

Twelfth Annual Report 2005 - 2006

**Concrete
Commitment
is our
Strength**

Report



MSK PROJECTS (INDIA) LTD.

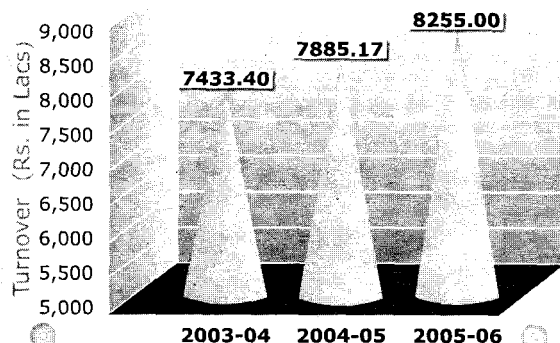
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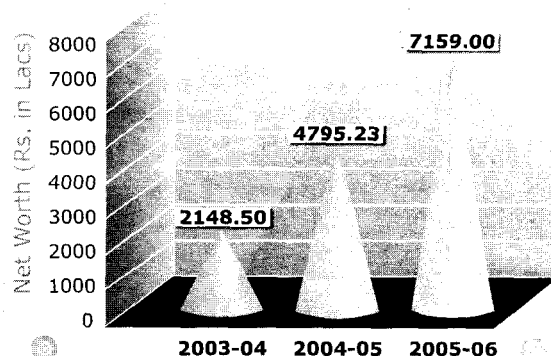
MSK PROJECTS (INDIA) LTD.

FINANCIAL HIGHLIGHTS

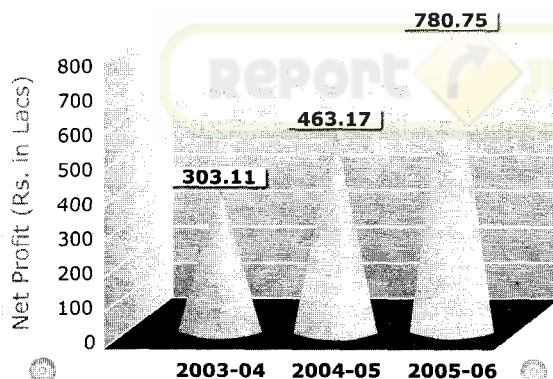
TOTAL TURNOVER



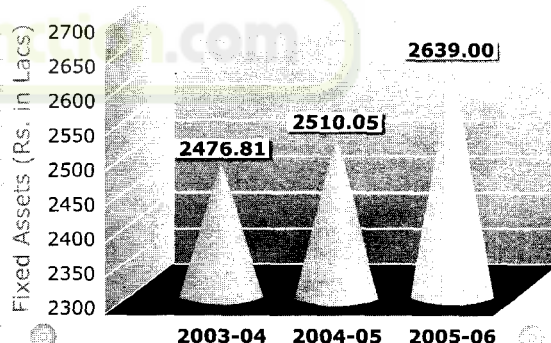
NET WORTH



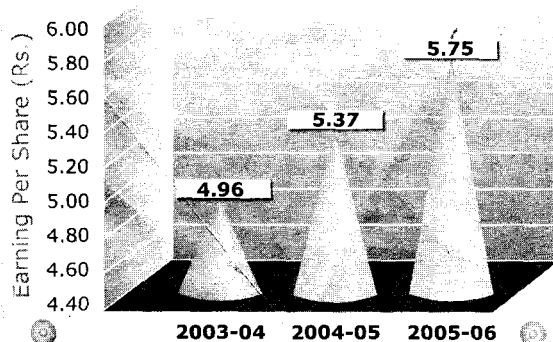
NET PROFIT



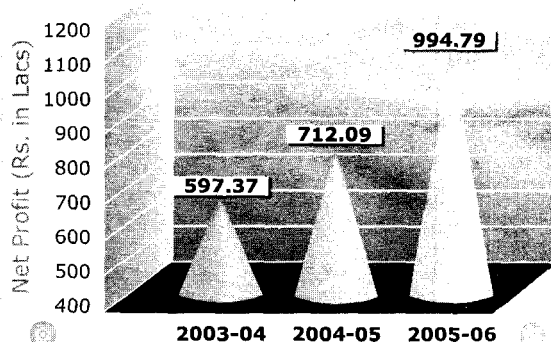
FIXED ASSETS



EARNING PER SHARE



CASH ACCRUALS



MSK Projects (India) Limited

TWELFTH ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

Shri Ashok Gandhi, Chairman
Shri Ashok Khurana, Managing Director
Shri Amit Khurana, Executive Director
Smt. Manju Khurana, Whole-time Director
Shri C. Mohanan, Executive Director
Shri Mayur Parikh, Director
Smt. Dipti Shah, Director
Shri Sanjay Mehta, Director

COMPANY SECRETARY:

Smt. Aruna N. Dak

REGISTERED OFFICE:

707-708, Sterling Center, R.C. Dutt Road, Alkapuri, Baroda- 390 005

AUDITORS:

M/s Chandrakant & Sevantilal & J.K. Shah & Company,
Chartered Accountants,
301, Lalita Tower, 3rd Floor, Near Hotel Rajpath,
Bh. Rly. Station- Akota Road, Vadodara- 390 007

PRINCIPAL BANKER:

Corporation Bank, Alkapuri, Vadodara

REGISTRAR & SHARE TRANSFER AGENT:

Purva Sharegistry Private Ltd.
33, Printing House, 28-D Police Court Lane,
Bh. Old Handloom House, Fort, Mumbai- 400 001

CONTENTS

Notice	02
Director's Report	03
Report on Corporate Governance	07
Management Discussion and Analysis	15
Auditor's Report	18
Balance Sheet	22
Profit and Loss Accounts	23
Schedules	
Accounting Policies and Notes on Accounts .	
Balance Sheet Abstracts	
Cash Flow Statement	
Annual Report of Subsidiaries	



MSK Projects (India) Limited

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held on Thursday, the 14th day of December, 2006 at 11.30 a.m. at Vanijya Bhavan, Nr. Race Course Circle, Alkapuri, Vadodara -390005, Gujarat to transact the following businesses:

ORDINARY BUSINESS :

1. To consider, approve and adopt the Balance sheet as on 31st March, 2006 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report there on.
2. To appoint a director in place of Mr. Ashok C. Gandhi, who retires by rotation at the ensuing Annual General Meeting of the company and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Mayur Parikh, who retires by rotation at the ensuing Annual General Meeting of the company and being eligible, offers himself for reappointment.
4. To declare dividend @ 10% on Equity Shares.
5. To consider and if thought fit pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that M/s Chandrakant & Sevantilal & J.K. Shah & Company, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by mutual consent of board of directors and the Auditors."

By order of Board
For MSK Projects (India) Limited

Place : Vadodara
Date : 20.11.2006

Aruna N. Dak
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING. (FORM ATTACHED HERewith)
2. Members are requested to notify immediately their change of address, if any to their Depository Participants(DPs).
3. The Register of Members and Share Transfer books of the Company will be closed from 8th December, 2006 to 14th December, 2006 (both days inclusive).
4. Members/Proxies should bring the Attendance Slips duly filled in for attending the meeting.
5. Members are requested to bring their copy of Annual Report to the Annual General Meeting.

Members desirous of seeking any information/clarification on the accounts or operations of the company is requested to forward his/ her query to the Company Secretary so as to reach at least seven working prior to the meeting, so the required information can be made available at the meeting.

Members, who hold shares in dematerialized form, are requested to bring their depository account number (ident ID No.) for easy identification and recording of attendance at the meeting.

who wish to make nomination for the shares held in the Company may kindly send the details in the as prescribed under the Companies Act, 1956.



MSK Projects (India) Limited

DIRECTORS' REPORT

Dear Stakeholders,

Your Directors have pleasure in presenting the **12th Annual Report** together with the Audited Financial Statement along with the Report of the Auditors for the year ended on **31st March 2006**. Your Company was granted extension for calling Annual General Meeting by Registrar of Companies, Gujarat.

Amalgamation of the Subsidiaries:-

Amalgamation is one of the time tested means to consolidate and strengthen the financial position and operation of companies. Towards this end the erstwhile MSK Infrastructure & Toll Bridge Pvt. Ltd., MSK Highways Limited and Alpha Engicon Private Limited, wholly owned subsidiary companies will be merged into your company with effect from 1st January, 2005 after obtaining requisite approval from the shareholder of all the companies, secured creditors and confirmation of Hon'ble High Court of Gujarat at Ahmedabad.

The scheme of amalgamation of the three wholly owned subsidiaries with the Company do not involve any issue of share capital by MSK Projects (India) Limited, since the entire share capital of these subsidiaries is held by MSK Projects (India) Limited.

(Rs. in Lacs)

Financial Results	2005-2006	2004-2005
Contract Receipts	7569.80	7821.28
Capital Cost for Owned Projects	699.97	—
Toll Collection	—	—
Other Income	132.81	137.35
Total Income	8402.58	7958.63
Depreciation	214.04	248.00
BOT Expenses Written off	—	—
Finance and Bank Charges	313.08	163.00
Profit before tax	846.67	490.59
Provision for tax	65.92	27.42
Profit after Tax	780.75	463.17
Appropriation	—	—
Proposed Dividend	146.18	121.18
Tax on Dividend	20.50	17.00
Balance Carried to Balance Sheet	2144.47	1530.40

➤ Dividend and amount carried to reserves:

Your directors have recommended a final dividend payment of 10% on equity capital for the year ended 31st March, 2006, which, if approved by the members at the forthcoming annual general meeting, will be paid out of the current profits to the shareholders whose names shall appear on the Register of members of the Company as on 14th December, 2006.

➤ Deposits:

During the year under review the company has not accepted any public or private deposits as per the Section 58A of the Companies Act, 1956 and applicable rules and regulations. There are no deposits which become due but not repaid or renewed.

➤ Initiatives in hand:

During the year up to date of the report, the company has secured in its order book following projects (Estimated project cost is given in brackets) :

- Contract for Construction of flyover for Nagarjuna Construction Company Ltd. (Rs. 53.25)



MSK Projects (India) Limited

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MSK Projects (India) Limited

- Site Grading and associated work for Crude Oil Terminal at Vadinar, Gujarat and Township project at Bina, Madhya Pradesh (Rs. 3744 Lacs)
- The Company entered in joint venture with Bharat Udyog Limited for execution of Dand Apti Kharpada and Kon Sawle Road Project, awarded by Government of Maharashtra on BOT basis (Rs. 1587.15 Lacs)
- Contracts awarded by Bharat Oman Refinery, Bina Project (Rs. 2991 lacs)
- Structural works for Green Fuel & Emission Control Project at Mumbai Refinery of HPCL (Rs. 1686 Lacs)
- Development of Kim Mandvi Road Project on BOT Basis (Rs. 2110 Lacs)
- Construction of Terminal at Sanghvi, Gujar and Mangalya for capacity augmentation of existing MMM pipeline project of BPCL (Rs. 956 Lacs)
- Development of Ludhiana Bus Terminal on BOT basis (Rs. 1700 lacs)
- Project Site Office of IOCL at Panipat (Rs. 466 lacs)

The toll collection income from BOT Projects viz. Raisen Rahatgarh Road Project (MSK Highways Limited), Hoshangabad Harda Khandwa Road Project (MSK Infrastructure & Toll Bridge Pvt. Ltd.) and Himmatnagar Bypass Road Project (MSK Projects (Himmatnagar Bypass) Private Limited) has also been started which was executed through wholly owned Subsidiary Companies.

➤ Further issue of securities:

During the year the company has successfully completed preferential issue of its 25,00,000 Equity shares of Rs. 10/- at a premium of Rs. 60/- per share to the certain non promoter bodies corporate. The shares are now listed on NSE, BSE and VSE and under lock in up to 28th August, 2006.

Series A Foreign Currency Convertible Bonds has been converted into ordinary equity shares of the Company and listed at BSE and NSE as on the date of the Report.

➤ Issue of Foreign Currency Convertible Bonds:

The company has issued Foreign Currency Convertible Bonds (FCCBs) amounting to US\$ 8,000,000 on 8th May, 2006 and the bonds are listed on Luxemburg Stock Exchange

	Name of Investor	Amount subscribed in US\$
Series A	B/O ICG Q Limited	3 million
Series B	DKR Soundshore Oasis Holding Fund Limited	5 million

The Series A of FCCBs has been converted into 13,99,566 equity shares and the resulting shares were allotted on 29th July, 2006 in the meeting of the Board of Directors.

➤ Utilisation of issue proceeds:

Preferential Issue of Equity Shares:

- In the preferential issue, the company raised Rs. 17,50,00,000/-, the amount was utilized for the purpose as enumerated in Explanatory Statement annexed to the notice convening the extraordinary general meeting for Residential Project at Bhandup, Maharashtra, Dewas Water Supply Project, Himmatnagar Bypass Project, Jalandhar & Ludhiana Bus Terminal Project, pipeline project of BPCL and for other projects executed on contractual basis.
- **Money received under Promoter's Contribution and firm allotments:-**

In the issue, the promoters have not contributed any amount and there were no firm allotment or reservations.



MSK Projects (India) Limited

FCCB Proceeds:

The Company has raised a sum of US\$ 8,000,000 by issue of Foreign Currency Convertible Bonds and utilized the money as per explanatory statements annexed to the notice convening the Extra Ordinary General Meeting. The unutilised sum of Rs. 800 lacs is lying as Fixed Deposits in the Bank.

➤ Dematerialization of securities:

As on 31st March, 2006, 1,29,70,449 shares are in dematerialized form being 88.73% and 1647329 equity shares are in physical form being 11.27% out of the 1,46,17,778 total issued, subscribed and paid up equity capital.

➤ Directors :

In accordance with the requirements of the Companies Act, 1956, Shri Ashok C. Gandhi, Director of the Company will retire by rotation in the Annual General Meeting, being eligible offers himself for reappointment. Shri Ashok Gandhi, is a graduate in Commerce and lawyer by profession. He is reputed senior advocate practicing among others, in the High Court of Gujarat. The Company has benefited from the counsel and guidance of Shri Ashok Gandhi. Shri Ashok Gandhi does not hold any equity share of the Company. He is on the board of ten companies.

In accordance with the requirements of the Companies Act, 1956, Shri Mayur Parikh, Director of the Company will retire by rotation in the Annual General Meeting, being eligible offers himself for reappointment.

Shri Mayur Parikh, is a Fellow member of the Institute of Chartered Accountants of India and practices his profession in Ahmedabad with multifaceted knowledge pertaining to Capital Market, Finance, Taxation, Audit and related areas. Shri Mayur Parikh does not hold any equity share of the Company. He is on the board of five companies.

➤ Auditors:

The Statutory Auditors of the Company M/s Chandrakant & Sevantilal & J. K. Shah & Company, Chartered Accountants are retiring at conclusion of this Annual General Meeting, being eligible they offers themselves for reappointment. The Auditors have confirmed that, if appointed, their appointment will be within the limits as laid down under section 224(1B) of the Companies Act, 1956.

With regard to adverse qualification made by the Auditors in the Annexure to the Auditors' Report, the directors have explained the same in the notes forming part of the Accounts.

➤ Internal Control Systems:

The Company has adequate system on Internal Control to ensure compliance with policies and procedures. Internal Audits are regularly carried out to review the internal control systems. The Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board.

➤ Corporate Developments:

✓ Subsidiaries of the company

The company has following subsidiary companies as on 31.03.2006:-

1. MSK Infrastructure & Toll Bridge Pvt. Ltd.
2. Alpha Engicon Private Limited
3. MSK Highways Limited
4. MSK Projects (Himatnagar Bypass) Private Limited
5. Super Infrastructure & Toll Bridge Pvt. Ltd.
6. MSK Projects (Kim Mandvi Corridor) Private Limited

The first three companies viz. MSK Infrastructure & Toll Bridge Pvt. Ltd., Alpha Engicon Private Limited and MSK Highways Limited going to be amalgamated with the Company vide order of Hon'ble High Court of Gujarat at Ahmedabad.



MSK Projects (India) Limited

A Statement under section 212 of the Companies Act, 1956 in respect of the subsidiary companies is Annexed as 'Annexure A' with the Annual Accounts for information of members and the Audited Financial Statements for the year ended 31st March, 2006 of these subsidiary companies have also been attached as required under the Act.

➤ Employee Particulars:

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and hence no information is required to be furnished.

➤ Director's Responsibility Statement:

Pursuant to Section 217(2AA) of The Companies Act, 1956, the directors confirm that, to the best to their knowledge and belief:

- (i) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated 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 and loss of the company for the period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing the detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

➤ Report on Corporate Governance and Auditor's Certificate:

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges form part of Annual Report.

➤ Conservation of energy, technology absorptions and Foreign Exchange Earnings and Outgo:

The operations of the Company are not energy intensive and therefore there is nothing to report in respect of information on Conservation of Energy and Technology Absorptions as required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Discloser of Particulars in report of the Board of Directors) Rules, 1988. Within the limited scope available for saving energy in construction contracts, every effort is being made for conserving and reducing its consumptions.

The details of Foreign Exchange Earnings and Outgo are as per Schedule 7 Note No. 26 of Schedule forming part of the Accounts.

➤ Acknowledgement:

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, business associates, financial institutions, bankers, vendors, regulatory and governmental authorities and look forward for the same in coming years in greater measure. Your Directors also thank the employees at all levels, for their unstinted commitment and valuable inputs.

Your directors acknowledge the support received from you as Shareholders of the Company.

For and on behalf of the Board of Directors
of MSK Projects (India) Limited

Place : Vadodara
Date : 20-11-2006

Ashok Gandhi
Chairman

Ashok Khurana
Managing Director



MSK Projects (India) Limited

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is about directing and controlling the company with the overriding objective of optimizing return for stakeholders. A good governance process aims to achieve this by providing long-term visibility of its business, ensuring effective relationship with stakeholders, establishing system that help the board in understanding risk appetite and monitoring risk at every stage of Corporate's evolution process.

In compliance with the Clause 49 of the Listing Agreement entered with Stock Exchanges, the company herewith submits the report on the matters as mentioned in the said clause and practices followed by the company.

I. Board of Directors:

(A) Composition of Board:

The board of the company comprise of 8 directors out of which 4 directors are executive directors and all the non- executive directors of the company are independent. The Directors bring in wide range of expertise and experience to the Board, facilitating proficient and unbiased direction and control to the Company.

The composition of board and attendance of the directors in board meetings is as under:

Directors	Meetings held during the year	Attendance in Meetings	Directorships in other companies#	No. of board committees in which Chairperson / member *	Attendance in Last AGM of MSK Projects
Executive/ Promoter Director					
Shri Ashok Khurana, Managing Director	6	6	2	0/0	YES
Smt. Manju Khurana, Whole-time Director	6	6	2	0/1	YES
Shri Amit Khurana, Executive Director	6	5	1	0/0	YES
Shri Mohanan Choran, Executive Director	6	4	0	0/2	YES
Non Executive (Independent) Directors					
Shri Ashok Gandhi, Director	6	5	10	1/9	YES
Shri Mayur Parikh, Director	6	6	5	4/1	YES
Smt. Dipti Shah, Director	6	6	1	1/2	NO
Shri Sanjay Mehta, Director	6	1	1	0/0	NO

(#) Excludes alternate directorships and directorships in private limited companies.

(*) Only Chairmanship/membership of Audit Committee, Remuneration Committee and Shareholder's Grievance Committee are considered (includes Chairmanship/membership held in MSK Projects (India) Limited).

(B) Board and Committees:

The company acts through its board and is regular and prompt in meeting, as since incorporation the board met not less than four times in a year, usually with a gap of not more than three months between two board meetings. The board is provided with the information as required in the clause.