

COMING TOGETHER IS A BEGINNING.
KEEPING TOGETHER IS PROGRESS.
WORKING TOGETHER IS SUCCESS.



ANNUAL REPORT 2007-2008



SPML Group

Vision & Core Values

Business Segments

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We are inspired by our guiding light

Shri Punam Chand Sethi
Chairman Emeritus

Subhash Projects and Marketing Limited (SPML)

SPML is one of India's leading Infrastructure Development company, with over 25 years' experience in large-scale turnkey projects in the private and public domain.

SPML has implemented mega projects in Water Management, Eco-friendly Power Generation, Power Transmission & Distribution, Environmental Engineering, Infrastructure Development and Engineering Consultancy & Services.

SPML is a single source solution provider for various multi disciplinary engineering and infrastructure services from conceptualization to maintenance in Water, Power, Environment and Infrastructure projects. Further, SPML has investments in high value projects on BOOT/PPP basis.

SPML is an ISO – 9001: 2000 certified company, employing 1500 skilled engineers & domain experts.



WATER

ENERGY

ENVIRONMENT

INFRASTRUCTURE

TECHNOLOGY

VISION

BUILD WORLD-CLASS
INFRASTRUCTURE WITH
PASSION AND
INNOVATION TO
MAKE HUMAN LIFE
COMFORTABLE

CORE VALUES

CUSTOMER ORIENTATION
WEALTH CREATION
EMPLOYEE EMPOWERMENT
SYSTEM & PROCESSES
TEAMWORK & COOPERATION
PROACTIVENESS & INNOVATION

STICKS IN A BUNDLE ARE UNBREAKABLE.

Kenyan Proverb



SPML Corporate Structure



Credentials & Recognition

- SPML has been awarded as the number One fastest growing construction companies in India in 'large category' - in the ceremony of "Fifth Construction World – NICMAR Award 2007".
- "Dun & Bradstreet" & "The Financial Express" has rated SPML as one of the top 500 companies in India in the year 2007.
- SPML promoters have been ranked at 217 amongst top Billionaire of the country by eminent financial magazine "Business Standard" in their publication dated December 2007

(Courtesy : Source)



Subsidiaries / Associates / Joint Ventures

As on 29th August 2008

Water:

- SPML Water Infra Limited
- Latur Water Supply Management Co., Limited (Joint Venture)
- SPML Bhiwandi Water Supply Infra Limited
- SPML Bhiwandi Water Supply Management Limited (Joint Venture)
- Hydro-Comp Enterprises (India) Private Limited (Associate)

Energy:

- Subhash Kabini Power Corporation Limited
- SPML Energy Limited
- Awa Power Company Private Limited
- Binwa Power Company Private Limited
- Iqu Power Company Private Limited
- Luni Power Company Private Limited
- Neogal Power Company Private Limited
- Rupin Tons Power Private Limited
- Tons Valley Power Company Private Limited
- Uttarkashi Tons Hydro Power Private Limited

Environment:

- SPML Urban Enviro Limited
- Delhi Waste Management Limited
- Madurai Municipal Waste Processing Company Private Limited

Infrastructure:

- SPML Infrastructure Limited
- Pondicherry Port Limited (Associate)
- Pondicherry Special Economic Zone Company Limited (Joint Venture)
- Sanmati Infradevelopers Private Limited
- Jaora-Nayagon Toll Road Company Private Limited (Joint Venture)

Technology:

- SPML Technologies Limited

Manufacturing:

- SPML Industries Limited

International Alliances / Ventures

- PT Bina Insan Sukses Mandiri (BISM), Indonesia
- SPM Holdings Pte. Limited, Singapore
- Hydro Comp Enterprises, Cyprus
- Insituform Technologies Inc., USA
- Semitech Innovations Pty Limited, Australia



Chairman's Message

Dear Stakeholders,

It has been a great year so far, having reached our identified milestones, we are all set to tread new paths and seek new destinations.

Year 2007-08 was path breaking in many ways; our business strategy was to consolidate our existing businesses and offerings, while diversifying into domains that complement our core business. SPML diversified into new business interests; acquisition of Coal mines in Indonesia to fuel our energy initiatives and exploration of new markets, was a step in that direction.



In the Engineering, Procurement and Construction business, SPML has reiterated its established position as a reliable and preferred partner. We have delivered on promises and commitments; reinstating trust and repeat business from satisfied clients. Further, our continuous focus on project and delivery excellence is evident in our application of innovative technologies, processes and systems.

We have allied with the best technology –domain partners to ensure cutting edge and break through methodologies and practices. Partnerships with Insituform, USA – the pioneers in ‘trenchless pipe rehabilitation technology’, Peat Technologies, USA – pioneers in ‘waste to useful products’, for instance reflect our initiatives and the strides that we have taken in the Environment vertical.

SPML is developing mini-hydel projects with aggregate capacity of over 200 MW across various states of India, in the Energy vertical. Further, SPML has developed an integrated energy management system for Utility to ensure service optimization and enhanced consumer experience.

Latur Water Supply - India's first integrated management contract from source to tap & Integrated Bulk Water supply and water management for Bhiwandi Nizampur City Municipal Corporation, have been our flagship projects in integrated water supply management initiatives on a Public Private Partnership basis. SPML has allied with Hydro-Comp Enterprises, Cyprus, to provide a myriad of water management solutions and services.

The Group has made tremendous strides in the infrastructure development domain; Pondicherry Special Economic Zone and the Deep Sea Port at Pondicherry are progressing briskly as per schedule.

I would like to credit the success of our ventures to the team work and dedication of our core assets – our employees. People policies have been at the forefront of our thrust areas over the years; going ahead we will look at all aspects of people development and welfare policies, with renewed vigour. People retention and attraction, are at the forefront of our growth strategy.

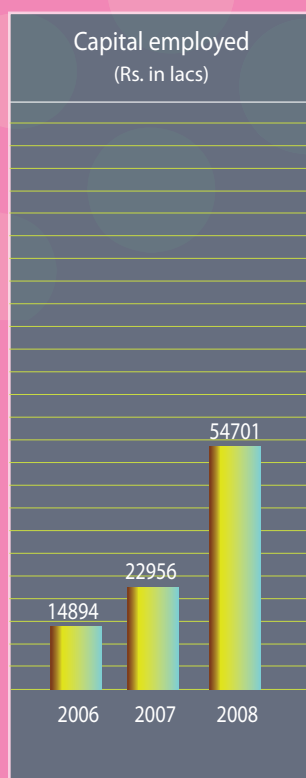
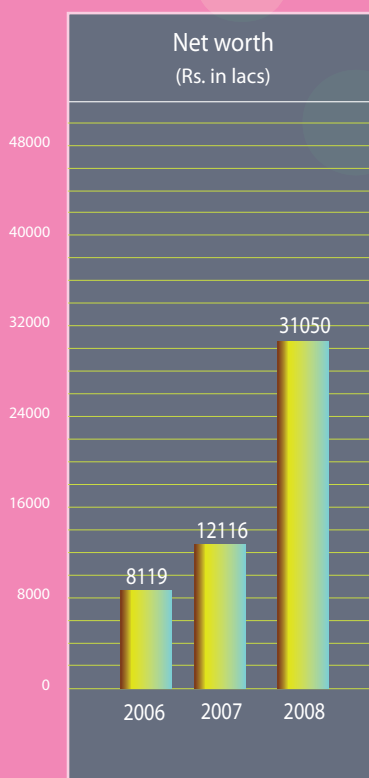
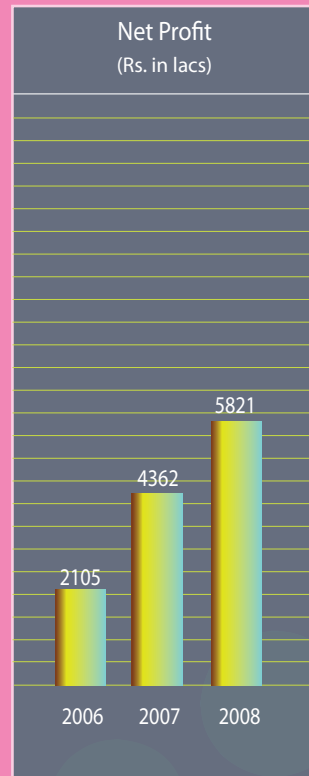
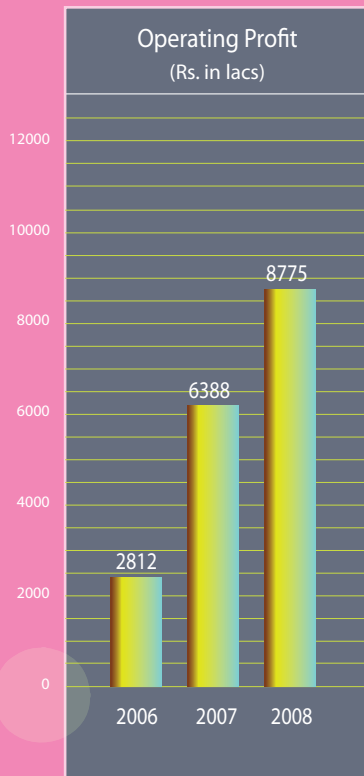
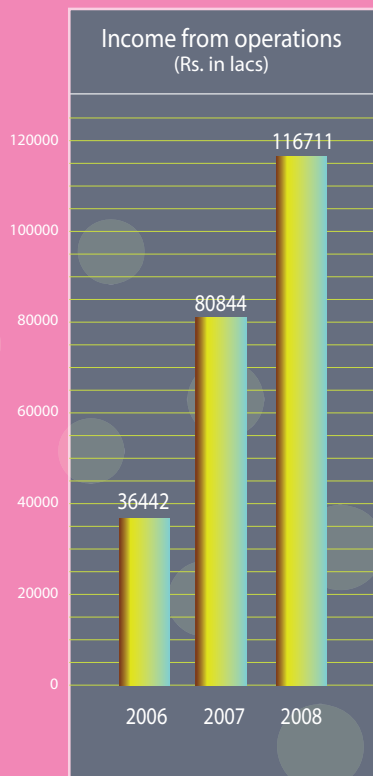
Our Joint venture partners have stood by us in our pursuit of excellence; our strong relationships has resulted in collaboration, co-innovation and creation of infrastructure and engineering marvels. My special thanks to our joint venture partners and business associates.

I would like to take this opportunity to thank the board of directors for their continued support. I would also like to thank all the stakeholders – our esteemed clients, employees, support agencies, suppliers, vendors, media and the general public at large, for their support and good wishes.

Sincerely

Anil Sethi
Chairman, SPML

Financial Highlights



Board of Directors



Mr. Anil Sethi
Chairman

His extraordinary entrepreneurial acumen has inspired the organization to grow into a multi – faceted conglomerate. He has been instrumental in developing the concept of turnkey developers for non conventional energy projects in India. His leadership has enabled the Group to foray into several hydro power and infrastructure projects in Public Private Partnership.



Mr. Subhash Sethi
Vice Chairman and Managing Director

He is considered as the backbone behind the success of the group. He brings with him a wealth of experience in contract financing and contract execution and management. His contract management skills have enabled the group to execute turnkey projects successfully. A hard task master, his innovative leadership management is a source of constant inspiration.



Mr. Sushil Sethi
Managing Director

He leads the business development and diversification activities of the group. He has been instrumental in conceptualising and leading urban environmental management initiatives. He has rich experience in the execution of EPC contracts in water supply, power and infrastructure development projects.



Mr. Deepak Sethi
Director

MBA from Deakin University, Australia, he infuses enthusiasm into the group with his new age business tactics. He is currently involved in the marketing, planning, execution, operation and maintenance of contracts in water and power sector. He has been instrumental in developing the Information and Technology edge within the organization. He has the dream of taking the organization to the global heights where it can emerge as a true business leader.



Mr. K. Mukhopadhyay

Director

BE in civil from Bengal Engineering college, he is a renowned engineering expert in the field of civil, mechanical and turnkey construction. With more than 35 years of experience ranging from refineries and petrochemicals to highways, roads, bridges and other infrastructure facilities in the country, he is widely acclaimed and recognized for his views on market scenarios, business strategies and management practices.

Mr. B. B. Chakraborty

Director

He is a BE from Bengal Engg. College, DCT from Leeds, MICE and MI in structural engineering from London, he has 40 years of experience in design, detailed engineering and planning. He shares a long association with some of the best institutions of the country. His experience covers the construction of rolling mills of steel plants, mega hydro power projects, design of RCC structures and foundations for dams and power stations in UK.



Mr. R. L. Gaggar

Director

He is a noted practicing lawyer from the High Court in Kolkata. He brings with him a rich experience in lawsuits and arbitration. His everlasting quality of determining truth has earned him major accolades. He has held major directorial positions in many of the renowned organizations in the country.

Mr. A. Bhattacharjee

Director

A fellow member of the Institute of Chartered Accountants of India, he has more than 42 years of experience in the field of Corporate Finance. He was Director (Finance) of West Bengal Power Development Corporation Limited, a Government of W.B. undertaking for 15 years. Presently, he is the Director (Finance) of DC Industries Plant services (P) Ltd. He is also a member of NIPM, Founder Secretary of College of Engg. & Management, Kolaghat, and the visiting faculty of Indian Institute of Social Welfare & Business Management.



Corporate Information

Executive Vice President (Finance)
And Company Secretary

B. N. Choudhary

Registered office

F-27/2, Okhla Industrial Area, Phase II, New Delhi - 110 020

Head office

Corporate : 22, Camac Street, Block - A, 3rd Floor, Kolkata - 700 017

Engineering : 113, Park Street, Poddar Point, South Block, 3rd Floor, Kolkata - 700 016

Corporate office

Mfar Silverline Tech Park, Plot No.180, EPIP 2nd Phase, Whitefield, Bangalore - 560 066

Regional office

- (i) Fancy Bazar, Guwahati - 781 001
- (ii) Om Tower, 3rd Floor, Church Road, M I Road, Jaipur - 302 001
- (iii) Hem Plaza, 305-A, Frazer Road, Patna - 800 001
- (iv) C, Kanha-Nirupam Tower, 62, Malviya Nagar, Bhopal - 462 003
- (v) 101, Arvind Chamber, Western Express Highway, Andheri (East) Mumbai - 400 069

Bankers

- Andhra Bank
- Bank of Baroda
- Canara Bank
- IDBI Bank
- ICICI Bank
- Oriental Bank of Commerce
- Punjab National Bank
- State Bank of India
- State Bank of Travancore
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Bikaner & Jaipur
- Syndicate Bank
- Union Bank of India

Auditors

S.R. Batliboi & Company
Chartered Accountants
22, Camac Street, Block C, 3rd Floor, Kolkata - 700 016

Sunil Kumar Gupta & Co.
Chartered Accountants
B-2, Magnum House - 1, Karampura Commercial Complex, New Delhi - 110 015

Registrar & Share Transfer Agents

Maheshwari Datamatics (P) Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their 27th Annual Report on your Company's operations and performance together with the audited statement of accounts for the year ended 31st March 2008.

Financial Results

The performance of the Company for the financial year ended March 31, 2008 is summarized below :

PARTICULARS	For the year ended 31.03.2008		For the year ended 31.03.2007	
Gross Operating Revenue & Others Income		117447.18		81115.05
Profit before Interest and Depreciation		12279.24		8106.66
Less :- Interest and Financial Charges		3504.12		1718.68
Less :- Depreciation		1053.17		1351.76
Profit Before Tax		7721.95		5036.22
Provision for Taxation	1440.00		600.00	
Fringe Benefit Tax	53.10		36.11	
Provision for Deferred Tax	408.00	1901.10	203.13	839.24
Profit After Tax		5820.85		4196.98
Add (Less) :-				
Provision for Income Tax for earlier years		--		(165.12)
Profit after earlier year taxation		5820.85		4362.10
Add : Balance brought forward from previous year		7345.34		4547.75
Profit available for Appropriation		13166.19		8909.85
Appropriations :-				
Proposed Dividend	439.80		311.56	
Tax on Distributed Profits	74.74	514.54	52.95	364.51
Transfer to General Reserve		1500.00		1200.00
Surplus carried to Balance Sheet		11151.65		7345.34
Total :		13166.19		8909.85

Operating Results

You will be glad to note that your company achieved a turnover of Rs.1167.11 Crores as against Rs.808.44 Crores achieved in the previous year, registering a growth of 44%. The company earned a gross profit of Rs. 122.79 Crores before interest and depreciation as against Rs.81.06 Crores in the previous year. After deducting interest and finance cost of Rs.35.04 Crores, providing a sum of Rs.10.53 Crores towards depreciation, tax provision of Rs.19.10 Crores, the operations resulted in a net profit of Rs. 58.21 Crores as against Rs.43.62 Crores in the previous year, recording a growth of 33%.

Management Discussion and Analysis of Financial condition and Operational Performance of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given as a separate statement in the Annual Report.

Dividend

Your Directors have recommended a dividend of 60% (last year 50%) on 36650276 Equity Shares of Rs. 2/- each for the financial year ended March 31, 2008. The total dividend, including tax, amounts to Rs. 514.54 Lakhs as against Rs.364.51 Lakhs during the previous year.

The dividend payout for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance and growth plans.

Subsidiary Companies

Your Company has the following Subsidiary Companies:

- (i) Neogal Power Company Private Ltd.
- (ii) Awa Power Company Private Ltd.
- (iii) Luni Power Company Private Ltd.
- (iv) IQU Power Company Private Ltd.
- (v) Binwa Power Company Private Ltd.
- (vi) Tons Valley Power Company Private Ltd.
- (vii) Rupin Tons Power Private Ltd.
- (viii) Uttarkashi Tons Hydro Power Private Ltd.
- (ix) SPML Energy Limited.
- (x) Subhash Kabini Power Corporation Ltd.
- (xi) Delhi Waste Management Ltd.
- (xii) SPML Industries Limited (Formerly known as Subhash Pipes Limited)
- (xiii) SPML Technologies Limited.
- (xiv) SPML Infrastructure Limited.
- (xv) SPM Holdings Pte. Limited , Singapore.

- Companies under Serial Nos. i to v are engaged in construction of run of the river mini hydel power projects in the state of Himachal Pradesh and four of these projects are scheduled to be commissioned during the financial year 2008-09.
- Construction of Uttarakhand Hydro Projects under Serial Nos. vi to viii is expected to commence during financial year 2008-09 subject to requisite approvals from the Government and statutory authorities.
- Subhash Kabini Power Corporation Limited runs a 20 MW Hydro Power Plant in the state of Karnataka.
- Delhi Waste Management Limited has been awarded the contract for collection, segregation and disposal of waste from South, Central and City zones of Delhi.

- SPML Industries Limited is into manufacturing of pre stressed concrete pipes.
- SPML Technologies Limited is into providing business solutions to utility Companies.
- SPML Infrastructure Limited has been formed as a subsidiary during the year for undertaking Port, SEZ and other Infrastructure Projects.
- SPM Holdings Pte. Limited, is a step down subsidiary (Subsidiary of Subhash Kabini Power Corporation Ltd.) and is in the business of general wholesale trade (including imports and exports).

A statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the subsidiaries of the Company, forms part of the Annual Report.

The Ministry of Company Affairs, Government of India has vide its letter bearing No.47/530/2008-CL-III dated 25.08.2008 accorded approval under Section 212(8) of the Companies Act, 1956, exempting the Company from attaching the annual accounts of the subsidiary companies for the year ended March 31, 2008 with that of your Company.

A statement pursuant to Section 212 (8) of the Companies Act, 1956, containing the details of the subsidiaries of the Company forms part of the Annual Report.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in associates, your Directors provide the audited Consolidated Financial Statements for the financial year ended 31st March, 2008 forming part of the Annual Report and Accounts.

The Company will make available the annual accounts of the aforesaid subsidiaries upon request by any member/investor of the company/subsidiary company. Further, the annual accounts of the subsidiary companies will also be kept open for inspection by any member/investor at the company's registered office and that of the subsidiaries concerned.

Directors

Shri Amalendu Bhattacharjee & Shri. B.B.Chakraborty retire by rotation and being eligible, offer themselves for reappointment at the ensuing annual General Meeting.

Sri Jayanta Kumar Basu resigned from the Board of Directors w.e.f. 31.07.2008.

Sri Vivek Chhachhi was appointed as an Additional Director of the Company w.e.f. 01.08.2008 and his appointment will be regularized in the ensuing Annual General Meeting of the Company.

Auditors and Auditors' Report

The joint statutory auditors of the Company, M/s. S.R. Batliboi & Company, Chartered Accountants and M/s. Sunil Kr. Gupta & Company, Chartered Accountants, retire at the conclusion of the 27th Annual General Meeting and being eligible have offered themselves for reappointment to hold office from the conclusion of the 27th Annual General Meeting upto the conclusion of the 28th Annual General Meeting.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

Deposits

During the year under review the Company has not accepted any public deposits.

Particulars of Energy Conservation, etc.

Your Company is not covered by schedule, which requires furnishing of details in Form A & B as per the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1968.

Foreign Exchange Earnings and Outgo

The information is contained in Schedule 20, Item Nos.12 & 13 in Significant Accounting Policies and Notes on Accounts.

Particulars of Employees

Details in respect of remuneration paid to the employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of the Report. However, in pursuance of the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the members of the Company excluding the aforesaid information and the said details are made available at the registered office of the Company. The members interested in obtaining such details may write to the Company Secretary at the registered office of the Company.

Employee Stock Option Scheme (ESOS)

No options were granted during the financial year ended 31st March, 2008.

Quality Management System

The Company has maintained strict Quality Management System in all aspects of EPC Contracts and has ISO 9001 certificate.

Transfer of Unpaid / Unclaimed amounts to IEPF

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid / unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

Corporate Governance

In pursuance of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of the Shareholders. A certificate from the auditors of the company regarding compliance of the condition of Corporate Governance as stipulated under the said Clause 49 also forms part of the Annual Report.

Employees Relations

The relations with the Employees have been cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the Employees of the Company at all levels.

Directors' Responsibility Statement

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

- (i) in preparation of the annual accounts, the applicable accounting standards have been duly followed;
- (ii) the Directors had selected such accounting policies and applied them consistently 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;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate 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;
- (iv) the Directors had prepared the annual accounts on a 'going concern' basis.

Acknowledgement

Your Directors wish to place on record their sincere appreciation and thanks for the valuable cooperation and support received from the Company's Bankers, Financial Institutions, Central and State Government Authorities, Joint Venture Partners, Clients, Consultants, Suppliers and Members of the Company and look forward for the same in greater measure in the coming years.

On behalf of the Board

Sd/-

**Anil Kr. Sethi
Chairman**

Place : Kolkata
Date : 29th August 2008

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC AND BUSINESS OVERVIEW

India is amongst fastest growing economies in the world with an average GDP rate of 8.8% per annum since 2003-04. The growth is quite significant when compared to the growth achieved by most of the other economies around the world. This consistent growth of the economy has catapulted India as the fastest growing economy after China.

The Indian construction industry is an integral part of the Indian economy and an important portion of investments into the development of the Indian Economy takes place through construction industry. The construction industry is expected to grow with further economic development, industrialization, urbanization and improvements in the standard of living. According to the Indians Central Statistical Organisation, investments in construction in India grew at a compounded annual growth rate of 12% during the last ten years.

The Company is operating in the field of Water supply, sanitation and solid waste, Hydro Power, Electrification, Roads and Highway and Industrial Infrastructure Projects and is an eminent player in this field. The Company has been able to bag many prestigious projects during the year under review.

RESULTS OF OPERATIONS

Income from Operations

During the year under review, the Company has achieved a turnover of Rs.1167.11 Crores, registering a growth of 44% over last years' turnover of Rs.808.44 Crores.

Gross profit

The Gross Profit of the Company has increased by 51% to Rs. 122.79 Crores during the current year as compared to Rs. 81.06 Crores during the preceding year. The operating margin of the Company has increased to 10.5% compared to 10% during the last year. The substantial improvement in the profit has been mainly due to the increased operations of the Company and savings in the operational cost during the year.

Profit After Tax

The Company's operations during the year under review have resulted in a net profit of Rs.58.20 Crs. as against Rs.43.62 Crs. in 2006-07.

Direct Cost

The direct cost for the year under review works out to 82.76% of the turnover as against 82.90% last year.

Overheads

Overheads, comprising salaries and administrative expenses, work out to Rs 85.77 Crs. for the year under review as against Rs.59.85 Crs. in the previous year. The increase was partly due to a rise in the salary cost per employee and partly due to increase in the volume of business.

Interest and Finance Cost

The interest cost is stated after adjusting interest income. During the year under review, there was an increase in the interest and Finance cost from Rs 17.19 Crs. to Rs 35.04 Crs. The interest and finance cost has gone up from 2.12% to 3.0 % and the increase was partly on account of increase in the quantum of loans and increase in Bank Guarantee utilization for new contracts.

Depreciation

The Company's depreciation for the year was Rs.10.53 Crores as against Rs.13.52 Crores (inclusive of Rs.7.48 Crores for earlier year) in the previous year. The increase is due to increase in Gross Block to meet the requirements of Major Projects taken up by the Company.

Provision for Tax

The Company has provided for a sum of Rs. 1440 Lacs as current tax and Rs. 408 Lacs as deferred tax liability for the year. The company has also provided Rs. 53 Lacs as fringe benefit tax for the year.

Dividend

The Board of Directors have recommended a dividend of 60% (previous year 50%) and the total payout works out to Rs. 439.80 Lacs as against Rs. 311.56 Lacs last year.

FINANCIAL CONDITION

Share Capital

The Company's share capital increased from Rs 709.57 Lacs to Rs 819.45 Lacs in 2007-08 primarily on account of private placement of equity shares to CVCI GP II Client Rosehill Limited & CVCI GP II Employee Rosehill Limited.

Reserves & Surplus

The Reserves & Surplus of the Company has increased to Rs. 298.30 Crs. as on 31st March 2008 from Rs. 114.06 Crs. at the end of the previous year. The increase has been mainly due to the Premium of Rs.133.5 Crores received against issue of preferential shares.

Loan Funds

Secured loans as on 31st March 2008 stood at Rs. 194.51 Crs. as compared to Rs. 84.36 Crs. at the end of previous year, thus making an increase of Rs. 110.15 Crs. The increase has been mainly due to the increased cash credit from Commercial Banks and loans against hypothecation of vehicles/ construction equipments.

Fixed Assets

The Company's fixed assets (gross block) increased by Rs 27.11 Crs. in 2007-08 to Rs 115.62 Crores, mainly on account of additional machinery purchased for the Company's road development projects and also civil infrastructure projects.

Investments

Total investments as on 31st March 2008 stood at Rs. 62.67 Crs as compared to Rs. 53.85 Crs at the end of previous year.

Inventories

Inventories have increased by Rs.136.28 Crores to Rs. 236.84 Crores as on 31st March,2008 as compared to Rs. 100.52 Crores at the end of previous year,signifying the substantial increase in business operation of the company.

The inventories are 20.3% of the revenues at the end of financial year representing an Inventory Holding Period of 74 days as compared to 12.4% of the revenues at the end of preceding year representing a Stock Holding Period of 45 days.

Sundry Debtors

Sundry Debtors as on 31st March 2008 stood at Rs. 489.85 Crs. (including Debtors over six months of Rs. 176.93 Crs.) as compared to Rs. 327.05 Crs. (including Debtors over six months of Rs. 126.46 Crs), thereby showing an increase of Rs. 162.80 Crs. over the previous year in line with the increased business activities during the year. The outstandings over six months has increased by Rs. 50.46 Crs. during the year. The debtors of the Company are all Government Departments/Undertakings and Public Sector organizations.

The Debtors are 41.97% of the revenues for the current year representing an Outstanding period of 153 days as compared to 40.50% of the revenues for the previous year representing an Outstanding period of 148 days.

Loans and Advances

Loans and Advances increased from Rs 74.30 Crores to Rs 198.89 Crores during the year under review. The increase represents the advances made to subsidiaries besides increase in advances to suppliers, subcontractors, deposits with clients and advance taxes which, in turn, were due to increase in the volume of activity.

Net Worth

The Company's net worth increased from Rs. 121.16 Crs. to Rs. 310.50 Crs., primarily because of issue of equity shares and internal generation of profits.

CONTINGENT LIABILITIES

A major part of contingent liabilities of SPML is the performance and advance bank guarantees given by the bankers to the clients under the terms of contract. These are issued on the strength of counter-indemnities of SPML. Keeping in view the track record of SPML in meeting its contractual performance, the chances of contingent liabilities becoming real liabilities are remote. Due to an increased order book, the bank guarantee utilization with Banks has increased from Rs.591.08 Crores to Rs. 933.38 Crores during the year.

OPPORTUNITIES AND FUTURE OUTLOOK

- Infrastructure impediments are directly linked with economic growth moderations. It is estimated that the country's GDP growth could be almost 200 basis points higher but for infrastructure bottlenecks. The potential of India's infrastructure sector is reflected in the following:
- A peak power deficit of around 15%. The government expects to nearly double its existing power generation capacity to around 2,25,000 MW by the end of the 11th Five Year Plan.
- In telecommunications, India is witnessing one of the world's highest month-on-month subscriber additions. The country will raise telecom tower capacity from 120000 telecom towers to nearly 330,000 to support a projected user base of 500million by 2010.
- In the roads sector, the six-laning of the 5846km Golden Quadrilateral is due to be rolled out shortly. The PMGSY (Pradhan Mantri Gram Sadak Yojana) under the aegis of the Bharat Nirman programme aims to connect over 1000 habitations through all weather roads by 2008-09.
- In urban infrastructure, the JNURM (Jawaharlal Nehru National Urban Renewal Mission) expects to implement large urban renewal projects across major Indian cities.
- In the aviation sector, the world class Hyderabad & Bangalore international airports provide a glimpse into the future of most major Indian airports.
- In the railways segment, the total earmarked investments as US\$ 55billion for the 11th Five Year Plan is almost thrice the amount expended in the 10th Five Year Plan. The investments will be allocated for track widening, electrification, station modernization, creation or expansion of freight terminals & rolling stock manufacture.
- In the seaports sector, nearly US\$ 18 billion was allocated for the enhancement of port infrastructure.
- Overall, a massive US\$ 490billion was earmarked for infrastructure investments in the 11th Five Year Plan between 2008 & 2012, a significant increase from the earlier proposed infrastructure investment target US\$ 288billion. This reflects the country's seriousness in accelerating quality infrastructure formation.
- In tune with the sustained growth in the Indian Economy, the year ahead looks promising for the industry as a whole, and SPML in particular. The Company has a very strong order book of more than Rs. 3500 Crores as on date.

INTERNAL CONTROLS & ADEQUACY

SPML has adequate systems of internal controls to ensure that all the assets are safeguarded and productive. Checks and balances are in place and are reviewed in regular intervals to ensure that transactions are properly authorized and accounted for correctly. The internal control systems are reviewed at regular intervals by the Audit Committee and top management in consultations with the internal auditors and corrective action(s) are initiated ,wherever deemed necessary.

HUMAN RESOURCES

Human resources are continued to be one of the biggest assets of the Company. The management has been paying special attention to various aspects like training , welfare and safety thereby further strengthening the human resources. Relations with the employees at all project sites remained cordial throughout the year. The total employee strength as of 31st March,2008 stood around 1500.

RISKS, CONCERNS AND THREATS

The Engineering and Construction business by its nature is exposed to risks at various stages. The estimation , bidding, execution and final handover to client varying degrees of risk. The company has initiated a systematic approach to identify , analyse, manage and mitigate these risks. The IT infrastructure to support these approach is under implementation .The company is implementing a control self- assessment tool to assist in evaluating the effectiveness of internal control framework financial reporting established internally.

Risk mitigation measures – many of the contracts have inbuilt escalation clauses, which compensate increase in input costs. In case of non escalation contracts, the bid estimate process is carried out in such a way, to insulate the possible increase in the cost of inputs of the contracts. Further, the Company implemented adequate procurement procedures that include long term contracts to cover price volatilities.

SHAREHOLDER VALUE

Our aspiration is to be "THE PREFERRED ORGANISATION TO BE ASSOCIATED WITH" by stakeholders at the national level. The creation of shareholder value is one of the prime objectives of the management. Towards this end all efforts are made to enhance the value through measures such as continuous cost control, improving company's position in strategic markets and strengthening its brand equity to improve the return to shareholders.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates 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 alter the company's operations include a downtrend in the infrastructure sector, significant changes in the political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

REPORT ON CORPORATE GOVERNANCE

In terms of regulations of Clause 49 of the Listing Agreement entered into with Stock Exchanges, the Company hereby submits a report on the matters as mentioned in the said clause and practices followed by the Company.

The Company believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders' value. The Company is committed to achieve good standard of Corporate Governance on continuous basis in such a way as to create value that can be sustained over the long term for all its stakeholders, including shareholders, employees, customers, government and the lenders.

1. BOARD OF DIRECTORS

Composition

The business of the Company is managed by the Board of Directors. The SPML Board is a balance Board comprising of Executive & Non-Executive Directors. The Non Executive Directors include independent professionals. The Chairman, Vice Chairman and Managing Director along with the senior executives manage the day to day operations of the Company.

The Board's policy is to maintain optimum combination of Executive, Non-Executive and Independent Directors. The Chairman is an Executive Director. The Board consists of 9 Directors, out of which 4 are Independent Directors. In order to meet the stipulated requirements of clause 49 of the Listing Agreements with the Stock Exchanges, the Company is in the process of appointing one Independent Director shortly. The Board consists of eminent persons with varied expertise. The composition and membership on other boards/committees of Directors is given here under:

No. of Directorship & Committee Membership / Chairmanship

Sl.No	Name of the Directors	Category	Other Directorship	Committee Memberships	Committee Chairmanships
1.	Mr. Anil Kr. Sethi	Director & Chairman- Executive Director	7	1	-
2.	Mr. Subhash Chand Sethi	Vice Chairman & Managing Director- Executive Director	7	1	-
3	Mr. Sushil Kumar Sethi	Managing Director- Executive Director	11	1	-
4	Mr. Deepak Sethi	Non-Executive Director	8	2	1
5	Mr. R. L. Gaggar	Non-Executive & Independent Director	12	9	-
6.	Mr. Amalendu Bhattacharjee	Non-Executive & Independent Director	1	1	-
7	Mr. Kalidas Mukhopadhyay	Non-Executive & Independent Director	-	2	1
8	Mr. B. B. Chakraborty	Non-Executive & Independent Director	-	1	-
9	Mr. Jayanta Kumar Basu *	Non-Executive Director	3	1	-

* Mr. Jayanta Kumar Basu was appointed as an additional Director w.e.f. 21.08.2007 and the same was approved at the Annual General Meeting held on 28.09.2007

Notes:

- The information provided above pertains to the following committees in accordance with the provisions of clause 49 of the Listing Agreement.
 - Audit Committee
 - Shareholders'/investors' grievances committee.
- Membership of committees includes chairmanship, if any.
- No. of Directorship in other Companies excludes Private Limited Companies,
- No Director holds membership of more than 10 committees of Boards nor any Director is a Chairman of more than 5 committees of boards.

Meetings & Attendance

Seven (7) Board Meetings were held during the year. The Board Meetings were held on the following dates:

(i) 31.05.2007, (ii) 30.06.2007, (iii) 31.07.2007, (iv) 11.08.2007 (v) 21.08.2007, (vi) 31.10.2007 and (vii) 31.01.2008. The maximum time gap between two meetings was not more than four calendar months.

The Annual General Meeting was held on 28th September, 2007.

Attendance of Directors at Board Meetings and at the last Annual General Meeting:

Sl. No.	Name of the Directors	Category	No. of Board Meetings attended	Whether attended the AGM
1	Mr. Anil Kr. Sethi	Director & Chairman- Executive Director	6	No
2	Mr.Subhash Chand Sethi	Vice Chairman & Managing Director- Executive Director	7	No
3	Mr. Sushil Kr. Sethi	Managing Director- Executive Director	3	Yes
4	Mr. Deepak Sethi	Non- Executive Director	1	No
5	Mr. R. L. Gaggar	Non-Executive & Independent Director	6	No
6	Mr.Kalidas Mukhopadhyay	Non-Executive & Independent Director	7	Yes
7	Mr.B.B.Chakraborty	Non-Executive & Independent Director	6	No
8	Mr. Amalendu Bhattacharjee	Non-Executive & Independent Director	7	No
9	Mr. Jayanta Kumar Basu *	Non- Executive Director	--	No

• Mr. Jayanta Kumar Basu was appointed as an additional Director w.e.f. 21.08.2007 and the same was approved at the Annual General Meeting held on 28.09.2007.

Notes:

1. None of the Directors excepting Anil Kumar Sethi, Subhash Chand Sethi, Sushil Kumar Sethi and Deepak Sethi is related to any other Director.
2. During the year, the Company did not have any material pecuniary relationship or transaction with its non executive/independent directors other than payment of fees for attending meeting of the Board and /or its Committee(s).

2. COMMITTEES OF THE BOARD

There are four committees of the Board – the Audit Committee, Shares Transfer / Investors’ Grievance Committee., the Remuneration Committee and the Compensation Committee.

(i) Audit Committee

Terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchanges that inter alia include the overview of the Company’s financial reporting processes and review of the quarterly, half-yearly and annual financial statements, the adequacy of internal control systems, the financial and risk management policies and the significant findings and adequacy of internal audit function etc. in terms of the clause 49 of the Listing Agreement with the Stock Exchanges within the stipulated time.

Composition and Attendance

During the year, the Audit Committee met five times. The Audit Committee Meetings were held on (i) 31.05.2007, (ii) 30.06.2007, (iii) 30.07.2007, (iv) 31.10.2007 and (v) 31.01.2008. Mr. B.N. Choudhary, Executive Vice President (Finance) & Secretary acts as Secretary of the Committee.

Sl.No.	Name of the Director	No. of Meetings attended
1	Mr. Kalidas Mukhopadhyay, Chairman	5
2	Mr. A. Bhattacharjee	5
3	Mr. B. B. Chakraborty	5
4	Mr. Deepak Sethi	2

(ii) Share Transfer / Investors’ Grievance Committee

Terms of reference of the Share Transfer / Investors’ Grievance Committee are as per guidelines set out in the listing agreements with the Stock Exchanges and pursuant to Articles of Association of the Company. The Committee inter alia approves issue of duplicate certificates and registration of transfers / transmissions of Equity Shares of the Company. The Committee also looks into redressal of shareholders’ / investors’ complaints related to transfer of shares, non-receipt of declared dividends, etc. The Committee oversees performance of the Registrars and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investor services.

Composition and Attendance

The Committee holds its meeting every fortnight to consider all matters concerning transfer and transmission of shares. During the year ended 31.03.2008, 21 Nos. of Share Transfer Committee meetings were held.

Sl.No.	Name of the Member	No. of Meetings attended
1.	Mr. Deepak Sethi – Chairman	21
2.	Mr. Anil Sethi	5
3.	Mr. Subhash Chand Sethi	8
4.	Mr. Kalidas Mukhopadhyay	19

The Company attends to the investors' grievances / correspondence expeditiously, except in the cases that are constrained by disputes or legal impediments.

(a)	No. of shareholders complaints received during the year.	10
(b)	No. of complaints not resolved to the satisfaction of the shareholders.	Nil
(c)	No. of pending complaints as on 31.03.2008	Nil

Mr. B. N. Choudhary, Executive Vice President (Finance) & Secretary is the Compliance Officer of the Company.

(iii) Remuneration Committee

The Committee consists of three Non – Executive Independent Directors, namely, Mr. Kalidas Mukhopadhyay, Mr. B. B. Chakraborty and Mr. A. Bhattacharjee. The Chairman of the Committee is Mr. Kalidas Mukhopadhyay. The broad terms of reference of the Committee remain unchanged. The terms of reference are reviewing remuneration package, details of fixed components and performance linked incentives, service contracts, notice period, severance fees etc. There was no meeting held during the year under review. Mr. B.N.Choudhary, Executive Vice President (Finance) & Secretary acts as Secretary of the Committee.

(iv) Compensation Committee

The Committee comprises of three Directors namely Mr. Subhash Chand Sethi, Mr. Amalendu Bhattacharjee and Mr. B.B. Chakraborty. The Chairman of the Committee is Mr. Amalendu Bhattacharjee, a Non-Executive Independent Director. There was no meeting held during the year under review. Mr. B.N. Choudhary, Executive Vice President (Finance) & Secretary acts as Secretary of the Committee.

3.REMUNERATION OF DIRECTORS

Details of Remuneration paid to the Whole-time Directors for the period from 01.04.2007 to 31.03.2008:

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Contribution to Provident Fund (Rs.)	Terms of Appointment
Mr. Anil Sethi	4800,000	8165,000	923,000	144,000	5 years from 01.04.2006
Mr. Subhash Sethi	4800,000	8165,000	652,000	144,000	5 years from 01.01.2005
Mr. Sushil Sethi	4800,000	8165,000	695,000	144,000	5 years from 01.01.2005

NOTES:

1. Above excludes liability for personal accident, insurance premium and the liability for gratuity and en-cashable leave.
2. The company does not have a stock option scheme.
3. There is no notice period for severance of any of the executive directors and no severance fees are payable to any of the directors.

Details of sitting fees to Non-Executive Directors for 2007-08 are as detailed:

Sl. No.	Director	Board Meeting (Rs.)	Committee Meeting (Rs.)	Total (Rs.)
1	Mr. A. Bhattacharjee	35,000	10,000	45,000
2	Mr. R. L. Gaggar	30,000	-	30,000
3	Mr. B. B. Chakraborty	30,000	10,000	40,000
4	Mr. K. Mukhopadhyay	30,000	10,000	40,000

4. DISCLOSURES

(i) Equity shares held by Non –Executive Directors

Except Mr. Deepak Sethi who held 582250 equity shares and Mr. B.B.Chakraborty who held 1005 equity shares, no other independent Director of the Company held any equity shares of the Company.

(ii) Related Party Transactions

The Company has not entered into any transactions of a material nature with any of the related parties that may have potential conflict with the interests of the Company.

(iii) Compliances by the Company

There has been no instance of non-compliance by the Company with the requirements of the Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on matters related to Capital Markets during the last three years.

The Company has adopted and complied with all the mandatory requirements under clause 49 of the listing agreement other than those disclosed elsewhere in the Corporate Governance.

(iv) The Company has adopted non-mandatory requirement under clause 49 of the listing agreement to the extent relating to setting up of Remuneration Committee. Please refer details provided under section "Remuneration Committee" of this report.

5. MEANS OF COMMUNICATION

(a) Quarterly results are published in Economic Times (English), all Editions, as well as Nava Bharat Times (Hindi) daily in Delhi. The information of Quarterly Results is sent to stock exchanges to enable them to post it on their websites.

(b) The Management Discussion and Analysis Report forms part of the Directors' Report.

6. GENERAL BODY MEETINGS

Location and time of the last three Annual General Body Meetings held:

Year	Venue	Date	Time	Special Resolution passed
2006-2007	PHD chamber of Commerce, PHD House, 4/2 Siri Institutional Area August Kranti Marg, New Delhi – 110 016	28th September '07	11.30 AM	Yes
2005-2006	Richi Rich Banquets, E-44/14, Lal Chawk, Okhla, Phase – II New Delhi – 110 020	28th September '06,	9.30 A.M.	Yes
2004-2005	Richi Rich Banquets, E-44/14, Lal Chawk, Okhla, Phase – II, New Delhi – 110 020	29th September '05	11.00 A.M.	No

Location and the time of Extraordinary General Body Meetings held:

Year	Venue	Date	Time	Special Resolution passed
2008	F - 27/2, Okhla Industrial Area-II New Delhi – 110 016	8th February '08	3.00 P.M.	Yes
2007	F - 27/2, Okhla Industrial Area-II New Delhi – 110 016	28th July '07	12 Noon	Yes

The following special resolutions were passed, at:

A) Annual General Meeting held on 28th September 2007

- Approval for appointment of Chief Executive Officer pursuant to the provision of Section 314(1B) of the Companies Act, 1956.
- Approval for Employees Stock Option Scheme.
- Special Resolution for revision in the remuneration payable to Mr. Anil Kumar Sethi, Chairman, Mr. Subhash Chand Sethi, Vice- Chairman & Managing Director and Mr. Sushil Kumar Sethi, Managing Director.
- Approval for incorporation of capital clause contained in the Articles of Association.
- Approval for extension of benefits of the Employees Stock Option Scheme.
- Approval for de-listing of shares from the Calcutta Stock Exchange Association.

B) Annual General Meeting held on 28th September 2006

- To re-appoint Mr. Anil Kumar Sethi and fix his remuneration.

No special resolutions were required to be put through postal ballot last year, nor any proposed in the forthcoming Annual General Meeting.

C) Extra – Ordinary General Meeting held on 8th February,2008.

- Approval for appointment of M/S Sunil Kumar Gupta & Company, Chartered Accountants as Joint Auditor

D) Extra-Ordinary General Meeting held on 28th July ,2007.

- Approval for issue of allotment of Equity shares and Warrants on preferential basis to select investors.

7. SHAREHOLDER INFORMATION

- (i) 27th Annual General Meeting : 30th September 2008 at 11.30 A.M.
PHD Chamber of Commerce, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016
- (ii) Financial Calendar : Financial Year April 1 to March 31
Adoption of Results
(a) For the Quarter Ending June 30, 2008 - Fourth week of July, 2008
(b) For the Quarter Ending September 30, 2008 - Fourth week of October, 2008
(c) For the Quarter Ending December 31, 2008 - Fourth week of January, 2009
(d) For the Quarter Ending March 31, 2009 (Audited) – Fourth week of June, 2009
Annual General Meeting – End of September, 2009
- iii) Book Closure Date : 29th September to 30th September, 2008
(Both days inclusive)
- iv) Dividend Payment Date : On or before 29th October 2008.
- v) Listing on Stock Exchanges : The Bombay Stock Exchange Limited
(BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

National Stock Exchange of India Ltd. (NSE), Exchange Plaza,
Bandra Kurla Complex, Bandra (E), Mumbai – 400051

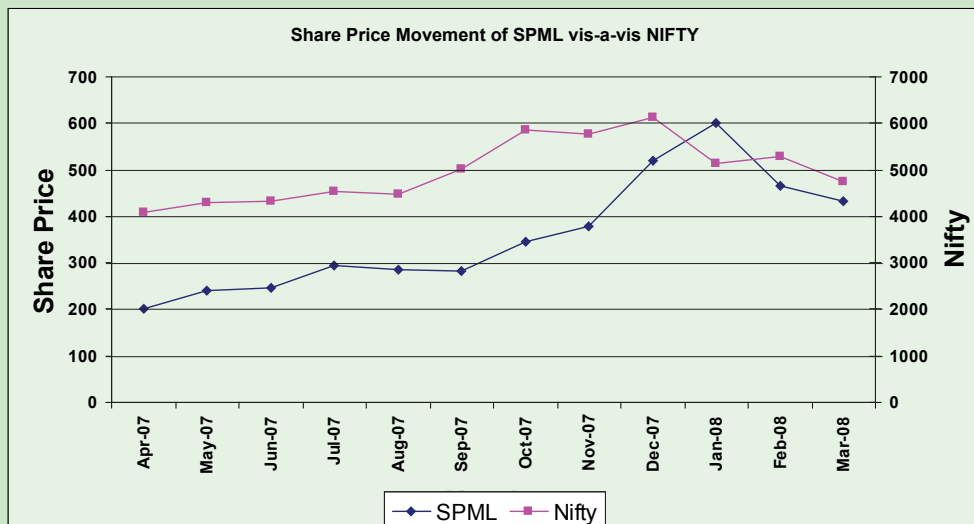
`The annual listing fee for the year 2008-2009 has been paid to the
Stock Exchanges.

The Company has applied for delisting at Guwahati / Kolkata Stock Exchanges,
confirmation of delisting is awaited.
- vi) Stock Code : Stock Code – BSE '500402'
Trading Symbol – NSE
'SUBASPROJ'
- vii) Registrar & Transfer Agents : Maheshwari Datamatics Pvt Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Phone: +91-33-2248 2248
- viii) Stock Prices data and performance of Company's share prices vis-a-vis NSE.

(a) Share Price Data

Month	National Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2007	200.00	165.50	202.40	166.50
May, 2007	239.80	179.00	238.70	179.90
June, 2007	245.00	213.10	244.15	212.25
July, 2007	295.00	245.00	293.00	245.00
August, 2007	284.00	240.00	282.00	240.00
September, 2007	283.20	249.20	300.00	250.00
October, 2007	345.00	255.00	345.00	253.10
November, 2007	380.00	260.75	385.00	270.00
December, 2007	520.00	355.00	499.00	331.00
January, 2008	599.50	375.00	599.00	341.20
February, 2008	465.00	354.05	461.00	338.00
March, 2008	431.90	292.00	402.00	284.60

b) Performance of Company's share prices (monthly high) vis-vis NSE Nifty



ix) Share Transfer System

The Board has constituted the Share Transfer Committee and delegated the power of transfer to the Committee. The Committee holds its meeting every fortnight to consider all matters concerning transfer and transaction of shares. The Company's shares are in compulsory Demat Mode. The shares received for transfer in physical mode by the Company are transferred expeditiously and the share certificates, duly transferred, are sent to the transferee(s).

The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing agreement with Stock exchanges and files a copy of the certificate with the Stock Exchanges.

x) Dematerialization of Shares

The Company's shares are available for trading in the depository systems of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2008 Equity Shares of the Company, forming 98.7523% of total shareholding stand dematerialized. Company's ISIN No. is 'INE 937A01015'.

xi) Liquidity of Shares

The Equity Shares of the Company are traded in the B2 Group at the Mumbai Stock Exchange. Its shares are also traded at the Stock Exchanges of Kolkata and National Stock Exchange.

(xii) Share Ownership Pattern as on March 31, 2008

Category	No. of Shares held	% shareholding
Promoters	21462960	58.5615
Mutual Funds	2587236	7.0593
Non-resident Indians	53158	0.145
Banks & Financial Institutions	2000	0.0055
Foreign Institutional Investors	3328303	9.0812
Insurance Companies	--	--
Corporate Bodies	7228409	19.7227
Public	1988210	5.4248
Total :	36650276	100.00

(xiii) Distribution of Shareholding by size as on March 31, 2008

Shares held		Shareholders		Shares	
From	To	Number	% of Total Share Holders	Number	% of Shares
1	500	5625	87.7261	762604	2.0808
501	1000	379	5.9108	325574	0.8883
1001	2000	166	2.5889	251751	0.6869
2001	3000	72	1.1229	189581	0.5173
3001	4000	26	0.4055	96220	0.2625
4001	5000	29	0.4523	135687	0.3702
5001	10000	39	0.6082	305049	0.8323
10001	Above	76	1.1853	34583810	94.3617
Total		6412	100	36650276	100

(xiv) Outstanding Warrant

During the year under report , the company on preferential basis had issued 1046531 Warrants to CVCIGP II Client Rosehill Limited and 586122 Warrants to CVCIGP II Employee Rosehill Limited entitling the holders to subscribe for allotment of one Equity share of Rs. 2/- at a premium of Rs. 243/- against each warrant in one or more tranches within a period of 18 months from the date of issue i.e 21.08.2007.

(xv) Address for Correspondence

The Shareholders may address their communication / suggestion / grievances / other queries to:

The Company Secretary
Subhash Projects and Marketing Ltd.
22, Camac Street, Block 'A', 3rd Floor, Kolkata – 700 016
Phone - (033) 4009 1202 / 1234
Fax - (033) 4009 1303
E-mail - info@spml.co.in
Website: www.spml.co.in

8. CODE OF CONDUCT

The SPML Code of Business Conduct and Ethics, as adopted by the Board of Directors is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive as well as members of Senior Management. A copy of the Code has been put on the Company's website www.spml.co.in

The Code has been circulated to all members of the Board and Senior Management and the compliance of the same has been affirmed by them.

9. CEO / CFO CERTIFICATION

The Vice Chairman & Managing Director (CEO) and Executive Vice President (Finance) & Secretary (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2008.

AUDITORS' CERTIFICATE

To
The Members of Subhash Projects and Marketing Limited

We have examined the compliance of conditions of corporate governance by Subhash Projects and Marketing Limited, for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement *except that the Board of Directors of the Company consists of four independent directors as against the minimum requirement of five independent directors as per the current constituent of the Board.*

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

For S. R. BATLIBOI & COMPANY
Chartered Accountants

For Sunil Kumar Gupta & Co.
Chartered Accountants

Per R K Agrawal
a Partner
Membership No.: 16667

Per S K Gupta
a Partner
Membership No. : 82486

Kolkata
Date: 30 June 2008

AUDITORS' REPORT TO THE MEMBERS OF SUBHASH PROJECTS AND MARKETING LIMITED

1. We have audited the attached Balance Sheet of Subhash Projects and Marketing Limited as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 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:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) 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;

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(vi) *Attention is drawn to Note No. 21 on Schedule 20B regarding non-provision of interest aggregating to Rs.244,557 thousands (including Rs.53,412 thousands for the year) on loans from Rural Electrification Corporation Limited, pending settlement of legal case filed by the Company. Because of the above, secured loans are understated by Rs. 244,557 thousands and profit for the year and reserves are overstated by Rs.53,412 thousands and Rs. 244,557 thousands respectively. The previous year's audit report was accordingly modified in this regard.*

(vii) In our opinion and to the best of our information and according to the explanations given to us, *subject to para (vi) above*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
- b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S.R. BATLIBOI & CO.
Chartered Accountants

Per **R.K.Agrawal**
a Partner
Membership No.: 16667

Place: Kolkata
Dated: 30th June, 2008

Sunil Kumar GUPTA & CO.
Chartered Accountants

S. K. Gupta
a Partner
Membership No. : 82486

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in our report of even date to the members of Subhash Projects and Marketing Limited
as at and for the year ended March 31, 2008)

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and as informed, no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year except for the materials lying with third parties which have been confirmed by the respective parties at the year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory.
- (iii) (a) The Company has granted unsecured loan to nineteen parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.415984 thousands and the year end balance of loans granted to such parties was Rs.1,38,815 thousands.
- (b) In our opinion and according to the information and explanations given to us, the loans granted were strategic in nature and hence the terms and conditions for the above loans are not prima facie prejudicial to the interest of the Company.
- (c) The above loans are repayable on demand. As informed, there has been no default on the part of the parties to whom the money has been lent by the company. The payment of interest has been general regular.
- (d) In view of the loan being repayable on demand, there is no overdue amount of loans granted to such parties.
- (e) The Company has taken loan from one company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.110,460 thousands and the year end balance was NIL thousands.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) As informed, the loans taken are re-payable on demand and the same has been repaid during the year. The payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v)(a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As informed, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of wind power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix)(a) Undisputed statutory dues of investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess etc. have generally been regularly deposited with the appropriate authorities although there have been certain cases of delays in deposit during the year.

(b) According to the information and explanations given to us, undisputed dues in respect of income-tax, wealth-tax, sales tax, customs duty, excise duty, cess and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount(Rs in thousands)	Period to which the amount relates	Due By	Date of Payment
The Orissa Sales Tax Act, 1947	Sales Tax	193 17	2003-04 2004-05	21st of the subsequent month	Not paid till date
Gujarat Sales Tax Act, 1969	Sales Tax	66 92	2003-04 2004-05	21st of the subsequent month	Not paid till date
West Bengal Sales Tax Act, 1994	Works Contract Tax	212	2004-05	21st of the subsequent month	Not paid till date
Haryana Sales tax Act	Sales Tax	1119	2007-08	21st of the subsequent month	Not paid till date
Maharashtra Sales Tax Act	Sales Tax	468	2006-07	21st of the subsequent month	Not paid till date
Service Tax Act	Service Tax	3778	April 2007- Sept 2007	5th of the subsequent month	Paid on 23.05.2008
Wealth Tax Act, 1957	Wealth Tax	133 125 205	2003-04 2004-05 2005-06	31/10/2004 31/10/2005 31/10/2006	Paid on 27.05.08

(c) According to the records of the Company, the outstanding dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in thousands)	Period to which amount relates	Forum where dispute is pending
West Bengal VAT Act Kolkata	Sales Tax	4,292	2004-05	Assistant Commissioner (Appeal), Kolkata
West Bengal CST Act Kolkata	Sales Tax	37,000	2004-05	Assistant Commissioner (Appeal), Kolkata
MP General Sales tax act Bhopal	Sales Tax	3,467	2004-05	Deputy Commissioner (Appeal), Bhopal
UP Central Sales Tax Act	Sales Tax	1,430	2004-05	Joint Commissioner (Appeal), UP
Delhi Sales Tax Act	Sales Tax	299	1991-92	Deputy Commissioner (Sales Tax), Delhi
		515	1999-00	Assistant Sales Tax Officer, Delhi
		890	1998-99	

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders, read with note no. 21 on Schedule 20B about non-payment of dues to Rural Electrification Corporation Limited (REC) pending disposal of legal case filed by the Company.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S.R. BATLIBOI & CO.
Chartered Accountants

SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per R.K.Agrawal
a Partner
Membership No.: 16667

S. K. Gupta
a Partner
Membership No.: 82486

Place: Kolkata
Dated: 30th June 2008

SUBHASH PROJECTS AND MARKETING LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
<u>SOURCES OF FUNDS</u>		
SHAREHOLDERS' FUNDS		
a. Share Capital	1	81,945
b. Share Warrants		40,000
c. Reserves & Surplus	2	2,983,022
		3,104,967
LOAN FUNDS		
a. Secured Loans	3	1,945,061
b. Unsecured Loans	4	250,270
		2,195,331
DEFERRED TAX LIABILITY (NET)		169,756
TOTAL		5,470,054
<u>APPLICATION OF FUNDS</u>		
FIXED ASSETS		
a. Gross Block	5	1,156,183
b. Less : Accumulated Depreciation		(538,184)
c. Net Block		617,999
d. Capital work in progress (including capital advances)		92,545
		710,544
INVESTMENTS	6	626,731
CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories	7	2,368,124
b. Sundry Debtors	8	4,898,589
c. Cash & Bank Balances	9	857,025
d. Other Current Assets	10	839,900
e. Loans and Advances	11	1,955,402
		10,919,040
LESS : CURRENT LIABILITIES & PROVISIONS	12	
a. Current Liabilities		6,696,309
b. Provisions		89,952
		6,786,261
NET CURRENT ASSETS		4,132,779
TOTAL		5,470,054
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	20	

Schedules 1 to 12 and 20 referred to above form an integral part of the Balance Sheet.
As per our report of even date.

S. R. BATLIBOI & CO.
Chartered Accountants

Per R. K. AGRAWAL
a Partner
Membership No. 16667

Place : Kolkata
Date : 30 th June 2008

SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per S. K. GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 30 th June 2008

For and behalf of the Board
Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and
Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance)
& Company Secretary

SUBHASH PROJECTS AND MARKETING LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE	2007-2008 (Rs in "000")	2006 - 2007 (Rs in "000")
INCOME			
Sales and Services	13	11,671,140	8,084,381
Other Income	14	73,578	27,124
TOTAL		11,744,718	8,111,505
EXPENDITURE			
Purchase of Trading Goods		622,257	454,013
Material Consumed & Direct Expenses	15	9,030,504	6,178,202
Increase/Decrease in Work in Progress	16	6,276	70,044
Personnel Expenses	17	410,170	214,369
Administration, Selling & Other Expenses	18	447,587	384,211
Interest & Finance Expenses (net)	19	350,412	171,868
Depreciation		105,317	135,176
TOTAL		10,972,523	7,607,883
PROFIT BEFORE TAXATION		772,195	503,622
Provision for Taxation			
Current tax		144,000	60,000
Deferred Tax		40,800	20,313
Fringe Benefit Tax		5,310	3,611
Excess provision for taxation for earlier years written back		-	(16,512)
		190,110	67,412
Profit after Taxation		582,085	436,210
Profit Brought Forward From Previous Year		734,534	454,775
Profit Available For Appropriation		1,316,619	890,985
APPROPRIATIONS			
General Reserve		150,000	120,000
Proposed Dividend		43,980	31,156
Tax on Dividend		7,475	5,295
Balance carried to Balance Sheet		1,115,164	734,534
		1,316,619	890,985
Basic and Diluted earning per share (Face Value of Rs.2 each)		16.87	14.00
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS		20	

Schedules 13 to 20 referred to above form an integral part of the Profit & Loss Account
As per our report of even date.

S. R. BATLIBOI & CO.
Chartered Accountants

For and behalf of the Board

Per R. K. AGRAWAL
a Partner
Membership No. 16667

Anil Kr. Sethi
Chairman

Place: Kolkata
Date: 30th June, 2008
SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS

Subhash Ch. Sethi
Vice Chairman and
Managing Director

Per S. K. GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 30th June, 2008

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance)
& Company Secretary

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
SCHEDULE 1 : SHARE CAPITAL		
AUTHORIZED		
200,000,000 Equity Shares of Rs. 2 each	400,000	400,000
1,000,000 Preference Shares of Rs.100 each	100,000	100,000
	500,000	500,000
ISSUED, SUBSCRIBED & FULLY PAID-UP		
36,650,276 (31,156,400) Equity Shares of Rs.2 each	73,301	62,313
Add : Forfeited Shares (Amount originally paid) (Refer Note No. 26 on Schedule 20)	8,644	8,644
	81,945	70,957
SCHEDULE 2 : RESERVES & SURPLUS		
a) CAPITAL RESERVE		
As per last account	48,573	221,707
Less : Transferred to Share Capital	-	(8,644)
Less: Transferred to Securities Premium Account	-	(164,490)
	48,573	48,573
b) SECURITIES PREMIUM ACCOUNT		
As per last account	211,773	47,283
Add : Transferred from Capital Reserve Account	-	164,490
Add : Received during the year	1,335,012	-
Less: Utilised towards share issue expenses	(20,405)	-
	1,526,380	211,773
c) GENERAL RESERVE		
As per last account	145,760	25,760
Less : Adjustment towards Additional gratuity liability in terms of AS-15 (Revised)	(2,855)	-
Add: Transferred from Profit & Loss Account	150,000	120,000
	292,905	145,760
d) PROFIT & LOSS ACCOUNT	1,115,164	734,534
	2,983,022	1,140,640
SCHEDULE 3 : SECURED LOANS		
A) TERM LOANS		
(i) From Rural Electrification Corporation Limited (Secured by way of hypothecation of 11 Nos. Wind Electric Generating Sets of 4.51 MW capacity with accessories and personal guarantees of Promoter Directors)	89,968	89,968
(ii) Deferred Payment Credits		
From Banks	152,119	14,319
From Others	34,814	39,527
[Secured against hypothecation of Vehicles / Construction equipments purchased against such loans. Of the above, Rs.70,279 thousands (Rs.27,639 thousands) is falling due for payment within one year]		
(iii) Others (Short Term)		
From Bank	300,514	-
(Secured by hypothecation of Stocks and Current Assets on parripassu with other Banks for Cash Credit Borrowings)		
	577,415	143,814
B) OTHER LOANS		
(i) From Banks on Cash Credit Account (Refer Note No. 25 on Schedule 20B)	1,367,646	699,744
	1,367,646	699,744
	1,945,061	843,558
SCHEDULE 4 : UNSECURED LOANS		
(i) From Bank (Short Term) (Secured by Personal guarantee of Promoter Director)	250,000	-
(ii) From Others [including Rs. Nil (Rs.109,788 thousands due to a subsidiary)]	270	110,057
	250,270	110,057

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5: FIXED ASSETS

(RS IN 000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT	ADDITIONS	SALES/ ADJUSTMENTS	AS AT	FOR THE YEAR	ON SALES / ADJUSTMENTS	AS AT	AS AT
	01.04.2007			31.03.2008	01.04.2007	31.03.2008	31.03.2008	31.03.2007
FREE HOLD LAND	20,157	175	-	20,332	-	-	20,332	20,157
BUILDINGS	32,330	25,447	81	57,696	4,896	-	51,648	27,434
PLANT & MACHINERY	445,811	218,877	(824)	665,512	225,290	318	409,716	220,521
FURNITURE & FITTINGS	50,285	4,976	407	54,854	13,156	(211)	37,727	37,129
VEHICLES	64,576	12,689	3,241	74,024	24,964	(1,256)	43,910	39,615
OFFICE & OTHER EQUIPMENTS	68,342	18,212	5,804	80,750	28,628	(2,831)	47,512	39,714
TEMPORARY SITE SHED & SHUTTERING MATERIALS	203,619	19,090	19,694	203,015	159,438	(19,525)	7,153	44,181
TOTAL	885,120	299,466	28,403	1,156,183	456,372	(23,505)	617,999	428,748
PREVIOUS YEAR'S TOTAL	785,641	213,655	(114,177)	885,120	376,461	(55,265)	428,748	

* Includes Rs 74,835 thousands being depreciation short provided in earlier years.

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 6 : INVESTMENTS

	No. of Shares	Face Value Per Share/Unit (Rs.)	31st March 2008 (Rs.in 000)	31st March 2007 (Rs.in 000)
Long Term Investment (At Cost)				
(A) Other Than Trade				
Quoted				
(a) Equity Shares (Fully Paid-up)				
Arihant Leasing & Holding Limited	24,000	10	75	75
Indian Arcylcs Limited	100	10	1	1
Petrochem Industries Limited	500	10	14	14
Best & Crompton Engineering Limited	200	10	10	10
SPML India Limited	10,000	10	150	150
Malanpur Steels Limited	15	10	1	1
Hindustan Engineering & Industries Limited (Bonus Shares)	4	10	-	-
b) Debentures (Fully Paid-up)				
Escorts Tractors Limited	25		1	1
Hindustan Engineering & Industries Limited	110		6	6
			258	258
Less Provision for Diminution in Value of investment			239	-
Net Quoted Investment			19	258
Unquoted				
(a) Investment in Units of UTI-64	5,920		92	92
			92	92
(B) Trade				
Unquoted				
Abhinandan Enterprises (P) Limited	500	100	50	50
Rishabh Commercial (P) Limited	500	100	50	50
Bharat Hydro Power Corporation Limited	3,294,150	10	21,185	21,185
Pondichery Port Limited	24,996 (24,800)	10	250	248
Pondichery Special Economic Zone Company Limited(Sold during the year)	-	100	-	100
Subhash Systems (P) Limited	450 (1,000)	100	45	45
HYDRO Comp Enterprises (India) Limited	50,000 (-)	1	50	-
SPML Realty Limited	75,000 (-)	1	75	-
			21,705	21,678

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 6 : INVESTMENTS - Contd:

	No. of Shares	Face Value Per Share/Unit (Rs.)	31st March 2008 (Rs.in 000)	31st March 2007 (Rs.in 000)
Shares in Subsidiary Companies				
Neogal Power Co. (P) Limited	2,273,875	1	29,647	29,647
Awa Power Company (P) Limited	2,165,125	1	27,907	27,907
Luni Power Company (P) Limited	1,554,000	1	18,129	18,129
IQU Power Company (P) Limited	2,196,625	1	28,411	28,411
Subhash Kabini Power Corporation Limited *	13,586,300	10	135,863	135,863
SPML Industries Limited (formerly Subhash Pipes Limited)	1,243,618	10	21,182	21,182
Binwa Power Company (P) Limited	2,453,240	1	35,679	35,679
SPML Technologies Limited	3,990,000	10	39,900	9,900
				(990,000)
SPML Energy Limited	99,550,000	1	99,550	99,550
SPML Infrastructure Limited	75,000	1	525	-
Delhi Waste Management Limited	573,750	10	5,738	5,738
			442,531	412,006
	(-)			
Investment in Joint Ventures				
Om Metal Consortium JV			107,185	80,284
SPML - CISC JV			30,501	11,898
SPML - Degroment - JV			2,353	2,285
Subhash Simplex JV			11,760	9,506
Insituform - SPML JV			9,598	-
			161,397	103,973
			625,744	538,007
Current Investments				
Unquoted National Saving Certificate			487	475
Units of PNB Mutual Fund	50,000	10	500	-
	(-)		987	475
Total			626,731	538,482
Aggregate Value of Investments				
(I) Quoted (net of provision)			19	258
(II) Unquoted			626,712	538,224
Market Value of Quoted Investments			5	351

Note: Besides the above, the following investments were purchased and sold during the year :

	No Of Units	Face Value per unit (Rs)	Cost (Rs in 000)
Units of Reliance Fixed Horizon Plan	45,000,000	10	450,000
Units of Birla Sunlife Mutual Fund	14,700,000	10	147,000
Units of DSPML Fixed Term Plan	15,000,000	10	150,000
Units of HDFC cash management Saving Plan	14,800,000	10	148,000
Units of Prudential ICICI Flexi	10,000,000	10	100,000

* 13,273,800 No. of Shares are pledged with IDBI Bank against loan obtained by the aforesaid Company. The Company has also given an undertaking to the bank not to sell its share holding till the full repayment of the loan.

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
SCHEDULE 7 : INVENTORIES		
Stores, Components, etc.	143	823
Material at sites	1,920,219	550,374
Work-in-Progress	447,762	454,038
	2,368,124	1,005,235
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	1,769,291	1,264,655
Other Debts	3,129,298	2,005,862
	4,898,589*	3,270,517
(Refer Note No. 27(a) on Schedule 20B , for amount due from a company under the same management)		
* Includes retention deposits Rs.1,627,873 thousands (Rs.1,193,867 thousands)		
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash-on-hand [including in transit Rs.11,733 thousands (Rs.1,832 thousands)]	58,059	45,210
Cheques on Hand	133,129	283,911
Balances with Scheduled Banks on :		
Current Accounts	127,381	35,571
Fixed Deposit Accounts (Receipts lying with banks as security against Letter of Credits and Guarantees issued by them and with clients)	537,920	391,271
Unpaid Dividend Account	536	649
	857,025	756,612
SCHEDULE 10 : OTHER CURRENT ASSETS		
Unbilled Revenue on Constructon Contracts	807,671	197,859
Accrued interest on Deposits	32,229	11,780
	839,900	209,639
SCHEDULE 11 : LOANS AND ADVANCES (Unsecured, Considered good)		
Advance Recoverable in Cash or in Kind or for value is to be received	668,231	310,572
Loans to Subsidiaries	48	93,802
Loans to Others	106,502	84,499
Advance Tax [net of provisions of Rs.221,202 thousands (Rs.76,721 thousands)]	57,925	40,971
Balance with Excise, Customs, Port Trust and other Government Authorities	14,979	9
Trade & Other Deposits	271,340	117,252
VAT Credit Input Receivable	83,488	43,216
Advance towards Share Application Money		
(a) Subsidiaries	748,940	52,558
(b) Other Companies	3,949	203
	1,955,402	743,082
(Refer Note No. 27 (b) on Schedule 20B for amounts due from Companies under the same management)		

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
SCHEDULE 12 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	2,507,901	1,481,498
Sundry Creditors :		
- Dues to Micro,Small and Medium Enterprises (Refer Note No.10 on Schedule 20B)	20,317	26,599
- Dues to Other Creditors(Including Rs.3,627 thousand (Nil) due to a subsidiary)	1,823,999	1,329,983
Advance against sale of Fixed Assets (Refer Note No.22 On Schedule 20B)	12,297	12,297
Mobilisation advance from Customers (Partly bearing Interest)	2,216,609	1,807,372
Other Liabilities	68,414	23,384
Investor Education and Protection Fund (Payable when due)		
Unpaid Dividend	536	649
Temporary Book Overdraft in current account with banks	46,236	-
	6,696,309	4,681,782
PROVISIONS		
For Fringe Benefit Tax [net of Advance Tax Rs.6,441 thousands (Rs.3,781 thousands)]	494	1,625
For Gratuity	24,130	9,267
For Earned Leave	13,874	3,308
Proposed Dividend	43,980	31,156
Tax on Proposed Dividend	7,474	5,295
	89,952	50,651
	6,786,261	4,732,433

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	2007- 2008 (Rs in "000")	2006-2007 (Rs in "000")
SCHEDULE 13: SALES & SERVICES		
Sales - Construction Contracts	10,967,588	7,553,527
- Power Generation	27,249	29,696
- Trading	626,839	458,442
Services-Operation & Maintenance	49,464	42,716
	11,671,140	8,084,381
SCHEDULE 14: OTHER INCOME		
Dividend Received on Long term Investments (Trade)		
From subsidiary	1245	-
From others	153	7
Company's share in profit of Joint Ventures	3,904	14,435
Profit on Sale of Current Investments	21,809	-
Exchange Difference (Net)	10,561	-
Miscellaneous Receipts	35,906	12,682
	73,578	27,124
SCHEDULE 15: MATERIALS , CONSUMED & DIRECT EXPENSES		
Materials Consumed :		
Opening Stock	550,374	215,584
Add: Purchases	8,270,187	6,068,398
Less : Closing Stock	(1,920,219)	(550,374)
	6,900,342	5,733,608
Direct Expenses :		
Payments to Subcontractors	1,971,167	385,770
Drawing & Designing	2,744	3,783
Equipment Hire and Running Charges	39,479	13,336
Other Direct Expenses	116,772	41,705
	2,130,162	444,594
	9,030,504	6,178,202
SCHEDULE 16: (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
- Opening Work in Progress	454,038	524,082
- Closing Work in Progress	(447,762)	(454,038)
	6,276	70,044
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, Wages and Allowances	327,695	165,118
Director's Remuneration*	39,050	28,908
Contribution to Provident & Other Funds	19,046	9,233
Gratiuty	13,545	4,347
Staff Welfare Expenses	10,834	6,763
	410,170	214,369
* Including Directors' Sitting Fees	155	79

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	2007-2008 (Rs in "000")	2006-2007 (Rs in "000")
SCHEDULE 18: ADMINISTRATION, SELLING & OTHER EXPENSES		
Power and Fuel	11,131	5,483
Rent	57,033	31,802
Rates and Taxes	31,428	28,365
Insurance	47,095	35,955
Repairs and Maintenance- Building	1,959	7,162
- Plant & Machinery	6,757	3,786
- Others	7,403	7,603
Vehicle Running and Maintenance	44,402	28,626
Travelling & Conveyance [Including Rs.12,071 thousands (Rs. 3,244 thousands) for Directors]	51,322	33,785
Professional Charges & Consultancy Fees	55,994	23,638
Communication Expenses	15,974	10,787
Advertisement expenses	11,850	14,554
Charity & Donation	8,113	6,753
Loss on Sale/Discard of Fixed Assets (net)	2,304	9,533
Auditor's Remuneration		
- Audit Fee	2,600	1,150
- In other Capacity for Certificates and Other Services	1,441	1,092
- Out of Pocket Expenses	11	209
Selling Expenses	34,391	42,183
Bad Debts Written off [net of credit balance write back Rs. Nil (Rs. 2,231 thousands)]	-	61,695
Provision for Diminution in value of Investment	239	-
Miscellaneous Expenses	56,140	30,050
	447,587	384,211
SCHEDULE 19:		
INTEREST & FINANCE EXPENSES (NET)		
Interest Paid on :		
- Term Loan	23,322	5,369
- Banks	137,477	70,746
- Others	73,291	50,285
	234,090	126,400
Less : Interest Received [Gross, TDS Rs.9,458 thousands (Rs.1,367 thousands)]	(60,312)	(27,466)
	173,778	98,934
Bank Charges	176,634	72,934
	350,412	171,868

SUBHASH PROJECTS & MARKETING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08	2006-07
	Rs.in '000	Rs. in '000
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	772,195	503,622
Adjustments for:		
Depreciation	105,317	135,176
Loss / (Profit) on sale of fixed assets	2,304	9,533
Interest (Net)	173,778	98,934
Bad Debts	-	61695
Dividend income	(1,398)	(7)
Diminution in Value of investments	239	-
Profit on Sale of Investments	(21,809)	-
Profit of Joint Ventures	(3,904)	(14,435)
Operating profit before working capital changes	1,026,721	794,517
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(1,628,072)	(2,086,843)
Decrease / (Increase) in inventories	(1,362,889)	(259,046)
Decrease / (Increase) loans and advances	(1,197,251)	(363,127)
Increase / (Decrease) in current liabilities	2,014,325	2,636,615
Increase / (Decrease) in provisions	21,104	4,343
Cash generated from / (used in) operations	(1,126,061)	726,459
Direct taxes paid (net of refunds)	(160,954)	(67,419)
Fringe Benefit Tax Paid	(6,441)	(3,781)
Net cash from / (used in) operating activities	(1,293,456)	655,259
B. Cash flows from investing activities		
Purchase of fixed assets	(316,255)	(192,213)
Proceeds from sale of fixed assets	2,593	49,379
Purchase of investments (Net)	(62,774)	(250,023)
Advance toward Share Application Money	(700,128)	152,193
Interest received	60,312	23,871
Dividends received	1,398	7
Net cash from / (used in) investing activities	(1,014,854)	(216,786)
C. Cash flows from financing activities		
Proceeds from Share Equity & Premium (Net of expenses)	1,325,595	-
Proceeds from Share Warrants	40,000	-
Proceeds from borrowings (Net of Payment)	1,241,716	276,369
Loan to Subsidiaries & Others	71,751	(226,573)
Interest paid	(234,090)	(126,400)
Dividends paid	(30,954)	(24,925)
Tax on dividend paid	(5,295)	(3,496)
Net cash from financing activities	2,408,723	(105,025)
Net increase in cash and cash equivalents (A + B + C)	100,413	333,448
Cash and cash equivalents at the beginning of the year	756,612	423,164
Cash and cash equivalents at the end of the year	857,025	756,612
Components of Cash & Cash Equivalents		
Cash-on-hand	58,059	45,210
Cheques on Hand	133,129	283,911
Balances with Scheduled Banks on :		
Current Accounts	127,381	35,571
Fixed Deposit Accounts	537,920	391,271
Unpaid Dividend Account	536	649
	857,025	756,612

S. R. BATLIBOI & CO.
Chartered Accountants

Per **R. K. AGRAWAL**
a Partner
Membership No. 16667
Place: Kolkata
Date: 30th June, 2008

SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS
Per S.K.GUPTA
a Partner
Membership No. 82486
Place: Kolkata
Date: 30th June, 2008

For and behalf of the Board

Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance) &
Company Secretary

SUBHASH PROJECTS AND MARKETING LIMITED
SCHEDULES FORMING PART OF THE STATEMENT OF ACCOUNTS AS AT AND
FOR THE YEAR ENDED 31st MARCH, 2008

Schedule 20

Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standard notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of insurance claims which on the ground of prudence or uncertainty in realisation, are accounted for on acceptance / actual receipt basis. Except for the changes specifically mentioned below, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

In terms of Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after April 1, 2007. Accordingly, the Company has changed the basis of actuarial valuation of gratuity and leave liability using the projected unit credit method. As a result, actuarial valuation of gratuity and leave liability as at April 1, 2007 is higher by Rs.2,855 thousands (net of tax effect of Rs.1,470 thousands) which in accordance with the transitional provision in the revised Accounting Standard, has been adjusted to the General Reserve.

4. Fixed Assets

(a) Fixed assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses upto the date the asset is ready to be put to use.

(b) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be non-regular, are capitalized and depreciated prospectively over the useful life of the respective asset.

(c) The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment thereof based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital

5. Depreciation

Depreciation on fixed assets is provided using the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

Assets costing Rs.7,500 or less are depreciated @100% in the year of purchase.

6. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

7. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current quoted investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are considered at cost, unless there is an "other than temporary" decline in value thereof, in which case, adequate provision for diminution is made in the accounts.

8. Inventories

Raw Materials, components, stores and spares to be used in contracts are valued at cost which is ascertained on First in First Out (FIFO) basis. Components and stores and spares at wind farms are valued at lower of cost and net realisable value.

Work-in-progress is valued at cost. However, in case of jobs where losses are likely to occur, the stock is considered at net realisable value.

SUBHASH PROJECTS AND MARKETING LIMITED

9. Revenue recognition

(a) Construction contracts

Revenue on contract is recognised on percentage completion method based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the expected loss is recognized immediately. For this purpose, total contract costs are ascertained on the basis of actual costs incurred and costs to completion of contracts in progress, which is arrived at by the management based on current technical data, forecasts and estimate of expenditure to be incurred in future including contingencies, which being technical matters have been relied on by the auditors. Revisions in projected profit or loss arising from change in estimates are reflected in each accounting period which however cannot be disclosed separately in the financial statements as the effect thereof cannot be accurately determined.

Overhead expenses representing indirect costs that cannot be directly aligned with the jobs are distributed over the various contracts on a pro-rata basis.

Claims towards extra work, damages etc. are accounted for on settlement of the arbitration proceedings / legal cases.

(b) Sale of Goods

Revenue from sale of goods is recognized on passage of title thereof to the customers, which generally coincides with delivery. Sales are net of returns, claims, trade discounts etc.

(c) Income from Services

Revenues from operation and maintenance contracts are recognised on rendering of services as per the terms of contract.

(d) Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

10. Liquidated damages

No provision is made for liquidated damages deducted by the customers, wherever these have been refuted by the Company and it expects to settle them without any loss. Pending settlement of these claims, the relative sundry debtors are shown in the accounts as fully recoverable and the corresponding amounts are reflected as contingent liability in terms of the provisions contained in Accounting Standard – 29.

11. Foreign currency translation

Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

SUBHASH PROJECTS AND MARKETING LIMITED

12. Retirement and other employee benefits

A retirement benefit in the form of Provident Fund being a defined contribution scheme, are charged to the Profit and Loss Account of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the fund.

Gratuity being a defined benefit obligation, is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method.

Long term compensated absences are provided for based on actuarial valuation, which is done as per the projected unit credit method.

Actuarial gain and losses are recognized immediately in the statement of Profit & Loss Account as income or expenses.

13. Income taxes

Tax expense comprises of current and deferred income tax and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

14. Segment Reporting

Identification of Segments

The Company has identified that its business segments are the primary segments. The Company's businesses are organized and managed separately according to the nature of activity, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company at present, primarily operates in India and therefore the analysis of geographical segments is not applicable to the company.

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated - Common".

15. Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

16. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

17. Contingent liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

18. Accounting for interests in joint ventures

In respect of joint ventures entered into with other parties in the form of 'integrated joint ventures, the accounting treatment is done as below in terms of Accounting Standard 27 issued by the Institute of Chartered Accountants of India:

- (a) Company's share in profits and losses is accounted on determination of profits or losses by the Joint Ventures;
- (b) Investments are carried at cost, net of the Company's share of profits or losses, recognized in the accounts.

SUBHASH PROJECTS AND MARKETING LIMITED

B. Notes on accounts

1. Contingent liabilities not provided for in respect of

(Rs in'000)

	As at 31st March, 2008	As at 31st March, 2007
Claims against the Company not acknowledged as debts	2,250	-
Claims towards liquidated damages not acknowledged as debts by the Company. Against the above, debts of the like amount are withheld by the customers. However, the Company expects no liability to accrue on account of these claims.	427,738	89,845
Guarantees and Counter guarantees given by the Company (including guarantee given for joint ventures)*	9,333,810	5,910,834
Disputed Income Tax and sales tax demands under appeal	48,040	30,344
Guarantee given for Subsidiary/ Associate companies	450,000	145,000

* Includes Rs.90,000 thousands (Rs.90,000 thousands) in relation to which the original title deeds of the property situated at 8/2, Ulsoor Road, Bangalore is lying with Gauhati High Court as security on behalf of Bharat Hydro Corporation Limited.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances]	19,140	22,191
---------------------------------------------------------------------------------------------------------------------	--------	--------

3. In respect of cancellable operating leases taken by the Company, the significant leasing agreements relate to premises (residential, office) etc. which are renewable on expiry at mutually acceptable terms. Such lease payments of Rs.38,866 thousands (Rs.16,375 thousands) are recognized in the profit & loss account as rent and the particulars of future lease payments are as under:

(Rs in'000)

Up to 1 year		Later than 1 year and not later than 5 years		More than 5 years	
2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
43,879	18,716	135,352	68,264	7,180	36,207

4. In terms of Accounting Standard - 22, net deferred tax liability (DTL) of Rs. 169,756 thousands (including Rs.40,800 thousands during the year) has been recognized in the accounts up to 31st March 2008.

(Rs in'000)

Particulars	As at 31st March 2008	As at 31st March 2007
Deferred Tax Liability		
On timing differences of depreciable assets	61,929	74,094
On retentions by the customers	127,013	63,130
Deferred Tax Assets		
Expenses allowable against taxable income in future years	19,186*	6,798
Deferred Tax Liability (Net)	169,756	130,426

* includes Rs1,470 thousand being tax effect of employee benefits related to transitional provision on adoption of AS 15 (Revised).

SUBHASH PROJECTS AND MARKETING LIMITED

5. Earnings per Share (EPS) (in terms Accounting Standard 20)

	2007-08	2006-07
Profit after tax ('000)	582,085	436,210
Weighted average number of equity shares outstanding during the period	34,518,772	31,156,400
Nominal value per share (Rs.)	2	2
Basic and Diluted EPS (Rs.)	16.87	14.00

6. Segment information

Business segment: The business segments have been identified on the basis of the activities undertaken by the company. Accordingly, the Company has identified 'Construction' and 'Wind Power' as the business segments.

Construction – Consists of execution of turnkey projects

Wind Power – Consists of electricity generated from wind farms

Geographical segment: The Company primarily operates in India and therefore the analysis of geographical segments is not applicable to the Company.

(Rs in'000)

	CONSTRUCTION		WIND POWER		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
(a) Revenue						
External sales	11,643,891	8,054,685	27,249	29,696	11,671,140	8,084,381
Inter Segment sales	-	-	-	-	-	-
Total Revenue	11,643,891	8,054,685	27,249	29,696	11,671,140	8,084,381
(b) Results						
Segment Results	1061,837	673,404	1,851	(3,361)	1,063,688	670,043
Unallocated Income (Net of unallocated expenses)					58,919	5,447
Operating Profit					1,122,607	675,490
Interest & Finance Exp (net)					350,412	171,868
Profit before tax					772,195	503,622
Provision for Taxation (Current Tax, Deferred Tax, Fringe Benefit Tax and adjustments on account of Previous years)					190,110	67,412
Profit after tax					582,085	436,210

OTHER INFORMATION

(a) Total Assets						
Segment Assets	9,798,217	5,383,481	135,091	142,543	9,933,308	5,526,024
Unallocated Corporate/ other Assets					2,356,384	1,502,046
Total					12,289,692	7,028,070
(b) Total Liabilities						
Segment Liabilities	6,864,733	4,516,181	28,881	16,379	6,893,614	4,532,560
Unallocated Corporate/other Liabilities					2,291,110	1,283,913
Total					9,184,725	5,816,473
(c) Capital Expenditure	316,253	192,213	-	-	316,253	192,213
(d) Depreciation	104,830	116,854	487	18,322	105,317	135,176
(e) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results	239	61,695	-	-	239	61,695

SUBHASH PROJECTS AND MARKETING LIMITED

7. Related Parties

(a) Particulars of related parties

Subsidiary Companies	<p>Subhash Kabini Power Corporation Limited (SKPCL)</p> <p>SPML Industries Limited (SPL) (formerly Subhash Pipes Limited)</p> <p>SPML Energy Limited (SPMLEL)</p> <p>SPML Technologies Ltd (SPMTL) (formerly Subhash Utility Management Services (P) Ltd).</p> <p>SPML Infrastructure Limited (SPMIL) (become a subsidiary during the year)</p> <p>SPM Holdings Pte. Ltd.(became a subsidiary during the year)</p> <p>Binwa Power Company (P) Limited (BPCPL)</p> <p>Awa Power Company (P) Limited (APCPL)</p> <p>IQU Power Company (P) Limited (IPCPL)</p> <p>Neogal Power Company (P) Limited. (NPCPL)</p> <p>Luni Power Company (P) Limited (LPCPL)</p> <p>Tons Valley Power Company (P) Limited (TVPCPL)</p> <p>Rupin Tons Power Company (P) Limited (RTPCPL)</p> <p>Uttarkashi Tons Hydro Power (P) Limited (UTHPL)</p> <p>Delhi Waste Management Limited (DWM)</p>
Associate companies	<p>Pondicherry Port Limited (PPL)</p> <p>Pondicherry Special Economic Zone Company Limited (PSL) (upto 19.7.2007)</p> <p>Sanmati Infradevelopers Pvt. Ltd. (SIDL)(Became an associate during the year)</p> <p>HYDRO Comp Enterprises (India) Limited (HYDRO)(Became an associate during the year)</p>
Joint Ventures	<p>Om Metal Consortium</p> <p>SPML – CISC JV</p> <p>SPML – Simplex JV</p> <p>SPML – Degroment JV</p> <p>Insituform – SPML JV (become a joint venture during the year)</p> <p>SPML – HCIL JV (become a joint venture during the year)</p>
Key Management Personnel (KMP)	<p>Mr. Anil Kumar Sethi – Chairman,</p> <p>Mr. Subhash Chand Sethi – Vice Chairman and Managing Director</p> <p>Mr. Sushil Kumar Sethi – Managing Director,</p> <p>Mr. Deepak Sethi – Director</p>

Relatives of Key Management Personnel

Mr. P. C. Sethi	Father of Chairman, Vice Chariman and Managing Director
Mrs. Maina Devi Sethi	Mother of Chairman, Vice Chariman and Managing Director
Mrs. Preeti Devi Sethi	Wife of Chairman
Mrs. Vineetha Sethi	Wife of Director
Mrs. Suman Sethi	Wife of Vice Chairman and Managing Director
Mr. Harshavardhan Sethi	Son of Vice Chairman and Managing Director
Mr. Abhinandan Sethi	Son of Vice Chairman and Managing Director
Mrs. Sandhya Rani Sethi	Wife of Managing Director
Mr. Rishabh Sethi	Son of Managing Director

SUBHASH PROJECTS AND MARKETING LIMITED

Enterprises owned by KMPs or their relatives	
	Arihant Leasing and Holdings Limited (ALHL)
	Rishabh Commercial (P) Limited (RCPL)
	Abhinandan Enterprise (P) Limited (AEPL)
	Subhash Systems (P) Limited (SSPL)
	Bharat Hydro Power Corporation Limited (BHPCL)
	International Constructions Limited (ICL)
	SPM Engineers Limited (SPMEL)
	Zoom Industrial Services Limited (ZISL)
	20th Century Engineering Limited (CEL)
	Suraksha Insurance Advisors (P) Limited (SIAPL)
	Subhash Power Company Limited (SPCL)
	SPML India Limited (SPMLIL)
	Subhash Yurim Textiles Limited (SYTL)
	Subhash International (P) Limited (SIPL)
	Sanmati Power Limited (SANPL)
	SPML Realty Limited (SPMRL)
	Sanmati Infradevelopers Limited (SIDL)
	Sanmati Lesiures Pvt Limited (SLPL)
	Latur Water Supply Mgmt (P) Ltd.(LATUR)
	SPML Keerthi Hole Power Co. Ltd. (SKH)
	Sonal Agencies Pvt Ltd (SAPL)
	Anil Kumar Sethi (HUF)
	Subhash Chand Sethi (HUF)
	Sushil Kumar Sethi (HUF)
	Punam Chand Sethi (HUF)

Related party disclosure:														(RS'000')	
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)															
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total		
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
Sale of Goods & Services															
SPL	129,855	-	-	-	-	-	-	-	-	-	-	-	129,855	-	
	(262,181)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(262,181)	(-)	
DWM	28,653	-	-	-	-	-	-	-	-	-	-	-	28,653	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
PSEZ	-	-	-	-	318	-	-	-	-	-	-	-	318	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
SIDPL	-	-	-	-	-	-	-	-	-	-	-	-	705	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
AWA	32,624	23,597	-	-	-	-	-	-	-	-	-	-	32,624	23,597	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
LUNI	39,102	33,670	-	-	-	-	-	-	-	-	-	-	39,102	33,670	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
IQU	21,438	9,469	-	-	-	-	-	-	-	-	-	-	21,438	9,469	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
NEOGAL	50,087	25,835	-	-	-	-	-	-	-	-	-	-	50,087	25,835	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
SPML HCIL JV	-	-	122,864	195,043	-	-	-	-	-	-	-	-	122,864	195,043	
Total	301,759	92,571	122,864	195,043	318	-	-	-	-	-	-	-	425,646	287,614	
	(262,181)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(262,181)	(-)	
Dividend Received															
SPL	1,245	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Total	1,245	-	-	-	-	-	-	-	-	-	-	-	1,245	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Dividend Paid															
SPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(2)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2)	(-)	
Mr. P. C. Sethi	-	-	-	-	-	-	-	-	-	-	-	-	868	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(694)	(-)	
Mr. Anil Kumar Sethi	-	-	-	-	-	-	-	-	-	-	-	-	2,238	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,790)	(-)	

Related party disclosure:														(Rs'000')			
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)																	
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel			Relatives of Key Management Personnel			Enterprises owned by Key Management Personnel or their relatives			Total	
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
Mr. Subhash Chand Sethi	-	-	-	-	-	-	1,973	-	(1,579)	-	-	-	-	1,973	-	-	
Mr. Suhil Kumar Sethi	-	-	-	-	-	-	1,463	-	(1,170)	-	-	-	-	1,463	-	-	
Mrs . Maina Devi Sethi	-	-	-	-	-	-	-	-	-	351	-	-	-	351	-	-	
Mrs. Preeti Devi Sethi	-	-	-	-	-	-	-	-	-	(281)	-	-	-	(281)	-	-	
Mrs. Suman Sethi	-	-	-	-	-	-	-	-	-	1,447	-	-	-	1,447	-	-	
Mrs. Sandhya Rani Sethi	-	-	-	-	-	-	-	-	-	(1,158)	-	-	-	(1,158)	-	-	
Mr. Deepak Sethi	-	-	-	-	-	-	-	-	-	184	-	-	-	184	-	-	
Mr. Harshvardhan Sethi	-	-	-	-	-	-	-	-	-	(147)	-	-	-	(147)	-	-	
Mr. Abhinandan Sethi	-	-	-	-	-	-	-	-	-	263	-	-	-	263	-	-	
Mr. Rishabh Sethi	-	-	-	-	-	-	-	-	-	(211)	-	-	-	(211)	-	-	
ZISL	-	-	-	-	-	-	-	-	-	582	-	-	-	582	-	-	
SIAPL	-	-	-	-	-	-	-	-	-	(466)	-	-	-	(466)	-	-	
SPMEL	-	-	-	-	-	-	-	-	-	614	-	-	-	614	-	-	
CEL	-	-	-	-	-	-	-	-	-	(491)	-	-	-	(491)	-	-	
ALHL	-	-	-	-	-	-	-	-	-	540	-	-	-	540	-	-	
	-	-	-	-	-	-	-	-	-	(432)	-	-	-	(432)	-	-	
	-	-	-	-	-	-	-	-	-	93	-	-	-	93	-	-	
	-	-	-	-	-	-	-	-	-	(74)	-	-	-	(74)	-	-	
	-	-	-	-	-	-	-	-	-	3,074	-	-	-	3,074	-	-	
	-	-	-	-	-	-	-	-	-	(2,459)	-	-	-	(2,459)	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	(5)	-	-	-	(5)	-	-	
	-	-	-	-	-	-	-	-	-	1,280	-	-	-	1,280	-	-	
	-	-	-	-	-	-	-	-	-	(1,024)	-	-	-	(1,024)	-	-	
	-	-	-	-	-	-	-	-	-	1,438	-	-	-	1,438	-	-	
	-	-	-	-	-	-	-	-	-	(1,150)	-	-	-	(1,150)	-	-	
	-	-	-	-	-	-	-	-	-	436	-	-	-	436	-	-	
	-	-	-	-	-	-	-	-	-	(349)	-	-	-	(349)	-	-	

Related party disclosure:														(RS'000)	
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)															
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total		
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
ICL	-	-	-	-	-	-	-	-	-	-	881	-	881	(-)	
BHPCL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(705)	(-)	(705)	(-)		
SPMIIL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,391	3,399	1,391	3,399		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,113)	(-)	(1,113)	(-)		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,336	-	2,336	-		
SYTL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,869)	(-)	(1,869)	(-)		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,644)	(-)	(1,644)	(-)		
SAPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	7	-	7	-		
AEIL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2	-	2	-		
RCPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2	-	2	-		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
- Total	-	-	-	-	-	-	5,674	-	4,942	-	10,847	3,399	21,463	3399	
Purchase of Goods & Services	(-)	(-)	(-)	(-)	(-)	(-)	(4,539)	(-)	(3,954)	(-)	(10,318)	(-)	(18,813)	(-)	
SPL	332,889	-	-	-	-	-	-	-	-	-	-	-	332,889	-	
	(335,463)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(335,463)	-	
SYTL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	10,390	-	10,390	-	
ZISL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	8,414	-	8,414	-	
SPMEL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	6,921	-	6,921	-	
SUMSPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	(25,045)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(25,045)	-	

Related party disclosure:														(Rs'000)	
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)															
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total		
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
SPMLIL	-	-	-	-	-	-	-	-	-	-	7,445	-	7,445	-	
SPMLTL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	27,061	3,627	-	-	-	-	-	-	-	-	-	-	27,061	3,627	
ICL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	-	-	-	-	-	-	-	-	-	-	31,381	-	31,381	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Total	359,950	3,627	-	-	-	-	-	-	-	-	64,551	-	424,501	3,627	
	(360,508)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(360,508)	-	
Interest Income															
DWM	1,434	-	-	-	-	-	-	-	-	-	-	-	1,434	-	
	(3,200)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,200)	(-)	
ICL	-	-	-	-	-	-	-	-	-	-	11,218	-	11,218	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
SPMLIL	-	-	-	-	-	-	-	-	-	-	270	-	270	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
SPCL	-	-	-	-	-	-	-	-	-	-	770	-	770	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(409)	(-)	(409)	(-)	
Total	1,434	-	-	-	-	-	-	-	-	-	12,258	-	13,692	-	
	(3,200)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(409)	(-)	(3,609)	(-)	
Interest Paid															
Total															
Rent Paid															
ICL	-	-	-	-	-	-	-	-	-	-	120	-	120	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(120)	(-)	(120)	(-)	
ALHL	-	-	-	-	-	-	-	-	-	-	600	1,272	600	1,272	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(600)	(-)	(600)	(-)	
SAPL	-	-	-	-	-	-	-	-	-	-	1,054	1,510	1,054	1,510	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,092)	(-)	(1,092)	(-)	
SSPL	-	-	-	-	-	-	-	-	-	-	168	11	168	11	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(168)	-	(168)	(248)	
BCPL	-	-	-	-	-	-	-	-	-	-	(300)	-	(300)	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(300)	-	(300)	-	

Related party disclosure: (b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)														(RS'000)						
	Subsidiaries			Joint Venture Companies			Associate Companies			Key Management Personnel			Relatives of Key Management Personnel			Enterprises owned by Key Management Personnel or their relatives			Total	
	Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding	Value	Balance Outstanding	
Purchase of Investments																				
Mr. Anil Kr. Sethi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs Preti Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,050)	-	-	(-)	(-)	-	(-)	(-)	(1,050)	(-)	-	
Mr Deepak Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(660)	(-)	-	
Anil Kr. Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(140)	(-)	-	
SPMLIL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,461)	(-)	-	
Sushi Kr Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,800)	(-)	-	
Mr Rishab Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(576)	(-)	-	
Mr. Sushil Kr Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(160)	(-)	-	
Subhash Chand Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(800)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(800)	(-)	-	
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,000)	(-)	-	
Mr. Abhinandan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(300)	(-)	-	
Mrs.Surman Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(400)	(-)	-	
Subhash Chand Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(600)	(-)	-	
Punam Chand Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(400)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(400)	(-)	-	
Mrs Maina Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,133)	(-)	130	
Mr.Punam Chand Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(500)	(-)	-	
151	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(320)	(-)	(320)	

Related party disclosure:														(Rs'000)	
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)															
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total		
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
Loans & Advances Given (including share application money)															
LPCPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NPCL	(92)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(92)	(-)	
IPCPL	(95)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(95)	(-)	
APCPL	20,000	(91)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	20,000	(91)	(-)
DWM	36,144	(35,380)	48	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	36,144	(35,380)	48
SPCL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	10,137	9,549	(7,955)
ZISL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	20,677	4,542	(6,800)
SYTL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	10,390
SPMIL	41,694	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	41,694	35,950	(8,000)
BHPCL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	10,816
SPMLEL	124,608	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	124,608	124,608	(15,450)
CEL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	28	28	(9,900)
SSPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	168	11	(459)
ICL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	117,542	40,066	(46,257)
SIPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	202,317	111,063	(301)

Related party disclosure:														(Rs'000)	
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)															
	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total		
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	
SKH	-	-	-	-	-	-	-	-	-	-	26,793	2,127	26,793	2,127	
Total	1,042,789	883,293	-	-	7,481	8,514	-	-	-	-	424,393	218,340	1,474,663	1,110,146	
	(111,914)	(93,434)	(-)	(-)	(29,082)	(29,082)	(-)	(-)	(-)	(-)	(128,442)	(56,018)	(322,199)	(231,245)	
Outstanding Guarantees															
CISC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DWM	-	145,000	-	(56,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(56,000)	
BHPCL	-	(145,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(145,000)	
APCPL	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,391	3,399	1,391	3,399	
	-	185,000	-	-	-	-	-	-	-	-	(900,000)	(-)	(-)	(900,000)	
	-	(185,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(185,000)	
SPMLTL	-	97,500	-	-	-	-	-	-	-	-	-	-	-	97,500	
SPL	-	25,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
PSEZ	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	-	-	-	-	-	2,500	-	-	-	-	-	-	-	2,500	
Total	-	452,500	-	-	-	2,500	-	-	-	-	1,391	3,399	1,391	458,399	
	(-)	(145,000)	(-)	(56,000)	-	-	-	-	-	-	(-)	(900,000)	(-)	(1,101,000)	
Advance Taken															
ICL	-	-	-	-	-	-	-	-	-	-	-	73,646	-	73,646	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(33,000)	(73,646)	(33,000)	(73,646)	
LPCPL	3,579	29,249	-	-	-	-	-	-	-	-	-	-	3,579	29,249	
	(15,780)	(15,780)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(15,780)	(15,780)	
NPCPL	18,196	36,925	-	-	-	-	-	-	-	-	-	-	18,196	36,925	
	(55,865)	(55,865)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(55,865)	(55,865)	
IPCPL	13,654	39,780	-	-	-	-	-	-	-	-	-	-	13,654	39,780	
	(53,748)	(53,748)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(53,748)	(53,748)	
APCPL	18,893	72,769	-	-	-	-	-	-	-	-	-	-	18,893	72,769	
	(54,149)	(54,149)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(54,149)	(54,149)	

Related party disclosure:														(Rs'000')						
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)																				
	Subsidiaries			Joint Venture Companies			Associate Companies			Key Management Personnel			Relatives of Key Management Personnel			Enterprises owned by Key Management Personnel or their relatives			Total	
	Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding
BPCPL	9,370	63,475		-	-		-	-		-	-		-	-		9,370	63,475		-	-
AEPL	-	-		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)
BHPCL	(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)		(-)	(-)
Total	63,692	242,198		-	-		-	-		-	-		-	-		66,839	84,494		3,147	326,692
Remuneration				(179,542)	(179,542)		(-)	(-)		(-)	(-)		(-)	(-)		(212,542)	(212,542)		(33,000)	(213,963)
Salary	-	-		-	-		-	-		9,600	9,600		-	-		9,600	-		-	-
Director Commission	(-)	(-)		(-)	(-)		(-)	(-)		(9,058)	(9,058)		(-)	(-)		(9,058)	(-)		(-)	(-)
	-	-		-	-		-	-		24,495	24,495		-	-		24,495	-		-	-
	(-)	(-)		(-)	(-)		(-)	(-)		(22,530)	(22,530)		(-)	(-)		(22,530)	(-)		(-)	(-)
Total	-	-		-	-		-	-		34,095	34,095		-	-		34,095	-		-	-
	(-)	(-)		(-)	(-)		(-)	(-)		(31,588)	(31,588)		(-)	(-)		(31,588)	(-)		(-)	(-)

SUBHASH PROJECTS AND MARKETING LIMITED

8. Interest in Joint Ventures:

Particulars of the Company's interest in integrated Jointly Controlled Entities are as below:

Name of Joint Venture	Proportion of Ownership	Country of	
		Incorporation	Residence
Om Metal Consortium	10%	India	India
SPML – CISC JV	50%	India	India
SPML – Simplex JV	50%	India	India
SPML – HCIL JV	100%	India	India
Instituform – SPML JV	50%	India	India
Degroment JV	95%	India	India

The Company's share of assets, liabilities, income and expenses in the jointly controlled entities as at and for the year ended 31st March, 2008 are as follows :-

Name of the joint venture	Company's share in				(Rs. in '000)
	Assets	Liabilities	Income	Expenses	Profit / Loss (-) after tax
Om Metal Consortium	110,681 (80,582)	16,576 (298)	501 -	- (74)	501 (-74)
SPML – CISC	48,053 (31,993)	36,992 (20,095)	13,731 (18,139)	14,371 (18,225)	(-640) (-86)
SPML – Simplex	18,543 (23,235)	6,783 (13,729)	59,314 (208,669)	55,261 (194,292)	4,053 (14,377)
SPML – HCIL	254,137 (-)	254,145 (-)	122,864 (-)	122,872 (-)	(-) (-)
Instituform – SPML	5,027 (-)	227 (-)	- (-)	- (-)	- (-)
SPML Degroment	2,262 (2,381)	26 (96)	- (1,072)	3 (854)	(-3) (218)
Total	438,703 (138,191)	314,749 (34,218)	196,410 (227,880)	192,507 (213,445)	3,904 (14,435)
Share of Net Assets / Profit after tax	123,954 (103,973)			3,904 (14,435)	

Capital Expenditure Commitments and Contingent Liabilities of the Joint Ventures – NIL (NIL).

9. Managerial remuneration

(a) Details of managerial remuneration for Managing Director, other whole time directors and non whole time directors are as follows:

	2007 – 08	2006 – 07
Salary *	14,400	6,426
Contribution to provident fund	432	432
Commission	24,495	22,530**
Perquisites	2,270	2,200
Total	41,597	31,588

*As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

**Includes commission for earlier year Rs.6,192 thousands, which was inadvertently not provided last year

(b) Computation of net profit under Section 349 of the Companies Act, 1956 for calculation of commission payable to directors

(Rs. in '000)

	2007 – 08	2006 – 07
Profit before taxation as per Profit & Loss Account	772,195	503,922
Add: Remuneration to Directors	41,597	31,588
Loss on sale / Discard of Fixed Assets	2,725	9,533
Net Profit for the purpose of Directors' Commission	816,516	544,743
Directors' commission @ 3% of net profits as calculated above	24,495	16,338

10. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in '000)

	2007 – 08	2006 – 07
(i) Principal amount remaining unpaid to suppliers at the end of accounting year	20,317	26,599
(ii) Interest due on above	496	1,320
Total of (i) & (ii)	20,813	26,599
(iii) Amount of interest paid by the Company to the suppliers	Nil	Nil
(iv) Amounts paid to the suppliers beyond the respective due date	10,516	69,001
(v) Amount of interest due and payable for the period of delay in payments (which have been paid beyond the due date during the year) but without adding the interest specified under the Act	-	2,938
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year	1,816	1,320

11. Particulars of unhedged Foreign Currency Exposure at the Balance sheet date:

Particulars	Foreign Currency (in '000)		Equivalent INR (in '000)	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Current liabilities	EURO 377	USD 3,390	23,906	151,105
	USD28, 115	-	111,077	-
Advances	EURO 69	-	4,368	-

(Rs. in '000)

	2007 – 08	2006 – 07

16. Quantitative information in respect of installed capacity, licensed capacity and goods manufactured, sold and in stock in relation to wind power

	2007-08		2006-07	
	Units in '000	Rs. in '000	Units in '000	Rs. in '000
Installed Capacity	69,730	-	69,730	-
Power generated	10,134	NA	10,989	NA
Power sold	10,134	27,249	10,989	29,696

17. According to the Company, construction activity is a service activity and therefore in terms of para 3(ii)(c) of Part II of Schedule VI to the Companies Act, 1956, the gross income determined from construction activity has been given.

18. Imported and indigenus, direct materials and components consumed

	2007-08		2006-07	
	Percentage of total	Value (Rs.'000)	Percentage of total	Value (Rs.'000)
Imported	5.50%	379,597	2.63%	151,105
Indigenous	94.50%	6,520,745	97.37%	5,582,503
Total	100.00%	6,900,342	100%	5,733,608

19. Trading Goods

	2007-08		2006-07	
	Quantity (MT)	Value (Rs.'000)	Quantity (MT)	Value (Rs.'000)
Steel products				
Opening Stock	-	-	-	-
Purchases	25,565	622,257	26,381	454,013
Sales	25,565	626,839	26,381	458,442
Closing stock	-	-	-	-

20. Construction contracts disclosure

Information relating to Construction contracts as per Accounting Standard 7 (Revised) issued by The Institute of Chartered Accountants of India, are given below:

	(Rs. in '000)	
	2007-08	2006-07
Contract income recognized as revenue during the year	10,729,022	6,916,900
Aggregate amount of costs incurred and recognized profits (less recognized losses) till date	22,252,415	10,147,999
Advance received (unadjusted)	2,195,479	1,182,712
Retention amount	1,421,802	1,193,867
Gross amount due from customers for contract work	3,322,083	988,018
Gross amount due to customers for contract work	245,776	429,416

21. As per legal opinion obtained by the Company, no prior approval is required under Section 372A(2) of the Companies Act, 1956 from Rural Electrification Corporation Ltd. (REC) for investments made during the year Rs.88,075 thousands (Rs.306,516 thousands), loans given Rs.72,892 thousands (Rs. Nil) share application money Rs.700,128 thousands (Rs. 52,761 thousands) and pledge of shares Rs.132,738 thousands (Rs.132,738 thousands).

Further, pending settlement of dispute with REC, the Company has not provided interest (including penal interest) estimated at Rs.244,557 thousands (Rs.191,145 thousands) upto March 31, 2008 [including Rs.53,412 thousand (Rs.44,884 thousands) for the year]

22. The Company had entered into an agreement in the past to sell 11 nos. of Windmills and an advance of Rs.12,297 thousands (Rs.12,297 thousands) was received there against. Since the above assets are hypothecated with Rural Electrification Corporation Limited (REC) against loans obtained from them and also there is a case pending with REC, in relation to interest and other penal claims, the Company could not transfer these assets to the buyer. Accordingly, no adjustment has been made in the account for the above sale of assets and the same would be carried out after disposal of the legal cases. The income and expenses in relation to these assets continue to be accounted for in the company's books.

23. Sales include Rs.3,336 thousands (Rs.99,596 thousands) comprising of interest Rs.275 thousands (Rs.70,919 thousands) and other claims Rs.3,061 thousands (Rs.28,677 thousands) received during the year on settlement of Arbitration awards.

24. The Company is in the process of obtaining confirmations with respect to its debtors, creditors, loans and advances. Adjustments, if any, arising out of such confirmations will be considered in subsequent period.

25. Cash credit facilities from banks are secured by hypothecation of raw materials, goods in process, finished goods and book debts of the Company and also by hypothecation of plant and machinery, office equipments, vehicles and computers exclusive of wind electric generation sets hypothecated to REC. These loans are additionally secured by the guarantees of promoter directors of the Company.

26. The Company has claimed 80IA benefits of Rs.713,250 thousands (Rs.505,008 thousands) approx. having tax impact of Rs.247,956 thousands (Rs.177,175 thousands) approx. under Income Tax Act, 1961 on construction contracts for certain infrastructure projects executed on behalf of various departments / agencies of different State Governments during the financial year 2003-04 onwards. The tax assessments for the financial years upto 2004-05 were already completed and the above claims have been fully allowed by the Tax Authorities. The Company does not expect any tax liability in this regard in spite of the recent amendment in Sec 80IA, based on the opinion obtained from the Tax Consultants.

27 (a) Included in Sundry Debtors

	(Rs. in '000)			
	March 31, 2008		March 31, 2007	
Amount due from a Company under the same management	Balance Outstanding	Maximum Amount Outstanding during the year	Balance Outstanding	Maximum Amount Outstanding during the year
Bharat Hydro Power Corporation Limited	3,399	14,215	14,215	14,215

(b) Included in Loans & Advances (including advance given towards share application money)

(i) Amounts due from Subsidiaries / Associates

(Rs. in '000)

Name	Relationship	31-Mar-08		31-Mar-07	
		Balance Outstanding	Maximum Amount	Balance Outstanding	Maximum Amount
SPMIL	Subsidiary	35950	41694	-	5,075
SPL	Subsidiary	134,306	134,306	74485	94,056
IPCPL	Subsidiary	-	-	-	91
LPCPL	Subsidiary	-	-	-	92
SKPCL	Subsidiary	585,581	585,581	-	-
APCPL	Subsidiary	-	20,000	-	91
NPCPL	Subsidiary	-	300	-	95
SPMLEL	Subsidiary	124,608	124,608	-	-
SPMTL	Subsidiary	-	44,074	4,422	29,415
DWM	Subsidiary	48	35,380	35,380	69,099
PSL	Associate	-	-	14210	14210
PPL	Associate	-	3,402	10617	14,872
HYDRO	Associate	3,949	3,949	-	-

(ii) Amounts due from companies under the same management

(Rs. in '000)

Name	31-Mar-08		31-Mar-07	
	Balance Outstanding	Maximum Amount Outstanding during the year	Balance Outstanding	Maximum Amount Outstanding during the year
ZISL	4,542	12,956	-	2,447
SYTL	-	-	-	6,350
ICL	40066	155,506	46,257	46,257
SIPL	111,063	202,317	301	301
SAPL	1,510	2,001	-	-
ALHL	1,272	1,460	-	-
SPMRL	-	3,256	203	203
BHPCL	-	-	-	12,737
SPMEL	4,565	11,563	52,558	52,558
CEL	28	28	-	9,900
LATUR	7,550	7,550	-	-
SIDL	-	130	-	-
SLPL	-	22	-	-
SPCPL	-	627	493	503
SKH	2,127	26,793	-	-
SPCL	9,549	9,549	7,955	7,955
SSPL	-	247	246	459
SPMLIL	22144	22374	-	-

(iii) Amounts due from an officer of the Company

B N Choudhary	13	27	27	138
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(c) Disclosures of outstanding loans, advance and investments given by the Company together with maximum amount thereof as required under clause 32 of the Listing Agreement are as below:

Particulars	Amount outstanding at year end	Maximum outstanding during the year
Loans and advances in the nature of loans to subsidiaries and associates by name and amount (including advances given towards share application money)	As given in 27(b)(i) above	
Loans and advances in the nature of loans where there is (i) no repayment schedule or repayment beyond seven years	Loans given to parties given in 27(b)(i) & (ii) above are repayable on demand	
(ii) no interest or interest below section 372A of Companies Act by name and amount	Nil	
Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	As given in 27(b)(ii) above	

28 (a) Gratuity and leave benefit plans (AS 15 Revised)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is unfunded

The Company has a defined benefit plan for leave. Every employee is entitled to cash equivalent of unutilized leave balance at the time of retirement. The scheme is unfunded.

The following tables summarized the components of net benefit expenses recognized in the profit & loss account and amounts recognized in the balance sheet for the respective plans.

(Rs. in '000)

		For the year ended March 31, 2008	
		Gratuity	Leave
(i)	Net employee benefit expense (recognised in Employee Cost)		
	Current service cost	7,662	1,539
	Interest cost on benefit obligation	1,409	789
	Net Actuarial gain / loss recognised in the year	4,474	6,007
	Total employer expense recognised in Profit and Loss Account	13,545	8,335
(ii)	Actual return on plan assets	N.A	N.A
(iii)	Benefit Asset / (Liability)		
	Defined benefit obligation	(24,130)	(138,734)
	Benefit Asset / (Liability)	(24,130)	(138,734)
(iv)	Movement in benefit liability		
	Opening defined benefit obligation	11,095	5,843
	Interest cost	1,409	789
	Current service cost	7,662	1,539
	Benefit paid	(510)	(305)
	Actuarial (gains)/losses on obligation	4,474	6,007
	Closing benefit obligation	24,130	13,874
(v)	Movement in fair value of plant assets	N.A	N.A
(vi)	The major categories of plan assets as a percentage of the fair value of total plan assets	N.A	N.A

The Principal assumptions used in determining gratuity and leave benefit obligation for the Company's plan are shown below:

	Gratuity	Leave
Discount rate	7.50%	7.50%
Salary increase	5.00%	5.00%
Withdrawal Rate	Varying between 2% per annum and 1% per annum depending on duration and age of employees	Varying between 2% per annum and 1% per annum depending on duration and age of employees
Expected rate of return on Plan assets	N.A	N.A
Expected Average remaining working lives of employees(years)	23.37	23.39

(b) Amount incurred as expense for defined contribution plans

(Rs. in '000)

	2007-08	2006-07
Contribution to Provident Fund	18,435	7,308

Note:

a. The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b. Since the Company has adopted AS-15 (revised) on employee benefits with effect from April 1, 2007, the disclosures as mentioned in (A) above are given for the current year only.

c. The information in respect of defined benefit obligation for previous four years are not available and hence not furnished.

d. The gratuity and leave liabilities are unfunded. Accordingly information regarding planned assets are not applicable.

29. During the year, the Company has made preferential allotment of 5,493,876 equity shares of Rs.2 each at a premium of Rs.243 per share and 1,632,653 warrants (to be converted into equity shares within 18 months of allotment) at a price of Rs.245 per warrant (Rs.24.50 per warrant received during the year) aggregating to Rs.1,386,000 thousands in compliance with the guidelines prescribed by the Securities and Exchange Board of India, which was approved by the shareholders at the extra ordinary general meeting held on July 28, 2007.

30. Previous year's figures have been regrouped / re-arranged wherever considered necessary.

As per our report of even date S. R. BATLIBOI & CO. Chartered Accountants	For and on behalf of the Board Anil Kr. Sethi Chairman
Per R K Agrawal a Partner Membership No.16667 Place : Kolkata Date : 30th June' 2008	Subhash Ch. Sethi Vice Chairman and Managing Director
	Sushil Kr. Sethi Managing Director
SUNIL KUMAR GUPTA & CO. CHARTERED ACCOUNTANTS Per S. K. GUPTA a Partner Membership No.82486 Place: Kolkata Date: 30th June' 2008	B.N.Choudhary Executive Vice President (Finance) & Company Secretary

SUBHASH PROJECTS AND MARKETING LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Detail

Registration No.	12228	State Code	55
Balance Sheet Date	31	03	2008
	Date	Month	Year

II. Capital raised during the year

(Amount in Thousand)

Public Right Issue	Bonus Issue	Private Placement
NIL	NIL	1346000

III. Position of Mobilisation and Deployment of Funds

(Amount in Thousand)

Total Liabilities		Total Assets	
5,470,054		5,470,054	
Sources of Funds			
Paid-up Share Capital & Share Warrant	Reserves & Surplus	Secured Loans	Unsecured Loans
121,945	2,983,022	1,945,061	250,270
Deferred Tax			
169,756			
Application of Funds			
Net Fixed Assets	Investment	Net Current Assets	Miscellaneous Expenditure
710,544	626,731	4,132,779	0

IV. Performance of Company

Turnover	Total Expenditure	Profit/Loss before Tax	Profit/Loss after Tax
11,744,718	10,972,523	772,195	582,085
		Earning per Share (in Rs.)	Dividend Rate (%)
		16.87	60%

V. Generic Names of three principle Product/Services of Company

(As per monetary terms)

Item Code No. (ITC Code)	Product Description
NIL	Engineering, General Procurement, Construction & Wind Power Generation

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUBHASH PROJECTS AND MARKETING LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of Subhash Projects and Marketing Limited and its subsidiaries as at 31st March 2008 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, annexed thereto and prepared in accordance with the accounting principles generally accepted in India. These consolidated financial statements are the responsibility of Subhash Projects and Marketing Limited'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 the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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 the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3.(a) The financial statements of the Company's subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.2,951,587 thousands as at 31st March 2008 and total revenue of Rs.647,199 thousands and net cash flows of Rs.317,161 thousands for the year then ended, have been audited by one of the joint auditors and other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on these reports, *except that the audited financial statements have not been received for certain subsidiaries and joint ventures as detailed in Note No. 1(l) on Schedule 20A to the financial statements and these have been incorporated on the basis of unaudited financial statements produced to us.*

(b) The financial statements of the associates, whose financial statements reflect the Company's share of profit of Rs. Nil for the year ended March 31, 2008, have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these associates, is based solely on these reports except that the audited financial statements have not been received for certain associates as detailed in Note No. 1(l) on Schedule 20A to the financial statements and these have been incorporated on the basis of unaudited financial statements produced to us

4. We report that the consolidated financial statements have been prepared by Subhash Projects and Marketing Limited's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

5. *Attention is drawn to Note No. 12 on Schedule 20B regarding non-provision of interest aggregating to Rs.244,557 thousands (including Rs.53,412 thousands for the year) on loans from Rural Electrification Corporation Limited, pending settlement of legal case filed by the company. Because of the above, secured loans are understated by Rs.244,557 thousands and profit for the year and reserves are overstated by Rs.53,412 thousands and Rs.244,557 thousands respectively. The previous year's audit report was accordingly modified in this regard.*

6. On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Subhash Projects and Marketing Limited and its subsidiaries, *subject to our observations* in Para 3 and 5 above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of consolidated balance sheet, of the state of affairs of Subhash Projects and Marketing Limited and its subsidiaries as at 31st March 2008;

b. in the case of consolidated profit and loss account, of the profit of Subhash Projects and Marketing Limited and its subsidiaries for the year ended on that date; and

c. in the case of consolidated cash flow statement, of the cash flows of Subhash Projects and Marketing Limited and its subsidiaries for the year ended on that date.

S.R. BATLIBOI & CO.
Chartered Accountants

SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per R. K. Agrawal
a Partner
Membership No.: 16667

Per S. K. Gupta
a Partner
Membership No.: 82486

Place: Kolkata
Date: 29 August 2008

**SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008**

	SCHEDULE	31st MARCH 2008 (Rs. In "000")	31st MARCH 2007 (Rs. In "000")
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a. Share Capital	1	81,945	70,957
b. Share Warrants		40,000	-
c. Reserves & Surplus	2	3,377,727	1,465,657
		3,499,672	1,536,614
Minority Interest		530,316	440,132
LOAN FUNDS			
a. Secured Loans	3	2,427,616	1,375,897
b. Unsecured Loans	4	280,983	445,856
		2,708,599	1,821,753
DEFERRED TAX LIABILITY (NET)		165,544	131,156
TOTAL		6,904,131	3,929,656
APPLICATION OF FUNDS			
FIXED ASSETS			
a. Gross Block	5	2,501,109	2,138,887
b. Less : Accumulated Depreciation / Amortization		837,191	671,009
c. Net Block		1,663,918	1,467,878
d. Capital work in progress (including capital advances)		547,816	196,331
		2,211,734	1,664,209
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	7	2,599,339	1,119,602
b. Sundry Debtors	8	5,041,280	3,716,082
c. Cash & Bank Balances	9	950,852	1,167,600
d. Other Current Assets	10	679,207	209,639
e. Loans and Advances	11	1,953,525	663,791
		11,224,203	6,876,714
LESS: CURRENT LIABILITIES & PROVISIONS			
a. Current Liabilities	12	6,625,567	4,565,742
b. Provisions		93,443	68,080
		6,719,010	4,633,822
NET CURRENT ASSETS		4,505,193	2,242,892
TOTAL		6,904,131	3,929,655
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
Schedules 1 to 12 and 20 referred to above form an integral part of the Balance Sheet.	20		

As per our report of even date.

For S. R. BATLIBOI & CO.
Chartered Accountants

Per R. K. AGRAWAL
a Partner
Membership No. 16667
Place : Kolkata
Date : 29th August 2008

For SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per S.K.GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 29th August 2008

For and behalf of the Board

Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance) &
Company Secretary

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE		2007-08 (Rs. In "000")	2006-07 (Rs. In "000")
INCOME			
Sales and Services	13	11,860,591	8,312,208
Other Income	14	68,792	12,689
TOTAL		11,929,383	8,324,897
EXPENDITURE			
Purchase of Trading Goods		492,402	454,013
Material Consumed & Direct Expenses	15	8,962,994	6,384,604
(Increase) / Decrease in Inventories	16	(84,904)	70,044
Personnel Expenses	17	448,274	216,854
Administration, Selling & Other Expenses	18	533,427	387,241
Interest & Finance Expenses (net)	19	449,457	172,218
Depreciation / Amortisation		192,784	135,404
Less: Transfer from Revaluation Reserve		(341)	-
TOTAL		10,994,093	7,820,378
PROFIT BEFORE TAXATION		935,290	504,519
Provision for Taxation			
Current tax (Includes proportionate share in Joint Ventures Rs. NIL (Rs. 897 thousands))		155,638	60,897
Deferred Tax		35,859	20,313
Fringe Benefit Tax (Includes Proportionate Share in Joint Ventures Rs. 36 thousands (Rs. NIL))		5,992	3,611
Excess provision for taxation for earlier years written back		(764)	(16,512)
		196,725	68,309
Profit after Tax before share of Associates and Minority Interest		738,565	436,210
Add: Share of Net profit / (Loss) of Associates (Refer Note No. 1(h) on Schedule 20 A) [Includes prior period adjustment of Rs. NIL (Rs. 34,791 thousands)]		-	203,444
Less: Minority Interest in Income			
Net Profit		654,456	639,654
Profit Brought Forward From Previous Year		937,978	454,774
Profit Available For Appropriation		1,592,434	1,094,428
APPROPRIATIONS			
General Reserve		150,000	120,000
Proposed Dividend		43,980	31,155
Dividend Tax		7,474	5,295
Balance carried to Balance Sheet		1,390,980	937,978
		1,592,434	1,094,428
Basic and diluted earning per share (Face value of Rs.2 each) (Refer Note No. 5 on Schedule 20 B)	20	18.95	20.53
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS Schedules 13 to 20 referred to above form an integral part of the Profit & Loss Account			

As per our report of even date.

For S. R. BATLIBOI & CO.
Chartered Accountants

Per R. K. AGRAWAL
a Partner
Membership No. 16667

Place : Kolkata
Date : 29th August 2008

For SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per S.K.GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 29th August 2008

For and behalf of the Board

Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance) &
Company Secretary

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31st MARCH 2008 (Rs. In "000")	31st MARCH 2007 (Rs. In "000")
SCHEDULE 1 : SHARE CAPITAL		
<u>AUTHORIZED</u>		
200,000,000 Equity Shares of Rs. 2/- each	400,000	400,000
1,000,000 Preference Shares of Rs.100/- each	100,000	100,000
	500,000	500,000
<u>ISSUED, SUBSCRIBED & PAID-UP</u>		
36,650,276 (31,156,400) Equity Shares of Rs.2 each	73,301	62,313
Add : Forfeited Shares (Amount originally paid up)	8,644	8,644
	81,945	70,957
SCHEDULE 2 : RESERVES & SURPLUS		
a) CAPITAL RESERVE		
As per Last Account	48,573	253126
Less: Transferred to Share Capital	-	(8,644)
Less: Transferred to Profit & Loss Account	-	(31,419)
Less: Transferred to Securities Premium Account	-	(164,490)
	48,573	48,573
CAPITAL RESERVE ON CONSOLIDATION		
As per Last Account	42,898	-
Less : Arisen on acquisition / change in ownership interest in Subsidiaries	(121)	42,898
	42,777	42,898
b) SECURITIES PREMIUM ACCOUNT		
As per Last Account	211,773	47,283
Add: Transferred from Capital Reserve account	-	164,490
Add: Received during the year	1,335,012	-
Less: Utilized towards Share Issue Expenses	(20,405)	-
	1,526,380	211,773
c) GENERAL RESERVE		
As per Last Account	145,760	25,760
Less: Adjustment towards Gratuity & Leave Encashment Liability	(1,646)	-
Add: Transfer from Profit & Loss Account	150,000	120,000
	294,114	145,760
d) FOREIGN CURRENCY TRANSLATION RESERVE		
Arisen on consolidation during the year (Refer Note No. 1 (c) of Schedule 20A)	(3,431)	-
	(3,431)	-
e) REVALUATION RESERVE		
As per Last Account	78,675	-
Add: From Subsidiaries	-	78,675
Less: Transfer to Profit & Loss Account	(341)	-
	78,334	78,675
f) PROFIT & LOSS ACCOUNT BALANCE	1,390,980	937,978
	1,390,980	937,978
	3,377,727	1,465,657

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31st MARCH 2008 (Rs. In "000")	31st MARCH 2007 (Rs. In "000")
SCHEDULE 3 : SECURED LOANS		
A) TERM LOANS		
(i) From Rural Electrification Corporation Limited (Secured by way of hypothecation of 11 Nos. Wind Electric Generating Sets of 4.51 MW capacity with accessories and personal guarantees of Promoter Directors)	89,968	89,968
(ii) From Banks (Refer Note No. 16(a) on Schedule 20 B) Of the above, Rs. 426,430 thousands (Rs. 97,880 thousands) are due for payment within one year	719,735	507,380
(iii) Deferred Payment Credits From Banks From Others [Secured against hypothecation of Vehicles / Construction equipments purchased against such loans. Of the above, Rs.85,000 thousands (Rs.43,040 thousands) are falling due for payment within 1 year]	155,348 50,097	17,245 39,527
Total	1,015,148	654,120
B) OTHER LOANS		
(i) From Banks on Cash Credit Account (Refer Note No. 16(b) on Schedule 20 B)	1,394,677	721,777
	1,394,677	721,777
Add: Proportionate Share in Joint Ventures	17,791	-
	2,427,616	1,375,897
SCHEDULE 4 : UNSECURED LOANS		
(i) From Banks (Short Term) (Secured by personal guarantee of Promoter Directors)	250,000	370,184
(ii) From Others	7,399	67,397
	257,399	437,581
Add: Proportionate Share in Joint Ventures	23,584	8,275
	280,983	445,856

**SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

SCHEDULE 5: FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION					NET BLOCK		
	AS AT 01-04-2007	ADDED ON ACQUISITION OF SUBSIDIARIES	OTHER ADDITIONS	SALES / ADJUSTMENTS	AS AT 31/03/2008	UP TO 01/04/2007	ON ACQUISITION OF SUBSIDIARIES	FOR THE YEAR	ON SALES / ADJUSTMENTS	UP TO 31/03/2008	AS AT 31/03/2008	AS AT 31/03/2007
GOODWILL ON CONSOLIDATION	44,267	183	-	-182	44,268	-	-	-	-	-	44,268	44,267
FREE HOLD LAND	98,992 (b)	-	3,018	-	102,010	-	-	-	-	-	102,010	98,992
BUILDINGS	160,034 (b)	-	64,036	-81	223,989	23,183	-	8,489	-	31,672	192,317	136,850
PLANT & MACHINERY	1,423,602	-	260,644	-3,038	1,681,208	415,208	-	106,097	-867	520,438	1,160,769	1,008,395
FURNITURE & FIXTURES	54,437	-	5,164	-413	59,188	13,770	-	4,620	-216	18,173	41,015	40,667
VEHICLES	69,211	-	14,787	-3,275	80,723	26,751	-	6,981	-1,259	32,473	48,250	42,460
OFFICE & OTHER EQUIPMENTS	79,311	99	23,818	-9,192	94,036	32,129	12	9,453	-4,935	36,659	57,377	47,182
TEMPORARY SITE SHEDS & SHUTTERING MATERIALS	203,620	-	19,090	-19,695	203,015	159,438	-	55,948	-19,525	195,861	7,154	44,182
INTANGIBLE ASSETS	3,150	-	-	-	3,150	302	-	1,040	-	1,342	1,808	2,848
	2,136,624	282	390,557	-35,876	2,491,587	670,781	12	192,628 (a)	-26,802	836,618	1,654,969	1,465,842
Add: Proportionate Share in Joint Ventures	2,263		7,259		9,522	228		344		573	8,949	2,035
TOTAL	2,138,887	282	397,816	-35,876	2,501,109	671,009	12	192,972	-26,802	837,191	1,663,918	1,467,878
PREVIOUS YEAR'S TOTAL	785,641	1,206,458	260,963	-114,175	2,138,887	376,461	214,409	135,404	-55,265	671,009	1,467,878	

Note:

(a) Includes Rs. 188 thousands (Nil) Charged to Capital Work in Progress during the year

(b) Includes Revaluation Reserve on Land Rs. 67,718 thousands and Building Rs. 10,957 thousands.

**SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

SCHEDULE 6 : INVESTMENTS

	No. of Shares	Face Value per share / unit Rs.	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
Long Term Investment (At Cost)				
(A) Other than Trade Quoted				
(a) Equity Shares (Fully Paid - up)				
Arihant Leasing & Holding Limited	24,000	10	75	75
Indian Arcylics Limited	100	10	1	1
Petrochem Industries Limited	500	10	14	14
Best & Crompton Engineering Limited	200	10	10	10
SPML India Limited	10,000	10	150	150
Malanpur Steels Limited	15	10	1	1
Hindustan Engineering & Industries Limited (Bonus Shares)	4	10	-	-
(b) Debentures (Fully Paid - up)				
Escorts Tractors Limited	25		1	1
Hindustan Engineering & Industries Limited	110		6	6
			258	258
Less: Provision for Diminution in Value of investment			239	-
Net Quoted Investments			19	258
Unquoted				
(a) Investments in Units of UTI-64	5,920		92	92
			92	92
(B) Trade Unquoted				
Associate Companies				
Pondichery Port Limited	24,996 (24,800)	10	250	248
Pondichery Special Economic Zone Company Limited.	10 (1,000)	100	-	100
HYDRO Comp Enterprises (India) Limited	50,000 (-)	1	50	-
Sanmati Infradevelopers Private Limited.	500,000 (-)	10	5,000	-
Others				
Abhinandan Enterprises (P) Limited	500	100	50	50
Rishabh Commercial (P) Limited	500	100	50	50
Bharat Hydro Power Corporation Limited	3,294,150	10	21,185	21,185
Subhash Systems (P) Limited	450	100	45	45
SPML Realty Limited	75,000 (-)	1	75	-
PT Bina Insan Sukses Mandiri-Indonesia (10% Option - Convertible into 250 Shares) (Refer Note No. 22 of Schedule 20B)			159,400	-
			186,105	21,678

**SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

SCHEDULE 6 : INVESTMENTS

	No. of Shares	Face Value per share / unit Rs.	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
CURRENT INVESTMENTS				
Unquoted				
National Savings Certificate			488	526
Units of PNB Mutual Fund	50,000 (-)	10	500	-
			988	526
TOTAL			187,204	22,554
AGGREGATE VALUE OF INVESTMENTS				
(I) QUOTED (Net of Provision)			19	258
(II) UNQUOTED			187,185	22,296
Market Value of Quoted Investments			5	351
Note: Besides the above, the following investments were purchased and sold during the year :				
Particulars	No. of Units	Face Value per unit (Rs.)	Cost (Rs in "000")	
Units of Reliance Fixed Horizon Plan	45,000,000	10	450,000	
Units of Birla Sunlife Mutual Fund	14,700,000	10	147,000	
Units of DSPML Fixed Term Plan	15,000,000	10	150,000	
Units of HDFC cash management Saving Plan	14,800,000	10	148,000	
Units of Prudential ICICI Flexi	10,000,000	10	100,000	

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
SCHEDULE 7 : INVENTORIES		
Stores, Components, Consumables etc.	18,823	17,941
Materials at sites	1,920,219	550,374
Raw Material	40,968	10,372
Finished Goods	2,347	66,519
Work-in-Progress		
-Construction related Work-in-Progress	600,130	454,038
-Manufacturing Work-in-Progress	13,747	13,013
	2,596,234	1,112,257
Add: Proportionate Share in Joint Ventures	3,105	7,345
	2,599,339	1,119,602
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	1,917,424	1,454,085
Other Debts	3,087,728	2,256,625
	5,005,152	3,710,710
Add: Proportionate Share in Joint Ventures	36,128	5,372
	5,041,280 *	3,716,082
* Includes retention deposits Rs.1,627,873 thousands (Rs.1,193,867 thousands)		
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash-on-hand [Including in transit Rs. 11,733 thousands (Rs. 1,832 thousands)]	73,166	50,860
Cheques on Hand	133,129	654,769
Balances with Scheduled Banks on :		
Current Accounts	198,413	67,131
Fixed Deposit Accounts (Receipts lying with banks as security against Letters of Guarantees issued by them)	540,898	393,592
Unpaid Dividend Account	536	649
	946,142	1,167,001
Add: Proportionate Share in Joint Ventures	4,710	599
	950,852	1,167,600

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31st MARCH 2008 (Rs in "000")	31st MARCH 2007 (Rs in "000")
SCHEDULE 10 : OTHER CURRENT ASSETS		
Un billed Revenue on Construction Contracts	646,977	197,859
Accrued interest on Deposits	32,230	11,780
	679,207	209,639
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for Value to be received	1,244,601	476,021
Loans to Others	143,978	84,499
Balance with Excise, Customs, Port Trust and other Government Authorities	18,261	9
Advance tax (net of provisions) (Including MAT Tax Credit of Rs. 53,242 thousands)	79,373	-
Trade & Other Deposits	277,280	14,916
VAT Credit Input Receivable	83,488	45,198
Advance towards Share Application Money	26,249	-
	1,873,230	620,643
Add: Proportionate Share in Joint Ventures	80,295	43,148
	1,953,525	663,791
SCHEDULE 12 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	2,507,901	1,481,498
Sundry Creditors		
- Dues to Micro,Small and Medium Enterprises	27,617	26,599
- Dues to Other Creditors	1,898,752	1,409,398
Advance against sale of Fixed Assets	12,297	12,297
Mobilisation advance from Customers (Partly bearing interest)	1,779,369	1,558,037
Other Liabilities	79,453	66,264
Unpaid Dividend	536	649
Temporary Book Overdraft in current account with banks	46,236	-
	6,352,161	4,554,742
Add: Proportionate Share in Joint Ventures	273,406	11,000
	6,625,567	4,565,742
PROVISIONS		
Taxation (net of Advance Payment)	-	12,304
For Fringe Benefit Tax (Net of Payment)	-	1,854
For Gratuity	26,289	10,800
For Earned Leave	15,699	5,317
Proposed Dividend	43,980	31,156
Tax on Proposed Dividend	7,474	5,709
	93,442	67,140
Add: Proportionate Share in Joint Ventures	1	940
	93,443	68,080
	6,719,010	4,633,822

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2007 - 08 (Rs in 000s)	2006 - 07 (Rs in 000s)
SCHEDULE 13: SALES & SERVICES		
SALES		
Construction Contracts	10,640,894	7,553,527
Power Generation	295,181	29,696
Trading	496,984	458,442
SERVICES		
Operation & Maintenance	353,986	42,716
	11,787,045	8,084,381
Add: Proportionate Share in Joint Ventures	73,546	227,827
	11,860,591	8,312,208
SCHEDULE 14: OTHER INCOME		
Dividend Received on Long Term Investments (Trade)	154	7
Profit on Sale of Current Investments (Non-Trade)	21,809	-
Exchange Differences gain (Net)	10,561	-
Miscellaneous Receipts	36,268	12,682
	68,792	12,689
SCHEDULE 15: MATERIALS CONSUMED & DIRECT EXPENSES		
Materials Consumed:		
Opening Stock	550,374	215,584
Add: Acquired from Subsidiaries on Consolidation	10,372	
	560,746	215,584
Add: Purchases	8,032,401	6,068,398
Less : Closing Stock	(1,961,187)	(550,374)
	6,631,960	5,733,608
Direct Expenses:		
Stores, Spares and tools Consumed	5,565	-
Job work / Sub-contracting Expenses	2,059,217	385,770
Drawing & Designing	2,744	3,783
Equipment Hire and Running Charges	51,186	13,336
Other Direct Expenses	141,998	41,705
	2,260,710	444,594
	8,892,670	6,178,202
Add: Proportionate Share in Joint Venture	70,324	206,402
	8,962,994	6,384,604
SCHEDULE 16 : (INCREASE) / DECREASE IN INVENTORY		
a) Construction related		
-Opening Work In Progress	454,038	524,082
-Closing Work In Progress	(600,130)	(454,038)
	(146,092)	70,044
Add: Proportionate Share in Joint Venture	(2,250)	-
	(148,342)	70,044
b) Manufacturing		
-Opening (Acquired from Subsidiaries on Consolidation)		
Work In Progress	13,013	-
Finished goods	66,519	-
-Closing		
Work In Progress	(13,747)	-
Finished goods	(2,347)	-
	63,438	-
	(84904)	70,044

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2007 - 08 (Rs in 000s)	2006 - 07 (Rs in 000s)
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, Wages and Allowances	363,032	165,118
Director's Remuneration	39,050	28,908
Contribution to Provident & Other Funds	19,864	9,233
Gratuity	14,324	4,347
Staff Welfare Expenses	11,862	6,763
	448,132	214,369
Add: Proportionate Share in Joint Ventures	142	2,485
	448,274	216,854
SCHEDULE 18: ADMINISTRATION, SELLING & OTHER EXPENSES		
Power and Fuel	14,640	5,483
Rent	59,791	31,802
Rates and Taxes	35,544	28,365
Insurance	53,818	35,955
Repairs and Maintenance	1,959	7,162
- Buildings	28,701	3,786
- Plant and Machinery	8,480	7,603
- Others	46,838	28,626
Vehicle Running and Maintenance	57,613	33,785
Travelling & Conveyance (Including Rs. 12,071 thousands (Rs. 3,244 thousands) for Directors)	68,267	23,638
Professional Charges & Consultancy Fess	17,838	10,787
Communication Expenses	12,768	14,554
Advertisement expenses	12,846	6,753
Charity & Donations	3,568	9,533
Loss on sale / discard of fixed assets	2,600	1,150
Auditor's Remuneration	1,990	1,092
- Audit Fee	28	209
- In other Capacity for Certificates and Other Services	36,983	42,183
- Out of Pocket Expenses	-	61,695
Selling Expenses	239	-
Bad Debts Written off [net of Credit Balance written back Rs. NIL (Rs. 2,231 thousands)]	67,921	30,050
Provision for Diminution in value of Investments	532,432	384,211
Miscellaneous Expenses	995	3,030
Add: Proportionate Share in Joint Venture	533,427	387,241
SCHEDULE 19: INTEREST & FINANCE EXPENSES (NET)		
Interest Paid on		
- Term Loans	35,739	5,369
- Banks	222,742	70,746
- Others	71,857	50,285
	330,338	126,400
Less : Interest Received	65,040	27,466
	265,298	98,934
Bank Charges	184,101	72,934
	449,399	171,868
Add: Proportionate Share in Joint Venture	58	350
	449,457	172,218

SUBHASH PROJECTS & MARKETING LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08 (Rs. In "000")	2006-07 (Rs. In "000")
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	935,290	504,519
Adjustments for:		
Depreciation	192,443	135,404
Loss / (Profit) on sale of fixed assets	3,568	9,533
Interest (Net)	265,298	98,934
Bad Debts	-	61,695
Dividend income	(154)	(7)
Diminution in Value of investments	239	-
Profit on Sale of Investments	(21,809)	-
Operating profit before working capital changes	1,374,875	810,078
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(1,325,198)	(3,216,657)
Decrease / (Increase) in inventories	(1,479,737)	(373,413)
Decrease / (Increase) in Loans & Advances	(1,679,929)	(66,929)
Increase / (Decrease) in current liabilities	2,059,825	3,265,185
Increase / (Decrease) in Provisions	24,932	-
Cash generated from / (used in) operations	(1,025,233)	418,264
Direct taxes paid (net of refunds)	(246,551)	(41,344)
Fringe Benefit Tax Paid	(7,846)	(3,944)
Net cash from / (used in) operating activities	(1,279,630)	372,976
B. Cash flows from investing activities		
Purchase of fixed assets	(751,619)	(1,135,461)
Purchase of investments (Net)	(143,080)	366,747
Interest received	65,040	23,871
Dividends received	154	7
Net cash from / (used in) investing activities	(829,504)	(744,836)
C. Cash flows from financing activities		
Proceeds from Share Equity & Premium(Net of expenses)	1,325,594	-
Proceeds from Share Warrants	40,000	-
Proceeds from borrowings (Net of Payment)	893,996	692,128
Interest paid	(330,338)	126,400
Dividends paid including tax thereon	(36,865)	(27,819)
Net cash from financing activities	1,892,387	790,709
Net increase in cash and cash equivalents (A + B + C)	(216,748)	418,849
Cash and cash equivalents at the beginning of the year (including Rs.NIL (Rs.325929 thousands) acquired during the year from subsidiaries / joint ventures)	1,167,600	422,822
Cash balances of Subsidiaries and Joint Ventures taken during the year	-	325,929
Cash and cash equivalents at the end of the year	950852	1,167,600

SUBHASH PROJECTS & MARKETING LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08 (Rs. In "000")	2006-07 (Rs. In "000")
Components of Cash & Cash Equivalents		
Cash-on-hand	73,166	50,860
Cheques on Hand	133,129	654,769
Balances with Scheduled Banks on :		
Current Accounts	198,413	67,131
Fixed Deposit Accounts	540,898	393,592
Unpaid Dividend Account	536	649
Proportionate Share of Joint Ventures	4,710	599
	950,852	1,167,600

For S. R. BATLIBOI & CO.
Chartered Accountants

Per R. K. AGRAWAL
a Partner
Membership No. 16667
Place : Kolkata
Date : 29th August 2008

For SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per S.K.GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 29th August 2008

For and behalf of the Board

Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance) &
Company Secretary

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

Schedule 20

A. Significant Accounting Policies

1. Principles of Consolidation

The Consolidated Financial Statements which relate to Subhash Projects and Marketing Limited (SPML) and its Subsidiaries, Associates and Joint Ventures have been prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India on the following basis:

(a) The financial statements of the Company and its subsidiaries have been consolidated, in terms of Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits. The excess/shortfall of cost to the Company of its investments in the Subsidiary Companies as on the date of investment is recognised in the financial statements as Goodwill / Capital Reserve as the case may be.

The subsidiary companies considered in the financial statements are as follows:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	
		31st March, 2008	31st March, 2007
Subhash Kabini Power Corporation Limited	India	59.78	59.05
SPML Industries Limited (Formerly: Subhash Pipes Limited)	India	51.00	51.00
SPML Energy Limited	India	99.55	99.55
SPML Technologies Ltd. (Formerly Subhash Utility Management Services (P) Limited)	India	97.91	99.00
Binwa Power Company (P) Limited	India	85.83	85.83
Awa Power Company (P) Limited	India	82.78	82.78
IQU Power Company (P) Limited	India	83.03	83.03
Neogal Power Company (P) Limited.	India	83.60	83.60
Luni Power Company (P) Limited	India	94.79	94.79
Rupin Tons Power Company (P) Limited	India	59.72	59.72
Tons Valley Power Company (P) Limited	India	59.72	59.72
Uttarkashi Tons Hydro Power (P) Limited	India	59.72	59.72
Delhi Waste Management Limited	India	56.55	56.55
SPML Infrastructure Limited	India	100.00	--- *
SPM Holdings PTE Ltd	Singapore	100.00	--- *

* No previous year's figures given since these Companies became Subsidiaries during the year.

(b) The Financial statements of SPM Holdings Pte Ltd. have been prepared in accordance with Singapore Financial Reporting Standard (SFRS). This subsidiary is not significant as compared to the company's consolidated operations and hence, the impact thereof, if any on account of any differences due to adoption of different accounting standards as stated above, in comparison to the Indian Generally Accepted Accounting Principles (IGAAP) is not material.

(c) In Translating the Financial statements of the non-integral foreign subsidiary for incorporation in the consolidated financial statements, the assets and liabilities, both monetary & non-monetary are translated at the closing exchange rate, income and expenses are translated at average exchange rate and all resulting exchange difference are accumulated in foreign currency translation reserve in schedule 2.

(d) The effect of acquisition and disposal of stakes in subsidiary companies on the financial statements are as follows:

Name of Subsidiary	Effect on Consolidated Profit for the year (after Minority Interest)	Effect on Net Assets as at March 31, 2008
SPML Infrastructure Limited	Nil	312
SPM Holdings PTE Ltd	(140)	527,464
SPML Technologies Limited	(86)	(371)

(e) Investments in Associates have been accounted for using the equity method in accordance with the Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

(f) The Company accounts for its share in the change in net assets of the associate, post acquisition, after eliminating unrealised profit and losses resulting from the transactions between the Company and its associate to the extent of its share, through its Profit & Loss Account to the extent such change is attributable to the associate's Profit & Loss Account. The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in associate is identified in the financial statements as Goodwill or Capital Reserve, as the case may be, and the same remain included in the carrying values of investments in associates.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

(g) The associate companies considered in the financial statements are as follows:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	
		31st March 2008	31st March, 2007
Pondicherry Port Limited	India	49.99%	49.60%
Pondicherry Special Economic Zone Company Limited	India	--- **	20.00%
Sanmati Infradevelopers Pvt. Limited (SIDL)	India	25%	---*
Hydrocomp Enterprises (India) Limited (HYDRO)	India	50%	---*

* No previous year's figures given since these companies became associates during the year.

** The share holding in Pondicherry Special Economic Zone Company Limited has been sold by the Company (during the year and the same is no longer considered as associate of the Company). The company holds a nominal 10 shares only. Other shares were earlier sold to M/s Sanmati Infradevelopers Pvt. Ltd., one of its associates.

(h) The above associate companies namely, PPL, PSL (upto July 19, 2007) and SIDL have their projects under implementation at present while Hydro has become an associate company only with effect from March 31, 2008. Accordingly, there has been no share of profit / (loss) in associates during the year. In the previous year, all the associates companies except PPL & PSL, had got converted into subsidiaries with effect from March 28, 2007 and thus no profit / (loss) arising thereof appears as "share of profit / (loss) from Associates" in the current year.

(i) In terms of Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Venture' issued by the Institute of Chartered Accountants of India, the Company's proportionate interests in the Joint Ventures are consolidated as separate line items in the financial statements along with the book values of assets, liabilities, income and expenses, after eliminating unrealised profit and losses resulting from the transactions between the Company and the joint ventures.

Name of Joint Venture	Country of Incorporation	Proportion of Ownership Interest	
		31st March 2008	31st March 2007
Om Metal Consortium	India	10%	10%
SPML – CISC JV	India	50%	50%
SPML – Simplex JV	India	50%	50%
SPML – HCIL JV	India	100%	..*
Instituform – SPML JV	India	50%	..*
Degroment JV	India	95%	95%

* No previous year's figures given since these companies became joint ventures during the year.

(k) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

(l) The Consolidated Financial Statements are based on un-audited Financial Statements of the following subsidiary, associate and joint ventures, except in the following cases where the figures as per the unaudited financial statements have been incorporated in the consolidated Financial statements:

- Subsidiary** : SPML Holdings Pte. Ltd.
- Associate** : Pondicherry Port Limited
Pondicherry Special Economic Zone Company Limited
- Joint Venture** : Om Metal Consortium
SPML – CISC JV
Degroment JV
Instituform – SPML JV

2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the accounting standard notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of insurance claims which on the ground of prudence or uncertainty in realisation, are accounted for on acceptance / actual receipt basis. Except for the changes specifically mentioned below, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

In terms of the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after April 1, 2007, the Company has changed the basis of actuarial valuation of gratuity and leave liability using the projected unit credit method. This does not have any material effect on the profit for the year. However, the actuarial valuation of gratuity and leave liability as at April 1, 2007 as compared to the corresponding book liability is higher by Rs.1,646 thousands (net of tax effect of Rs.1,470 thousands) which in accordance with the transitional provision in the revised Accounting Standard, has been adjusted to the General Reserve.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

5. Fixed Assets:

(a) Fixed assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expense upto the date the asset is put to use. Fixed assets wherever revalued are stated at revalued amount as per valuation certified by external valuer.

(b) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be non-regular are capitalized and depreciated prospectively over the useful life of the respective assets.

(c) The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment thereof based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital.

6. Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. In case of revalued assets, depreciation is provided on revalued amounts and an amount equivalent to depreciation charge on revaluation amount is transferred to profit & loss account from revaluation reserve. In case of joint ventures, depreciation is provided on written down value method at the rates prescribed in the Income tax Act, 1961.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

Assets costing Rs.7,500 or less are depreciated @100% in the year of purchase.

Goodwill arising on consolidation is stated at cost and impairment, if any, is recognized.

7. Leases: Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current quoted investments are carried at lower of cost and fair value determined on individual investment basis. Long term investments are considered at cost, unless there is an "other than temporary" decline in value thereof, in which case, adequate provision for diminution is made in the accounts.

9. Inventories

Raw Materials, components, stores and spares to be used in contracts are valued at cost which is ascertained on First in First Out (FIFO) basis. Materials, Components and stores and spares at wind farms and other manufacturing activities are valued at lower of cost and net realisable value.

Stocks of finished goods and goods under process are valued at estimated cost (inclusive of excise duty on purchases) or net realisable value, whichever is lower.

Work-in-progress is valued at cost. However, in case of jobs where losses are likely to occur, the stock is considered at net realisable value.

10. Revenue recognition

(a) Construction contracts

Revenue on contract is recognised on percentage completion method based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the expected loss is recognized immediately. For this purpose, total contract costs are ascertained on the basis of actual costs incurred and costs to completion of contracts in progress, which is arrived at by the management based on current technical data, forecasts and estimate of expenditure to be incurred in future including contingencies, which being technical matters have been relied on by the auditors. Revisions in projected profit or loss arising from change in estimates are reflected in each accounting period which however cannot be disclosed separately in the financial statements as the effect thereof cannot be accurately determined.

Overhead expenses representing indirect costs that cannot be directly aligned with the jobs, are distributed over the various contracts on a pro-rata basis.

Claims towards extra work, damages etc. are accounted for on settlement of the arbitration proceedings / legal cases.

(b) Sale of Goods

Revenue from sale of goods is recognized on passage of title thereof to the customers, which generally coincides with delivery. Sales are net of returns, claims, trade discounts etc.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

(c) Income from Services

Revenues from operation and maintenance contracts are recognised on rendering of services as per the terms of contract.

(d) Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

11. Liquidated damages

No provision is made for liquidated damages deducted by the customers, wherever these have been refuted by the Company and it expects to settle them without any loss. Pending settlement of these claims, the relative sundry debtors are shown in the accounts as fully recoverable and the corresponding amounts are reflected as contingent liability in terms of the provisions contained in Accounting Standard – 29.

12. Foreign Currency Transactions and Foreign Operation

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences

Exchange differences arising on the settlement / conversion of monetary items are recognized as income or expenses in the period in which they arise.

(d) Foreign Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

(e) Foreign Operation

Financial statements of overseas non-integral operations are translated as under:

- (i) Assets and liabilities at the rate prevailing at the end of the year.
- (ii) Revenues and expenses at yearly average exchange rates prevailing during the year.

Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

13. Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund, being a defined contribution scheme, are charged to Profit and Loss Account in the year when the contributions to the funds are due. There are no obligations other than the contribution payable to the fund.
- ii. Gratuity being a defined benefit obligation is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method.
- iii. Long term compensated absences are provided for based on actuarial valuation, which is done as per the Projected unit credit method.
- iv. Actuarial gain and losses are recognized immediately in the statement of Profit & Loss as Income or Expenses.

14. Income taxes

Tax expense comprises of current and deferred income tax and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

15. Segment Reporting Policies

Identification of Segments:

The Company has identified that its business segments are the primary segments. The Company's businesses are organized and managed separately according to the nature of activity, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The company at present, primarily operates in India and therefore the analysis of geographical segments is not applicable to the company.

Allocation of common costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated - Common".

16. Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

17. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

18. Contingent liabilities:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

B. Notes on Accounts

(Rs. '000)

	As at 31st March, 2008	As at 31st March, 2007
1. Contingent Liabilities not provided for in respect of Claims against the Company not acknowledged as debts	2,250	-
Claims against the Company not acknowledged as debts. Against the above, debts of the like amount are withheld by the customers. However, the company expects no liability to accrue on account of these claims.	429,988	89,845
Guarantees and Counter guarantees given by the Company (including guarantee given for joint ventures)*	9,346,738	5,921,688
Disputed Income Tax and sales tax demands under appeal	75,884	35,540
Guarantee given for associate Companies	450,000	145,000

* Includes Rs.90,000 thousands (Rs. 90,000 thousands) in relation to which the original title deeds of property situated at 8/2, Ulsoor Road, Bangalore is lying with Guwahati High Court as security on behalf of Bharat Hydro Power Corporation Limited.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances]	1,103,345	1098091
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Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

3. In respect of cancellable operating leases taken by the Company, the significant leasing agreements relate to premises (residential, office) etc. which are renewable on expiry at mutually acceptable terms. Such lease payments of Rs.38,866 thousands (Rs.16,375 thousands) and Rs.610 thousands (Rs.178 thousands) are recognized in the profit & loss account and capital work in progress respectively as rent. The particulars of future lease payments are as under:

(Rs. '000)

Up to 1 year		Later than 1 year and not later than 5 years		More than 5 years	
2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
45,445	18,716	139,740	68,264	7,180	36,207

4. In terms of Accounting Standard - 22, net deferred tax liability (DTL) of Rs. 165,544 thousands (including Rs.131156 thousands during the year) has been recognized in the accounts up to 31st March 2008.

The break-up of DTL is as follows:

(Rs. '000)

Particulars	As at 31st March 2008	As at 31st March, 2007
Deferred Tax Liability		
On timing differences of depreciable assets	66,626	78,636
On retentions of clients	127,012	63,130
Deferred Tax Assets		
Carry forward of Losses	7,628	927
Expenses allowable against taxable income in future years	20,466*	9,683
Deferred Tax (Net)	165,544	131,156

* includes Rs.1,470 thousands being the tax effect of employee benefits related to transitional provision on adoption of AS 15 (Revised).

5. Earning per share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below :-

Particulars	2007 - 08	2006 - 07
Profit after Minority Interest (Rs.'000)	654,456	639,654
Weighted average No. of Equity Shares outstanding during the period	34,518,772	31,156,400
Nominal value of Shares (Rs.)	2.00	2.00
Basic and Diluted EPS (Rs.)	18.95	20.53

6. Segment information

Business segment:

The business segments have been identified on the basis of the activities undertaken by the company. Accordingly, the company has identified the following business segments.

Construction – Consists of execution of turnkey projects

Wind Power – Consists of electricity generated from wind farms.

Hydro Power Generation – Consists of electricity generated from hydel projects and buying energy from seller/surplus power producers and selling to buyer/deficit state utilities.

Others – Consists of manufacturing of pipes, management of waste and other utility management.

Geographical Segment:

The Company primarily operates in India and therefore the analysis of geographical segments is not applicable to the company.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

6. Segment Information - Continued

	CONSTRUCTION		WIND POWER		HYDRO POWER		OTHERS		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
(a) Revenue										
External Sales	11,259,688	8,282,512	27,249	29,696	280,337	-	293,317	-	11,860,591	8,312,208
Intersegment Sales	-	-	-	-	-	-	-	-	-	-
Total Sales	11,259,688	8,282,512	27,249	29,696	280,337	-	293,317	-	11,860,591	8,312,208
(b) Results										
Segment Results	1,068,110	685,545	1,851	(3,361)	185,093	-	70,153	-	1,325,207	682,184
Unallocated Income / (Expenses) (net of unallocated Expenses / Income)									59,540	(5,447)
Operating Profit									1,384,747	676,737
Interest & Finance Expenses (net)									449,457	172,218
Profit before tax									935,290	504,519
Provision for taxation (Current tax, Deferred tax, Fringe benefit tax and adjustments on account of previous years)									196,725	68,309
Profit after tax									738,565	436,210
(a) Total Assets										
Segment Assets	12,139,688	5,506,561	135,091	142,543	2,657,076	1,712,349	699,373	652,804	15,631,228	8,014,257
Less: Elimination									(2,171,971)	(249,363)
Unallocated Corporate / Other Assets									13,459,257	7,764,894
									163,883	840,311
(b) Total Liabilities									13,623,140	8,605,205
Segment Liabilities	9,121,973	4,541,735	28,881	16,379	523,528	1,121,929	273,064	174,067	9,947,446	5,854,110
Less: Elimination									(669,074)	(994,213)
Unallocated Corporate / Other Liabilities									9,278,372	4,859,897
									314,781	2,208,338
(c) Capital Expenditure									9,593,153	7,068,235
(d) Depreciation / Amortisation									713,706	1,288,663
	287,850	262,318	-	-	308,364	763,591	117,493	262,754	192,443	135,404
(e) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results									239	61,695
	104,830	117,082	487	18,322	46,152	-	40,974	-	239	61,695

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

7. Related Parties	
<p>(a) Particulars of related parties</p> <p>Associate companies</p> <p>Joint Ventures</p> <p>Key Management Personnel (KMP)</p>	<p>Pondicherry Port Limited (PPL) Pondicherry Special Economic Zone Company Limited (PSL) (Upto 19-07-2007) Sanmati Infradevelopers Private Limited (SIDL) Hydro Comp Enterprises (India) Limited (HYDRO)</p> <p>Om Metal Consortium SPML – CISC JV SPML – Simplex JV SPML - Degroment JV Insituform – SPML JV (became a joint venture during the year) SPML – HCIL JV (became a joint venture during the year)</p> <p>Mr. Anil Kumar Sethi – Chairman, Mr. Subhash Chand Sethi – Vice Chairman and Managing Director Mr. Sushil Kumar Sethi – Managing Director, Mr. Deepak Sethi – Director</p>
<p>Relatives of Key Management Personnel</p> <p>Mr. P. C. Sethi Mrs. Maina Devi Sethi Mrs. Preeti Devi Sethi Mrs. Vineetha Sethi Mrs. Suman Sethi Mr. Harshavardhan Sethi Mr. Abhinandan Sethi Mrs. Sandhya Rani Sethi Mr. Rishabh Sethi</p>	<p>Father of Chairman, Vice Chariman and Managing Director Mother of Chairman, Vice Chariman and Managing Director Wife of Chairman Wife of Director Wife of Vice Chairman and Managing Director Son of Vice Chairman and Managing Director Son of Vice Chairman and Managing Director Wife of Managing Director Son of Managing Director</p>
<p>Enterprises owned by KMPs or their relatives</p>	<p>Arihant Leasing and Holdings Limited (ALHL) Rishabh Commercial (P) Limited (RCPL) Abhinandan Enterprise (P) Limited (AEPL) Subhash Systems (P) Limited (SSPL) Bharat Hydro Power Corporation Limited (BHPCL) International Constructions Limited (ICL) SPM Engineers Limited (SPMEL) Zoom Industrial Services Limited (ZISL) 20th Century Engineering Limited (CEL) Suraksha Insurance Advisors (P) Limited (SIAPL) Subhash Power Company Limited (SPCL) SPML India Limited (SPMIL) Subhash Yurim Textiles Limited (SYTL) Subhash International (P) Limited (SIPL) Sanmati Power Company Private Limited (SANPL) SPML Realty Limited (SPMRL) Sanmati Leisures Private Limited (SLPL) Latur Water Supply Management (P) Ltd., (LATUR) SPML Keerthi hole Power Company Ltd., (SKH) Sonal Agencies Pvt. Limited (SAPL) Anil Kumar Sethi (HUF) Subhash Chand Sethi (HUF) Sushil Kumar Sethi (HUF) Punam Chand Sethi (HUF)</p>

Related party disclosure: (b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2008 (Transactions have taken place on arm's length basis)													(Rs'000)				
	Joint Venture Companies			Associate Companies			Key Management Personnel			Relatives of Key Management Personnel			Enterprises owned by Key Management Personnel or their relatives			Total	
	Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding		Transactions Value	Balance Outstanding
Sale of Goods & services																	
PSEZL	-	-	318	-	-	-	-	-	-	-	-	-	-	-	318	-	-
SIDPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
PPL	-	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	705	(-)	(-)
SIDL	(-)	(-)	4	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	4	(-)	(-)
SPL	(-)	(-)	105	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	105	(-)	(-)
- Total	-	-	427	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(262,181)	(-)	(-)
Dividend Paid																	
SPL	-	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	705	(-)	(-)
Mr. P. C. Sethi	-	-	(2)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2)	(-)	(-)
Mr. Anil Kumar Sethi	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	868	(-)	(-)
Mr. Subhash Chand Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(694)	(-)	(-)
Mr. Suhil Kumar Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,238	(-)	(-)
Mrs. Maina Devi Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,790)	(-)	(-)
Mrs. Preeti Devi Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,973	(-)	(-)
Mrs. Suman Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,579)	(-)	(-)
Mrs. Sandhya Rani Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,463	(-)	(-)
Mr. Deepak Sethi	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,170)	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	351	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(281)	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,447	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,158)	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	184	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(147)	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	263	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(211)	(-)	(-)
	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	582	(-)	(-)

	Joint Venture Companies				Associate Companies				Key Management Personnel				Relatives of Key Management Personnel				Enterprises owned by Key Management Personnel or their relatives				Total			
	Transactions Value		Balance Outstanding		Transactions Value		Balance Outstanding		Transactions Value		Balance Outstanding		Transactions Value		Balance Outstanding		Transactions Value		Balance Outstanding		Transactions Value		Balance Outstanding	
Mr. Harshvardhan Sethi	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(466)	614
Mr. Abhinandan Sethi	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(491)	540
Mr. Rishabh Sethi	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(432)	93
ZISL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(74)	3,074
SAPL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(2,459)	3,074
SPMEL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(5)	1,280
CEL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(1,024)	(1,024)
ALHL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	1,438	(1,150)
ICL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(349)	436
BHPCL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	881	(705)
SPMIIL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	1,391	3,399
SYTL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(1,113)	2,336
SAPL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(1,869)	(1,869)
AEIL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(1,644)	7
RCPL	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)	2
- Total	(-)	-	(-)	-	(-)	-	(-)	-	5,674	-	(-)	-	4,942	-	(-)	-	(-)	-	(-)	-	(-)	-	21,463	3,399
	(-)	-	(-)	-	(-)	(2)	(-)	(4,539)	-	-	(-)	-	(3,954)	-	(-)	-	(-)	-	(-)	-	(-)	-	(18,813)	(-)

	Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding
Purchase of Goods & Services												
SYTL	-	-	-	-	-	-	-	-	10,390	-	10,390	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
ZISL	-	-	-	-	-	-	-	-	8,414	-	8,414	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SPMEL	-	-	-	-	-	-	-	-	6,921	-	6,921	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SPMLIL	-	-	-	-	-	-	-	-	7,445	-	7,445	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SPL	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(34,877)	(-)	(34,877)	(-)
SPMTL	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(25,045)	(-)	(25,045)	(-)
ICL	-	-	-	-	-	-	-	-	31,381	-	31,381	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
- Total	-	-	-	-	-	-	-	-	64,551	-	64,551	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(59,922)	(-)	(59,922)	(-)
Interest Income												
ICL	-	-	-	-	-	-	-	-	11,621	-	11,621	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SPCL	-	-	-	-	-	-	-	-	770	-	770	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(409)	(7,955)	(409)	(7,955)
DWM	-	-	-	-	-	-	-	-	-	-	-	-
	(3,200)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,200)	(-)
SPMLIL	-	-	-	-	-	-	-	-	270	-	270	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
- Total	-	-	-	-	-	-	-	-	12,661	-	12,661	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(409)	(7,955)	(3,609)	(7,955)

	Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding
Rent Paid												
ICL	-	-	-	-	-	-	-	-	120	-	120	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(120)	(-)	(120)	(-)
ALHL	-	-	-	-	-	-	-	-	600	1,272	600	1,272
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(600)	(-)	(600)	(-)
SAPL	-	-	-	-	-	-	-	-	1,054	1,510	1,054	1,510
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,092)	(-)	(1,092)	(-)
SSPL	-	-	-	-	-	-	-	-	168	11	168	11
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
BCPL	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(300)	(-)	(300)	(-)
Mrs. Sandhya Rani Sethi	-	-	-	-	-	-	-	-	2,704	257	2,704	257
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,820)	(-)	(2,820)	(-)
Mr. Anil Kumar Sethi	-	-	-	-	2,240	-	-	-	-	-	2,240	-
	(-)	(-)	(-)	(-)	(2,076)	(-)	(-)	(-)	(-)	(-)	(2,076)	(-)
Mr. Subhash Chand Sethi	-	-	-	-	2,135	-	-	-	-	-	2,135	-
	(-)	(-)	(-)	(-)	(2,076)	(-)	(-)	(-)	(-)	(-)	(2,076)	(-)
Mr. Punam Chand Sethi	-	-	-	-	-	-	180	151	-	-	180	151
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Maina Devi Sethi	-	-	-	-	-	-	120	130	-	-	120	130
	(-)	(-)	(-)	(-)	(-)	(-)	(120)	(-)	(-)	(-)	(120)	(-)
Mrs. Preeti Devi Sethi	-	-	-	-	-	-	2,425	-	-	-	2,425	-
	(-)	(-)	(-)	(-)	(-)	(-)	(2,328)	(-)	(-)	(-)	(2,328)	(-)
Mrs. Suman Sethi	-	-	-	-	-	-	307	-	-	-	307	-
	(-)	(-)	(-)	(-)	(-)	(-)	(2,184)	(-)	(-)	(-)	(2,184)	(-)
Mr. Sushil Kumar Sethi	-	-	-	-	2,082	-	-	-	-	-	2,082	-
	(-)	(-)	(-)	(-)	(2,016)	(-)	(-)	(-)	(-)	(-)	(2,016)	(-)
SSPL	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(168)	(-)	(168)	(-)
Mr. Rishabh Sethi	-	-	-	-	-	-	244	120	-	-	244	120
	(-)	(-)	(-)	(-)	(-)	(-)	(108)	(-)	(-)	(-)	(108)	(-)
Mr. Harshvardhan Sethi	-	-	-	-	-	-	244	121	-	-	244	121
	(-)	(-)	(-)	(-)	(-)	(-)	(108)	(-)	(-)	(-)	(108)	(-)

	Joint Venture Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding	Transactions Value	Balance Outstanding
Mr. Abhinandan Sethi	-	(-)	-	(-)	-	(-)	186	92	-	-	186	92
SKHL	-	(-)	(-)	(-)	(-)	(108)	(-)	(-)	11,343	2,128	(108)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	11,343	2,128	(-)	2,128
- Total	(-)	(-)	(-)	(-)	6,457	(6,168)	6,410	871	13,285	4,921	26,152	5,792
Share Application Money												
BHPCL	-	(-)	-	(-)	-	(-)	-	-	-	15,000	-	15,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(15,000)	(15,000)	(15,000)	(15,000)
Mrs. Sandhya Rani Sethi	-	(-)	-	(-)	-	(-)	50	-	-	-	50	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Anil Kumar Sethi	-	(-)	-	(-)	100	(-)	-	-	-	-	100	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Subhash Chand Sethi	-	(-)	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Maina Devi Sethi	-	(-)	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Preeti Devi Sethi	-	(-)	-	(-)	-	(-)	100	-	-	-	100	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Punam Chand Sethi	-	(-)	-	(-)	-	(-)	150	-	100	100	250	100
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Punam Chand Sethi (HUF)	-	(-)	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Subhash Chand Sethi	-	(-)	-	(-)	250	(-)	-	-	-	-	250	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Sushil Kumar Sethi	-	(-)	-	(-)	100	(-)	-	-	-	-	100	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Deepak Sethi	-	(-)	-	(-)	-	(-)	50	-	-	-	50	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SPMEL (SPM ENGINEERS LTD)	-	(-)	-	(-)	-	(-)	-	-	1,500	1,500	1,500	1,500
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	450	(-)	350	-	1,600	16,600	2,400	16,600
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(15,000)	(15,000)	(15,000)	(15,000)

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

8. Managerial remuneration

Details of Managerial remuneration for Managing Director, other whole time Directors and non whole time Directors are as follows :-

(Rs.'000)

Particulars	2007 - 08	(2006 - 07)
Salary *	14,400	6,426
Contribution to provident fund	432	432
Commission	24,495	22,530**
Perquisites	2,270	2,200
Total	41,597	31,588

* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

** includes commission Rs.6,192 thousands, which was inadvertently not provided in earlier year.

9. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs.'000)

Particulars	2007 - 08	(2006 - 07)
(i) Principal amount remaining unpaid to suppliers at the end of accounting year.	27,617	36,725
(ii) Interest due on above.	496	1320
Total of (i) & (ii)	28,113	38,045
(iii) Amount of interest paid by the Company to the suppliers	Nil	Nil
(iv) Amounts paid to the suppliers beyond the respective due date	10,516	69,001
(v) Amount of interest due and payable for the period of delay in payments (which have been paid beyond the due date during the year) but without adding the interest specified under the Act.	-	2,938
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year	1,816	1,320

10. Particulars of unhedged Foreign Currency Exposure at the Balance sheet date:

Particulars	Foreign Currency (Rs. '000)		Equivalent INR (Rs. '000)	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Current liabilities	EURO - 377	USD - 3,390	23,906	151,105
	USD - 28,115	-	111,077	-
Advances	EURO 69	-	4,368	-

11. Construction contracts disclosure

Information relating to Construction contracts as per Accounting Standard 7 (Revised) issued by The Institute of Chartered Accountants of India are given below:

(Rs. in '000)

	2007-08	2006-07
Contract income recognized as revenue during the year	10,402,329	6,916,900
Aggregate amount of costs incurred and recognized profits (less recognized losses) till date	22,458,684	10,147,999
Advances received (unadjusted)	2,195,479	1,182,712
Retention amount	1,421,802	1,193,867
Gross amount due from customers for contract work	3,322,083	988,018
Gross amount due to customers for contract work	245,776	429,416

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

12. As per legal opinion obtained by the Company, no prior approval is required under Section 372A(2) of the Companies Act, 1956 from Rural Electrification Corporation Ltd. (REC) for investments made during the year Rs.88,075 thousands (Rs.306,516 thousands), loans given Rs.72,892 thousands (Rs. Nil), share application money Rs.700,128 thousands (Rs.52,761 thousands) and pledge of shares Rs.132,738 thousands (Rs.132,738 thousands).

Further, pending settlement of dispute with REC, the Company has not provided interest (including penal interest) estimated at Rs.244, 557 thousands (Rs.191,145 thousands) upto March 31, 2008 [including Rs.53,412 thousand (Rs.44,884 thousands) for the year]

13. The Company had entered into an agreement in the past to sell 11 nos. of Windmills and an advance of Rs.12,297 thousands (Rs.12,297 thousands) was received there against. Since the above assets are hypothecated with Rural Electrification Corporation Limited (REC) against loans obtained from them and also there is a case pending with REC, in relation to interest and other penal claims, the Company could not transfer these assets to the buyer. Accordingly, no adjustment has been made in the account for the above sale of assets and the same would be carried out after disposal of the legal cases. The income and expenses in relation to these assets continue to be accounted for in the Company's Books.

14. Sales include Rs.3,336 thousands (Rs.99,596 thousands) comprising of interest Rs.275 thousands (Rs.70,919 thousands) and other claims Rs.3,061 thousands (Rs.28,677 thousands) received during the year on settlement of Arbitration awards.

15. The Company and certain subsidiaries are in the process of obtaining confirmations with respect to its debtors, creditors, loans and advances. Adjustments, if any, arising out of such confirmations will be considered in subsequent period.

16. a) Term loans from banks are secured as under:

- Rs. 300,514 thousands are secured by Hyp. Of Stocks on parry passu with other Banks for cash credit Borrowings.
- Rs.419,221 thousands secured by hypothecation / equitable mortgage of the movable and immovable assets of the Company and its subsidiaries including assigned agreements, retention accounts, project performance guarantees and guarantees of promoter directors.

b) Cash credit facilities from banks are secured by hypothecation of raw materials, goods in process, finished goods & book debts of the Company and also by hypothecation of plant and machinery, office equipments, vehicles and computers exclusive of wind electric generation sets hypothecated to Rural Electrification Corporation Limited. These loans are additionally secured by the guarantees of promoter directors of the company.

17. The Company has claimed 80IA benefits of Rs.713,250 thousands (Rs.505,008 thousands) approx. having tax impact of Rs.247,956 thousands (Rs.177,175 thousands) approx. under Income Tax Act, 1961 on construction contracts for certain infrastructure projects executed on behalf of various departments / agencies of different State Governments during the financial years 2003-04 onwards. The tax assessments for the financial years upto 2004-05 are already completed and the above claims have been fully allowed by the Tax Authorities. The Company does not expect any tax liability in this regard in spite of the recent amendment in Sec 80IA, based on the opinion obtained from the Tax Consultants.

18. (A) Gratuity and leave benefit plans (AS 15 Revised)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is unfunded

The Company has a defined benefit plan for leave. Every employee is entitled to cash equivalent of unutilized leave balance at the time of retirement. The scheme is unfunded.

The following tables summarized the components of net benefit expenses recognized in the profit & loss account and amounts recognized in the balance sheet for the respective plans. (Rs. in '000)

	For the year ended march 31, 2008	
	Gratuity	Leave
(i) Net employee benefit expense (recognised in Employee Cost)		
Current service cost	8,385	1,996
Interest cost on benefit obligation	1,525	875
Net Actuarial gain / loss recognised in the year	4,414	5,920
Total employer expense recognised in Profit and Loss Account	14,324	8,792
(ii) Actual return on plan assets	N.A	N.A
(iii) Benefit Asset / (Liability)		
Defined benefit obligation	(26,289)	(15,699)
Benefit Asset / (Liability)	(26,289)	(15,699)
(iv) Movement in benefit liability		
Opening defined benefit obligation	12,358	7,265
Interest cost	1,624	875
Current service cost	8,385	1,996
Benefit paid	(493)	(357)
Actuarial (gains)/losses on obligation	4,414	5,920
Closing benefit obligation	26,289	15,699
(v) Movement in fair value of plan assets	N.A	N.A
(vi) The major categories of plan assets as a percentage of the fair value of total plan assets	N.A	N.A

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

The Principal assumptions used in determining gratuity and leave benefit obligation for the Company's plan are shown below:

	Gratuity	Leave
Discount rate	7.50%	7.50%
Salary increase	5.00%	5.00%
Withdrawal Rate	Varying between 2% per annum and 1% per annum depending on duration and age of employees	Varying between 2% per annum and 1% per annum depending on duration and age of employees
Expected rate of return on Plan assets	N.A	N.A
Expected Average remaining working lives of employees (years)	23.37	23.39

(B) Amount incurred as expense for defined contribution plans

(Rs. in '000)

	2007 - 08	2006 - 07
Contribution to Provident Fund	19,864	9,233

Note:

a. The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b. Since the Company has adopted AS-15 (revised) on employee benefits with effect from April 1, 2007, the disclosures as mentioned in (A) above are given for the current year only.

c. The information in respect of defined benefit obligation for previous four years are not available and hence not furnished.

d. The gratuity and leave liabilities are unfunded. Accordingly information regarding planned assets are not applicable.

19. During the year, the Company has made preferential allotment of 5,493,876 equity shares of Rs.2 each at a premium of Rs.243 per share and 1,632,653 warrants (to be converted into equity shares within 18 months of allotment) at a price of Rs.245 per warrant (Rs.24.50 per warrant paid during the year) aggregating to Rs.1,386,000 thousands in compliance with the guidelines prescribed by the Securities and Exchange Board of India, which was approved by the shareholders at the extra ordinary general meeting held on July 28, 2007.

20. Subhash Kabini Power Corporation Limited (SKPCL), a Subsidiary, is developing Jetropha Plantation at Kayatar, Tamilnadu for generation of Bio-Diesel energy. The Company had spent Rs. 4,750 thousands up to 31-03-2007 and the same was shown under "Current Assets" in the previous year. During the year, the company has treated the project as Capital Work In Progress and expenditure amounting to Rs. 7357 thousands (included Rs.2607 thousands incurred during the year) has been shown under "Capital Work in Progress" in the Fixed Assets Schedule.

21. In case of Subhash Kabini Power Corporation Limited (SKPCL), a subsidiary, Karnataka Power Transmission Company Limited (KPTCL) vide their letter dated 13th October, 2003 unilaterally terminated PPA as approved by the Regulatory body ie., Karnataka Electricity Regulatory Commission and reduced the tariff to Rs. 2.90 per unit with 2% annual escalation on the base rate. The Arbitral Tribunal in its award U/s-31 of the Arbitration & Conciliation Act, 1996 dated 25th February, 2006 declared that the termination of PPA by KPTCL and asking the SKPCL to execute fresh PPA are null and void and consequently the PPA dated 20-08-2001 continues to operate in future. Further, the Arbitral tribunal had also declared that KPTCL shall pay interest to the SKPCL @ 12.50%.

However, the SKPCL and the KPTCL has reached an out of Court settlement on 31-12-2007 by which the KPTCL has agreed to pay the original tariff and the SKPCL has agreed to waive the interest due to it amounting to Rs. 28,869 thousands.

22. Subhash Kabini Power Corporation Limited (SKPCL), a subsidiary, has invested an amount of Rs.159,400 thousands in "PT Bina Insan Sukses Mandiri", Indonesia, a limited liability Company incorporated under the laws of the Republic of Indonesia and towards 10% option convertible in to 250 shares in the said company, the above option can be exercised at SKPCL's will at the current par value as on the date of conversion.

23. 1,32,73,800 No. of Shares of Subhash Kabini Power Corporation Limited, subsidiary, are pledged with IDBI Bank against loan obtained by the said Company. The Company has also given an undertaking to the Bank not to sell its share holding till the full repayment of the Loan by SKPCL.

24. Previous year's figures have been regrouped / re-arranged wherever considered necessary.

Subhash Projects and Marketing Limited & its Subsidiaries
Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

Signatories to Schedule 1 to 20

As per our report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.
Chartered Accountants

Per R. K. AGRAWAL
a Partner
Membership No. 16667
Place : Kolkata
Date : 29th August 2008

For SUNIL KUMAR GUPTA & CO.
Chartered Accountants

Per S.K.GUPTA
a Partner
Membership No. 82486
Place : Kolkata
Date : 29th August 2008

Anil Kr. Sethi
Chairman

Subhash Ch. Sethi
Vice Chairman and Managing Director

Sushil Kr. Sethi
Managing Director

B. N. Choudhary
Executive Vice President (Finance) & Company Secretary



**“IF EVERYONE IS MOVING FORWARD TOGETHER,
THEN SUCCESS TAKES CARE OF ITSELF.”**

Henry Ford



Subhash Projects and Marketing Limited

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