



**REPLIES TO THE COMMENTS CONTAINED IN STATUTORY AUDITORS REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS OF NBCC LIMITED FOR THE YEAR ENDED 31ST MARCH,2006**

1. No Comments.
2. No Comments.
3. No Comments.
4.
  - i) No Comments.
  - ii) No Comments.
  - iii) No Comments.
  - iv) A) No Comments.
  - v) No Comments.
  - vi)
    - a) The accounts of overseas projects are compiled in Corporate Office based on the statements and documents received from the respective projects which have been examined by the Statutory Auditors at the time of conducting audit.
    - b) The affect of reconciliation and final settlement of accounts with various clients, PRWs, Suppliers and others is not ascertainable, hence the affect on Balance Sheet and Profit & Loss Account could not be given.
    - c) The outstanding debts shown as good for recovery for Rs.3631.21 lacs in respect of closed Inland Projects pertains to the Govt. Deptts/PSUs/State Govt. and are good for recovery. The recovery of the outstanding dues is under negotiation/ follow up.
    - d) No Comments.
    - e) The debtors of Rs.5234.41 lacs in respect of Iraqi projects have been considered good for recovery and are in the process of realisation. The Govt. of Iraq has appointed E&Y Debt Reconciliation Agent, Jordan to whom all the required details of outstanding debts have been sent and they have confirmed the receipt of the same vide their e.mail dt. 22.08.2005. Representative of E&Y visited NBCC office on 14.10.2005 and reconciled all the debtors details submitted to them. Since all the dues are based on actuals, hence have been considered good.




- f) The outstanding dues including security deposit of Libyan projects could not be realised due to imposition of economic sanctions on Libya by U.N. Now the sanctions have been lifted and the Corporation is in the process to realise the outstanding dues through diplomatic channels. NBCC deputed one Sr.Executive to Libya who has compiled all the details of outstanding dues and submitted to the Finance Department of General Power committed through Indian Embassy Tripoli on 12.07.2005 since the debtors are based on actuals hence are good for recovery.
- g) No Comments.
- h) **The non-cumulative redeemable preference shares are redeemable in 10 years upto 31.03.2007 and do not contain the conditions for redemption on yearly basis.**
- i) As per terms of the Joint Venture, the equity participation of NBCC is to be made out of the profit earned by the Joint Venture. Since the Govt. of India approved the Joint Venture with this condition the participation of equity could not be made.
- j) The old unclaimed credit balances written- back during the year have been made with proper identification after due review and assessment made by the Management and consist only the credit balances which remained unclaimed for more than 3 years.
- k) The amount lying with Rasheed Bank, Iraq is as per the last balance confirmed by the bank and is good for recovery. The Govt. of Iraq has also appointed E&Y Debt Reconciliation Agent for early settlement and the process for settlement is in process.
- l) Since the liability on account of penal interest is not ascertainable because there is dispute on rates and time of applicability of Bank Gurantee commission. This has been shown in contingent liability.
- a) No Comments.  
b) No Comments.  
c) No Comments.

Sd/-  
(ARUP ROY CHOUDURY)  
Chairman-cum-Managing Director



**REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS CONTAINED IN ANNEXURE TO THE REPORT**

i)	a)	No Comments.
	b)	No Comments.
	c)	No Comments.
ii)	a)	No Comments.
	b)	No Comments.
	c)	No Comments.
iii)	a)	No Comments.
	b)	No Comments.
iv)		No Comments.
v)		No Comments.
vi)		No Comments.
vii)		No Comments.
viii)		No Comments.
ix)	a)	No Comments.
	b)	NBCC has filed an appeal against the demand raised by the Assessing Officer and the matter is subjudice.
x)		No Comments.
xi)		Govt. of India has been requested to convert the interest on GOI Loan Rs.6713.57 lacs into equity through financial restructuring of the Corporation.
xii)		No Comments.
xiii)		No Comments.

		
xiv)		No Comments.
xv)		No Comments.
xvi)		No Comments.
xvii)		No Comments.
xviii)		No Comments.
xix)		No Comments.
xx)		No Comments.
xxi)		No Comments.

Sd/-  
(ARUP ROY CHOUDURY)  
Chairman-cum-Managing Director