

16/17

## GEI INDUSTRIAL SYSTEMS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2017

	NOTES	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Shareholders' Funds</b>			
Share Capital	1	196,792,480	196,792,480
Reserves & Surplus	2	<u>-227,939,656</u>	<u>-150,891,630</u>
		-31,147,176	45,900,850
<b>Long-term borrowings</b>	3	839,982,390	842,845,219
<b>Current Liabilities</b>			
Short-term Borrowings	4	1,665,832,215	1,683,334,911
Trade Payables	5	55,376,353	59,410,729
Other Current Liabilities	6	272,361,062	317,884,286
<b>TOTAL</b>		<b>2,802,404,844</b>	<b>2,949,375,995</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	7	455,616,326	504,884,052
Intangible Assets		<u>2,225,463</u>	<u>12,743,520</u>
		<b>457,841,789</b>	<b>517,627,572</b>
<b>OTHER NON-CURRENT ASSETS</b>	8	925,158,314	925,158,314
<b>Non-Current Investments</b>	9	266,297,508	266,297,508
<b>Long Term Loans and Advances</b>			
<b>Current Assets</b>			
Current Investments	10	497,016	497,016
Inventories	11	353,208,034	353,208,034
Trade Receivables	12	630,552,820	651,506,017
Cash and Bank Balances	13	18,310,077	31,493,941
Short Term Loans / Advances	14	103,197,247	138,858,514
Other Current Assets	15	47,342,038	64,729,079
		1,153,107,233	1,240,292,601
<b>Miscellaneous Expenditure</b>		-	-
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<b>2,802,404,843</b>	<b>2,949,375,995</b>

Significant Accounting policies

25

As per our report of even date  
For, Shikha Tiwari & Associates  
Chartered Accountants  
FRN - 01670C

Shikha Tiwari  
Partner  
M. No. 412886

For and on behalf of the Board of Directors

C E Fernandes  
DIN -  
Chairman & Managing Director

Robinson Fernandez  
DIN -

## GEI INDUSTRIAL SYSTEMS LTD.


### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Notes	2016-17 (Amount in Rs.)	2015-16 (Amount in Rs.)
<b>INCOME</b>			
Revenue from Operations	16	-	241,948,825
Other Income	17	2,629,852	10,653,275
Prior Period Item	18	204,093,882	
<b>Total Revenue</b>		<b>206,723,734</b>	<b>252,602,100</b>
<b>EXPENDITURE:</b>			
Prior Period Item	19	200,915,217	
Cost of Materials consumed	20	8,879	232,435,001
Employee Benefits/ Expenses	21	8,843	24,224,439
Finance Costs	22	1,062,805	165,153,512
Depreciation and Amortisation Expenses	23	59,785,783	59,313,146
Other Expenses	24	21,990,232	15,313,500
<b>Total Expenses</b>		<b>283,771,760</b>	<b>496,439,598</b>
<b>Profit /Loss (-) before Exceptional Items &amp; Tax</b>		<b>(77,048,026)</b>	<b>(243,837,498)</b>
<b>Exceptional Items</b>			
Provision for Liquidated Damages			127,814,504
Provision for Bad Debts			200,145,683
<b>Profit /Loss(-) before Taxation</b>		<b>(77,048,026)</b>	<b>(571,797,685)</b>
Provision for Taxation		-	-
<b>Profit/Loss(-) for the year</b>		<b>(77,048,026)</b>	<b>(571,797,685)</b>

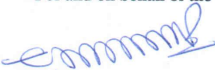
Significant Accounting policies

25

As per our report of even date  
For, Shikha Tiwari & Associates  
Chartered Accountants  
FRN - 01670C

  
Shikha Tiwari  
Partner  
M. No. 412886

For and on behalf of the Board of Directors

  
C E Fernandes  
DIN -  
Chairman & Managing Director

  
Robinson Fernandez  
DIN -

16-17

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1 SHARE CAPITAL	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
<b>Authorised Share Capital:</b>		
231,25,000 Equity Shares of Rs. 10 each	231,250,000	231,250,000
30,00,000 (9%)Cumulative Redeemable Preference shares of Rs. 10 each	30,000,000	30,000,000
25,55,000 (5%)Cumulative Convertible Preference Shares of Rs. 250 each	638,750,000	638,750,000
	<b>900,000,000</b>	<b>900,000,000</b>
<b>Issued, Subscribed and Paid up:</b>		
1,96,79,248 Equity Shares of Rs. 10 each	196,792,480	196,792,480
	<b>196,792,480</b>	<b>196,792,480</b>

2 RESERVES & SURPLUS	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
<b>General Reserve</b>	15,675,000	15,675,000
<b>Securities Premium Account</b>	1,113,247,230	1,113,247,230
<b>Revaluation Reserve</b>		
As per last Balance Sheet	103,797,031	106,068,555
Less: Transferred to Profit & Loss Account	-	2,271,524
	103,797,031	103,797,031
	<b>1,232,719,261</b>	<b>1,232,719,261</b>
<b>Capital Redemption Reserve Account</b>		
	30,000,000	30,000,000
<b>Profit and Loss Account</b>		
As per last Balance Sheet	(1,413,610,891)	(841,813,206)
<b>Total</b>	<b>(1,413,610,891)</b>	<b>(841,813,206)</b>
Dividend on Preference Shares	-	-
Tax on Dividend	-	-
Add: Profit for the year	(77,048,026) (1,490,658,917)	(571,797,685) (1,413,610,891)
		(1,413,610,891)
<b>TOTAL</b>	<b>(227,939,656)</b>	<b>(150,891,630)</b>



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3 LONG TERM BORROWINGS	(Amount in Rs.)		(Amount in Rs.)	
	Current	Non-Current	Current	Non-Current
<b>Secured</b>				
L&T Finance Ltd.	4,681,411		4,681,411	
MP Financial Corporation	2,155,389		2,155,389	
HDFC Bank Ltd. - Vehicle Loan	2,179,066		2,179,066	
Kotak Mahindra Prime Ltd. - Car Loan	68,778		68,778	
LIC of India (Short term loan)		14,022,876		14,022,876
ICICI Bank Ltd. - Car Loan	784,438		784,438	
Axis Bank (FITL)		75,759,090		73,377,966
Axis Bank (WCTL)		241,424,402		246,668,355
IDBI FITL		60,971,221		60,971,221
IDBI WCTL		285,903,505		285,903,505
SBI WCTL		152,032,214		152,032,214
<b>SUB TOTAL</b>	<b>9,869,082</b>	<b>830,113,308</b>	<b>9,869,082</b>	<b>832,976,137</b>
<b>Unsecured</b>				
	9,869,082	830,113,308	9,869,082	832,976,137
<b>TOTAL</b>		<b>839,982,390</b>		<b>842,845,219</b>

4 SHORT TERM BORROWINGS	AS AT 31ST MARCH, 2017 (Amount in Rs.)		AS AT 31ST MARCH, 2016 (Amount in Rs.)	
	<b>Secured</b>			
From ICICI Bank Ltd.	237,382,377		249,162,612	
From IDBI Bank Ltd.	115,136,673		115,136,672	
From State Bank of India	149,022,289		122,527,463	
From Axis Bank Ltd.	80,449,415		81,512,232	
From Yes Bank Ltd.	91,099,340		91,099,341	
From Kotak Mahindra Bank Ltd.	61,970,280		61,970,281	
From Standard Chartered Bank Ltd.	117,161,320		117,161,320	
		852,221,694		838,569,921
<b>BILL DISCOUNTING</b>				
SBI Global Factors Ltd.	154,136,197		154,136,197	
IFCI Factors Ltd.	159,079,578		159,079,578	
IDBI Bank Ltd.	(61,654)	313,154,121	(61,654)	313,154,121
<b>Unsecured</b>				
<b>Other Loans and Advances:</b>				
Related parties		52,698,049		80,662,749
Others		600,000		844,384
Inter corporate and other deposits		136,277,723		136,477,723
<b>Others</b>				
From Banks				
Citibank Ltd.		273,715,002		276,460,387
HSBC Ltd.		37,165,626		37,165,626
		500,456,400		531,610,869
		1,665,832,215		1,683,334,911



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5	TRADE PAYABLES	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
	Micro small and medium enterprises	-	-
	Others	55,376,353	59,410,729
		<u>55,376,353</u>	<u>59,410,729</u>

6	OTHER CURRENT LIABILITIES	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
	Creditors for expenses	30,954,586	30,807,083
	Advance from customers	(86,949,844)	(44,368,829)
	Other payables *	328,356,320	331,446,032
	<b>TOTAL</b>	<u>272,361,062</u>	<u>317,884,286</u>
	*Including Statutory dues and subject to inter-group adjustments		

8	OTHER NON-CURRENT ASSETS	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
	Doubtful debts	220,899,110	220,899,110
	Non-moving stock WIP	704,259,204	704,259,204
	<b>Total Other non-current Assets</b>	<u>925,158,314</u>	<u>925,158,314</u>
	Non-moving inventories (Project WIP) as identified and valued at cost by the management of the extent of Rs. 704259204/- has been classified under non-current assets during the year. Necessary effect in diminution of its value, if any, shall be done in coming years on revival of the projects.		

9	NON-CURRENT INVESTMENT	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
	<b>Other investments</b>		
	GEI Power Limited (Wholly Owned Subsidiary) 36,62,290 Equity shares of face value of Rs. 10 each (36,62,290)	266,297,508	266,297,508
	<b>Total Other investments</b>	<u>266,297,508</u>	<u>266,297,508</u>

10	CURRENT INVESTMENT	AS AT 31ST MARCH, 2017 (Amount in Rs.)	AS AT 31ST MARCH, 2016 (Amount in Rs.)
	A) Trade Investments		
	B) Other investments		
	Shares (Market value as on 31.3.2017: Rs. ...)	263,136	263,136
	Mutual Fund	200,000	200,000
	Gold	33,880	33,880
	<b>Total other Investment (B)</b>	<u>497,016</u>	<u>497,016</u>
	<b>Total Current Investment (A=B)</b>	<u>497,016</u>	<u>497,016</u>



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<b>11 INVENTORIES</b> (As taken, Valued, & certified by Management)		
Raw Materials	19,725,688	19,725,688
Consumable Stores	175,000	175,000
Work in Progress	1,162,000	1,162,000
Project WIP	260,756,000	260,756,000
Project WIP - Erection	71,389,346	71,389,346
	<u>353,208,034</u>	<u>353,208,034</u>

<b>12 Trade Receivables</b> (Unsecured and considered good)		
Due over six months	630,552,820	979,466,204
SUB TOTAL	630,552,820	979,466,204
Less : Provision for liquidated damages	-	127,814,504
Less : Provision for doubtful debts	-	200,145,683
Total Trade Receivable	<u>630,552,820</u>	<u>651,506,017</u>

<b>13 CASH AND BANK BALANCES</b>		
Cash in Hand	1,728	243,870
Balance with scheduled Banks		
(i) In current accounts	6,727,522	6,727,468
(ii) in Deposit accounts	11,580,827	24,522,603
Balances held as Margin Money or Security : against borrowings, guarantees, and other commitments		
	<u>18,310,077</u>	<u>31,493,941</u>

<b>14 SHORT TERM LOANS AND ADVANCES</b> (Unsecured and considered good)		
Balances with Customs, Central Excise & Income-tax Authorities	14602708.66	25203564.66
VAT refund	45,935,360	45,935,360
Security Deposits	11463568	36,841,593
Others	31,195,610	30,877,996
<b>TOTAL</b>	<u>103,197,247</u>	<u>138,858,514</u>

<b>15 Other Current Assets</b>		
Advance to Supplier	40,981,845	40,075,373
Advance to Workers	6,158,336	5,836,070
Interest Accrued on Deposits	201858	18,817,637
	<u>47,342,038</u>	<u>64,729,079</u>



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<b>16</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Products	-	199,567,612
	Project Revenue	-	37,261,435
	Income from services	-	8,195,266
	Other operating revenues	-	<u>245,024,313</u>
	<b>TOTAL</b>	-	<u>245,024,313</u>
	Less: Excise Duty	-	<u>3,075,488</u>
	<b>NET</b>	-	<u><u>241,948,825</u></u>

<b>17</b>	<b>OTHER INCOME</b>		
	Interest on Bank Deposits	1,544,254	6,758,970
	Consultancy Charges received	-	<u>3,894,005</u>
		<u>1,544,254</u>	<u>10,652,975</u>
	Interest on Income Tax Refund	1085598	<u>300</u>
		<u>2,629,852</u>	<u>10,653,275</u>

<b>18</b>	<b>Prior Period Items (Income)</b>		
	Sale of Products	200,915,217	
	Other Income	<u>3,178,665</u>	
	<b>NET</b>	<u>204,093,882</u>	<u>-</u>

<b>19</b>	<b>Prior Period Items (Expenses)</b>		
	Purchase	200,915,217	-
	<b>NET</b>	<u>200,915,217</u>	<u>-</u>



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<b>20 (a) COST OF MATERIALS CONSUMED</b>		
<b>Opening Stock</b>		
Raw Materials	19,725,688	19,725,688
Consumable Stores	175,000	175,000
	<u>19,900,688</u>	<u>19,900,688</u>
<b>Add: Purchases</b>		
Raw Material	-	231,653,801
Consumable Stores	8,879	781,200
	<u>8,879</u>	<u>232,435,001</u>
<b>TOTAL</b>		
<b>Less: Closing Stock</b>		
Raw Material	19,725,688	19,725,688
Consumable Stores	175,000	175,000
<b>TOTAL</b>	<u>19,900,688</u>	<u>19,900,688</u>
<b>TOTAL MATERIAL CONSUMED</b>	<u>8,879</u>	<u>232,435,001</u>
<b>(b) CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year</b>		
Finished goods		
Work-in-progress	1,162,000	1,162,000
<b>Inventories at the beginning of the year</b>		
Finished goods		
Work-in-progress	1162000	1,162,000
<b>Net (increase) / decrease</b>	<u>-</u>	<u>-</u>
<b>21 EMPLOYEE BENEFITS / EXPENSES</b>		
Salary & Wages		19,963,393
PF Employer's Contribution		3,277,862
Welfare Expenses	8843	983,184
<b>TOTAL</b>	<u>8,843</u>	<u>24,224,439</u>
<b>22 FINANCE COSTS</b>		
Bank interest	-	153,817,939
Bank Commission & Other Charges	1,062,805	10,515,884
Interest on ICD		819,689
<b>TOTAL</b>	<u>1,062,805</u>	<u>165,153,512</u>
<b>23 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and amortisation	59,785,783	61,584,670
Less: Depreciation on Revaluation transferred to Revaluation Reserve		2,271,524
<b>TOTAL</b>	<u>59,785,783</u>	<u>59,313,146</u>



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<b>24 OTHER EXPENSES</b>		
a) Manufacturing Expenses	189,477	5,005,095
b) Selling & Distribution Expenses	25,000	1,111,164
c) Establishment Expenses	21,775,755	9,197,241
<b>TOTAL</b>	<b>21,990,232</b>	<b>15,313,500</b>
<b>a) Manufacturing Expenses</b>		
Carriage inward		457,526
Fabrication charges		57,113
consumption - fuel		25,950
Material handling charges		3,300
Plating charges		367
Power & Light		4,372,713
Consumption - Gas		22,210
Repairs & Maintenance - Machinery		8,581
Testing charges	189,477	57,335
<b>TOTAL</b>	<b>189,477</b>	<b>5,005,095</b>
<b>b) Selling &amp; Distribution Expenses</b>		
Advertisement	25,000	624,969
Carriage Outward		127,250
Licence AC		109,982
Registration & renewals		123,388
Seminar & Technical Conf		32,309
Directors sitting fee		15,000
Misc expenses		78,266
<b>TOTAL</b>	<b>25,000</b>	<b>1,111,164</b>
<b>c) Establishment Expenses</b>		
Audit fees	147,500	200,000
Business Promotion Expenses	11,608	-
Consultancy charges	4,011,200	2,146,727
Conveyance	15,575	277,605
Factory expenses	37,254	11,650
Insurance	29,792	714,281
Legal expenses	1,563,530	126,695
Misc Expenses	24,692	8,025
Newspapers & Periodicals	1,000	6,955
Office expenses	22,115	137,446
Rent	576,000	764,320
Postage & telegrams	3,837	11,856
Printing & Stationery	26,952	32,008
Repairs & Main - vehicles	341,336	344,672
Repairs & Main - Building	273	4,154
Repairs & Main - Computer	11,400	25,625
Telephone charges	80,991	415,705
Travelling expenses	1,177,356	3,966,079
Packing charges	-	3,438
Custom Duty for Import	2,000,000	-
Director Medical Expenses	6,890	-
Excise Demand Paid A/c	4,569,784	-
Income Tax Demand Account	7,116,670	-
<b>TOTAL</b>	<b>21,775,755</b>	<b>9,197,241</b>



2016-2017

Description	Gross block			Depreciation / Amortisation			Net Block		
	As at 01.04.2016	Addition	Deduction Adjustment/Transfer	As at 01.04.2016	For the year	Deduction / Adjustment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>A. TANGIBLE ASSETS:</b>									
<b>OWN ASSETS:</b>									
Land	69,096,000	-	-	-	-	-	-	69,096,000	69,096,000
Building	152,675,422	-	-	75,401,334	5,089,180	-	80,490,514	72,184,908	77,274,088
Machinery	508,616,022	-	-	193,617,743	33,597,215	-	227,214,958	281,401,064	314,998,279
Auxiliary Equipments	88,187,985	-	-	58,732,235	6,168,334	-	64,900,569	23,287,416	29,455,750
Electrical Installations	7,509,490	-	-	6,564,174	563,643	-	7,127,817	381,673	945,316
Patterns	401,897	-	-	323,973	8,931	-	332,904	68,993	77,924
Furniture	12,145,267	-	-	8,701,347	779,605	-	9,480,952	2,664,315	3,443,920
Office Equipments	12,602,368	-	-	11,264,177	1,235,768	-	12,499,945	102,423	1,338,191
Computers	29,356,083	-	-	29,356,083	-	-	29,356,083	-	1,338,191
Vehicles	26,807,030	-	-	18,552,446	1,825,050	-	20,377,496	6,429,534	8,254,584
<b>Total Tangible Assets - A</b>	<b>907,397,564</b>	<b>-</b>	<b>-</b>	<b>402,513,512</b>	<b>49,267,726</b>	<b>-</b>	<b>451,781,238</b>	<b>455,616,326</b>	<b>504,894,052</b>
<b>B. INTANGIBLE ASSETS:</b>									
Inangible Assets	44,464,344	-	-	33,824,255	841,4626	-	42,238,881	2,225,463	10,640,089
Software	13,818,224	-	-	11,714,793	2103,431	-	13,818,224	2,103,431	2,103,431
<b>Total Intangible Assets - B</b>	<b>58,282,568</b>	<b>-</b>	<b>-</b>	<b>45,539,048</b>	<b>10,518,057</b>	<b>-</b>	<b>56,057,105</b>	<b>2,225,463</b>	<b>12,743,520</b>
<b>Grand Total (A + B)</b>	<b>965,680,132</b>	<b>-</b>	<b>-</b>	<b>448,052,560</b>	<b>59,785,783</b>	<b>-</b>	<b>507,838,343</b>	<b>457,841,789</b>	<b>517,627,572</b>
Less : Revaluation	-	-	-	-	-	2,271,524	-	-	-
<b>Net</b>	<b>965,680,132</b>	<b>-</b>	<b>-</b>	<b>448,052,560</b>	<b>59,785,783</b>	<b>(2,271,524)</b>	<b>507,838,343</b>	<b>457,841,789</b>	<b>517,627,572</b>
Previous Year	965,577,707	102,425	-	386,467,890	61,584,670	-	448,052,560	517,627,571	579,109,817



*Shikha Jain*

*Shikha Jain*

## Note – 25 - SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of preparation of financial Statements

The financial statements have been prepared in accordance with the generally Accepted accounting principles and as per the provisions of the Companies Act, 2013 as adopted consistently by the company.

### B. Use Of Estimates

The preparation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period in which the results are known/materialized.

### C. Fixed Assets

Fixed assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production/upto the date asset is put to use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

### D. Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion. All costs, including costs till commencement of commercial production net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

### E. Depreciation and Amortization

Depreciation on fixed assets is provided to the extent of depreciable amount on written Straight line method (SLM) at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

### F. Impairment of Assets

An assets is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### G. Foreign Currency Transactions

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of transaction.



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- (b) Monetary items denominated in foreign currencies at the yearend are restated at the yearend rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- (c) Non monetary foreign currency items are carried at cost.
- (d) Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

**H. Investment**

Current investments are carried at cost. Long term investments are stated at cost. Provision for diminution in the value of investments is made only if such a decline is other than temporary.

**I. Inventories**

Inventories are stated at their book values as management has not provided net realizable value of stock.

**J. Revenue recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations include sale of goods, services, sales tax and excise duty adjusted for discount (net) and Value Added Tax (VAT). Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable or as certified by financial institution.

Project related activity and contracts are recognized by applying percentage completion to the contract value determined as a proportion of the cost incurred to-date to the total estimated cost.

**K. Employee Benefits**

- (i) The company has not recognized claims of staff and workers for the accounting year. The total claim amount is Rs. 658.30 Lacs.

**L. Claims by/ against the company**

- (i) Claims for liquidated damages against the company are recognized in accounts based on management's assessment of the probable outcomes with reference to the available information supplemented by experience of similar transactions.
- (ii) Claims for export incentives/duty drawbacks/duty refunds and insurance claims etc., if any, are taken into account on accrual basis.



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- (iii) Amounts due in respect of price escalation claims and /or variation in contract work are recognized as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers. However, escalation is restricted to intrinsic value.
- (iv) As per information provided by the management, the following are claims of Department of Revenue (Central and State government) :-

Sr. No	Nature of dues	Year	Amount (Rs.)	Forum where the dispute is pending
1	Central Sales-tax	2006-07	17,47,280	Board of Revenue
2	Central Sales-tax	2007-08	8,39,541	Board of Revenue
3	Central Sales-tax	2008-09	41,35,024	Board of Revenue
4	Central Sales-tax	2009-10	1,66,859	Board of Revenue
5	Income-tax	2006-07	35,76,166	Commission of Income-tax
6	Income-tax (TDS)	2012-13 & 13-14	5,75,82,411	Dy. Commission of Income-tax

- (v) Several other staff workers, financial institutions and other institutions (Inter Corporate Deposit's provider) had filed suit against the company which is pending against court of law.

#### M. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other Borrowing costs are charged to profit and loss account.

#### N. Provision for current and deferred tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that is a virtual certainty that the asset will be realized in future.

#### O. Provisions, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as result of past events and it is probable that will be

- (i) An outflow of resources - Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



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- (ii) Liability on account of interest on various borrowings from financial institutions, which has not been provided for in the accounts on account of litigation or classification as NPA is Rs. 390134850 (estimated). The liability against guarantee (corporate guarantee given to bank/financial institutions against loans to subsidiary company GEI power Limited and performance guarantee in respect of others is Rs. 1193160078. However no documentary evidence was available to substantiate the claim.

- P. The following items are reported in the financial statement which pertains to prior period. The list of items are as follows :-

Sr. No.	Nature of Item	Amount
1.	Sale of services	200915217
2.	Purchase	200924096
3.	Income Tax demand Paid	7116670
4.	Excise Duty paid	4569784
5	Interest income of Prior year	3178665

- Q. Previous year's figure has been regrouped, rearranged and reclassified wherever found necessary.



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