCHEDULE - 5

CASH AND BANK BALANCES

	As at 31st March,2010 (Rupees)	As at 31st March,2009 (Rupees)
Cash -in-Hand including Imprest	119,884	523,475
Cheque -in-Hand	6,002,500	2,193,774
With Scheduled Banks :		
-On Current Accounts	8,101,838	41,257,835
-On Deposit Accounts	1,084,860,584	1,196,597,762
Less : Book Overdraft	-	360,178
(Out of the above Bank has a standing lien to the extent of outstanding Bank Gurantees Rs.143.09 lakhs; Previous Year Rs. 107.28 lakhs)	1,084,860,584	1,196,237,584
Balance held on behalf of Ministries/Clients (Refer Note No. 4)		
-On Saving Accounts	112,378,165	69,433,102
-On Deposit Accounts	2,564,141,689	2,163,001,589
Less: Book Overdraft	15,973,948	6,934,872
(Out of above Bank has a standing lien to the extent of outstanding Letter of Credits Rs.160.58 lakhs; Previous Year Rs. 868.71 lakhs)	2,548,167,741	2,156,066,717
	3,759,630,712	3,465,712,487

HSCC (India) Limited

SCHEDULE - 6

OTHER CURRENT ASSETS

	As at 31st March,2010 (Rupees)	As at 31st March,2009 (Rupees)
Interest accrued but not due		
-On Deposits with banks	90,476,624	76,215,927
-On behalf of Ministries/ Clients -on Deposits with Banks (Refer Note No. 4)	160,144,034	117,402,095
-On staff Loans and advances	1,081,050	1,472,642
Consultancy Fee accrued but not due	5,316,281	12,338,657
	257,017,989	207,429,321

HSCC (India) Limited

SCHEDULE - 7

LOANS AND ADVANCES

	As at 31st March,2010	As at 31st March,2009
	(Rupees)	(Rupees)
LOANS : To Employees		
-Secured- Considered good	2,915,192	2,370,299
-Unsecured - Considered good	100	316,400
Advances recoverable in cash or in kind or for value to be received (unsecured, considered good except specified otherwise) :		
a) Employees	590,235	563,446
b) Suppliers/ Contractors on behalf of Clients		
-Considered good	326,719,188	335,261,870
-Considered Doubtful	1,095,823	1,089,309
	<u>327,815,011</u>	<u>336,351,179</u>
Less: Provision for Doubtful Debts	<u>1,095,823</u>	<u>1,089,309</u>
	326,719,188	335,261,870
c) Others		
-Considered good	8,928,310	
-Considered Doubtful	2,548,321	
	<u>11,476,631</u>	
Less : Provision for Doubtful Debts	<u>2,548,321</u>	9,349,971
	8,928,310	
d) Suppliers/ Contractors on behalf of Ministies/ Clients (Refer Note No. 4)	137,855,757	99,499,469
e) Income Tax Deposit under protest	6,335,000	6,778,417
	<u><u>483,343,782</u></u>	<u><u>454,139,872</u></u>

Notes:

-Amount Due from Directors/ Departmental Heads	152,555	140,449
-Maximum Amount due at any time during the year	764,102	638,099

SCHEDULE - 8**HSCC (India) Limited****CURRENT LIABILITIES**

	As at 31st March,2010 (Rupees)	As at 31st March,2009 (Rupees)
Sundry Creditors	25,010,941	49,057,811
Deposits/Advances from Clients	329,656,686	446,471,856
Earnest Money Deposits	30,190,259	33,532,858
Other Liabilities	20,792,278	14,402,210
On behalf of Clients		
-Sundry Creditors	460,901,661	454,623,052
-Retention Money	102,450,467	126,312,987
On behalf of Ministries/Clients (Refer Note No. 4 & 5)		
-Sundry Creditors	701,843,513	672,005,038
-Deposits/Advances	2,256,702,184	1,770,396,345
	<u>3,927,547,990</u>	<u>3,566,802,157</u>

HSCC (India) Limited

SCHEDULE - 9

PROVISIONS

	As at 31st March,2010 (Rupees)		As at 31st March,2009 (Rupees)	
Provision for Income Tax	205,900,000		150400000	
Less: Advance Income Tax/TDS	<u>203,301,807</u>	2,598,193	<u>155726867</u>	(5326867)
Provision for Fringe Benefit Tax	4086445		4086445	
Less: Advance Fringe Benefit Tax paid	<u>4282387</u>	(195,942)	<u>4282387</u>	(195942)
Proposed Dividend		17,281,300		20,801,560
Corporate Dividend Tax		2,870,210		3,535,225
Provision for Leave Encashment		30,577,927		25,958,410
		<u>53,131,688</u>		<u>44,772,386</u>

SCHEDULE - 10**HSCC (India) Limited****OTHER INCOME**

	2009 - 10 (Rupees)	2008 - 09 (Rupees)
Interest on deposits with banks (Gross of tax deducted at source Rs. 13299180/-; Previous Year Rs. 20576104/-)	116,337,001	120,656,405
Interest on Staff Loans	254,250	225,490
Liabilities/Provisions no longer required, written back	2,444,399	11,625,588
Sale of Tender Documents	1,306,000	1,037,610
Miscellaneous Income	1,447,907	121,711
	<u>121,789,557</u>	<u>133,666,804</u>

HSCC (India) Limited**SCHEDULE - 11****EMPLOYEES REMUNERATION AND BENEFITS**

	2009 - 10 (Rupees)	2008 - 09 (Rupees)
Salaries, Wages, Ex-gratia/PRP and allowances (Includes Exgratia Rs. NIL for prior period; previous year Rs. 26733/-)	92,407,442	75,655,022
Contribution to provident fund and other funds	11,751,620	11,680,701
Lease Rent for staff accomodations (Net of recoveries)	15,818,683	5,481,833
Staff welfare (including medical and leave travel assistance)	6,283,982	11,614,516
	<u>126,261,727</u>	<u>104,432,072</u>

HSCC (India) Limited

SCHEDULE - 12

ADMINISTRATIVE AND OTHER EXPENSES

		2009 - 10		2008 -09
		(Rupees)		(Rupees)
Rent		2,221,955		2,095,982
Travelling and Conveyance -				
- Directors (including Foreign Travel Rs. 38842/-; Previous Year Rs. 195015/-)	491,956		702,736	
- Others (including Foreign Travel Rs. 114989/-; Previous Year Rs. 190384/-)	6,939,783	7,431,739	9,732,666	10,435,402
(includes Rs. 619696/-for prior period; previous year Rs 65747/-)				
Insurance		219,640		338,653
Power and Fuel (includes Rs. 39433/- for prior period, Previoud year Rs NIL)		2,851,115		2,752,435
Printing and Stationery (includes Rs. 62076/- for prior period; Previoud year Rs NIL)		7,425,133		5,373,889
Postage and Telegrams		246,000		604,063
Telephone and Telex		1,808,211		1,704,760
Vehicle Running & Maint. Expenses (Net of Recoveries)		458,540		540,848
Vehicle hire charges		2,659,963		3,369,556
Advertisement and Publicity		87,029		212,514
Professional Charges and Fees for Services rendered (includes Rs. NIL for prior period; Previous year Rs 96875/-)		13,635,544		17,145,786
Repair and maintenance (Net of Recoveries) -				
-Building	1,220,858		930,960	
-Office Equip.	732,086	1,952,944	722,303	1,653,263
Auditors' Remuneration		300,000		265,875
Business Promotion		1,924,812		2,367,778
Subscription & Membership Fees		234,130		116,405
Legal Expenses (includes Rs. 10000/- for prior period; Previoud year Rs. NIL)		84,950		212,805
Information & Technology Expenses (includes Rs 20449/- for prior period; Previous year Rs 340949/-)		855,905		1,496,566
Recruitment and Training Expenses		568,454		1,184,481
Watch and Ward Expenses		1,367,188		1,491,971
Miscellaneous Expenses		535,197		575,195
Provision for Doubtful Debts / Advances/ Fees		15,499,686		7,276,526
Bad Debt Written Off		5,017,462		503,445
Loss / (Profit) on Write off / Sale of Assets (Net)		1,047		35,866
		67,386,644		61,754,064

HSCC (INDIA) LIMITED

SCHEDULE 13

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING ASSUMPTIONS

The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.

2. REVENUE RECOGNITION

A. CONSULTANCY FEE

The policies for recognition of Consultancy fee in respect of various services are as under:

(a) ON DESIGN ENGINEERING / STUDIES / TRAINING / INFORMATION & TECHNOLOGY

Consultancy fee is recognized as income on the basis of bills raised/ due to be raised in respect of fee receivable for work/stages completed as scheduled in the agreement with the client.

(b) ON PROCUREMENT

(i) Consultancy fee is recognized as income on the basis of bills raised/ due to be raised in respect of fee receivable for work/stages completed as scheduled in the agreement with the client.

(ii) Where stages of Consultancy fee have not been expressly prescribed in the agreement with clients, the same is recognized as income to the following extent:

- on placement of supply order - 70% of total fee receivable.
- on receipt of supplies/ installation of equipments – balance 30% of total fees.

(c) ON CONSTRUCTION CONTRACTS (Project Management)

Consultancy fee is recognized as income on the basis of work measured as scheduled in the agreement with the client. Where work done is not measured as at the end of the year, Consultancy fee is recognized as Income on the basis of technical assessment of work done.

B GENERAL

- (a) Where there is a revision in the cost of the project the Consultancy income is reflected in the year of revision in the cost.
- (b) If mobilization advance is received against fee then it is adjusted proportionately against the various stages as scheduled in the agreement with client.
- (c) If advance fee is part of stage payment then it is recognized as income along with the completion of next stage as defined in the agreement.

3. FIXED ASSETS

- (a) Fixed Assets are stated at cost of acquisition inclusive of inward freight, duty, taxes and incidentals related to acquisition less depreciation.
- (b) Retired Assets held for disposal are stated at net realisable value.

4. DEPRECIATION

- (a) Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed under Schedule XIV, as amended to date, of the Companies Act, 1956, except -
 - (i) written down value of Software is depreciated fully in the 3rd year of purchase, considering maximum useful life of the Software.
 - (ii) 100% depreciation in respect of assets costing not more than Rs. 5,000/- per item in the year of purchase.
- (b) Leasehold land is amortised proportionately over the duration of lease.
- (c) Stationery items and library books are completely charged off to revenue in the year of purchase.

5. PRIOR PERIOD ITEMS

Items of income / expenditure in excess of Rs. 20,000/- each, relating to earlier years are treated as prior period income / expenditure and are appropriately disclosed.

6. PREPAID EXPENSES

Expenses in each case upto Rs. 20,000/- relating to subsequent years are being charged off to current year expenses, and those more than Rs. 20,000/- each are treated as pre paid expenses.

7. RETIREMENT BENEFITS

(i) Provident Fund

The Company makes regular contribution to Employee's Provident Fund Trust and the same is charged to Profit & Loss Account.

(ii) Gratuity

The Company set up a Gratuity Trust Fund which is administered by Life Insurance Corporation of India. The annual gratuity liability is determined based on actuarial valuation as a percentage of annual wage bill specified by the Life Insurance Corporation of India under the Group Gratuity Scheme.

(iii) Leave Encashment

Leave encashment liability is provided based on actuarial valuation as at the end of the year.

8. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are recorded on the basis of exchange rate prevailing on the date of respective transaction. Gains/ losses arising out of subsequent fluctuations in exchange rates, arising, either on settlement or on translation, is recognized in the Profit & Loss Account. Where such transactions are on behalf of clients, the gain/ loss is transferred to respective clients' Accounts.

9. RESEARCH & DEVELOPMENT

Revenue expenditure on Research & Development is charged as expense in the year in which it is incurred.

10. PROVISION FOR TAXATION

Income Tax expense comprises of current tax provision and the net change on the deferred tax account.

Current tax is computed as per the provision of the Income Tax Act, 1961.

Deferred tax is the tax effect of timing difference between taxable income and book income and is accounted for using the tax rates enacted or subsequently enacted as on Balance Sheet date subject to the consideration of prudence.

11. DIVIDEND

Provision for Dividend for the year is made as proposed by the Board of Directors subject to approval of the members of the Company at the Annual General Meeting.

12. LIABILITIES / PROVISIONS NO LONGER REQUIRED

Liabilities / Provisions outstanding for four years or more which are no longer required as on the date of Balance Sheet are written back. Claims arise, if any, after that date are charged off in the year of claim. Net Amount is shown under the head other income.

13. CONTINGENT LIABILITIES

No provision is made for liabilities which are contingent in nature, but if material the same are disclosed by way of note.

HSCC (INDIA) LIMITED

SCHEDULE 14

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

1. Contingent Liabilities not provided for :
 - (i) Claims against the Company not acknowledged as debts - Rs. 1.83 lakhs (Previous Year Rs.1.83 lakhs).
 - (ii) Unsettled disputed staff dues - Rs. 34.61 lakhs (Previous Year Rs. 9.12 lakhs).
 - (iii) Guarantees issued by Banks on behalf of Company outstanding as on 31.03.2010 - Rs.143.09 lakhs (Previous Year Rs. 107.28 lakhs).
 - (iv) Cases aggregating to Rs 3,604 lakhs (Net of Payments) (Previous Year Rs. 3,999 lakhs) (approx) are under court/ arbitration by suppliers / contractors against various clients, where HSCC is co-defendant. However, the Management does not foresee any liability on the Company in these cases.
 - (v)
 - a) Income Tax demands pending disposal of appeals are for Rs. 29.03 lakhs (Previous Year Rs. 14.90 lakhs).
 - b) Against Income Tax demand of Rs. 388.86 lakhs by the assessing officer, Company went into appeal with CIT (Appeals) and the orders were passed by CIT (Appeals) in favour of the Company. Now the DCIT has filed an appeal to ITAT against the order of CIT (Appeals). ITAT has ordered DCIT on 29.03.10 to seek Committee on dispute approval within six months before the case is heard. No information is yet received from DCIT.
2. In one of the Project (CRI, Kasauli) regarding Consultancy Services, due to certain lapses in the project, the Company had earlier (in Oct. 2006) estimated the cost of modification of Rs 3 Crores and had agreed to meet 2/3rd of the said cost. But later this decision was not confirmed by the Board. Now, the Board has decided that the Company can accept the joint moral responsibility with the client for reported lapses in the Project. On this extraordinary liability, in the event the Ministry of Health & Family Welfare (MOH&FW), Government of India engages an agency to appraise and quantify the extent of reported infructuous expenditure on building construction works for which the Company provided consultancy services till 2004 i.e. when building was offered for taking over by CRI,

the Company may have to pay and bear half of such assessed costs, if there be a demand in that behalf from MOH&FW, Government of India. The amount of liability has not yet been ascertained. Accordingly, the same will be charged to Profit & Loss Account in the year in which the liability is determined.

Further, in accordance with the policy of the Company, the unclaimed balances of Rs. 45.77 lakhs (credit) on account of Sundry Creditors and the debit balance of Rs. 26.85 lakhs in deposit account of CRI, Kasauli will be adjusted in the year in which the accounts are settled with CRI, Kasauli.

3. Land cost included Rs.414.65 lakhs towards plot area of 2683.07 sq.mts. allotted by NOIDA Authority for office building to the Company. On joint physical measurement of such land a shortfall of 164.94 sq.mts. was noticed for which the Company has initiated legal proceedings against the NOIDA Authority for refund of the proportionate amount of Rs.18.51 lakhs of short area along with interest and other charges and for necessary amendment in the lease deed. In view of shortfall of land in possession of the Company, the proportionate amount of Rs.18.51 lakhs had been de-capitalised during the year 2008-09 and Rs. 6.97 lakhs, towards cost of lease charges and stamp duty, during the year 2009-10, from the aforesaid value of land. Adjustment if any shall be made in the year of final settlement with Noida Authority.
4. Funds received from some of the clients are kept in separate Bank accounts (Corpus Accounts) in accordance with the terms and conditions of the agreement. In terms of such agreements Rs.12,706 lakhs (Previous Year Rs. 14,300 lakhs) were received during the year for execution of various consultancy projects. Interest accrued, on deposit of amount so received with Banks is accumulated to the credit of respective clients' accounts. Wherever agreements do not specify, the interest is accounted for as income of the Company- such interest on Corpus Account accumulated during the year 2009-10 being Rs. 267.82 lakhs (Previous year Rs. 75.82 lakhs). Further, various debit and credit balances held on behalf of such clients are shown separately under respective account heads in the financial statements.

Also, Letters of Credit have been established with banks on behalf of Ministries / clients. Amount outstanding as on 31.03.2010 - Rs.160.58 lakhs (Previous Year Rs. 868.71 lakhs).

5. As identified from the available information, a sum of Rs. 252.22 lakhs towards principal is due to the units on behalf of client as on 31.03.2010 (Previous Year Rs. 251.72 lakhs) covered under Micro, Small and Medium Enterprises Development Act, 2006. However, there is no interest paid / payable / accrued on this outstanding during the year.
6. Balances appearing in most of the parties' accounts under the head Sundry Debtors, Loans & Advances, Sundry Creditors, Deposits and

various balances on behalf of Ministries / clients are subject to confirmation.

7. Unclaimed balances of Sundry Creditors on account of client works are being transferred to respective client account in the year in which the accounts are settled with the clients.
8. Unadjusted credit balances lying in the deposit account of clients (MOH&FW, MEA, State Govts., Govt. Autonomous Bodies, PSU's etc.) for more than 4 years are Rs. 3,159.16 lakhs (Previous year Rs. 3,072.58 lakhs) inclusive of Corpus Account Rs. 2,372.64 lakhs (Previous year Rs. 2,372.64 lakhs) and will be paid in the year in which accounts are settled with them.
9. The Company during the year has contributed Rs.20.40 lakhs and Rs.13.60 lakhs (Previous Year Rs. 20.70 lakhs and Rs.13.80 lakhs each) to approved Employees' Medical and Welfare Fund Trusts respectively for the welfare of its employees.
- 10.(a) In accordance with the DPE guidelines, the pay revision of employees w.e.f. 01.01.2007 has since been implemented The provisions made in earlier years for pay revision has been utilized except Rs.11.76 Lakhs which will be utilized in the year 2010-11.
- (b) Employees remuneration and benefits include the provision of Rs. 42.50 lakhs (Previous Year Rs. 66.00 lakhs) towards Performance Related Pay (PRP) for the year.
11. Managerial Remunerations to Whole Time Directors, i.e., Chairman & Managing Director and Director (Engineering) are as under:

Particulars (Paid/Payable)	2009-10 (Rs. In lakhs)	2008-09 (Rs. In lakhs)
Salaries & Allowances (including pay revision arrears w.e.f. 1/1/2007)*	55.18*	17.18
Contribution to Provident Fund	2.66	1.74
House Rent (Net)	9.01	4.21
Medical, LTC, perquisites and Tax on perquisites	3.42	5.13
Total	<u>70.27</u>	<u>28.26</u>

The above includes amount of arrears of pay revision of Rs. 15.41 lakhs (Previous Year Rs. NIL).

Further, the above excludes contribution to Gratuity Scheme, Group Insurance Scheme and provision for leave encashment.

Company's Cars have been provided to Chairman & Managing Director and Director (Engineering) for private use upto 1,000 Kms. per month against recovery of Rs.520/- per month.

12. Payment to Auditors

Particulars	2009-10 (Rs. In lakhs)	2008-09 (Rs. In lakhs)
Audit Fee	2.50	2.00
Tax Audit Fee	0.50	0.50
Reimbursement of out of pocket expenses	—	0.16
Total	<u>3.00</u>	<u>2.66</u>

13. (a) An amount of Rs 2.05 Lakhs due from MOH&FW for more than three years. However, no provision for Doubtful debts has been made as the Management considers it as a recoverable.

(b) In the opinion of the Board of Directors, the Current Assets and Loans & Advances as on 31.03.2010 have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

14. The system of project costing or allocation of manpower to respective jobs is not in practice. However, it has no material impact on profitability.

15. Additional information pursuant to the provision of Paragraphs (3) to (4D) of Part II of Schedule VI of the Companies Act, 1956 has been shown to the extent applicable (as the Company is primarily engaged in providing consultancy services) as under:

Information regarding foreign exchange (excluding exchange rate variation):

Particulars	2009-10 (Rs. In lakhs)	2008-09 (Rs. In lakhs)
Expenditure in Foreign Currency on :		
- Travelling	0.24	1.39
- Value of imports on C.I.F. basis : Capital Goods (on behalf of clients)	67.60	849.64

16. Disclosure in terms of AS-7 on “Construction Contracts” issued by ICAI is given as under, so far as related to Civil Construction Projects in which HSCC has acted as Consultant on behalf of Clients :

Particulars	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
(a) Aggregate amount of cost incurred on behalf of the clients during the year	15,245.70	9,750.07
(b) Consultancy fee of such contracts recognized during the year	1,700.96	1,440.97
(c) Outstanding deposits / advances from Ministries / clients in respect of such contracts	15,512.42	12,288.55
(d) Outstanding retention money in respect of such contracts	2,114.55	1,504.07

17. Disclosure in terms of AS-15 (Revised in 2005) on ‘Employees’ Benefit’ as issued by the ICAI are as under:

I. Defined Contribution Plan

(A) Provident Fund

Company pays fixed contribution to Provident Fund at pre-determined rates to a separate Trust namely “HSCC Employees’ Provident Fund Trust” which invests the funds in permitted securities. The contribution to the Fund for the year is recognized as expense and is charged to Profit & Loss Account. The Provident Fund Trust is required to pay a minimum rate of interest on contributions to the members as specified by Government of India. Deficit to the Trust, if any, on account of payment of such minimum rate of interest is borne by the Company and is recognized in Profit & Loss Account expense. During the year the Company had recognized Rs. 56.69 lakhs as employer’s contribution towards Provident Fund (Previous Year Rs. 37.05 lakhs) and deficit on account of interest amounting to Rs. 2.23 lakhs (Previous Year Rs. 0.36 lakhs) in the Profit & Loss Account.

II. Defined Benefit Plan

(B) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15 / 26 x last drawn basic salary plus dearness allowance) for each completed year of service, subject to a

maximum of Rs.10 lakhs (Previous Year Rs. 10 lakhs) on superannuation, resignation, disablement or on death. The Scheme is funded by the Company and is managed by a separate Trust namely "HSCC Employees' Gratuity Fund Trust". The fund is administered by Life Insurance Corporation of India. The liability for the same is recognized on the basis of amount payable to Life Insurance Corporation of India being calculated by them on actuarial valuation using project unit credit method on annual basis. Accordingly, Rs. 45.74 lakhs (Previous Year Rs. 68.70 lakhs) has been provided in the Profit & Loss A/c for the year towards Company's contribution to such Gratuity Fund.

(C) Medical Facility

The Company has Medical Facility under which employees on regular [pay scales including retired employees are provided medical facilities. The Scheme is funded by the Company and is managed by a Trust namely "HSCC Employees' Medical Fund Trust". The contribution to the Trust is recognized in Profit & Loss Account on payment basis. During the year the Company had recognized Rs.20.40 lakhs towards contribution to the said Trust (Previous Year Rs. 20.70 lakhs) in the Profit & Loss Account which includes hospitalization of existing employees.

(D) Leave Travel Concession (LTC) for Home Town

The Company has a Scheme of providing Leave Travel Concession for visit to home town to employees and their dependents. The Scheme is unfunded and is recognised in Profit & Loss Account on the basis of actual payment. During the year the Company had recognized Rs.6.55 lakhs towards LTC (Previous Year Rs. 13.24 lakhs) in the Profit & Loss Account.

(E) Leave Encashment

The Company has a defined benefit Leave Encashment Plan for compensated absence for Earned Leave and Half Pay (sick leave). The Scheme is unfunded and is recognised in Profit & Loss Account on the basis of actuarial valuation using project unit credit method on annual basis. The amount received from previous organization is being credited to Profit & Loss Account.

The following is the summary of components:

(i) Change in present value of obligation

		31.03.2010 (Rs. in lakhs)	31.03.2009 (Rs. in lakhs)
(a)	Present value of obligation as at the beginning of the period	259.58	169.30
(b)	Interest cost	19.47	11.85
(c)	Current service cost	49.11	49.59
(d)	Benefits paid	(23.01)	(24.42)
(e)	Actuarial (gain) / loss on obligation	0.62	53.26
(f)	Present value of obligation as at the end of period	305.78	259.58

(ii) Expenses recognized in Profit & Loss Account

		31.03.2010 (Rs. in lakhs)	31.03.2009 (Rs. in lakhs)
(a)	Current service cost	49.11	49.59
(b)	Interest cost	19.47	11.85
(c)	Net actuarial (gain) / loss recognized in the period	0.62	53.26
(d)	Expenses recognized in the statement of Profit & Loss	69.21	114.70

(iii) Movement in the liability recognized in Balance Sheet

		31.03.2010 (Rs. in lakhs)	31.03.2009 (Rs. in lakhs)
(a)	Opening net liability	259.58	169.30
(b)	Expenses as above	69.21	114.70
(c)	Benefits paid	(23.01)	(24,42)
(d)	Closing net liability	305.78	259.58

(iv) The principal assumptions used in actuarial valuation are shown below:

		31.03.2010	31..03.2009
(a)	Discounting Rate (%)	7.5	7.00
(b)	Future salary increase (%)	5.00	4.50
(c)	Retirement Age (Years)	60	60

18. Segment Reporting in terms of AS-17:

The Company's business is confined only to Consultancy. Accordingly, the Company operates in single primary segment. Further, the Company undertakes projects primarily within India. Hence there are no reportable Geographical segments.

19. Related Party Disclosures in terms of AS-18:

Details pertaining to Related Party Transactions are as follows:

(a) List of Related Parties

Name	Nature of Relationship
(i) Shri V.C. Sharma Chairman & Managing Director	Key Management Personnel
(ii) Dr. S.N. Pal Director (Engineering)	Key Management Personnel

(b) Related Party Transaction :

- (i) Remuneration to the Chairman & Managing Director and Director (Engineering) during the year is Rs. 70.27 lakhs (Previous Year Rs. 28.26 lakhs) as detailed in above para excluding reimbursement of expenses.

It includes amount of arrears of pay revision of Rs. 15.41 lakhs (Previous Year Rs. NIL).

20. Earning per Share (Basic & Diluted) in terms of AS-20:

	2009-10	2008-09
A. Calculation of E.P.S. Net Profit for the year attributable to Equity Shareholders (Rs. in lakhs)	859.23	969.93
B. Number of Equity Shares outstanding during the year	240018	240018
C. Earning per Share (A) / (B) (Rs.)	358	404
D. Nominal value per Share (Rs.)	100	100

21. In line with Accounting Standard (AS-22), "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the deferred tax asset (net) of Rs. 72.64 lakhs for the current year has been recognised in the Profit & Loss Account.

Elements of net deferred tax liability and assets created for tax effect of timing differences are as under :

Particulars of Deferred Tax Assets / (Liabilities)	As on 01.04.2009 (Rs. in lakhs)	For the year 2009-10 (Rs. in lakhs)	As on 31.03.2010 (Rs. in lakhs)
<u>Deferred Tax Assets</u>			
- Provision for Leave Encashment (claimable on payment basis)	88.23	15.70	103.93
- Provision for Doubtful Debts / Advances / Fees (not allowed under Income Tax Laws)	28.43	56.29	84.72
Total Deferred Tax Assets	<u>116.66</u>	<u>71.99</u>	<u>188.65</u>
<u>Less : Deferred Tax Liabilities</u>			
Depreciation	22.10	(0.65)	21.45
Total Deferred Tax Liabilities	<u>22.10</u>	<u>(0.65)</u>	<u>21.45</u>
Net Deferred Tax Assets / (Liability)	<u>94.56</u>	<u>72.64</u>	<u>167.20</u>

22. The Company has conducted physical verification of fixed assets for the year 2008-09, when discrepancies of Rs 1.46 Lakhs (written down value) were observed. The Company, being a consultancy organization, proposes to conduct physical verification of fixed assets biennially. Hence, this exercise for the year 2009-10 has not been conducted. The written down value of such assets as on 31.03.2010 is Rs. 1.25 lakhs (Previous year Rs. 1.46 lakhs) which will be adjusted after review of the reported discrepancies.
23. Previous year's figures have been re-arranged and re-grouped wherever found necessary so as to make them comparable with those of the current year. Figures have been rounded off to the nearest rupee except otherwise as stated.
24. Balance Sheet Abstract and Company's General Business Profile – Pursuant to Schedule VI to the Companies Act, 1956

Registration Details

Registration No.	15459
State Code	55
Balance Sheet Date	31.03.2010

Capital raised during the year (Amount in thousands of Rs.)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

Position of mobilisation and deployment of funds (Amount in thousands of Rs.)

Total Liabilities	4704566
Total Assets	4704566

Sources of Funds (Amount in thousands of Rs.)

Paid-up Capital	24002
Reserves & Surplus	699885
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds (Amount in thousands of Rs.)

Net Fixed Assets	63194
Deferred Tax Assets	16720
Net Current Assets	643973

Investment	Nil
Misc. Expenditure	Nil
Accumulated losses	Nil

Performance of Company (Amount in thousands of Rs,)

Turnover and other income	335577
Total expenditure	200973
Profit Before Tax	134604
Profit After Tax	85923
Earning per share (in Rs.)	358
Dividend rate (%)	72

Generic names of three principal products of Company (as per monetary terms)

Item Code No. (ITC Code)	Service Description	Service Description
Not specified in Indian Trade Classification	Design & Engineering	Design & Engineering
-do-	Project Management	Project Management
-do-	Procurement Management	Procurement Management

Signatures to Schedules 1 to 14

As per our Report of even date attached

For and on behalf of Board of Directors

for JINDAL & CO.
Chartered Accountants

(V.C. Sharma)
Chairman & Managing Director

(Dr. B.S.Jindal)
Partner
M.NO. 7331

(Dr. S.N. Pal)
Director (Engineering)

Place: New Delhi
Dated: 30th August 2010

(A.K. Aggarwal)
Executive Director (F&A) & CS