



The spirit of achievement

SPML Group

Vision & Core Values

Business Segments

Chairman's Message

Financial Highlights

Board of Directors

Corporate Information

Financial Section

Directors' Report

Management Discussion and Analysis

Corporate Governance

Auditors' Report

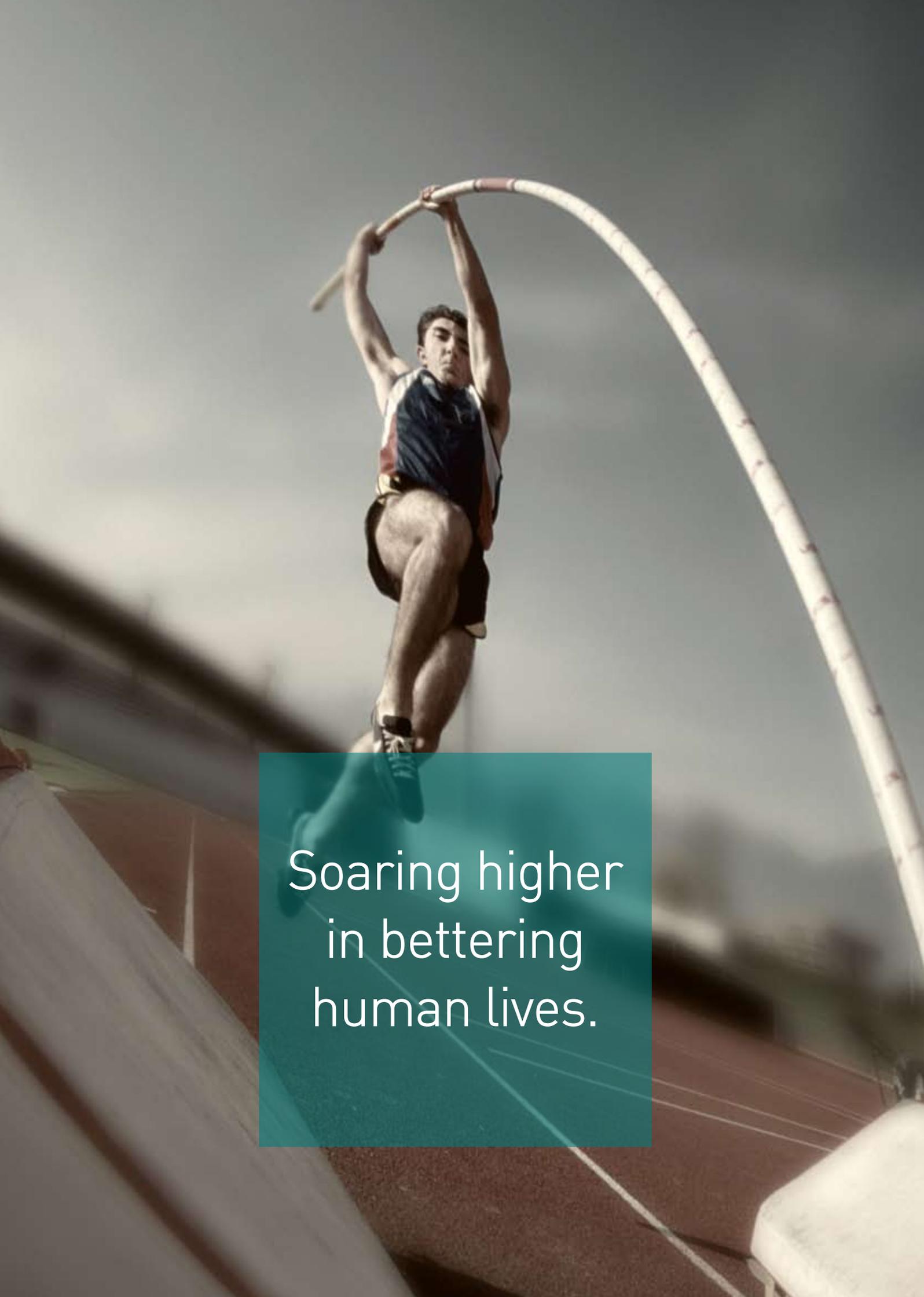
Accounts

Statements U/S 212

Consolidated Accounts



“The world of achievement has always belonged to the optimist”.



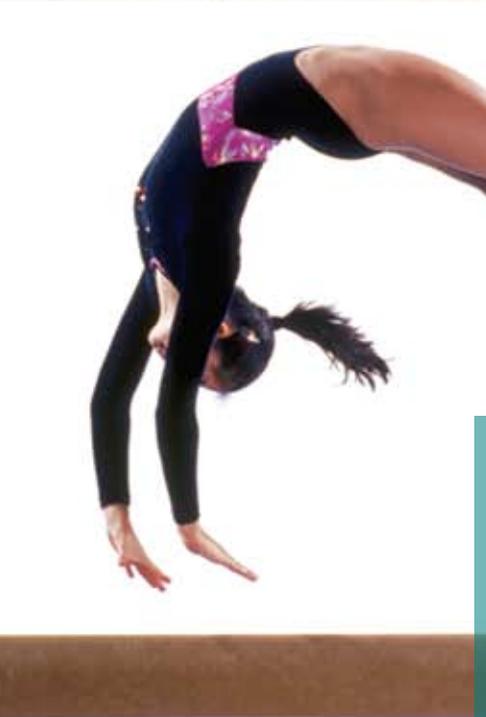
Soaring higher
in bettering
human lives.

Vision

Build world-class
infrastructure with passion
and innovation to make
human life comfortable

Core Values

Customer Orientation
Wealth Creation
Employee Empowerment
Systems & Processes
Teamwork & Cooperation
Proactiveness & Innovation



We are responsible for laying one of the longest cross country MS water pipeline in India.

Andhra Pradesh

1. Sripadasagar Make-up Water Supply Project
2. Tirupati Devasthanams Pipeline Project
3. Canal Work at Ananthpur
4. Canal Work at Karimnagar

Arunachal Pradesh

5. Nuranang Hydel Power Project

Assam

6. Zoo Road Water Supply Scheme
7. Jorhat Water Supply Scheme
8. Goalpara Water Supply Scheme
9. Raw Water Treatment Plant For IIT, Guwahati
10. Greater Diphu Water Supply Scheme
11. Electric Sub- station for Jorhat TV studio

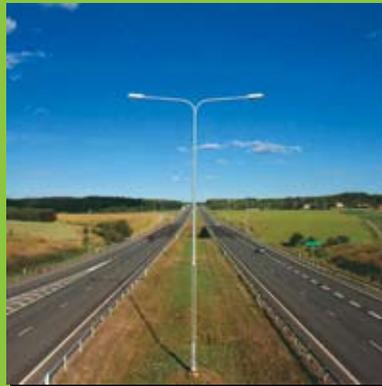


Chhatisgarh

24. Korba (W) Water Supply Scheme
25. Gevra Project For Supply And Laying Of Steel hume pipes
26. Main Plant Civil Works Package for Korba STPP, Stage - III
27. CW System and Offsite Area Civil Works Package for Korba Super Thermal Power Project, Stage - III

Delhi

28. Geeta Colony Water Supply Project
29. Clear Water Pumping Station At Haiderpur
30. Delhi Cantonment Clear Water Booster Pumping Station
31. Rohini Booster Pumping Station



Bihar

12. Gaya Circle Power T&D revamp Project
13. Purnea Circle Power T&D revamp Project
14. New Sub-Stations work for PESU (East) circle in Patna
15. Rural Electrification Project in Rohtas and Kaimur
16. Rural Electrification Project in Araria and Purnea
17. Rural Electrification Project in Gaya
18. Ash Water Re-circulation System Package For Barh Super Thermal Power Project
19. Construction of New Lines, U/G Cabling, R&M of 33KV PSS at PESU (W) Circle
20. Development of state highways under Rashtriya Sam Vikas Yojna in Saharsa, Supaul & Madhepura districts.
21. Development of state highways under Rashtriya Sam Vikas Yojna in Jamui
22. Offsite Area Civil Works Package for Barh Super Thermal Power Project.
23. Ash Water Recirculation System Package for Barh Super Thermal Power Project

32. Model Town Clear Water Pumping Station
33. Bawana Clear Water Pumping Station
34. Piragarhi Pumping Station
35. Dwarka Sewage Pumping Station
36. Okhla Sewage Treatment Plant
37. Shalimarbagh Sewage Pumping Station
38. Yamuna Vihar Effluent Pumping Station
39. Combined Effluent Treatment Plant at Okhla
40. Combined Effluent Treatment Plant at Nairana
41. Combined Effluent Treatment Plant at Lawrence Road Industrial Area.
42. Combined Effluent Treatment Plant at Udyog Vihar, Bawana
43. Infrastructure Work For Udyog Vihar, Bawana
44. Noida- Greater Noida Expressway Project

Gujarat

45. Saurashtra Water Supply Project

12,000 feet above sea level we constructed the highest single-stage pumping station in the world

Haryana

- 46. Gurgaon Sewage Pumping Station
- 47. Faridabad Sewage Pumping Station
- 48. Power T&D Work For Haryana Vidyut Prasaran Nigam Limited
- 49. 220KV Transmission Line at Bhuna
- 50. 132KV Transmission Line in Bhuna
- 51. 132KV Transmission Line in Bhuna
- 52. 220KV Transmission Line at Nilokheri

Himachal Pradesh

- 53. Hydel Plants at Binwa, Iqu, Neogal, Awa and LuniJammu & Kashmir
- 54. Srinagar Pumping Station

- 68. Power T&D Work for Gulbara Electric Supply Co. Limited
- 69. Power T&D Work for Hubli Electric Supply Co. Limited
- 70. Karnataka Power Transportation Co. Limited
- 71. Water Supply projects at Shimoga and Hubli
- 72. Lift Irrigation Schemes at Shimoga, Gadag and Belgaum of Karnataka Neeravari Nigam Limited
- 73. Water Supply Project of Kerala Water Authority
- 74. Lift Irrigation Project at Mysore of Cauvery Neeravari Nigam Limited
- 75. Lift Irrigation Project at Gulbarga for Krishna Bhagya Jal Nigam Limited



Jharkhand

- 55. Jamshedpur circle power transmission & distribution revamp Project
- 56. Rural electrification project in Koderma

Karnataka

- 57. Cauvery Water Supply Scheme
- 58. Chamrajnagar Water Supply Scheme
- 59. Devangere comprehensive water supply scheme
- 60. Mysore Water Supply Scheme
- 61. Chennapatna Pumping Station
- 62. Sewage Treatment Plant at Yelahanka
- 63. Sewage Treatment Plant in Mysore
- 64. Hanumansagar Wind Farm
- 65. Nanjapura Lift Irrigation Scheme
- 66. Kabini Hydel Power Project
- 67. Power T&D Work for Bangalore Electric Supply Company

Madhya Pradesh

- 76. Kathora Water Supply Scheme
- 77. Kolar Pipeline Augmentation Project
- 78. Bhopal Pipeline Project
- 79. Development of Jaora –Nayagaon section on SH-31 to 4-lane Section on BOT basis.
- 80. Rehabilitation of Water Treatment Plant & Pumping Station at Gwalior

Maharashtra

- 81. Khura Vadoda Water Supply Scheme
- 82. Prakasha Barrage – Burai Dam Water Supply Scheme
- 83. Tembhu Water Supply Scheme
- 84. Shirbhavi Water Supply Scheme
- 85. Langharpur Water Supply Scheme
- 86. Hole Water Supply Scheme
- 87. Lasangaon & Vinchur Water Supply Scheme

In the wind corridors of Tamil nadu we constructed One of the largest windfarms in Asia.

- 88. Vijaydurg Water Supply Scheme
- 89. Latori, Amgaon & Kholgarh Water Supply Scheme
- 90. Jihekatkapur Water Supply Scheme
- 91. Urmodi Water Supply Scheme
- 92. Bhagada Water Supply Scheme
- 93. Widening and Strengthening of Western Express
- 94. Highway Airport Junction to Andheri Flyover
- 95. Power T & D work for Maharashtra State Electricity Distribution Co. Ltd.
- 96. Gaothan Feeder Separation Scheme - Amravati Zone

Manipur

- 97. Electric Sub-station for Imphal TV studio



Punjab

- 104. Augmentation of Chandhigarh Water Supply Scheme
- 105. Construction of Phagwara Bye-pass
- 106. Widening and strengthening of Ropar-Balachur Roads

Rajasthan

- 107. Churu Pipeline Project
- 108. Rajiv Gandhi Lift Canal (Phase-II) Water Supply Project
- 109. Baisalpur Water Supply Project
- 110. Ramganjmandi-Pachpahar Drinking Water Supply Project



Meghalaya

- 98. Electric Sub-stations for Shillong and Tura TV studios

Mizoram

- 99. Greater Lunglei water Supply Scheme
- 100. Greater Aizawl Water Supply Scheme
- 101. Electrical Sub – station in Aizawl TV studio

Nagaland

- 102. Electric Sub-station for Kohima TV studio

Orissa

- 103. Water Supply System for Paradip Port Coal Handling Project

- 111. Khanpur Drinking Water Supply Project
- 112. Dharnasar Pumping Station Project
- 113. awaimadhopur Water Supply Project

Sikkim

- 114. Electro-Mechanical work for double stage Pumping Station at Namchi

Tamil nadu

- 115. Water Supply Scheme for Mylapore zone in Chennai
- 116. Patel Nagar Water Distribution Station in Chennai
- 117. Palayamkottai Pumping Station
- 118. Effluent Conveyance, Pipeline Project for Chennai
- 119. Ayanarathur Muppandal and Kayathar Wind Farms
- 120. Poolvadi Wind Farm
- 121. Vadacankulam Wind Farm
- 122. Udurnalpet Winf Farm
- 123. Plant water for Neyveli Lignite Corporation

We created the first ever 3 stage sewage treatment plant in India at Yelahanka.

Tripura

- 124. Sub-station for TV transmitter at Agartala

Uttaranchal

- 125. Three mini hydel power plants at Naitwar under Rupin Hydro Electric Project

Uttar Pradesh

- 126. E&M work for Lucknow Water Treatment Plant
- 127. Gaziabad Clear Water Pumping Station
- 128. Jhansi Water Supply Scheme

- 137. Lake Town Surface Water Supply Scheme
- 138. Salt Lake Water Supply Scheme
- 139. North Howrah underground sewage lifting station
- 140. Underground raw sewage main pumping station at South Suburban (East)
- 141. Burdwan circle power T&D revamp project
- 142. East Medinipur Rural Electrification Project
- 143. West Medinipur Rural Electrification Project
- 144. Jalpaiguri circle power T&D revamp project
- 145. Construction of new sub-station at Namkhana, Serakol and Bhasa
- 146. Renovation and Modernization of Sub-Stations in 24 Parganas (S) Circle

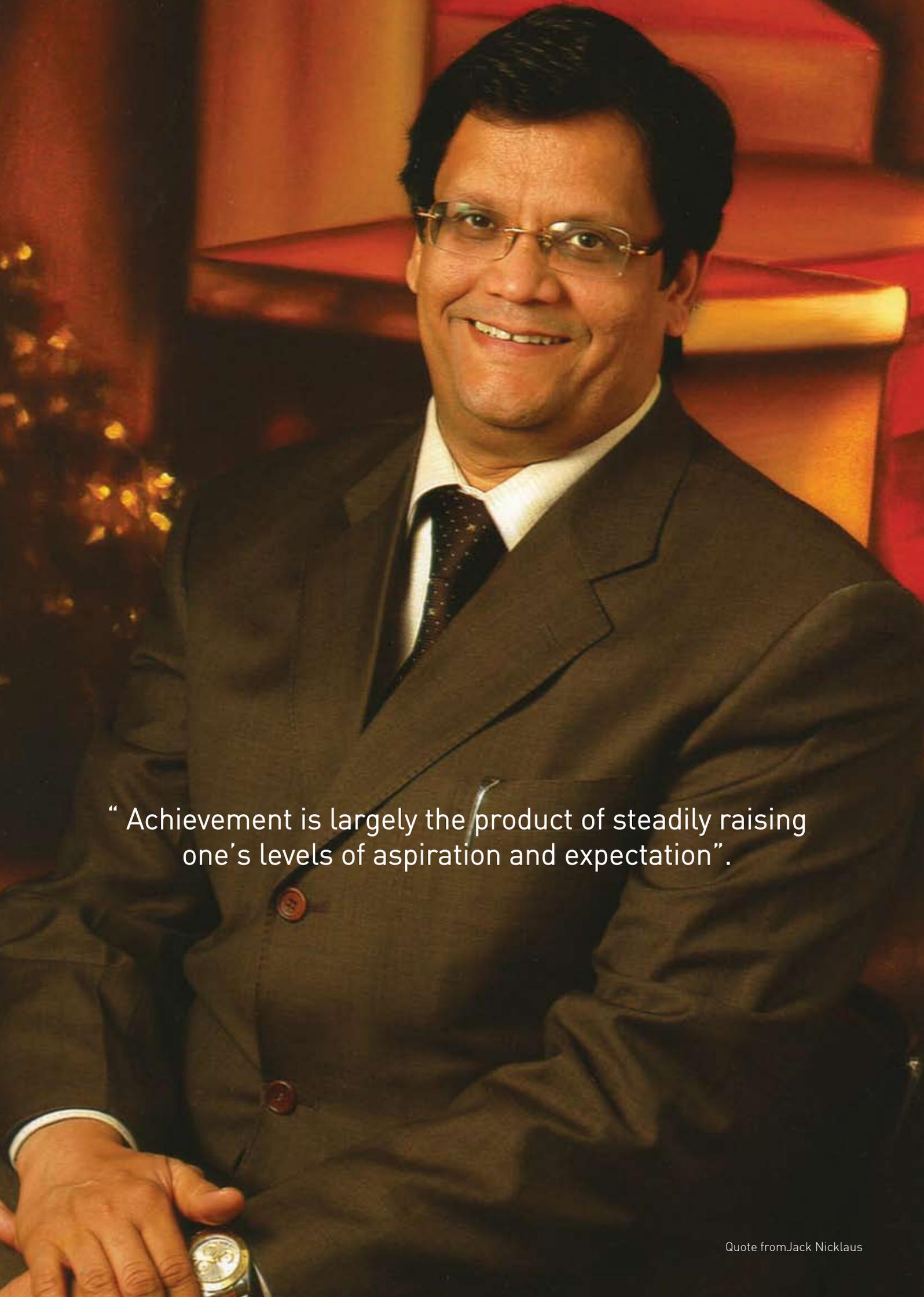


- 129. Agra Water Supply Scheme
- 130. Sewage Pumping Station at Agra
- 131. Moradabad Power T&D revamp Project
- 132. Firozabad & Mainpuri Rural Electrification Project
- 133. Renovation and Modernization of Sub-Station at Moradabad

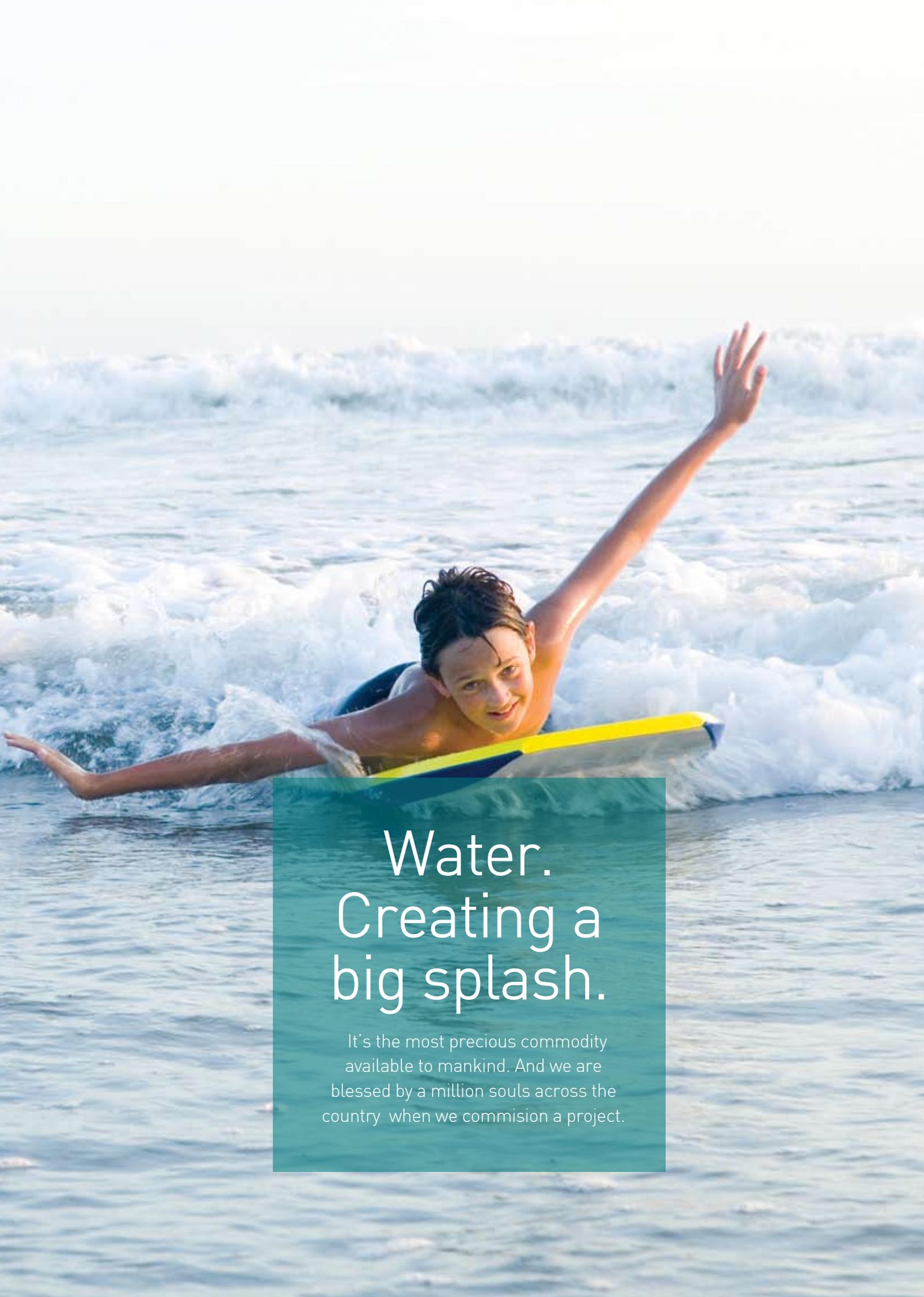
West Bengal

- 134. Water intake & plant water systems package for Bakreswar Thermal Power Station
- 135. Make-up water system package for Santaldih Thermal Power Station
- 136. Lakhsmanpur Water Supply Scheme

- 147. Renovation and Modernization and construction of Sub-Stations in Howrah Circle
- 148. Renovation and Modernization of Sub-Stations in Bidhannagar Circle
- 149. Renovation and strengthening of existing LT lines and LT phase in Siliguri
- 150. Dalkhola Road Project for National Highway Authority of India Limited
- 151. Rural Electrification Works for West Midnapore District
- 152. Rural Electrification project IN Bokaro District
- 153. Rural electrification in Durgapur and Rampur (Uttar and Dakshin Dinajpur)
- 154. Rural Electrification in Patharpratima (South 24 Pgs)
- 155. Dalkola Bypass (Length 5.5km) on National Highway 34



“ Achievement is largely the product of steadily raising one’s levels of aspiration and expectation”.



Water. Creating a big splash.

It's the most precious commodity available to mankind. And we are blessed by a million souls across the country when we commission a project.

At SPML, the experts work in tandem with nature to bring water from rivers and streams to taps in your home. We are in the process of laying over 2500 km of pipeline across cities and towns of India.

The scope of our services starts from site survey to identification of water sources, geo-technical investigations, detailed engineering plans, procurement of equipment, construction, operation, and maintenance of the project after commissioning.



Some of our winning projects

1. Water Supply Project for Sawaimadhopur and Pali town, Rajasthan.
2. Water Intake and Water Supply project for Bakreshwar Thermal Power project, West Bengal.
3. Saurashtra Pipeline Project, Gujarat.
4. Lift Irrigation Project, Thembu, Maharashtra.
5. Davangere & Chamrajnagar Town Water Supply project, Karnataka.
6. Rameshwara Lift Irrigation Project, Karnataka.
7. Sripadsagar Make up Water Supply Project, Andhra Pradesh.
8. Ash Water Re-circulation system project for Barh Super Thermal Power Project, Bihar.
9. JBIC funded Water Supply Project at Meenad and Pattuvum, Kerala.
10. Greater Lunglei Water Supply Project, Mizoram.
11. Jhansi Water Supply Scheme, Uttar Pradesh.

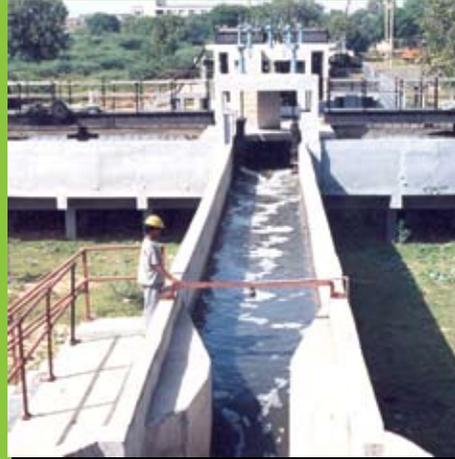
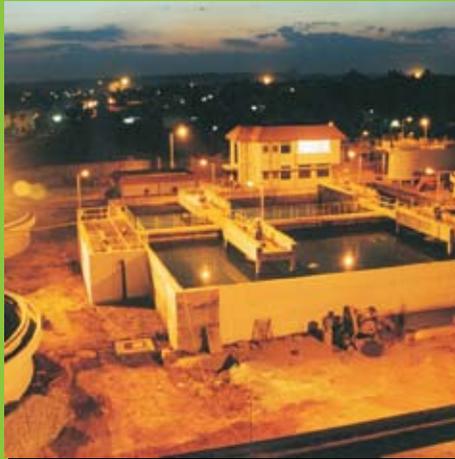
Running towards a better environment.

In a world where issues concerning the environment are being debated widely, we have done our bit to make it better.



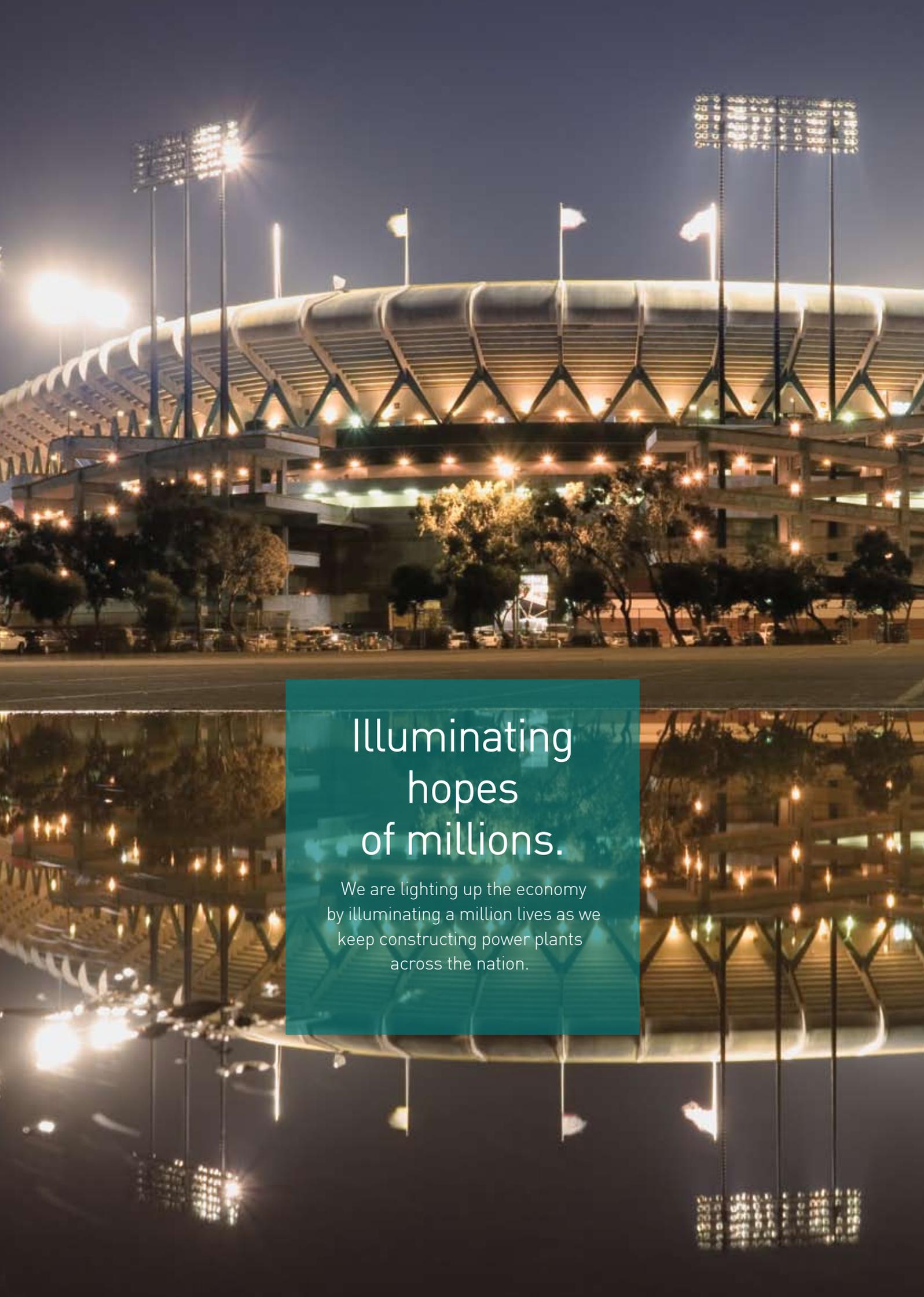
Rapid urbanisation and industrialisation have posed major challenges in the management of sewerage and effluents across the country. At SPML, we have found ways to treat sewage / effluents in such a manner that it becomes suitable for reuse in the industry.

Our foray into environmental engineering was path-breaking, to say the least. We created the first ever sewage treatment plant in India consisting of 3-stage sewage treatment system (primary, secondary and tertiary) at Yelahanka in Karnataka. And at the Okhla Sewage Treatment Plant, we used a unique gas mixing system, instead of the conventional mechanical mixing system.



Some of our winning projects

1. Okhla Sewage Treatment Plant, Delhi.
2. Combined Effluent Treatment Plant at Okhla Industrial Area, Delhi.
3. Effluent Treatment Plant at Bawana & Naraina, Delhi.
4. Yelahanka Tertiary Treatment Plant, Karnataka.
5. Mysore Sewage Treatment Plant, Karnataka.



Illuminating hopes of millions.

We are lighting up the economy
by illuminating a million lives as we
keep constructing power plants
across the nation.

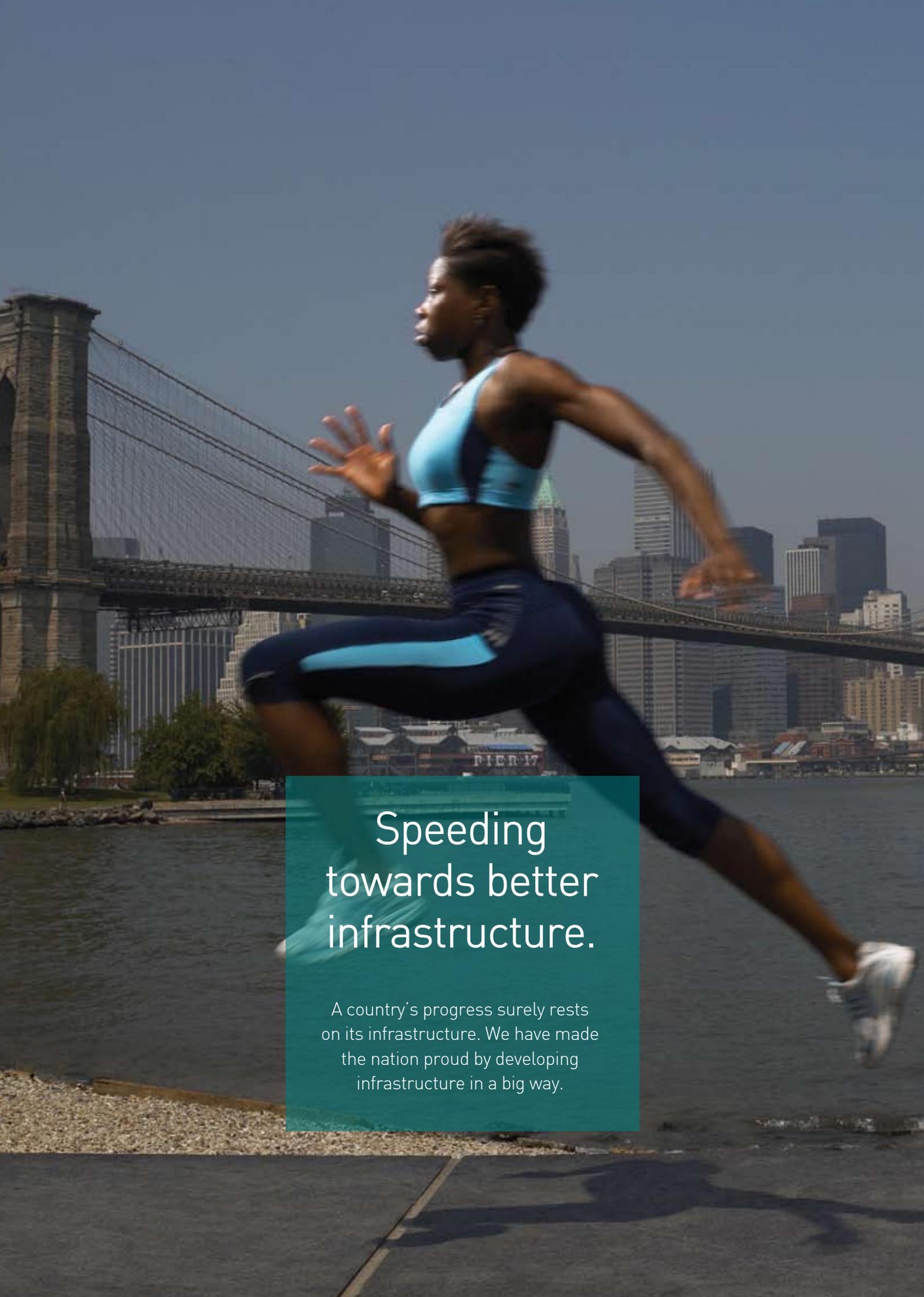
SPML is in the process of lighting up more than one lakh habitats across the country, through many sub-stations and thousands of kilometers of transmission lines.

In sync with the national agenda, rural electrification is a priority sector for us. Our scope of services includes detailed survey and design, selection of equipment, specifications, layouts and schematics. SPML also provides end-to-end solutions and products in energy distribution management system. The automation and integrated solution with the latest SCADA software and AMR system brings in overall improvement in metering, billing and revenue collection for power utilities.



Some of our winning projects

1. Rural Electrification Projects for Rohtas, Kaimur, Araria, Gaya, Purnea and West Midnapur, Bihar.
2. Re-conductoring & Energy Distribution project, Gulbarga, Karnataka.
3. Rural Electrification project for Bangalore Rural, Kolar & Tumkur, Karnataka.
4. Transmission & Distribution project, Maharashtra.
5. Transmission & Distribution project, Haryana.
6. Rural Electrification project for Firozabad and Manipuri, Uttar Pradesh.
7. Rural Electrification project for East Midnapur, West Bengal.
8. Rural Load Management project for HESCOM, Karnataka. Contract value: 67.60 Crores
9. 220KV, 110KV & 66KV transmission line and sub-station works for KPTCL, Karnataka.
10. Underground cabling work at Patna, Bihar and Bangalore, Karnataka.

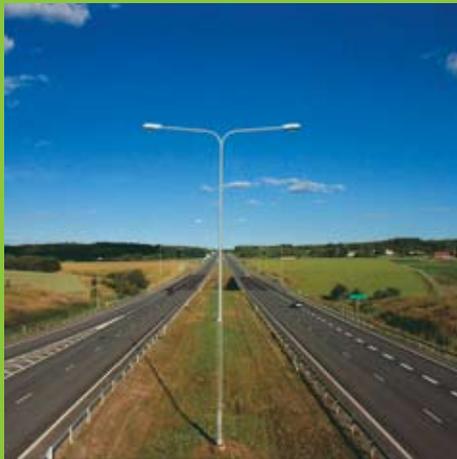


Speeding towards better infrastructure.

A country's progress surely rests on its infrastructure. We have made the nation proud by developing infrastructure in a big way.

SPML is involved in the construction of roads, bridges, flyovers, highways, industrial infrastructure works, power houses and tunnels. Here, we not only connect hundreds of people but thousands of hopes and millions of dreams.

Our infrastructure division puts the cutting edge of infrastructure technology to work on various projects across the country. A dedicated workforce and a strong quality control policy, is committed to bring a total infrastructure revolution in the country.



Some of our winning projects

1. Construction of Noida – Greater Noida Express Highway, Uttar Pradesh.
2. Construction of Infrastructure works for relocation of Industries at Bawana, Delhi.
3. Construction of Dalkhola Bypass, West Bengal.
4. Offsite Area Civil works package for Barh Super Thermal Power project (3x660MW), Bihar.
5. Main Plant Civil works package for Korba Super Thermal Power Project Chattisgarh.
6. Development of state highways in Jamui, Saharsa, Supaul and Madhepura districts, Bihar.



Raising the bar with Solid Waste Management.

Rapid urbanization has its pitfalls. And waste management is a prime area of concern. We have brought cheer to many lives by developing a sustainable model to tackle this problem.

In order to protect the environment, the Municipal Corporation of Delhi (MCD), has engaged Delhi Waste Management Private Limited (DWMPL), a special purpose vehicle floated by the SPML Group, to carry out the activities of collection, segregation and transportation of solid waste.

Everyday, a fleet of trucks, monitored through IT tools, fans out from strategically located depots at South, Central and City Zones of Delhi to collect waste from more than 5,00,000 households in 3 out of 12 zones in Delhi, 24x7. This project has been taken to other parts of the country as well.



Some of our winning projects

1. Collection, segregation and transportation of Municipal Solid Wastes from 3 out of 12 zones of Delhi for 9 years.
2. Collection, segregation and transportation of Solid Wastes at Indira Gandhi Airport, Delhi.
3. Primary collection, storage, segregation, transportation, landfill site development, leachate ETP compost plant for Agra, Mainpuri, Jhansi and Faizabad towns of UP including O&M for 3 years.

Creating a new dimension with our manufacturing facilities.

We are committed to provide the best facilities when it comes to manufacture, thus, we are in a position to be among the finest companies in this business.



SPML Group's manufacturing facilities with ISO 9001 2000 organisation has been established in the year 1989 for manufacturing Pre-stressed Concrete Pipes, Human Steel Pipes, Mild Steel Pipes, RCC Poles and allied products. The facilities produce PSC Pipes: 400 mm dia - 1600 mm dia and MS Pipes: 400 mm dia - 2500 mm dia.



Some of our state-of-the-art manufacturing facilities

The manufacturing facilities are located at:

Faridabad in Haryana.

Mysore in Karnataka.

Tumkur in Karnataka.



Chairman's message

Mr. Anil Sethi, Chairman, reviews the performance for the year and outlines the strategy for the future

From the Chairman's desk

As I speak to you today, I'm reminded of Charles Dickens opening lines of a novel. He said, "It was the best of times." How apt, because today we're living in that spirit Dickens spoke of. I'm proud to tell you that 2006-2007 has been a very satisfactory year for us. Sample this: We posted a turnover of Rs.808 crores as against Rs.368 crores in 2005-2006. So, here's the proof of the pudding: the Board has declared a dividend of 50% as against 40% the previous year.

**"The secret of joy
in work is
contained
in one word –
excellence!"**

We owe it to the spirit of the nation

As we raise the bar every minute in the spirit of nation building, I'm again reminded of another great leader who said, "The spirit of the nation lies in its people." Our nation today is making giant strides with an annual GDP growth of 9.2%. And we as a company, are inspired and progressing along with her in our growth.

The investments in Infrastructure have set the chord for our stellar performance. This has set a distinctly upbeat outlook for our industry. Consider the growth powered by infrastructure programmes across hospitals, urban infrastructure (including water supply, sewerage, and drainage), highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems and telecommunications. What's more, with the FDIs are expected to touch US\$150 billion in the next 10 years, the Infrastructure industry is sitting on a virtual goldmine.

Nation building – Our sole commitment

Nelson Mandela had once remarked, "See what you can do for the nation, rather than what the nation can do for you." We follow this adage thoroughly. Because our job, unlike many other industries' is not based on intangible targets. But on something tougher, yet noble: partnering in the progress of our nation. For 25 years we have been performing this with a lot of passion and we continue to put in the same energy into newer segments like water utilities in our JV with Hydro Comp – Cyprus, a global giant in water management.

Excellence is our middle name

Pearl S. Buck said, "The secret of joy in work is contained in one word – excellence!" At SPML, this is just what we believe in. We have excelled in every project we undertake because of the quality we maintain and delivery of projects on time. Every time.

**"See what you can
do for the nation,
rather than what
the nation can do
for you."**

Nothing else inspires us than success

I'm a firm believer in what Henry David Thoreau said: "We were born to succeed, not to fail". Which is why, we give a lot of impetus to the 5 cornerstones of our success: Experience. Quality. Adaptability. Commitment. Vision.

The way we succeed is also simple: Our project management systems are state-of-the-art. Materials are routinely tested at our field labs for quality and consistency. Projects are monitored and resources are optimally allocated to ensure that the complex process of constructing a mammoth infrastructure project proceeds smoothly.

Our Asset – Our People

People are definitely a company's greatest asset. That's the reason why I've laid a lot of emphasis on talent grooming by equipping them with the latest information and technology tools and helping them create a mindset that is open for innovation. It's not for nothing that Bill Gates said, "Bringing together the right information with the right people will dramatically improve a company's ability to develop and act on strategic business opportunities."

A note of thanks to every one of you

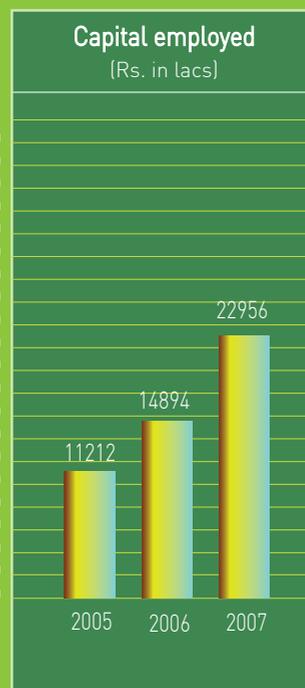
None of this would have been possible without all of you. The success that we have come upon is a result of great teamwork. Michael Jordan once commented, "Talent wins games, but teamwork and intelligence wins championships." Apart from all my employees I would specially like to thank our Board of Directors for their support. My gratitude also goes out to our customers, clients, suppliers, bankers and all our shareholders for their confidence, support, loyalty and trust.

While we can enjoy the fruits of our labour now, let us pledge ourselves to exceed our performances next year and make a mark on the international stage.

Thanking you.

Anil Sethi

Financial Highlights



Board of Directors



Mr. Anil Sethi
Chairman, 55

He is a commerce graduate. His extraordinary entrepreneurial acumen has inspired us to build this Company as 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 projects and wind power plants.



Mr. Subhash Sethi
Vice Chairman, 51.

He is a commerce graduate. 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 our constant inspiration.



Mr. Sushil Sethi
Managing Director, 49.

He looks after the marketing, tendering and business development activities of the group. He began his career in 1981 and has grown with the company to garner rich experience in the execution of EPC contracts in water supply projects, cross – country pipelines, power generation, infrastructure development and transmission and distribution works.



Mr. Deepak Sethi
Director, 28.

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 large infrastructure projects. 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, 63.

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, 71.

He is a BE in 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, 75.

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



Mr. A. Bhattacharjee
Director, 71

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

Regional office

- (i) 8/2, Ulsoor Road, Bangalore – 560 042
- (ii) Fancy Bazar, Guwahati 781 001
- (iii) Om Tower, 3rd Floor, Church Road, M I Road, Jaipur -302 001
- (iv) Hem Plaza, 305-A, Frazer Road, Patna- 800 001
- (iv) C, Kanha-Nirupam Tower, 62, Malviya Nagar, Bhopal – 462 003
- (vi) 101, Arvind Chamber, Western Express Highway, Andheri (East) Mumbai-400 069

Bankers

- (i) Canara Bank
- (ii) Andhra Bank
- (iii) Bank of Baroda
- (iv) State Bank of Travancore
- (v) State Bank of Hyderabad
- (vi) State Bank of Mysore
- (vii) State Bank of Bikaner & Jaipur
- (viii) Punjab National Bank
- (ix) Oriental Bank of Commerce
- (x) Syndicate Bank
- (xi) Union Bank of India
- (xii) IDBI Bank Ltd.
- (xiii) UCO Bank

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.



The profits
of
success

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their 26th Annual Report on your Company's operations and performance together with the audited statement of accounts for the year ended 31st March 2007.

Financial Results

The performance of the Company for the financial year ended March 31, 2007 is summarized below:

Particulars	For the year ended 31.03.07		(Rs. in lacs) For the year ended 31.03.06	
Gross Operating Revenue & Other Income	81115.05		36838.64	
Profit before Tax	5036.22		2103.54	
Provision for Taxation	600.00		167.00	
Fringe Benefit Tax	36.11		21.87	
Provision for Deferred Tax	203.13	839.24	(190.00)	(1.13)
Profit after Tax	4196.98		2102.41	
Add (Less):- Provision for Income Tax for earlier years	(165.12)		(10.00)	
	4362.10		2104.77	
Add: Balance brought forward from previous year	4547.75		2947.19	
Profit available for Appropriation	8909.85		5051.96	
Appropriations:-				
Proposed Dividend	311.56		249.25	
Tax on distributed profits	52.95	364.51	34.96	284.21
Transfer to General Reserve	1200.00		220.00	
Surplus carried to Balance Sheet	7345.34		4547.75	
Total	:	8909.85	5051.96	

Operating Results

The Company has been able to capitalize on the sustained growth in the Indian Economy as a whole and Infrastructure Industry in particular. The operations of the Company show a significant improvement both in terms of top line and bottom line over the previous year. The turnover of the Company has increased by Rs. 44402 Lakhs during the year, showing an increase of 122%. The Profit after tax during the period has gone up by 107% to Rs. 4362 Lakhs compared to Rs. 2105 Lakhs during the preceding year.

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 50% (last year 40%) on 3,11,56,400 Equity Shares of Rs. 2/- each for the financial year ended March 31, 2007. The total dividend, including tax, amounts to Rs. 364.51 Lakhs as against Rs. 284.21 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 (P) Ltd.
- (ii) Awa Power Company (P) Ltd.
- (iii) Luni Power Company (P) Ltd.
- (iv) IQU Power Company (P) Ltd.
- (v) Binwa Power Co. Pvt. Ltd.
- (vi) Tons Valley Hydro power Company (P) Ltd.
- (vii) Rupin Hydro power Company (P) Ltd.
- (viii) Uttarkashi Hydro power Company (P) Ltd.
- (ix) SPML Energy Limited
- (x) Subhash Kabini Power Corporation Ltd.
- (xi) Delhi Waste Management Ltd.
- (xii) Subhash Pipes Ltd.
- (xiii) SPML Technologies Limited

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 these projects are scheduled to be commissioned during the financial year 2008-09.

Construction of Uttaranchal 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.

SPML Energy Limited is holding shares of Companies as stated above.

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.

Subhash Pipes Limited is into manufacturing of prestressed concrete pipes, M S Pipes and RCC Poles.

SPML Technologies is into providing business solutions to utility Companies.

The Company has decided to apply to the Ministry of Company Affairs, Government of India for according their 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, 2007. 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.

Further, financial information are being given as part of Consolidated Balance Sheet in respect of subsidiaries, in anticipation of the approval, as per normal conditions of such approval.

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 forming part of the Annual Report and Accounts.

Employee Stock Option Scheme (ESOS)

The Company proposes to have 15,57,820 stock options in place, convertible into 15,57,820 shares of Rs. 2/- each to motivate the existing employees and also attract talent into the Company, for which necessary proposals are being made to members for approval.

Directors

Shri Deepak Sethi and Shri R.L. Gaggar retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Shri Jayanta Kumar Basu was appointed as an Additional Director of the Company with effect from 21st August 2007 and his appointment will be regularized in the ensuing Annual General Meeting of the Company.

Auditors and Auditors' Report

M/s. S.R. Batliboi & Company, Chartered Accountants and M/s. Sunil Kr. Gupta & Company, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letter from M/s. S.R. Batliboi & Company to the effect that their appointment / reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment / reappointment within the meaning of Section 226 of the said Act.

Further, the Company has received a "Special Notice" in writing under Section 225(1) of the Companies Act, 1956 from a shareholder to the effect that at the ensuing Annual General Meeting, a resolution be passed for removal of the retiring auditors, M/s. Sunil Kr. Gupta & Company.

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

Share Capital

During the year 2007-08, the Company has made preferential allotment of 54,93,876 Equity Shares of Rs. 2/- each at a premium of Rs. 243 per share and 16,32,653 Warrants (to be converted into Equity Shares within 18 months of allotment) at a price of Rs. 245/- per Warrant to CVCIGP II Client Rosehill Limited & CVCIGP II Employee Rosehill Limited in compliance with the Guidelines prescribed by the Securities and Exchange Board of India, which was approved by the shareholders at the Extraordinary General Meeting held on 28th July 2007. This reflects the tremendous confidence reposed by the international investors in your Company.

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.13&14 in Significant Accounting Policies and Notes on Accounts.

Particulars of Employees

In terms of the provisions of section 217 (2A) of the companies Act, 1956, read with the companies (particulars of Employees) Rules, 1975 an amended, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However as per the provisions of section 219 (j) (b) (iv) of the said Act, Annual Report excluding the aforesaid information is being sent to all the Members of the company and others entitled thereto. Any member who is interested to obtain such particulars may write to the Company Secretary at the registered office of the Company.

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

Your Company is committed to maintain the highest standards of Corporate Governance.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, forms part of the Annual Report.

Certificate from the Auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report

Human Resources

Your Directors thankfully acknowledge the commendable efforts made by the Management and the dynamic initiatives taken by the employees of the Company for improving the operations in response to the changing environment.

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 express their grateful appreciation for assistance and cooperation received from the Financial Institutions, Banks, Government Authorities / Agencies / Organisations, Customers, Suppliers and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, staff and Workers of the Company.

The Directors also deeply acknowledge the trust and confidence you have placed in the Company.

On behalf of the Board

Sd/-

Anil Kr. Sethi
Chairman

Place: Kolkata
Date: 21st August, 2007

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC AND BUSINESS OVERVIEW

The year in the retrospect has been a year of overall progress for the Indian Economy. The country's GDP growth during the fiscal year was an impressive 9.2% over 8.1% during the last fiscal. The growth is quite significant when compared to the growth achieved by most of the other economies around the world. The level of growth on a higher base reflects the inherent resilience and robustness of the Indian economy.

Investments in the Infrastructure sector are likely to be of the order of US \$ 350 billion during the Eleventh Five Year Plan period. The prevalent business environment is very conducive to the growth of Infrastructure Construction Companies, which are still at the threshold of a new growth era with massive amounts of investment earmarked covering a wide spectrum of Infrastructure Sector, starting with Water Management and Irrigation Infrastructure, Highways and Expressways, Ports and Marine Infrastructure, Transportation Corridors, Aviation Infrastructure, Rail Transportation Infrastructure, Power Generation and Transmission, Tele Communication, Industrial Construction and the Urban Renewal Infrastructure.

The Company is operating in the field of Water supply, sanitation and solid waste, Hydro Power, Electrification 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. In roads, highways and irrigation sectors, the Company has renewed its drive for becoming a steady player.

RESULTS OF OPERATIONS

Income from Operations

Income from Operations during the year ended 31st March 2007 stood at Rs. 80843.81 Lakhs as compared to Rs. 36442.10 Lakhs during the previous year. The increase of Rs. 44401.71 Lakhs (122%) over the previous year has been mainly due to successful implementation of various projects by the Company during the year.

Operating profit

The Operating Profit of the Company has increased by 127% to Rs. 6388 Lakhs during the current year as compared to Rs. 2812 Lakhs during the preceding year. The operating margin of the Company has increased to 7.9% compared to 7.7% 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

There has been a quantum jump in Profit after Tax during the year. Profit after Tax has increased more than 2.07 times to Rs. 4362.10 lacs compared to Rs. 2104.77 Lakhs during the preceding year. The increase of Rs. 2257.33 Lakhs in Profit after Tax has been mainly due to the better utilization of resources. The Company has also been able to use its financial resources in the most efficient manner resulting in better profit margins during the year.

FINANCIAL CONDITION

Reserves & Surplus

The Reserves & Surplus of the Company has increased to Rs. 11406.40 Lakhs as on 31st March 2007 from Rs. 7495.24 Lakhs at the end of the previous year. The increase has been due to the excellent financial performance of the Company during the year.

Loan Funds

Secured loans as on 31st March 2007 stood at Rs. 8435.58 Lakhs as compared to Rs. 5289.78 Lakhs at the end of previous year, thus making an increase of Rs. 3145.80 Lakhs. The increase has been mainly due to the increased cash credit from Scheduled Banks and loans against hypothecation of vehicles.

Investments

Total investments as on 31st March 2007 stood at Rs. 5384.82 Lakhs as compared to Rs. 2757.36 Lakhs at the end of previous year.

Inventories

Inventories have increased by Rs. 2590.46 Lakhs to Rs. 10052.35 Lakhs as on 31st March 2007 as compared to Rs. 7461.89 Lakhs at the end of previous year signifying the substantial increase in the business operation of the Company.

The inventories are 12.4% of the revenues at the end of financial year representing an Inventory Holding Period of 45 days as compared to 20.5% of the revenues at the end of preceding year representing a Stock Holding Period of 75 days.

Sundry Debtors

Sundry Debtors as on 31st March 2007 stood at Rs. 32705.17 Lakhs (including Debtors over six months of Rs. 12646.55 Lakhs) as compared to Rs. 12453.70 Lakhs (including Debtors over six months of Rs. 2349.16 Lakhs), thereby showing an increase of Rs. 20251.47 Lakhs over the previous year in line with the increased business activities during the year. The outstandings over six months has increased by Rs. 10297.39 Lakhs during the year. Due to procedural delays at the beginning of contracts, there have been consequential delays in getting payments from most of the major clients. The debtors of the Company are basically public sector organization and the delays are in the ordinary course of business.

The Debtors are 40.5% of the revenues for the current year representing an Outstanding period of 148 days as compared to 34.7% of the revenues for the previous year representing an Outstanding period of 127 days.

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. 32484.20 Lakhs to Rs. 58208.34 Lakhs during the year.

OPPORTUNITIES AND FUTURE OUTLOOK

The Infrastructure Sector has emerged as India's single biggest change – driver over the last few years, raising the quality of life, creating employment and driving GDP growth. The Indian Construction Industry accounts for more than 5% of India's GDP and is the second largest after agriculture, employing nearly 32 million people.

India is investing more than ever before in its infrastructure – water, electrification, roads, ports, power and railways to facilitate its prospective growth. The Government of India has planned investment of over Rs. 350 billion in the Infrastructure development during the Eleventh Five Year Plan period. These opportunities will accelerate over the coming decade as the country's policy makers target a ten percent growth over the long term. SPML is attractively positioned to accelerate its growth.

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. 2800 crores as on date.

INTERNAL CONTROLS & ADEQUACY

SPML has adequate systems of internal control in place. The Company's well defined organization structure pre define authority levels and extensive system of internal control ensures proper and optimal utilization and protection of resources, accurate reporting to financial information and compliance of applicable laws and regulations.

Control system is monitored by professionally qualified team of Internal Auditors. The Internal Audit function is empowered to examine the adequacy, relevance and effectiveness of control system, compliances with policies, plans and statutory requirements. Internal Audit is also empowered to evaluate business and operating risks and ensure that management takes necessary action to mitigate the risk.

The Top Management and Audit Committee of the Board reviews the findings and recommendation of the Internal Audit team and take timely corrective action.

HUMAN RESOURCES

Employees are vital to the Company. It is our endeavour to create a favourable work environment that encourages innovation and meritocracy. Today SPML is undertaking projects with much higher scales and complexities. The key to its success lies in the highest degree of competence, dedication and sense of ownership shown by our people across all functions. However, as we explore new business areas and approach higher thresholds of growth, the need to ramp-up our human resource capabilities has increased.

The Company recognizes the challenges it faces and has been making concerted efforts to enhance its human resource competencies through initiatives at the head office as well as at the project sites. These initiatives continued in the year under review with special emphasis on training and skill-enhancement.

Industrial relations at all project sites remained cordial throughout the year.

RISKS, CONCERNS AND THREATS

Presently the macro economic fundamentals of the country are very strong. In the backdrop of this, the present growth in the infrastructure sector is expected to continue in the near future. However, if there is any slowdown in the growth in the industry it may adversely affect the Company in terms of less value addition projects and shrinking profit margins.

The fiscal crisis confronting State Governments is another major cause of concern. This is restricting the ability of the Government to invest in new Projects. Even when investments are announced, projects sanctioned and work commenced, there is a question mark over the ability of State Governments to meet its payment obligations. There have been instances when projects have come to a standstill due to the inability of State Governments to meet its payment obligations. In order to dilute the impact of this risk, the industry players, including SPML, are largely looking for multilateral funded or aided projects in which case this risk is negligible. However, the market dynamics and intense competition in the field of Infrastructure call for exposure to the State Government projects as well, hence this constitute a risk for the Company.

There has been very steep rise in the cost of steel and other raw materials in the recent past. These raw materials constitute a major part of the total cost of the Infrastructure projects. This has put pressure on the profit margins. Any further rise in the cost now may add to the pressure on the profit margins. In order to mitigate the effect of any rise in cost of raw materials, SPML is looking for long term contracts with the suppliers for supply of raw materials at a fixed price. Besides, the above, SPML is also looking at substantially increasing the turnover of the Company to maintain the growth in profits. SPML is taking all steps towards prudent cost cutting to keep the momentum of growth in profits.

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

The Directors present the Company's Report on Corporate Governance.

SPML defines Corporate Governance as a systematic process by which companies are directed and controlled to enhance their wealth generating capacity. The Company recognizes the ideals and importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including Government, employees, customers, suppliers, regulatory authorities and the shareholders.

SPML's Philosophy on Corporate Governance is to bestow high standards of transparency, fairness and accountability for performance at all levels and to ensure the best performance through professionalism, social responsiveness, business practices and maximization of operational efficiency. The Company endeavours to maximize the shareholders' value and to protect the interest of stakeholders.

The Report on Corporate Governance is divided into nine parts:-

1. Board of Directors – Composition & Functioning
2. Committees of the Board
3. Remuneration of Directors
4. Disclosures
5. Means of Communication
6. General Body Meetings
7. General Shareholder Information
8. Code of Conduct
9. CEO/CFO Certification

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 8 Directors, out of which 4 are Independent Directors. As on 31st March 2007, the composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreements of the Stock Exchanges. 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 Directorships and Committee Memberships / Chairmanships

Sl.No	Name of the Directors	Category	Other Directorship	Committee Memberships	Committee Chairmanships
1.	Mr. Anil Kr. Sethi	Director & Chairman	23	-	1
2.	Mr. Subhash Chand Sethi	Vice Chairman & Managing Director	11	2	-
3.	Mr. Sushil Kumar Sethi	Managing Director	22	1	-
4.	Mr. Deepak Sethi	Non-Executive Director	9	1	-
5.	Mr. R. L. Gaggar	Non-Executive & Independent Director	13	14	-
6.	Mr. Amalendu Bhattacharjee	Non-Executive & Independent Director	3	2	1
7.	Mr. Kalidas Mukhopadhyay	Non-Executive & Independent Director	-	-	2
8.	Mr. B. B. Chakraborty	Non-Executive & Independent Director	-	3	-

Meetings & Attendance

Five (5) Board Meetings were held during the year. The Board Meetings were held on the following dates:

(i) 31.05.2006, (ii) 30.06.2006, (iii) 31.07.2006, (iv) 31.10.2006 and (v) 31.01.2007

The Annual General Meeting was held on 28th September, 2006.

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	3	-
2.	Mr. Subhash Chand Sethi	Vice Chairman & Managing Director	5	-
3.	Mr. Sushil Kr. Sethi	Managing Director	3	Yes
4.	Mr. Deepak Sethi	Non- Executive Director	4	-
5.	Mr. R. L. Gaggar	Non-Executive & Independent Director	2	-
6.	Mr. Kalidas Mukhopadhyay	Non-Executive & Independent Director	3	-
7.	Mr. B. B. Chakraborty	Non-Executive & Independent Director	3	-
8.	Mr. Amalendu Bhattacharjee	Non-Executive & Independent Director	3	-

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) 31.05.2006, (ii) 30.06.2006, (iii) 29.07.2006, (iv) 31.10.2006 and (v) 31.01.2007.

<u>Sl.No</u>	<u>Name of the Director</u>	<u>No. of Meetings attended</u>
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 31.03.2007, 19 Nos. of Share Transfer Committee meetings were held.

<u>Sl.No.</u>	<u>Name of the Member</u>	<u>No. of Meetings attended</u>
1.	Mr. Anil Sethi	15
2.	Mr. Subhash Sethi	17
3.	Mr. Sushil Sethi	9
4.	Mr. R. L. Gaggar	-

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 31.03.2007	Nil

Mr. B. N. Choudhary 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.

During the year, the Remuneration Committee has met once on 31.01.2007, where all the members of the Committee were present. The revision in the remuneration of S/Shri Anil Kumar Sethi, Subhash Chand Sethi and Sushil Kumar Sethi with effect from 01.01.2007 was approved.

(iv) Compensation Committee

The Committee has been formed by the Board in its meeting held on 31.01.2007 for formulating, implementing and administering the Employee Stock Option Scheme of the Company. 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.

3. REMUNERATION OF DIRECTORS

Details of Remuneration paid to the Whole-time Directors for the period from 01.04.2006 to 31.03.2007:

Rs.' 000

<u>Name of the Director (Rs.)</u>	<u>Salary (Rs.)</u>	<u>Commission (Rs.)</u>	<u>Perquisites (Rs.)</u>	<u>Contribution to Provident Fund</u>	<u>Terms of Appointment</u>
Mr. Anil Sethi	2120	7510	875	144	5 years from 01.04.2006
Mr. Subhash Sethi	2110	7510	635	144	5 years from 01.01.2005
Mr. Sushil Sethi	2196	7510	690	144	5 years from 01.01.2005

NOTES:

- Above excludes liability for personal accident, insurance premium and the liability for en-cashable leave.
- The company does not have a stock option scheme.
- 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 2006-07 are as detailed:

Sl. No.	Director	Board Meeting (Rs.)	Committee Meeting (Rs.)	Total (Rs.)
1.	Mr. A. Bhattacharjee	15,000	8,000	23,000
2.	Mr. R. L. Gaggar	10,000	-	10,000
3.	Mr. B. B. Chakraborty	15,000	8,000	23,000
4.	Mr. K. Mukhopadhyay	15,000	8,000	23,000

4. DISCLOSURES

(i) 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.

(ii) Compliances by the Company

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last year.

5. MEANS OF COMMUNICATION

(a) Quarterly results are published in Economic Times (English), all Editions, Times of India 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. During the year ended 31.03.2007, no presentation has been made to the investors / analysts.

(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 Meetings held:

Year	Venue	Date	Time	Special Resolution passed
2005-2006	Richi Rich Banquets, E-44/14, Lal Chawk, Okhla, Phase – II, New Delhi – 110 020	28 th September'06	9.30 A.M.	Yes
2004-2005	Richi Rich Banquets, E-44/14, Lal Chawk, Okhla, Phase – II, New Delhi – 110 020	29 th September'05	11.00 A.M.	No
2003-2004	Richi Rich Banquets, E-44/14, Lal Chawk, Okhla, Phase – II, New Delhi – 110 020	30 th September'04	11.00 A.M.	Yes

The following special resolutions were passed:

(A) Annual General Meeting held on 28th September 2006

- To re-appoint Chairman and fix his remuneration.

(B) Annual General Meeting held on 30th September 2004

- To re-appoint Vice Chairman & Managing Director and fix his remuneration.
- To re-appoint Managing Director and fix his remuneration.
- To sub-divide the Equity Shares of Rs. 10/- each to Rs. 2/- each.
- To re-classify and divide the Authorized Capital.

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

7. SHAREHOLDER INFORMATION

- (i) 26th Annual General Meeting : 28th September 2007
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, 2007 - Fourth week of July, 2007
(b) For the Quarter Ending September 30, 2007 - Fourth week of October, 2007

(c) For the Quarter Ending December 31, 2007 - Fourth week of January, 2008

(d) For the Quarter Ending March 31, 2008 (Audited) – Fourth week of June, 2008

Annual General Meeting – End of September, 2008
- (iii) Book Closure Date : 27th September to 28th September, 2007
(Both days inclusive)

- (iv) Dividend Payment Date : On or before 27th October 2007.
- (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 Calcutta Stock Exchange Association Ltd. (CSE), 7, Lyons Range, Kolkata – 700 001
The annual listing fee for the year 2007-2008 has been paid to the Stock Exchanges.
The Company has applied for delisting at Guwahati Stock Exchange, confirmation of delisting is awaited.
- (vi) Stock Code : Stock Code – BSE '500402'
Trading Symbol – NSE 'SUBHASPROJ'
- (vii) Registrar & Transfer Agents : Maheshwari Datamatics Pvt Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Phone: +91-033-2248 2248

(viii) Stock Prices data and performance of Company's share prices vis-a-vis NSE

National Stock Exchange of India Limited

	High (Rs. Per share)	Low (Rs. Per Share)
April, 2006	241.00	181.00
May, 2006	261.80	174.70
June, 2006	185.00	104.85
July, 2006	151.00	100.00
August, 2006	157.75	115.00
September, 2006	191.00	132.00
October, 2006	186.00	160.00
November, 2006	231.00	173.00
December, 2006	251.25	197.00
January, 2007	272.70	235.20
February, 2007	258.00	215.70
March, 2007	218.00	169.00

(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, 2007 Equity Shares of the Company, forming 98.29% of total shareholding stand dematerialized. Company's ISIN No. is 'INE 937A01015'.

xi) Liquidity of Shares

The Equity Shares of the Company have been included in the Sensex and 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, 2007

Category	No. of Shares held	% shareholding
Promoters	23267460	74.68
Mutual Funds	751623	2.41
Non-resident Indians	20312	0.07
Banks & Financial Institutions	252000	0.81
Foreign Institutional Investors	2539403	8.15
Insurance Companies	8812	0.03
Corporate Bodies	2170916	6.97
Public	2145874	6.88
Total :	31156400	100.00

(xiii) Distribution of Shareholding by size as on March 31, 2007

Shares held		Shareholders		Shares	
From	To	Number	% of Total Share Holders	Number	% of Shares
1	500	5123	85.8124	834439	2.6782
501	1000	404	6.7672	352646	1.1319
1001	2000	191	3.1993	289156	0.9281
2001	3000	86	1.4405	224594	0.7209
3001	4000	25	0.4188	91627	0.2941
4001	5000	30	0.5025	139593	0.4480
5001	10000	40	0.6700	324050	1.0401
10001	Above	71	1.1893	28900295	92.7587
Total		5970	100	31156400	100

(xiv) Outstanding Stock Option

There are no outstanding warrants or any convertible instruments as on 31.03.2007.

(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 (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, 2007.

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 Ltd. for the year ended March 31, 2007 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 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 abovementioned Listing Agreement.

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 & Co.

Chartered Accountants

For Sunil Kumar Gupta & Co.

Chartered Accountants

Per R.K. Agrawal

Partner

Membership No. 16667

Per S.K. Gupta

Partner

Membership No. 82486

Place : Kolkata

Date : 30th June, 2007

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, 2007 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 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 (Auditors' 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 purpose 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 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. 22 on Schedule 20 regarding non-provision of interest aggregating to Rs. 191,145 thousands (including Rs.44,884 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. 191,145 thousands and profit for the year and reserves are overstated by Rs. 44,884 thousands and Rs. 191,145 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, 2007;
 - 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 flow 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, 2007

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, 2007)**

- (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 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.
(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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loan to twenty one number of parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.366,766 thousands and the year end balance of loans granted to such parties was Rs.247,127 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 parties to whom the money has been lent. The payment of interest has been regular.
(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
(e) The company has taken loan from one company covered in the Register maintained of section 301 of the companies act 1956. The maximum amount involved during the year and the year end balance was Rs.109788 Thousand.
(f) In our opinion and according to the information and explanation 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) The loans taken are repayable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus there has been no default on the part of the Company. The loan taken is interest free.
- (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, wealth tax, service tax, customs duty, excise duty and sales tax have been regularly deposited with the appropriate authorities *except for certain instances of delays in deposit of provident fund, employees' state insurance, and income-tax dues with the appropriate authorities 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 Date	Date of Payment
The Orissa Sales Tax Act, 1947	Sales Tax	193 17	2003-04 2004-05	30/4/2004 30/4/2005	Not paid till date
Gujarat Sales Tax Act, 1969	Sales Tax	66 92	2003-04 2004-05	3/5/2004 3/5/2005	Not paid till date
West Bengal Sales Tax Act, 1994	Works Contract Tax	23	2004-05	30/4/2005	Not paid till date
West Bengal Sales Tax Act, 1994	Sales Tax	126	2004-05	30/4/2005	Notpaid till date

- (c) According to the records of the Company, the dues outstanding 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 the amount relates	Forum where dispute is pending
UP Sales Tax Act,	Sales Tax	1,700	1995-96	Allahabad High Court
		4,500	1994-95	
Delhi Sales Tax Act,	Sales Tax	299	1991-92	Deputy Commissioner (Sales Tax), Delhi Assistant Sales Tax officer, Delhi
		515	1999-00	
		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. 22 on Schedule 20 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 to the Company.
- (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, 2007

SUBHASH PROJECTS AND MARKETING LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	31st MARCH 2007 (Rs. in "000")	31st MARCH 2006 (Rs. in "000")
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a. Share Capital	1	70,957	62,313
b. Reserves & Surplus	2	1,140,640	749,524
		1,211,597	811,837
LOAN FUNDS			
a. Secured Loans	3	843,558	528,978
b. Unsecured Loans	4	110,057	38,481
		953,615	567,459
DEFERRED TAX LIABILITY (NET)		130,426	110,113
TOTAL		2,295,638	1,489,409
APPLICATION OF FUNDS			
FIXED ASSETS			
a. Gross Block	5	885,120	785,641
b. Less : Accumulated Depreciation		(456,372)	(376,461)
c. Net Block		428,748	409,180
d. Capital work in progress (Including Capital Advances)		75,757	97,199
		504,505	506,379
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES	6	538,482	275,736
a. Inventories	7	1,005,235	746,189
b. Sundry Debtors	8	3,270,517	1,245,370
c. Cash & Bank Balances	9	756,612	423,164
d. Other Current Assets	10	209,639	8,185
e. Loans and Advances	11	743,082	368,003
		5,985,085	2,790,911
Less:CURRENT LIABILITIES & PROVISIONS	12	4,681,782	2,045,168
a. Current Liabilities		50,651	38,449
b. Provisions			
		4,732,433	2,083,617
NET CURRENT ASSETS		1,252,652	707,294
TOTAL		2,295,638	1,489,409
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 attached report of even date.

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANTS

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

SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS

Per **S. K. GUPTA**
a Partner
Membership No. 82486

Place: Kolkatta
Date: 30th June 2007

For and behalf of the Board

Anil Kr. Sethi
Chairman

Sushil Kr. Sethi
Managing Director

A. K. Bhattacharjee
Director

B. B. Chakraborty
Director

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

SUBHASH PROJECTS AND MARKETING LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	SCHEDULE	31st MARCH 2007 (Rs. in "000")	31st MARCH 2006 (Rs. in "000")
INCOME			
Sales	13	8,084,381	3,644,210
(Refer Note No 24 on Schedule 20)			
Other Income	14	27,124	39,654
TOTAL		8,111,505	3,683,864
EXPENDITURE			
Purchase of Trading Goods		454,013	606,103
Material Consumed & Direct Expenses	15	6,178,202	2,680,426
(Increase)/Decrease in Work in Progress	16	70,044	(277,653)
(Refer Note No 24 on Schedule 20)			
Personnel Expenses	17	214,369	100,476
Administration, Selling & Other Expenses	18	384,211	222,646
Interest & Finance Expenses (net)	19	171,868	70,645
Depreciation/Amortisation		135,176	70,867
TOTAL		7,607,883	3,473,510
PROFIT BEFORE TAXATION		503,622	210,354
Provision for Taxation			
Current tax		60,000	16,700
Deferred Tax		20,313	(19,000)
Fringe Benefit Tax		3,611	2,187
Excess tax provision for earlier years written back		(16,512)	(10)
		67,412	(123)
Profit after Taxation		436,210	210,477
Profit Brought Forward From Previous Year		454,775	294,719
Profit Available For Appropriation		890,985	505,196
APPROPRIATIONS			
General Reserve		120,000	22,000
Proposed Dividend		31,156	24,925
Dividend Tax		5,295	3,496
Balance carried to Balance Sheet		734,534	454,775
		890,985	505,196
Basic and diluted earning per share (Face value of Rs.2 each)		14.00	6.76
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	20		

Schedules 13 to 19 and 20 referred to above form an integral part of the Profit & Loss Account.
As per our attached report of even date.

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANTS

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

SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS

Per **S. K. GUPTA**
a Partner
Membership No. 82486

Place: Kolkatta
Date: 30th June 2007

For and behalf of the Board

Anil Kr. Sethi
Chairman

Sushil Kr. Sethi
Managing Director

A. K. Bhattacharjee
Director

B. B. Chakraborty
Director

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

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

	31st MARCH 2007 (Rs. in "000")	31st MARCH 2006 (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 & PAID-UP		
31,156,400 Equity Shares of Rs.2 each	62,313	62,313
Add : Forfeited Shares	8,644	-
(Amount originally paid up)		
(Refer Note No. 27 on Schedule 20)		
	70,957	62,313
SCHEDULE 2 : RESERVES & SURPLUS		
a) CAPITAL RESERVE		
As per last account	221,707	221,707
Less: Transferred to Share Capital	(8,644)	-
Less: Transferred to Securities Premium Account	(164490)	-
(Refer Note No 27 on Schedule 20)		
	48,573	221,707
b) SECURITIES PREMIUM ACCOUNT		
As per last Account	47,283	47,283
Add: Transferred from Capital Reserve account	164,490	-
	211,773	47,283
c) GENERAL RESERVE		
As per last account	25,760	3,760
Add: Transfer from Profit & Loss Account	120,000	22,000
	145,760	25,760
d) PROFIT & LOSS ACCOUNT BALANCE	734,534	454,775
	1,140,640	749,524
SCHEDULE 3 : SECURED LOANS		
A) TERM LOANS		
(i) From Rural Electrification Corporation Limited (Secured by 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	14,319	14,888
From Bodies Corporate	39,527	4,583
(Secured against hypothecation of Vehicles / Construction equipments purchased against such loans. Of the above, Rs.27,639 thousands (Rs.9,879 thousands) is falling due for payment within 1 year)		
	143,814	109,439
B) OTHER LOANS		
(i) From Scheduled Banks on Cash Credit Account (Refer Note No.26 on Schedule 20)	699,744	419,539
	699,744	419,539
	843,558	528,978
SCHEDULE 4 : UNSECURED LOANS		
(i) From Canara Bank (Due within one year Rs. Nil (Rs. 5040 thousands) (Secured by Personal gurantees of Promoter Directors)	-	5,040
(ii) From Bodies Corporate (Includng Rs. 109788 thousands due from a subsidiary)	110,057	33,441
	110,057	38,481

**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 01.04.06	ADDITIONS	SALES/ ADJUSTMENTS	AS AT 31.03.07	UP TO 01.04.06	FOR THE YEAR	ON SALES/ ADJUSTMENTS	UP TO 31.03.07	AS AT 31.03.07	AS AT 31.03.06
FREE HOLD LAND	19,810	346	-	20,157	-	-	-	-	20,157	19,810
BUILDINGS	26,894	5,436	-	32,330	4,418	478	-	4,897	27,433	22,476
PLANT & MACHINERY	481,520	67,516	(104,730)	444,306	250,227	22,508	(47,368)	225,367	218,939	231,293
FURNITURE & FIXTURES	15,254	35,595	(564)	50,285	8,882	4,489	(339)	13,031	37,254	6,372
VEHICLES	54,928	11,662	(996)	65,594	21,157	5,200	(692)	25,665	39,929	33,771
OFFICE & OTHER EQUIPMENTS	47,865	27,790	(6,825)	68,830	27,369	7,038	(5,806)	28,601	40,229	20,496
TEMPORARY SITE SHEDS & SHUTTERING MATERIALS	139,370	65,310	(1,060)	203,618	64,408	95,463*	(1,060)	158,811	44,807	74,962
TOTAL	785,641	213,655	(114,177)	885,120	376,461	135,176	(55,265)	456,372	428,748	409,180
CAPITAL WORK IN PROGRESS (INCLUDING ADVANCES)	97,199	38,651	(60,094)	75,757	-	-	-	-	75,757	97,199
TOTAL	882,840	252,307	(174,270)	960,877	376,461	135,176	(55,265)	456,372	504,505	506,379
PREVIOUS YEAR'S TOTAL	740,569	82,849	(37,777)	785,641	342,618	70,867	(37,024)	376,461	409,180	397,951

*Includes Rs.74,835 thousands being depreciation short provided in earlier years on temporary sheds,shuttering materials etc.

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

SCHEDULE 6 : INVESTMENTS

	No. of Shares	Face Value per share Rs.	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
LONG TERM INVESTMENTS				
(A) TRADE QUOTED				
(a) EQUITY SHARES (FULLY PAID - UP)				
Arihant Leasing & Holding Limited	24,000 (24,000)	10	75	75
Indian Arcylics Limited	100 (100)	10	1	1
Petrochem Industries Limited	500 (500)	10	14	14
Best & Crompton Engineering Limited	200 (200)	10	10	10
SPML India Limited	10,000 (10,000)	10	150	150
Malanpur Steels Limited	15 (15)	10	1	1
Hindustan Engineering & Industries Limited (Bonus Shares)	4 (4)	10	-	-
(b) DEBENTURES (FULLY PAID - UP)				
Escorts Tractors Limited	25 (25)		1	1
Hindustan Development Corporation Limited	110 (110)		6	6
UNQUOTED			258	258
(a) INVESTMENTS IN UNITS				
UTI - 64	5,920 (5,920)		92	92
			92	92
B) OTHER THAN TRADE UNQUOTED				
Tones Valley Power Co (P) Limited	- (9,993)	10	-	100
Abhinandan Enterprises (P) Limited	500 (500)	100	50	50
Rishabh Commercial (P) Limited	500 (500)	100	50	50
Rupin Tones Power (P) Limited	- (9,993)	10	-	100
Uttarkashi Tones Hydro Power (P) Limited	- (9,993)	10	-	100
Bharat Hydro Power Corporation Limited	3,294,150 (3,294,150)	10	21,185	21,185
Pondichery Port Limited	24,800 (24,800)	10	248	248
Pondichery SEZ Limited	1,000 -	100	100	-
Subhash Systems (P) Limited	450 (450)	100	45	45
			21,678	21,878

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

	No. of Shares	Face Value Per share Rs.	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
SHARES IN SUBSIDIARY COMPANIES				
Neogal Power Co. (P) Limited	2,273,875 (44,900)	1	29,647	449
Awa Power Company (P) Limited	2,165,125 (44,900)	1	27,907	449
Luni Power Company (P) Limited	1,554,000 (44,900)	1	18,129	449
IQU Power Company (P) Limited	2,196,625 (44,900)	1	28,411	449
Subhash Kabini Power Corporation Limited*	13,586,300 (20,096,300)	10	135,863	200,963
Subhash Pipes Limited	1,243,618 (473,430)	10	21,182	8,037
Binwa Power Corporation (P) Limited	2,453,240 (9,920)	1	35,679	99
SPML Technologies (P) Limited	990,000 -	10	9,900	-
SPML Energy Limited	99,550,000 -	1	99,550	-
Delhi Waste Management (P) Limited	573,750 (745,000)	10	5,738	7,450
			412,006	218,345
INVESTMENT IN JOINT VENTURES				
Om Metal Consortium			80,284	33,000
SPML - CISC JV			11,898	-
SPML - Degroment - JV			2,285	-
Subhash Simplex JV			9,506	1,830
			103,973	34,830
CURRENT INVESTMENTS				
(At lower of Cost and Market Value)				
UNQUOTED National Saving Certificate			475	330
Indra Vikas Patra			-	3
			475	333
AGGREGATE VALUE OF INVESTMENTS				
(I) QUOTED			258	258
(II) UNQUOTED			538,224	275,478
Market Value of Quoted Investments			351	244

* 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 IDBI not to sell its share holding till the repayment of the loan.

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

	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
SCHEDULE 7 : INVENTORIES		
Stores, Components etc.	823	6,523
Material at sites	550,374	215,584
Work-in-Progress	454,038	524,082
	1,005,235	746,189
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for a period exceeding six months	1,264,655	234,916
Other Debts	2,005,862	1,010,454
	3,270,517*	1,245,370
(Refer Note No. 28(a) on Schedule 20, for amount due from a Company under the same management)		
* Includes retention deposits Rs.1,193,867 thousands (Rs.261,641 thousands)		
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash-on-hand (including in transit Rs. 1,832 thousands (Rs.NIL))	45,210	7,306
Cheques on Hand	283,911	-
Balances with Scheduled Banks on :		
Current Accounts	35,571	132,979
Fixed Deposit Accounts (Receipts lying with banks as security against Letters of Credit and Guarantees issued by them & with Client)	391,271	282,416
Unpaid Dividend Account	649	463
	756,612	423,164
SCHEDULE 10 : OTHER CURRENT ASSETS		
Unbilled revenue on construction contracts	197,859	-
Accrued interest on Deposits	11,780	8,185
	209,639	8,185
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured, Considered good except otherwise stated)		
Advances recoverable in cash or in kind or for Value to be received	310,572	11,945
Loans to Subsidiaries	93,802	2,537
Loans to Others	84,499	17,570
Balance with Excise, Customs, Port Trust and other Government Authorities	9	-
Advance tax (net of provisions)	40,971	17,040
Trade & Other Deposits	117,252	112,972
VAT/Work Contract Tax Receivable	43,216	984
Share Application Money	52,761	204,955
	743,082	368,003
(Refer Note no. 28(b) on schedule 20 for amount due from Companies under the same management and maximum amount outstanding during the year)		

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

	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
SCHEDULE 12 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	1,481,498	621,165
Sundry Creditors for Goods, Services, Expenses etc.	1,356,582	177,302
Advance against sale of Fixed Assets (Refer Note No. 23 on Schedule 19)	12,297	9,000
Mobilisation advance from Customers (Partly bearing interest)	1,807,372	1,183,941
Other Liabilities	23,384	53,297
Investor Education and Protection Fund		
Unpaid Dividend (Payable when due)	649	463
	4,681,782	2,045,168
For dues to SSI companies - Refer Note no. 5 on Schedule 20		
PROVISIONS		
Fringe Benefit Tax	1,625	1,796
Gratuity	9,267	5,890
Earned Leave	3,308	2,342
Proposed Dividend	31,156	24,925
Tax on Proposed Dividend	5,295	3,496
	50,651	38,449
	4,732,433	2,083,617
SCHEDULES FORMATING PART OF PROFIT AND LOSS ACCOUNT		
SCHEDULE 13: SALES		
Construction Contracts	7,596,243	2,993,458
Power Generation	29,696	38,037
Trading	458,442	612,715
	8,084,381	3,644,210
SCHEDULE 14: OTHER INCOME		
Dividend Received on Long Term Investments (Non Trade)	7	3
Company's share in profit of Joint Ventures (Net)	14,435	17,305
Profit on Sale of fixed assets (Net)	-	607
Miscellaneous Receipts	12,682	21,739
	27,124	39,654
SCHEDULE 15: MATERIALS CONSUMED & DIRECT EXPENSES		
Materials Consumed :		
Opening Stock	215,584	130,381
Add: Purchases	6,068,398	2,558,016
Less : Closing Stock	(550,374)	(215,584)
	5,733,608	2,472,813
Direct Expenses :		
Payments to Subcontractors	385,770	140,677
Drawing & Designing	3,783	775
Equipment Hire and Running Charges	13,336	38,215
Other Direct Expenses	41,705	27,946
	444,594	207,613
	6,178,202	2,680,426
SCHEDULE 16: (INCREASE)/DECREASE IN WORK - IN - PROGRESS		
Opening Work in Progress	524,082	246,429
Closing Work in Progress	(454,038)	(524,082)
	70,044	(277,653)

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

	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, Wages and Allowances	165,118	83,170
Director's Remuneration	28,908	3,600
Contribution to Provident & Other Funds	9,233	5,182
Gratuity	4,347	5,033
Staff Welfare Expenses	6,763	3,491
	214,369	100,476
SCHEDULE 18: ADMINISTRATION, SELLING & OTHER EXPENSES		
Power and Fuel	5,483	4,769
Rent	31,802	25,234
Rates and Taxes	28,365	22,251
Insurance	35,955	20,060
Repairs and Maintenance - Buildings	7,162	3,239
- Plant and Machinery	3,786	4,490
- Others	7,603	2,281
Vehicle Running and Maintenance	28,626	18,384
Travelling & Conveyance (Including Rs.3,244 thousand (Rs.3239 thousands) for Directors)	33,785	21,090
Professional Charges & Consultancy Fess	23,638	24,644
Communication Expenses	10,787	7,237
Advertisement expenses	14,554	4,318
Charity & Donations	6,753	3,245
Loss on sale of fixed assets (Net)	9,533	-
Auditor's Remuneration		
- Audit Fee	1,150	425
- Tax Audit Fee	100	75
- In other Capacity for Certificates and Other Services	992	562
- Out of Pocket Expenses	209	163
Selling Expenses	42,183	44,269
Bad Debts Written off (net of Credit Balance write back Rs. 2,231 thousands)	61,695	(5,131)
Miscellaneous Expenses	30,050	21,041
	384,211	222,646
SCHEDULE 19: INTEREST & FINANCE EXPENSES (NET)		
Interest Paid on		
- Term Loans	5,369	1,025
- Banks	70,746	38,327
- Others	50,285	8,087
Less : Interest Received	(27,466)*	(14,884)
	98,934	32,555
Bank Charges	72,934	38,090
	171,868	70,645
* Includes Rs. 1,405 thousands for earlier years		

Subhash Projects and Marketing Limited

Schedule 20

Statement of 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 mandatory Accounting Standards issued by the Institute of Chartered Accountants of India 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 realization, are accounted for on acceptance / actual receipt basis. The accounting policies applied by the Company are consistent with those used in the previous year.

2. 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.

(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.

3. Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on value adjustments made to the fixed assets due to change in foreign exchange rates prevailing at the end of the year, is provided prospectively over the residual life of the assets.

Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / disposal.

Leasehold Land is being amortised over the period of lease.

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.

4. Leases

Finance lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

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.

5. 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. Unquoted and long term investments are considered at cost, unless there is an "other than temporary" decline in value thereof, in which case, adequate provision/write off is made in the accounts.

6. Inventories

Raw Materials, components, stores and spares to be used in contracts are valued at cost which is ascertained on First in First Out basis (FIFO).

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 till such time the outcome of the job cannot be ascertained reliably and at net realizable value thereafter.

7. Revenue recognition

(a) Construction contracts

Profit on contracts is recognized on percentage completion method. 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) Others

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.

8. 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.

9. 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 period in which they arise except for those relating to acquisition of fixed assets from outside India, in which case such exchange differences are capitalized.

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.

10. Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and these contributions are charged to Profit and Loss Account in the year in which these become due.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.
- iii. Long term compensated absences are provided for based on actuarial valuation.

11. Income taxes

Tax expense comprises of current & 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 tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period (s). 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. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

12. Segment Reporting Policies

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".

13. 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.

14. 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.

15. 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.

16. 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.

B. Notes on accounts

Rs. '000'

	As at 31st March, 2007	As at 31st March, 2006
1. Contingent Liabilities not provided for in respect of		
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.	38,967	12,190
Guarantees and Counter guarantees given by the Company (including guarantee given for joint ventures)	5,910,834*	679,055
Disputed Income Tax and sales tax demands under appeal	30,044	14,944
Guarantee given for a Subsidiary Company	145,000	NIL
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances]	22,191	NIL

* Includes 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 money on behalf of Bharat Hydro Power Corporation Limited

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. 16,375 thousands (Rs. 17,049 thousands) are recognized in the profit & loss account as Rent and 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
18,716	68,264	36,207

4. In terms of Accounting Standard - 22, net deferred tax liability (DTL) of Rs. 130,426 thousands (including Rs. 20,313 thousands during the year) has been recognized in the accounts up to 31st March 2007.

The break-up of DTL is as follows:

Rs.'000

Particulars	As at 31st March 2007	As at 31st March 2006
Deferred Tax Liability		
On timing differences of depreciable assets	74,094	106,034
On retentions of clients	63,130	11,227
Deferred Tax Assets		
Expenses allowable against taxable income in future years	6,798	7,148
Deferred Tax (Net)	130,426	110,113

5. Sundry Creditors include Rs. 12278 thousands (Rs. 4251 thousands) due to small scale and ancillary industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information. The names of SSI Units to whom amounts are due for more than 30 days are:

PCM Concrete Poles	Punam Chand Mittal
Somnath Hardware Stores	Ramkrishna Wood works
Electro Cab India	Ashoka Tools Private Limited
S. A. Enterprises	Industrial Spares Products
Mullar & Company	Alphatech
Howrah Electricals	H R Steel
Nruthya Ganapathi Engineers	Lamco Lighting Arrestor
Bitu Tech Industries	M.K. Petro Products (P) Ltd
Swastik Chemicals	Asphalt India Corp.
Sanjivini Accumulator Pvt Limited	

6. Earning per share (EPS)

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

Particulars	2006-07	2005-06
Profit after tax (Rs.'000)	436,210	210,477
Weighted average No. of Equity Shares outstanding during the period	31,156,400	31,156,400
Nominal value of Shares (Rs.)	2.00	2.00
Basic and Diluted EPS (Rs.)	14.00	6.76

7. 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 setting up 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.'000)

	CONSTRUCTION		WIND POWER		TOTAL	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
(a) Revenue						
External Sales	8,054,685	3,606,173	29,696	38,037	8,084,381	3,644,210
(b) Results						
Segment Results	673,404	271,965	(3,361)	(271)	670,043	271,694
Unallocated Income / (Expenses) (Net of unallocated expenses / income)					5,447	(9,305)
Operating Profit					675,490	280,999
Interest & Finance Expenses (net)					171,868	70,645
Profit before tax					503,622	210,354
Provision for Taxation (Current Tax, Deferred Tax, Fringe Benefit Tax and adjustments on account of previous years)					67,412	(123)
Profit after tax					436,210	210,477

(Rs.'000)

OTHER INFORMATION	CONSTRUCTION		WIND POWER		TOTAL	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
a) Total Assets						
Segment Assets	5383481	3,127,766	142,543	221,800	5526024	3,349,566
Unallocated Corporate / other Assets					1502046	242,736
					7028070	3,592,302
b) Total Liabilities						
Segment Liabilities	4516181	2,535,555	16,379	101,357	4532560	2,636,912
Unallocated Corporate / other Liabilities					1283913	143,553
					5816473	2,780,465
c) Capital Expenditure	192,213	180,048	-	-	192,213	180,048
d) Depreciation / Amortisation	116,854	47,250	18,322	23,617	135,176	70,867
e) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results	61,695	-	-	-	61,695	-

8. Related Parties

(a) Particulars of related parties

Subsidiary Companies

Subhash Kabini Power Corporation Limited, (SKPCL)
Subhash Pipes Limited (SPL)
SPML Energy Limited, (SPMEL)
Subhash Utility Management Services (P) Limited (SUMSPL)
Binwa Power Company Private Limited (BPCPL)
Awa Power Company Private Limited (APCPL)
IQU Power Company Private Limited (IPCPL)
Neogal Power Company Private Limited. (NPCPL)
Luni Power Company Private Limited (LPCPL)
Tons Valley Power Company Private Limited (TVPCPL)
Rupin Tons Power Private Limited (RTPCPL)
Uttarkashi Tons Hydro Power Private Limited (UTHPL)
Delhi Waste Management Private Limited (DWM)

Associate companies

Pondicherry Port Limited (PPL)
Pondicherry SEZ Limited (PSL)

Joint Ventures

Om Metal Consortium
SPML – CISC JV
SPML – Simplex JV
SPML – Degroment JV

Key Management Personnel (KMP)

Mr. Anil Kumar Sethi – Chairman,
Mr. Subhash Chand Sethi – Vice Chairman and Managing Director
Mr. Sushil Kumar Sethi – Managing Director,
Mr. Deepak Sethi – Director

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

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 (SPMIL)
Subhash Yurim Textiles Limited (SYTL)
Subhash International (P) Limited (SIPL)
Sanmati Power Limited (SPL)
SPML Reality Limited (SPMRL)
Anil Kumar Sethi (HUF)
Subhash Chand Sethi (HUF)
Sushil Kumar Sethi (HUF)
Punam Chand Sethi (HUF)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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	Transactions Value	Balance Outstanding
Sale of Goods & services														
SPL	262,181 (73,558)	58,054 (72,381)	-	-	-	-	-	-	-	-	-	-	262,181 (73,558)	58,054 (72,381)
Subhash - Simplex -JV	-	-	(17,305)	-	-	-	-	-	-	-	-	-	(17,305)	-
Total	262,181 (73,558)	58,054 (72,381)	-	-	-	-	-	-	-	-	-	-	262,181 (73,558)	58,054 (72,381)
Dividend Paid														
SPL	2	-	-	-	-	-	-	-	-	-	-	-	2	-
Mr. P.C. Sethi	(1)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Anil Kumar Sethi	-	-	-	-	-	-	1,790	(895)	694	(347)	-	-	694	(-)
Mr. Subhash Chand Sethi	(-)	(-)	-	-	-	-	1,790	(895)	(347)	(-)	-	-	(347)	(-)
Mr. Sushil Kumar Sethi	-	-	-	-	-	-	1,790	(895)	-	-	-	-	1,790	(-)
Mrs. Maina Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	1,579	(790)	(-)	(-)	(-)	(-)	1,579	(-)
Mrs. Preeti Devi Sethi	-	-	-	-	-	-	1,170	(585)	(-)	(-)	(-)	(-)	1,170	(-)
Mrs. Surman Sethi	-	-	-	-	-	-	281	(141)	(-)	(-)	(-)	(-)	281	(-)
Mrs. Sandhya Rani Sethi	(-)	(-)	(-)	(-)	(-)	(-)	1,158	(579)	(-)	(-)	(-)	(-)	1,158	(-)
Mr. Deepak Sethi	(-)	(-)	(-)	(-)	(-)	(-)	147	(74)	(-)	(-)	(-)	(-)	147	(-)
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	211	(106)	(-)	(-)	(-)	(-)	211	(-)
Mr. Abhinandan Sethi	-	-	-	-	-	-	466	(233)	(-)	(-)	(-)	(-)	466	(-)
Mr. Rishabh Sethi	(-)	(-)	(-)	(-)	(-)	(-)	491	(246)	(-)	(-)	(-)	(-)	491	(-)
Z/SL	-	-	-	-	-	-	432	(216)	(-)	(-)	(-)	(-)	432	(-)
SI/APL	-	-	-	-	-	-	74	(74)	(-)	(-)	(-)	(-)	74	(-)
SPMEL	(-)	(-)	(-)	(-)	(-)	(-)	2,459	(1,230)	(-)	(-)	(-)	(-)	2,459	(-)
CEL	-	-	-	-	-	-	5	(3)	(-)	(-)	(-)	(-)	5	(-)
ALHL	(-)	(-)	(-)	(-)	(-)	(-)	1,024	(512)	(-)	(-)	(-)	(-)	1,024	(-)
ICL	-	-	-	-	-	-	1,150	(575)	(-)	(-)	(-)	(-)	1,150	(-)
BHPCL	-	-	-	-	-	-	349	(175)	(-)	(-)	(-)	(-)	349	(-)
SPMIL	(-)	(-)	(-)	(-)	(-)	(-)	705	(353)	(-)	(-)	(-)	(-)	705	(-)
SYTL	(-)	(-)	(-)	(-)	(-)	(-)	1,113	(557)	(-)	(-)	(-)	(-)	1,113	(-)
TOTAL	2	(1)	(-)	(-)	(-)	(-)	4,339	(2,270)	3,954	(1,977)	10,318	(5,159)	18,813	(9,407)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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	Transactions Value	Balance Outstanding
Purchase of Goods & Services														
SPL	33,5463	58,024	-	-	-	-	-	-	-	-	-	-	335,463	58,024
SYTL	(11,853)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(11,853)	-
ZISL	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(13,845)	-
SPML	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4,263)	-
SUMSPL	25,045	4,422	-	-	-	-	-	-	-	-	-	-	(8,631)	-
Total	360,508	62,446	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	360,508	62,446
	(11,853)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(38,592)	-
Interest Income														
DWM	3,200	35,380	-	-	-	-	-	-	-	-	-	-	3,200	35,380
SPCL	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	7,955	7,955
Total	3,200	35,380	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	7,955	7,955
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	3,609	43,335
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest Paid														
ICL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIAPL	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,725)	(-)
Total	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(216)	(171)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,941)	(171)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,941)	(171)
Rent Paid														
ICL	-	-	-	-	-	-	-	-	-	-	-	-	120	-
ALHL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(120)	(-)
SAPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	600	600
SSPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(120)	(29)
BCPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,092	1,092
Mrs. Sandhya Rani Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	168	(248)
Mr. Anil Kumar Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	300	300
Mr. Subhash Chand Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Maina Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	120	(-)
Mrs. Preeti Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(240)	(-)
Mrs. Suman Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,328	2,328
Mr. Anil Kumar Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,991)	(-)
Mr. Subhash Chand Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,184	2,184
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,969)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,016	2,016
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,821)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,016	2,016
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,823)	(-)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (Transactions have taken place on arm's length basis)

(Rs. '000)

	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel Transactions Value	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. Sushil Kumar Sethi	-	-	-	-	-	-	2,016	-	-	-	-	2,016	-
SSPL	(-)	(-)	(-)	(-)	(-)	(-)	(1,921)	(-)	(-)	(-)	(-)	(1,921)	(-)
Mr. Rishabh Sethi	-	-	-	-	-	-	-	-	168	-	-	168	-
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	108	(168)	(130)	(-)	(168)	(130)
Mr. Abhinandan Sethi	-	-	-	-	-	-	-	108	-	-	-	108	(-)
- Total	(-)	(-)	(-)	(-)	(-)	(-)	6,168	(6,505)	2,448	(248)	(-)	13,572	2,572
	(-)	(-)	(-)	(-)	(-)	(-)	(5,565)	(408)	(10,657)	(407)	(-)	(10,657)	(407)
Sale of Investments													
SPMEL	65,100	-	-	-	-	-	-	-	-	-	-	65,100	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of Investments													
Mr. Anil Kr. Sethi	-	-	-	-	-	-	1,050	-	-	-	-	1,050	-
Mrs. Priti Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	660	(-)	(-)	(-)	(-)	660	(-)
Mr. Deepak Sethi	-	-	-	-	-	-	140	(-)	(-)	(-)	(-)	140	(-)
Anil Kumar Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	1,461	(-)	(-)	(-)	(-)	1,461	(-)
SPMIL	(-)	(-)	(-)	(-)	(-)	(-)	1,800	(-)	(-)	(-)	(-)	1,800	(-)
Sushil Kumar Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	576	(-)	(-)	(-)	(-)	576	(-)
Mr. Rishabh Sethi	-	-	-	-	-	-	160	(-)	(-)	(-)	(-)	160	(-)
Mr. Sushil Kumar Sethi	(-)	(-)	(-)	(-)	(-)	(-)	800	(-)	(-)	(-)	(-)	800	(-)
SPMEL	(-)	(-)	(-)	(-)	(-)	(-)	629	(-)	(-)	(-)	(-)	629	(-)
Subhash Chand Sethi (HUF)	(-)	(-)	(-)	(-)	(-)	(-)	1,000	(-)	(-)	(-)	(-)	1,000	(-)
Mr. Abhinandan Sethi	-	-	-	-	-	-	400	(-)	(-)	(-)	(-)	400	(-)
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	300	(-)	(-)	(-)	(-)	300	(-)
Mrs. Suman Sethi	(-)	(-)	(-)	(-)	(-)	(-)	600	(-)	(-)	(-)	(-)	600	(-)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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
Mr. Subhash Chand Sethi	-	-	-	-	-	-	400	-	-	-	400	-
POONAM CHAND SETHI (HUF)	-	-	-	-	-	-	1,133	-	-	-	1,133	-
Mrs. Maina Devi Sethi	-	-	-	-	-	-	500	-	-	-	500	-
Mr. Poonam Chand Sethi	-	-	-	-	-	-	320	-	-	-	320	-
PSEZ	-	-	-	-	-	-	-	-	-	-	100	-
PPL	-	-	-	-	-	-	-	-	-	-	-	248
SKPCL	-	60,603	-	-	-	248	-	-	-	-	-	60,603
SPMEL	99,550	99,550	-	-	-	-	-	-	-	-	99,550	99,550
SUMSPL	9,900	9,900	-	-	-	-	-	-	-	-	9,900	9,900
BPCPL	35,580	35,679	-	-	-	-	-	-	-	-	35,580	35,679
APCPL	27,458	27,907	-	-	-	-	-	-	-	-	27,458	27,907
IPCPL	27,962	28,411	-	-	-	-	-	-	-	-	27,962	28,411
NPCPL	29,198	29,647	-	-	-	-	-	-	-	-	29,647	29,647
LPCPL	17,680	18,129	-	-	-	-	-	-	-	-	17,680	18,129
TOTAL	247,328	309,826	-	-	-	248	11,929	-	-	-	259,257	310,074

Loans & Advances Given

LPCPL	92	-	-	-	-	-	-	-	-	-	92	-
NPCPL	95	(16,500)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(16,500)	(16,500)
IPCPL	91	(17,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(17,000)	(17,000)
APCPL	91	(16,500)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(16,500)	(16,500)
DWM	35,380	(17,500)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(17,500)	(17,500)
SPCL	-	(33,535)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(33,535)	(33,535)
	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	7,955	7,955

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (Transactions have taken place on arm's length basis)

(Rs. '000)

	Subsidiaries		Joint Venture Companies		Associate Companies		Key Management Personnel	Transactions Value	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
Advance Taken													
ICL	-	-	-	-	-	-	-	-	-	-	-	-	-
LPCPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(33,000)	(34,426)	(33,000)	(34,426)	-
NPCPL	(15,780)	(15,780)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(15,780)	(15,780)	-
IPCPL	(55,865)	(55,865)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(55,865)	(55,865)	-
APCPL	(53,748)	(53,748)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(53,748)	(53,748)	-
	(54,149)	(54,149)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(54,149)	(54,149)	-
TOTAL	(179,542)	(179,542)	(-)	(-)	(-)	(-)	(-)	(-)	(33,000)	(34,426)	(33,000)	(34,426)	(213,963)
Outstanding Guarantees													
CISC	-	-	56,000	56,000	-	-	-	-	-	-	-	-	56,000
DWM	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
BHPCL	145,000	145,000	-	-	-	-	-	-	-	-	-	-	145,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	145000	145000	56000	56000	-	-	-	-	900000	900000	900000	1,101000	1,101000
Remuneration													
Salary	-	-	-	-	-	-	9,058	9,058	-	-	-	-	9,058
	(-)	(-)	(-)	(-)	(-)	(-)	(4,803)	(4,803)	(-)	(-)	(-)	(-)	(4,803)
Director Commission	-	-	-	-	-	-	22,530	22,530	-	-	-	-	22,530
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	-	-	-	-	-	31,588	(4,803)	-	-	-	-	31,588
	(-)	(-)	(-)	(-)	(-)	(-)	(4,803)	(4,803)	(-)	(-)	(-)	(-)	(4,803)

9. Particulars of interest in joint ventures:

Name of joint venture	Description of interest	Proportion of ownership	Country of	
			Incorporation	Residence
Om Metal Consortium	Jointly controlled entities	10%	India	India
SPML – CISC JV	Jointly controlled entities	50%	India	India
SPML – Simplex JV	Jointly controlled entities	50%	India	India
SPML – Degroment JV	Jointly controlled entities	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, 2007 are as follows :-

Rs:'000

Name of the joint venture	Company's share of				
	Assets	Liabilities	Income	Expenses	Profit after tax
Om Metal Consortium	80,582 (33,000)	298 (-)	- (-)	74 (-)	-74 (-)
SPML – CISC JV	31,993 (-)	20,095 (-)	18,139 (-)	18,225 (-)	-86 (-)
SPML – Simplex JV	23,235 (96,001)	13,729 (94,171)	208,669 (251,137)	194,292 (233,832)	14,377 (17,305)
SPML – Degroment JV	2,381 (-)	96 (-)	1,072 (-)	854 (-)	218 (-)
Total	138,191 (129,001)	34,218 (94,171)	227,880 (251,137)	213,445 (233,832)	14,435 (17,305)
Share of Net Assets / Profit after tax	103,973 (34,830)		14,435 (17,305)		

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

10. Managerial remuneration

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

(Rs:'000)

	2006-07	2005-06
Salary *	6,426	3,600
Contribution to provident fund	432	432
Commission**	22,530	-
Perquisites	2,200	771
Total	31,588	4,803

* includes provision towards gratuity and leave encashment

** includes commission for previous year Rs.6191 thousands, which was inadvertently not provided last year.

Computation of net profit under Section 349 of the Companies Act, 1956

Rs:'000

	2006-07	2005-06
Profit before taxation as per Profit & Loss Account	503,622	210,354
Add: Remuneration to Directors	31,588	4,803
Loss on sale of Fixed Assets	9,533	-
Net Profit for the purpose of Director's Commission	544,743	215,157
Directors' remuneration @ 3% of net profits as calculated above	16,338	-

11. 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

		2006-2007
(i)	Principal amount remaining unpaid to suppliers at the end of accounting year.	26,599
(ii)	Interest due on above.	-
	Total of (i) & (ii)	26,599
(iii)	Amount of interest paid by the Company to the suppliers	-
(iv)	Amounts paid to the suppliers beyond the respective due date	69,001
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	2,938

Figures for the previous year have not been given above as the said Act is applicable from the current year.

12. The unhedged foreign currency exposure as on the Balance Sheet date is with respect to import creditors of Rs.151,105 thousands equivalent to USD 3,390 thousands (since covered USD 2,300 thousands in May 2007)

Rs.'000

	2006-07	2005-06
13. Earnings in foreign currency F.O.B. Value of exports	Nil	Nil
14. Expenditure in foreign currency Travelling	<u>2,489</u>	<u>NIL</u>
	<u>2,489</u>	<u>NIL</u>
15. Value of imports calculated on CIF basis Direct materials	<u>151,105</u>	<u>NIL</u>
	<u>151,105</u>	<u>NIL</u>
16. Net dividend remitted in foreign exchange	NIL	NIL

17. Quantitative information in respect of installed capacity, licensed capacity and goods manufactured, sold and in stock
The information furnished below is with respect to wind power only.

Installed Capacity : 69,729,600 Units (69,729,600 Units)

	2006-07		2005-06	
	Units	Rs.'000	Units	Rs.'000
Power generated	10,989,480	NA	14,132,221	NA
Power sold	10,989,480	29,696	14,132,221	38,037

18. According to the Company, construction activity is a service activity and therefore, the same is covered under para 3(ii)(c) of Part II of Schedule VI to the Companies Act, 1956.

19. Imported and indigenous direct materials, components and spare parts consumed

	Percentage of total consumption		Value (Rs.'000)	
	2006-07	2005-06	2006-07	2005-06
Imported	2.63%	0.14%	151,105	3,504
Indigenous	97.37%	99.86%	5,582,503	2,469,309
	<u>100.00%</u>	<u>100.00%</u>	<u>5,733,608</u>	<u>2,472,813</u>

20. Trading Goods

	Quantity (MT)		Value (Rs.'000)	
	2006-07	2005-06	2006-07	2005-06
Steel products				
Opening Stock	-	-	-	-
Purchases	26,381	21,772	454,013	606,103
Sales	26,381	21,772	458,442	612,715
Closing stock	-	-	-	-

21. Construction contracts disclosure

Information relating to Construction contracts as per Accounting Standard 7 (Revised) issued by The Institute of Chartered Accountants of India, in respect of contracts entered into on or after 01.04.2003 and in progress at the year end, are given below

(Rs.'000)

	2006-07	2005-06
Contract income recognized as revenue	6,916,900	3,915,687
Aggregate amount of costs incurred and recognized profits (less recognized losses)	10,147,499	4,007,413
Advance received (unadjusted)	1,182,712	1,183,941
Retention amount	1,193,867	261,641
Gross amount due from customers for contract work	988,018	369,379
Gross amount due to customers for contract work	429,416	NIL

22. As per legal opinion obtained by the Company, no prior approval is required under Section 372A(5) of the Companies Act, 1956 from Rural Electrification Corporation Ltd. (REC) for investments made during the year Rs. 306,516 thousands (Rs. 72,553 thousands), Share application money Rs. 52,761 thousands (Rs. 204,955 thousands) and pledge of shares Rs. 132,738 (Rs. 132,738 thousands).

Further, pending settlement of dispute with REC, the Company has not provided interest (including penal interest) estimated at Rs.191,145 thousands upto 31st March, 2007 (including Rs.44,884 thousands for the year).

23. The company had entered into an agreement in the past to sell 11 nos. of Windmills and an advance of Rs.12,297 thousands was received thereagainst. 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.

24. Sales includes Rs. 400,356 thousands being prior period adjustment towards retention money deducted by the customers in the past but not accounted for as sales in the respective years. However, the above retention money was considered partly under the head "Work in Progress" and thus proportionate profit thereof was accounted for in the books. Accordingly, because of the above, the profit for the year is higher by Rs. 45,035 thousands.

Sales also includes Rs.99,596 thousands being interest Rs.70,919 thousands and other claims Rs.28,677 thousands received during the year on settlement of Arbitration awards.

25. 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.

26. 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.

27. The Company had forfeited 31,63,158 no. of shares in the year 2000-01 and had credited the value on these shares (including Share Premium) to Capital Reserve. In the current year, as required vide Schedule VI to the Companies Act, 1956, the amount paid up against face value of these shares, paid up has been disclosed as a part of "Issued, Subscribed and Paid up Capital" while the corresponding premium amount collected thereon has been credited to Securities Premium Account.

28. (a) included in Sundry Debtors

Rs. '000

	March 31, 2007		March 31, 2006	
	Balance Outstanding	Maximum Amount	Balance Outstanding	Maximum Amount
Amount Due From a Company under the same Management				
Bharat Hydro Power Corporation Ltd	14,125	14,215		

(b) Included in Loans & Advances ;

Rs.'000

	March 31, 2007		March 31, 2006	
	Balance Outstanding	Maximum Amount	Balance Outstanding	Maximum Amount
Amount Due From Companies under the same Management				
ZISL	-	2,447	938	23684
SYTL	-	6,350	-	12,167
BHPCL	-	12,737	14,215	17,521
SPMIL	-	5,075	-	6,621
CEL	-	9,900	-	50
SPL	74,485	94,056	1,333	3,640
PPL	10,617	14,872	13,271	13,271
PSL	14,210	14,210	-	-
IPCPL	-	91	16,500	16,500
LPCPL	-	92	16,500	16,500
APCPL	-	91	17,500	17,500
NPCPL	-	95	17,500	17,500
SPCPL	493	503	-	-
SIPL	301	301	-	-
SUMSPL	4,422	29,415	1,204	1,204
SPMEL	52,558	52,558	-	36,560
SPMRL	203	203	-	-
ICL	46,257	46,257	1,035	4,835
DWM	35,380	69,099	33,535	40,335
SPCL	7,955	7,955	-	-
SSPL	246	459	130	440
ZISL	-	2,447	939	3,582

Due from an Officer of the Company

B. N. Choudhary	27	138	116	116
-----------------	----	-----	-----	-----

29. The Company had claimed 80IA benefits of Rs. 505,008 thousands approx. (Tax impacts of Rs.177,175 thousands approx) under Income Tax Act 1961 on Construction contracts for Water Projects executed on behalf of various departments/agencies of different State Governments during the Accounting years 2003-04 onwards. The tax assessments for the Accounting Years upto 2004-05 are already completed and the above claim has been fully allowed by the Tax Authorities. The Company does not expect any tax liability in this regard inspite of the recent amendment in Sec.80IA, based on the opinion obtained from Tax Consultants.

30. The accounts for the year ended 31st March, 2006 were audited by M/s Sunil Kumar Gupta & Co. Chartered Accountants.

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

Signatories to Schedule 1 to 20

As per our report of even date

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANTS

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

SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS

Per S. K. GUPTA
a Partner , Membership No. 82486

Place: Kolkatta
Date: 30th June 2007

For and behalf of the Board

Anil Kr. Sethi
Chairman

Sushil Kr. Sethi
Managing Director

A. K. Bhattacharjee
Director

B. B. Chakraborty
Director

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

SUBHASH PROJECTS & MARKETING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	2006-07 Rs.000	2005-06 Rs.000
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	503,622	210,354
Adjustments for:		
Miscellaneous Expenditure Writtenoff	-	1,142
Depreciation	135,176	70,867
Loss / (Profit) on sale of fixed assets	9,532	(607)
Interest (Net)	98,934	32,522
Dividend income	(7)	(3)
Profit of Joint Ventures	(14,435)	(17,305)
Operating profit before working capital changes	732,822	296,970
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(2,025,148)	(436,887)
Decrease / (Increase) in inventories	(259,046)	(369,379)
Decrease / (Increase) in loans and advances	(543,005)	(24,090)
Increase / (Decrease) in current liabilities	2,636,615	457,030
Increase / (Decrease) in provisions	4,343	-
Cash generated from / (used in) operations	546,582	(76,356)
Direct taxes paid (net of refunds)	(67,419)	(12,200)
FBT Paid	(3,781)	-
Cash flow before extraordinary items	475,381	(88,556)
Extraordinary item	-	-
Net cash from / (used in) operating activities	475,381	(88,556)
B. Cash flows from investing activities		
Purchase of fixed assets	(192,213)	(180,048)
Proceeds from sale of fixed assets	49,379	1,360
Purchase of investments (Net)	(52,938)	15,779
Investment in subsidiaries	(195,373)	(72,553)
Share Application Money/	152,193	(199,855)
Interest received	23,871	14,884
Dividends received	7	3
Net cash from / (used in) investing activities	(215,074)	(420,430)
C. Cash flows from financing activities		
Proceeds from long-term borrowings (Net of Payment)	386,156	733,716
Loan to Others & Subsidiaries	(158,194)	-
Interest paid	(126,400)	(47,406)
Dividends paid	(24,925)	-
Tax on dividend paid	(3,496)	-
Net cash from financing activities	73,142	686,310
Net increase in cash and cash equivalents (A + B + C)	333,449	177,323
Cash and cash equivalents at the beginning of the year	423,164	245,841
Cash and cash equivalents at the end of the year	756,612	423,164
Components of Cash & Cash Equivalents		
Cash-on-hand (including in transit Rs. 18,31,543/- (Rs.NIL))	45,210	7,306
Cheques on Hand	283,911	-
Balances with Scheduled Banks on :		
Current Accounts	35,571	132,979
Fixed Deposit Accounts (Receipts lying with banks as security against Letters of Credit and Guarantees issued by them & with Client)	391,271	282,416
Unpaid Dividend Account	649	463
	756,612	423,164

As per our attached report of even date.

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANTS

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

SUNIL KUMAR GUPTA & CO.
CHARTERED ACCOUNTANTS

Per S. K. GUPTA
a Partner
Membership No. 82486
Place: Kolkatta
Date: 30th June 2007

For and behalf of the Board

Anil Kr. Sethi
Chairman

Sushil Kr. Sethi
Managing Director

A. K. Bhattacharjee
Director

B. B. Chakraborty
Director

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Detail

Registration No.

12228

State Code

55

Balance Sheet Date

31

03

2007

Date

Month

Year

II. Capital raised during the year

(Amount in Rs. Thousand)

Public Right Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousand)

		Total Liabilities			Total Assets
		2,295,638			2,295,638
Sources of Funds					
Paid-up Share Capital	Reserves & Surplus		Secured Loans	Unsecured Loans	
70,957	1,140,640		843,558	110,057	
Deferred Tax					
130,426					
Application of Funds					
Net Fixed Assets	Investment		Net Current Assets	Miscellaneous Expenditure	
504,505	538,482		1,252,652	0	

IV. Performance of Company

(Amount in Rs. Thousand)

Turnover	Total Expenditure	Profit/Loss before Tax	Profit/Loss after Tax
8,111,505	7,607,883	503,622	436,210
		Earning Per Share (in Rs.)	Dividend Rate (%)
		14.00	50%

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

(As per monetary terms)

Item Code No.
(ITC Code)

NIL

Product Description

**Engineering, General Procurement,
Construction & Wind Power Generation**

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies
Financial information regarding Subsidiary Companies

Name of the Subsidiary Company	AWA Power Company Private Limited	IQU Power Company Private Limited	Luni Power Company Private Limited	Neogal Power Company Private Limited	Binwa Power Company Private Limited	SPML Energy Limited	Tons Valley Power Company Private Limited	Rupin Tons Power Private Limited	Uttarkashi Tons Hydro Power Private Limited	Subhash Pipes Limited	Delhi Waste Management Limited	SPML Technologies Limited (Formerly Subhash Utility Management Services Limited)	Subhash Kabini Power Corporation Limited
Capital	4,244,750	4,306,875	3,047,000	4,458,625	4,810,275	100,000,000	1,000,000	1,000,000	1,000,000	24,384,670	15,000,000	10,000,000	420,000,000
Reserves	56,171,250	57,103,125	38,205,000	59,379,375	64,654,125	-	-	-	-	102,325,230	136,979,164	4,740,958	282,985,704
Total Assets	60,416,000	61,410,000	41,252,000	63,838,000	69,465,000	152,458,380	6,925,000	1,231,000	1,250,000	166,127,503	269,241,468	19,530,200	1,204,119,245
Total Liabilities	60,416,000	61,410,000	41,252,000	63,838,000	69,465,000	152,458,380	6,925,000	1,231,000	1,250,000	166,127,503	269,241,468	19,530,200	1,204,119,245
Details of Investment (except investment in subsidiaries)	-	-	-	-	-	156,394,185	-	-	-	8,650,500	-	-	-
Turnover	-	-	-	-	-	-	-	-	-	348,944,829	362,530,967	28,588,954	473,030,823
Profit Before Taxation	-	-	-	-	-	-	-	-	-	6,778,049	147,556,718	765,515	211,584,905
Provision For Taxation	-	-	-	-	-	-	-	-	-	2,247,214	17,728,524	404,002	-5,738,071
Profit After Taxation	-	-	-	-	-	-	-	-	-	4,530,835	129,828,194	361,513	217,322,976
Proposed Dividend	-	-	-	-	-	-	-	-	-	2,438,467	-	-	-

We, Subhash Projects & Marketing Limited, do hereby undertake that annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection in its Registered Office and of the subsidiary companies concerned.

s/d

B. N. ChoudharyExecutive vice president (Finance)
& Company Secretary.

**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 2007 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 the 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. We report that the financial statements of subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.1,577,133 thousands as at 31st March 2007, total revenue of Rs.227,827 thousands and cash flows amounting to Rs.410,731 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 audited financial statements have not been received for certain subsidiaries, associates and joint ventures as detailed in note no 1(f) of the Notes to accounts.*
4. We report that the consolidated financial statements have been prepared by the 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. 18 on Schedule 20 regarding non-provision of interest aggregating to Rs.191,145 thousands (including Rs.44,884 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.191,145 thousands and profit for the year and reserves are overstated by Rs.44,884 thousands and Rs.191,145 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 2007;
 - 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

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

Place: Kolkata
Date: 31st August 2007

SUNIL KUMAR GUPTA & CO.
Chartered Accountants

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

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a. Share Capital	1	70,957	62,313
b. Reserves & Surplus	2	1,466,013	780,943
		1,536,970	843,256
Minority Interest		439,776	132,020
LOAN FUNDS			
a. Secured Loans	3	1,375,897	528,979
b. Unsecured Loans	4	445,856	600,646
		1,821,753	1,129,625
DEFERRED TAX LIABILITY (NET)			
		131,156	110,113
TOTAL		3,929,655	2,215,014
APPLICATION OF FUNDS			
FIXED ASSETS			
a. Gross Block	5	2,138,887	785,641
b. Less : Accumulated Depreciation / Amortisation		671,009	376,461
c. Net Block		1,467,878	409,180
d. Capital work in progress including capital advances		196,331	116,413
		1,664,209	525,593
INVESTMENTS			
	6	22,554	305,359
CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	7	1,119,602	746,189
b. Sundry Debtors	8	3,716,082	1,245,370
c. Cash & Bank Balances	9	1,167,600	422,822
d. Other Current Assets	10	209,639	8,185
e. Loans and Advances	11	705,519	322,863
		6,918,442	2,745,429
Less:CURRENT LIABILITIES & PROVISIONS			
a. Current Liabilities	12	4,565,742	1,305,898
b. Provisions		109,808	55,540
		4,675,550	1,361,438
NET CURRENT ASSETS		2,242,892	1,383,991
Miscellaneous Expenditure (to the extent not written off or adjusted)		-	71
TOTAL		3,929,655	2,215,014
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
		20	
Schedules 1 to 12 and 20 referred to above form an integral part of the Balance Sheet. In terms of our attached report of even date.			

S. R. BATLIBOI & COMPANY
 CHARTERED ACCOUNTANT

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

SUNIL KUMAR GUPTA & CO
 CHARTERED ACCOUNTANTS

Per S.K.GUPTA
 a Partner
 Membership No. 82486
 Place: Kolkatta
 Date: 31st August, 2007

For and on behalf of the Board

(Anil K. Sethi)
 Chairman

(Subhash C. Sethi)
 Vice Chairman & Managing Director

A. Bhattacharjee
 Director

B.B. Chakraborty
 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, 2007

	SCHEDULE	2006-2007 (Rs. In "000")	2005-2006 (Rs. In "000")
INCOME			
Sales (Refer Note no 13 on Schedule 20)	13	8,312,208	3,644,210
Other Income	14	12,689	39,654
TOTAL		8,324,897	3,683,864
EXPENDITURE			
Purchase of Trading Goods		454,013	606,104
Material Consumed & Direct Expenses	15	6,384,604	2,680,426
(Increase) / Decrease in Work in progress (Refer Note no 13 on schedule 20)	16	70,044	(277,653)
Personnel Expenses	17	216,854	100,476
Administration, Selling & Other Expenses	18	387,241	222,646
Interest & Finance Expenses (net)	19	172,218	70,645
Depreciation/Amortisation		135,404	70,867
TOTAL		7,820,378	3,473,511
PROFIT BEFORE TAXATION			
Provision for Taxation			
Current tax (includes proportionate share in Joint Vautre Rs.897 thousands)		60,897	16,700
Deferred Tax		20,313	(19,000)
Fringe Benefit Tax		3,611	2,187
Excess provision for taxation for earlier years written back		(16,512)	(10)
		68,309	(123)
Profit after Taxation before share of Associates		436,210	210,476
Share of Net profit / (Loss) of Associates (Refer Note No. 21 On Schedule 20) (Includes Prior period adjustment of Rs. 34,971 thousands)		203,444	-
Net Profit		639,654	210,476
Profit Brought Forward From Previous Year		454,774	294,719
Profit Available For Appropriation		1,094,428	505,195
APPROPRIATIONS			
General Reserve		120,000	22,000
Proposed Dividend		31,155	24,925
Dividend Tax		5,295	3,496
Balance carried to Balance Sheet		937,978	454,774
		1,094,428	505,195
Basic and diluted earning per share (Face value of Rs.2 each)	20	20.53	6.76
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
Schedules 13 to 20 referred to above form an integral part of the Profit & Loss Account In terms of our attached report of even date.			

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANT

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

SUNIL KUMAR GUPTA & CO
CHARTERED ACCOUNTANTS

Per S.K.GUPTA
a Partner
Membership No. 82486

Place: Kolkatta
Date: 31st August 2007

For and on behalf of the Board

(Anil K. Sethi)
Chairman

(Subhash C. Sethi)
Vice Chairman & Managing Director

A. Bhattachrjee
Director

B.B. Chakraborty
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 2007 (Rs. In "000")	31st MARCH 2006 (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 & PAID-UP		
31,156,400 Equity Shares of Rs.2 each	62,313	62,313
Add : Forfeited Shares (Amount originally paid up) (Refer note no. 16 on Schedule 20)	8,644	-
	70,957	62,313
SCHEDULE 2 : RESERVES & SURPLUS		
a) CAPITAL RESERVE		
As per last account	253,126	221,707
Add : Profit of Associate Companies (Refer Note No.21 on Schedule 20)	-	31,419
Add : Arisen on Conversion of Associates into subsidiaries/ Acquisition of new subsidiaries (Refer Note No. 1(d) on Schedule 20)	43,254	-
Less: Transferred to Share Capital	(8,644)	-
Less: Transferred to Securities Premium Account (Refer Note no. 16 on Schedule 20)	(164,490)	-
Less: Transferred to Profit & Loss Account (Refer Note no. 21 on Schedule 20)	(31,419)	-
	91,827	253,126
b) SECURITIES PREMIUM ACCOUNT		
As per last Account	47,283	47,283
Add: Transferred from Capital Reserve account (Refer Note no. 16 on Schedule 20)	164,490	-
	211,773	47,283
c) GENERAL RESERVE		
As per last account	25,760	3,760
Add: Transfer from Profit & Loss Account	120,000	22,000
	145,760	25,760
d) REVALUATION RESERVE		
As per last Account	-	-
Add: From Subsidiaries	78,675	-
	78,675	-
e) PROFIT & LOSS ACCOUNT BALANCE	937,978	454,774
	1,466,013	780,943

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

	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
SCHEDULE 3 : SECURED LOANS		
A) TERM LOANS		
(i) From Rural Electrification Corporation Limited (Secured by 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 Scheduled Banks (Secured by Equitable Mortgage of lease hold land measuring 10,466 acres together with movable assets including plant & machinery assigned agreements, retention Accounts, Project performance guarantees by the contractors and personnel guarantee of promoters.)	507,380	
(iii) Deferred Payment Credits		
From Banks	17,245	14,888
From Bodies Corporate	39,527	4,584
(Secured against hypothecation of Vehicles / Construction equipments purchased against such loans. Of the above, Rs.35,153 thousands (Rs.9,879 thousands) is falling due for payment within 1 year)		
	654,120	109,440
B) OTHER LOANS		
(i) From Scheduled Banks on Cash Credit Account (Refer Note No. 15 on Schedule 20)	721,777	419,539
	721,777	419,539
	1,375,897	528,979
SCHEDULE 4 : UNSECURED LOANS		
(i) From Scheduled Banks (Due within one year Rs. 370,184 thousands (Rs. 5,040 thousands))	370,184	5,040
(ii) From Bodies Corporate	67,045	33,440
(iii) From Others	352	562,166
	437,581	600,646
Add: Proportionate Share in Joint Venture	8,275	-
	445,856	600,646

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

SCHEDULE 5: FIXED ASSETS

(Rs.in 000)

DESCRIPTION	Gross Block					Depreciation					Net Block	
	AS AT 01.04.06	CONSEQUENT TO SUBSIDIARIES ACQUISITION**	ADDITIONS	SALES/ ADJUSTMENTS	AS AT 31.03.07	UP TO 01.04.06	ADDITIONS CONSEQUENT TO SUBSIDIARIES ACQUISITION**	FOR THE YEAR	On SALES/ ADJUSTMENTS	UP TO 31.03.07	AS AT 31.03.07	AS AT 31.03.06
GOODWILL ON CONSOLIDATION	-	-	44,267	-	44,267	-	-	-	-	-	44,267	-
FREE HOLD LAND***	19,810	78,056	1,125	-	98,991	-	-	-	-	-	98,991	19,810
BUILDINGS***	26,894	127,704	5,436	-	160,034	4,418	18,287	478	23,183	136,851	136,851	22,476
PLANT & MACHINERY	481,520	978,465	67,516	(104,730)	1,422,771	250,227	190,155	22,508	(47,368)	1,007,249	1,007,249	231,293
FURNITURE & FIXTURES	15,254	4,153	35,595	(564)	54,438	8,882	615	4,489	(339)	40,791	40,791	6,372
VEHICLES	54,928	4,635	11,662	(996)	70,229	21,157	1,787	5,200	(692)	42,777	42,777	33,771
OFFICE & OTHER EQUIPMENTS	47,865	10,295	27,790	(6,825)	79,125	27,369	3,263	7,038	(5,806)	47,261	47,261	20,496
TEMPORARY SITE SHEDS & SHUTTERING MATERIALS	139,370	-	65,309	(1,060)	203,619	64,408	-	95,463 *	(1,060)	158,811	44,808	74,962
INTANGIBLE ASSETS	-	3,150	-	-	3,150	-	302	-	-	302	2,848	-
	785,641	1,206,458	258,700	(114,175)	2,136,624	376,461	214,409	135,176	(55,265)	670,781	1,465,843	409,180
Add: Proportionate Share in Joint Venture	-	-	2,263	-	2,263	-	-	228	-	228	2,035	-
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	409,180
CAPITAL WORK IN PROGRESS (INCLUDING ADVANCES AND PROPORTIONATE SHARE IN JOINT VENTURE Rs. 65690 THOUSANDS)	116,413	27,903	112,109	(60,094)	196,331	-	-	-	-	-	196,331	116,413
TOTAL	902,054	1,234,361	373,072	(174,269)	2,335,218	376,461	214,409	135,404	(55,265)	671,009	1,664,209	525,593
PREVIOUS YEAR'S TOTAL	740,569	-	82,849	(37,777)	785,641	342,618	-	70,867	(37,024)	376,461	409,180	397,951

* Include Rs. 74,835 thousands being depreciation short provided in earlier years on temporary sheds, shuttering materials etc.

** Refer note no. 1(d) on schedule 20

*** 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 Rs.	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
LONG TERM INVESTMENTS				
(A) TRADE QUOTED				
(a) EQUITY SHARES (FULLY PAID - UP)				
Arihant Leasing & Holding Limited	24,000 (24,000)	10	75	75
Indian Arcylics Limited	100 (100)	10	1	1
Petrochem Industries Limited	500 (500)	10	14	14
Best & Crompton Engineering Limited	200 (200)	10	10	10
SPML India Limited	10,000	10	150	150
Malanpur Steels Limited	15 (15)	10	1	1
Hindustan Engineering & Industries Limited (Bonus Shares)	4 (4)	10	-	-
(b) DEBENTURES (FULLY PAID - UP)				
Escorts Tractors Limited	25 (25)		1	1
Hindustan Development Corporation Limited	110 (110)		6	6
			258	258
UNQUOTED				
(a) INVESTMENTS IN UNITS				
UTI - 64	5,920 (5,920)		92	92
			92	92
B) OTHER THAN TRADE UNQUOTED				
Tones Valley Power Co (P) Limited	- (9,993)	10	-	100
Abhinandan Enterprises (P) Limited	500 (500)	100	50	50
Rishabh Commercial (P) Limited	500 (500)	100	50	50
Rupin Tones Power (P) Limited	- (9,993)	10	-	100
Uttarkashi Tones Hydro Power (P) Limited	- (9,993)	10	-	100
Bharat Hydro Power Corporation Limited	3,294,150 (3,294,150)	10	21,185	21,185
Subhash Systems (P) Limited	450 (450)	100	45	45
			21,330	21,630

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 Rs.	31st MARCH 2007 (Rs in "000")	31st MARCH 2006 (Rs in "000")
INVESTMENT IN ASSOCIATES COMPANIES				
Subhash Kabini Power Corporation Limited (**)	-	10		200,963
Add : Share in Profit of the Associate Company (**)				31,419
	(20,096,300)			
Subhash Pipes Limited (**)	-	10		8,037
	(473,430)			
Binwa Power Corporation (P) Limited (**)	-	1		99
	(9,920)			
Delhi Waste Management (P) Limited (**)	-	10		7,450
	(745,000)			
Pondichery Port Limited (Refer note no. 1(b) of schedule 20)	24,800 (24,800)	10	248	248
Pondichery SEZ Limited (Refer note no. 1(b) of schedule 20)-	1,000	100	100	-
			348	248,216
INVESTMENT IN JOINT VENTURES				
Om Metal Consortium			-	33,000
SPML - CISC JV			-	-
SPML - Degroment - JV			-	-
Subhash Simplex JV			-	1,830
			-	34,830
CURRENT INVESTMENTS (At lower of Cost and Market Value)				
Unquoted				
National Savings Certificate			526	330
Indra Vikas Patra			-	3
			526	333
			22,554	305,359
AGGREGATE VALUE OF INVESTMENTS				
(I) QUOTED			258	258
(II) UNQUOTED			22,296	305,101
Market Value of Quoted Investments			351	244

* 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 IDBI not to sell its share holding till the repayment of the loan.
** Since converted into Subsidiaries (Refer Note no. 1(d) on Scheduled 20),

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

	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
SCHEDULE 7 : INVENTORIES		
Stores, Components, Consumables etc.	17,941*	6,523
Material at sites	550,374	215,584
Raw Material	10,372**	-
Work-in-Progress (Construction Contracts)	454,038	524,082
Work-in-Progress	13,013***	-
Finished Goods	66,519****	-
	1,112,257	746,189
Add: Proportionate Share in Venture	7,345	-
	1,119,602	746,189
* Includes Rs. 17,118 thousands (Rs.Nil) for Subsidiary Companies ** Includes Rs. 10,372 thousands (Rs. Nil) for Subsidiary Companies *** Includes Rs. 13,013 thousands (Rs.Nil) for Subsidiary Companies **** Includes Rs. 66,519 thousands (Rs.Nil) for Subsidiary Companies (Refere Note no. 1(d) on Schedule 20)		
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for a period exceeding six months	1,454,085	234,916
Other Debts	2,256,625	1,010,454
	3,710,710	1,245,370
Add: Proportionate Share in Venture	5,372	-
	3,716,082	1,245,370
Includes retention deposits Rs.1,193,867 thousands (Rs.261,641 thousands)		
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash-on-hand (including in transit Rs.1,832 thousands (Rs. Nil)	50,860	7,306
Cheques on Hand	654,769	-
Balances with Scheduled Banks on :	-	-
Current Accounts	67,131	132,637
Fixed Deposit Accounts (Receipts lying with banks as security against Letters of Credit and Guarantees issued by them)	393,592	282,416
Unpaid Dividend Account	649	463
	1,167,001	422,822
Add:proportionate Share in Venture	599	-
	1,167,600	422,822
SCHEDULE 10 : OTHER CURRENT ASSETS		
Un billed Revenue on Construction Contracts	197,859	-
Accrued interest on Deposits	11,780	8,185
	209,639	8,185
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured, Considered good except otherwise stated)		
Advances recoverable in cash or in kind or for Value to be received	366,233	11,945
Balance with Excise, Customs, Port Trust and other Government Authorities	9	-
Loans to Others	84,499	17,570
Advance tax (net of provisions)	41,728	7,437
Trade & Other Deposits	124,704	79,972
VAT/Work Contract Tax Receivable	45,198	984
Share Application Money	-	204,955
	662,371	322,863
Add:proportionate Share in Venture	43,148	-
	705,519	322,863

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

	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
SCHEDULE 12 :		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Acceptances	1,481,498	621,165
Sundry Creditors for Goods, Services, Expenses etc.	1,435,997	177,302
Advance against sale of Fixed Assets (Refer Note No. 12 on Schedule 20)	12,297	9,000
Advance from Customers	29	
Mobilisation advance from Customers (Partly bearing interest)	1,558,008	444,671
Other Liabilities	66,264	53,297
Unpaid Dividend	649	463
	4,554,742	1,305,898
Add:proportionate Share in Venture	11,000	-
	4,565,742	1,305,898
PROVISIONS		
Taxation (net)	54,032	16,700
Fringe Benefit Tax	1,854	2,187
Gratuity	10,800	5,890
Earned Leave	5,317	2,343
Proposed Dividend	31,156	24,925
Tax on Proposed Dividend	5,709	3,495
	108,868	55,540
Add: Proportionate Share in Venture	940	-
	109,808	55,540
	4,675,550	1,361,438

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

	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
SCHEDULE 13: SALES		
Construction Contracts	7,596,243	2,993,458
Power Generation	29,696	38,037
Trading	458,442	612,715
	8,084,381	3,644,210
Add: Proportionate Share in Venture	227,827	-
	8,312,208	3,644,210
SCHEDULE 14: OTHER INCOME		
Dividend Received on Long Term Investments (Non Trade)	7	3
Company's share in profit of Joint Ventures	-	17,305
Profit on Sale of fixed assets	-	607
Miscellaneous Receipts	12,682	21,739
	12,689	39,654
SCHEDULE 15: MATERIALS CONSUMED & DIRECT EXPENSES		
Materials Consumed		
Opening Stock of Goods	215,584	130,381
Add: Purchases	6,068,398	2,558,016
Less : Closing Stock of Goods	(550,374)	(215,584)
	5,733,608	2,472,813
Payments to Subcontractors	385,770	140,677
Drawing & Designing	3,783	775
Equipment Hire and Running Charges	13,336	38,215
Other Direct Expenses	41,705	27,946
	444,594	207,613
	6,178,202	2,680,426
Add: Proportionate Share in Venture	206,402	-
	6,384,604	2,680,426
SCHEDULE 16 : (INCREASE) / DECREASE IN WORK - IN - PROGRESS)		
Opening Work In progress	524,082	246,429
Closing Work in progress	(454,038)	(524,082)
	70,044	(277,653)
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, Wages and Allowances	165,118	83,170
Director's Remuneration	28,908	3,600
Contribution to Provident & Other Funds	9,233	5,182
Gratuity	4,347	5,033
Staff Welfare Expenses	6,763	3,491
	214,369	100,476
Add: Proportionate Share in Venture	2,485	-
	216,854	100,476
SCHEDULE 18: ADMINISTRATION, SELLING & OTHER EXPENSES		
Power and Fuel	5,483	4,769
Rent	31,802	25,234
Rates and Taxes	28,365	22,251
Insurance	35,955	20,060
Repairs and Maintenance - Buildings	7,162	3,239
- Plant and Machinery	3,786	4,490
- Others	7,603	2,281
Vehicle Running and Maintenance	28,626	18,384
Travelling & Conveyance (Including Rs.3,244 thousand) (Rs.3,239 thousands for Directors)	33,785	21,090
Professional Charges & Consultancy Fess	23,638	24,644

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

	31st MARCH 2007 (Rs. In "000")	31st MARCH 2006 (Rs. In "000")
Communication Expenses	10,787	7,237
Advertisement expenses	14,554	4,318
Charity & Donations	6,753	3,245
Loss on sale of fixed assets	9,533	-
Auditor's Remuneration		
- Audit Fee	1,150	425
- Tax Audit Fee	100	75
- In other Capacity for Certificates and Other Services	992	562
- Out of Pocket Expenses	209	163
Selling Expenses	42,183	44,269
Bad Debts Written off (net of Credit Balance written back Rs. 2,231 thousands)	61,695	(5,131)
Miscellaneous Expenses	30,050	21,041
	384,211	222,646
Add: Proportionate Share in Venture	3,030	-
	387,241	222,646
SCHEDULE 19: INTEREST & FINANCE EXPENSES (NET)		
Interest Paid on		
- Term Loans	5,369	1,025
- Banks	70,746	38,327
- Others	50,285	8,087
Less : Interest Received	(27,466)*	(14,884)
	98,934	32,555
Bank Charges	72,934	38,090
	171,868	70,645
Add:proportionate Share in Venture	350	-
	172,218	70,645

* Include Rs. 1,405 thousands for earlier year

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

Schedule 20 Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

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 AS – 21, 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. Any such differences arising subsequently is adjusted against Profit & Loss Account. The following subsidiaries are Considered in the financial statements

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership/Interest	
		31st March, 2007	31st March, 2006
Subhash Kabini Power Corporation Limited, (SKPCL)	India	59.05	*
Subhash Pipes Limited (SPL)	India	51.00	*
SPML Energy Limited, (SPMEL)	India	99.55	*
Subhash Utility Management Services (P) Limited (SUMSPL)	India	99.00	*
Binwa Power Corporation (P) Limited (BPCPL)	India	85.83	*
Awa Power Company (P) Limited (APCPL)	India	82.78	89.80
IQU Power Company (P) Limited (IPCPL)	India	83.03	89.80
Neogal Power Company (P) Limited. (NPCPL)	India	83.60	89.80
Luni Power Company (P) Limited (LPCPL)	India	94.76	89.80
Rupin Tons Power Company (P) Limited (RTPCPL)	India	59.99	*
Tons Valley Power Company (P) Limited (TVPCPL)	India	59.99	*
Uttarkashi Tons Hydro Power (P) Limited (UTHPL)	India	59.99	*
Delhi Waste Management (P) Limited (DWM)	India	56.65	*

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

(b) In terms of Accounting Standard 23 "Accounting for investment in Associates in Consolidated Financial Statements", Pondicherry Port Limited (PPL) and Pondicherry SEZ Limited (PSL), incorporated in India, in which the company holds 49.60% and 20% respectively has been considered as "Associates". The Company has been a co-promoter for these "Associates" from the date of incorporation and thus, there was no pre-acquisition loss/gain with respect to these associates requiring disclosure as goodwill/capital reserve, as the case may be. Post acquisition losses/gains are added to the carrying value of the investments.

(c) In terms of Accounting Standard – 27 Financial Reporting of Interests in Joint Venture issued by the institute of Chartered Accountants of India, the Company has prepared these Consolidated Financial Statements by including the Company's proportionate interests in the Joint Venture's assets, liabilities, income, expenses etc. in the consolidated financial statements as separate line items.

(d) The Company has directly and/or through its other subsidiaries acquired shares in SKPCL, SPL, SPMEL, SUMSPL, BPCPL, RTPCPL, TVPCPL, UTHPL and DWM on March 28, 2007 resulting in these companies being subsidiaries from the above date. There are no material transactions from March 28, 2007 to March 31, 2007. Accordingly, these are considered as subsidiaries with effect from March 31, 2007 for the purpose of Consolidation.

(e) 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.

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

(f) The consolidated financial statements are based on un-audited financial statements of the following subsidiaries, associates and Joint Ventures:

Subsidiary

SPML Energy Limited

Associates

Pondicherry Port Limited

Pondicheery Special Economic Zone Company Limited

Joint Ventures

Om Metal Consortium

SPML – CISC JV

SPML – Degroment JV

2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India 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 realization, are accounted for on acceptance / actual receipt basis. The accounting policies applied by the Company are consistent with those used in the previous year.

3. 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.

(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.

4. Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on value adjustments made to the fixed assets due to change in foreign exchange rates prevailing at the end of the year, is provided prospectively over the residual life of the assets.

Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / disposal.

The increase in value of building on revaluation has been charged to building as Revaluation Reserve based on the life of building.

Leasehold Land is being amortised over the period of lease.

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.

5. Leases

Finance lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

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.

6. Investments

Current quoted investments are stated at lower of cost and market rate on individual investment basis. Unquoted and long term investments are considered at cost, unless there is an "other than temporary" decline in value thereof, in which case, adequate provision/write off is made in the accounts. Gross interest from investments has been accounted for on accrual basis. Gross Dividend income has been accounted for in the year of receipt. The Profit / Loss on the disposal of investments has been accounted for in the year of sale of that investment.

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

7. Inventories

Raw Materials, components, stores and spares to be used in contracts are valued at cost which is ascertained on First in First Out basis (FIFO).

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.

The stocks of raw materials have been valued at cost (inclusive of excise duty on purchases) or net realisable value, whichever is lower.

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 till such time the outcome of the job cannot be ascertained reliably and at net realizable value there after.

8. Revenue recognition

(a) Construction contracts

Profit on contracts is recognized on percentage completion method. 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) Others

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.

9. 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.

10. Foreign Currency Transactions

(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 except for those relating to acquisition of fixed assets from outside India, in which case such exchange differences are capitalized.

(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.

11. Retirement and other employee benefits

i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and these contributions are charged to Profit and Loss Account in the year in which these become due.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.

iii. Long term compensated absences are provided for based on actuarial valuation.

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

12. Income taxes

Tax expense comprises of current & 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 tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period (s). 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. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

13. Segment Reporting Policies

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 included under the head "Unallocated - Common".

14. 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.

15. 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.

16. 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, 2007	As at 31st March, 2006
1.	Contingent Liabilities not provided for in respect of		
	Claims against the Company not acknowledged as debts. Against the above, debts of the like amount are withheld by the customers	38,967	12,190
	Guarantees and Counter guarantees given by the Company (including guarantee given for joint ventures)	5,921,688*	3,927,475
	Disputed Income Tax and sales tax demands under appeal	35,240	14,944
	Guarantee given for an associate Company	145,000	NIL
2.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances]	1,098,091	NIL

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

* Includes 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 money on behalf of Bharat Hydro Power Corporation Limited

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. 16,375 thousands (Rs. 17,049 thousands) are recognized in the profit & loss account as Rent and 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
18,716	68,264	36,207

4. In terms of Accounting Standard - 22, net deferred tax liability (DTL) of Rs.131,156 thousands (including Rs. 20,313 thousands during the year) has been recognized in the accounts up to 31st March 2007.

The break-up of DTL is as follows:

Rs.'000

Particulars	As at 31st March 2007	As at 31st March 2006
Deferred Tax Liability		
On timing differences of depreciable assets	78,636	106,034
On retentions of clients	63,130	11,227
Deferred Tax Assets		
Expenses allowable against taxable income in future years	10,610	7,148
Deferred Tax (Net)	131,156*	110,113

* Includes Rs. 730 thousands on account of acquisition of subsidiaries as referred in note no. 1(d).

5. Earning per share (EPS)

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

Particulars	2006-07	2005-06
Profit after tax (Rs.'000)	639,654	210,476
Weighted average No. of Equity Shares outstanding during the period	31,156,400	31,156,400
Nominal value of Shares (Rs.)	2.00	2.00
Basic and Diluted EPS (Rs.)	20.53	6.76

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 setting up 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.*

* These segments became a part of the Consolidated Financial Statements, consequent to becoming subsidiaries as mentioned in note no. 1(d) on March 28, 2007. Accordingly these have been considered only for segment assets and liabilities.

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

(Rs.'000)

	CONSTRUCTION		WIND POWER		TOTAL	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
(a) Revenue						
External Sales	8,282,512	3,606,173	29,696	38,037	8,312,208	3,644,210
Inter segment Sales	-	-	-	-	-	-
Total Sales	8,285,512	3,606,173	29,696	38,037	8,312,208	3,644,210
(b) Results						
Segment Results	685,545	271,965	(3,361)	(271)	682,184	271,693
Unallocated Income / (Expenses) (Net of unallocated expenses / income)					5,447	(9,305)
Operating profit					676,737	280,998
Interest & Finance Expenses (net)					172,218	70,645
Profit before tax					504,519	210,353
Provision for Taxation (Current Tax, Deferred Tax, Fringe Benefit Tax and adjustments on account of previous years)					68,309	(123)
Profit after tax					436,210	210,476

(Rs.'000)

OTHER INFORMATION	CONSTRUCTION		WIND POWER		Hydro Power	Others	TOTAL	
	2006- 2007	2005- 2006	2006- 2007	2005- 2006	2006- 2007	2006- 2007	2006- 2007	2005- 2006
a)Total Assets								
Segment Assets	5,506,561	3,060,265	142,543	243,757	1,712,349	652,804	8,014,257	3,304,022
Less: elimination							249,363	
Unallocated Corporate / other Assets							7,764,894	272,359
							840,311	3,576,381
b)Total Liabilities							8,605,205	2,457,623
Segment Liabilities	4,541,735	2,356,012	16,379	101,611	1,121,929	174,067	5,854,110	2,457,623
Less: elimination							994,213	
Unallocated Corporate / other Liabilities							4,859,897	275,573
							2,208,338	2,733,196
c)Capital Expenditure	262,318	180,048	-	15,781	763,591	262,754	7,068,235	195,829
d) Depreciation / Amortisation	117,082	47,250	18,322	23,617	-		135,404	70,867
e) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results	61,695	-	-	-	-		61,695	1,142

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

7. Related Parties

(a) Particulars of related parties

Associate companies	Pondicherry Port Limited (PPL) Pondicherry SEZ Limited (PSL) Subhash Kabini Power Corporation Limited (SKPCL) * Binwa Power Corporation (P) Limited (BPCPL) * Delhi Waste Management (P) Limited*
Joint Ventures	Om Metal Consortium SPML – CISC JV SPML – Simplex JV SPML – Degroment JV
Key Management Personnel (KMP)	Mr. Anil Kumar Sethi – Chairman, Mr. Subhash Chand Sethi – Vice Chairman and Managing Director Mr. Sushil Kumar Sethi – Managing Director, Mr. Deepak Sethi – Director
Relatives of Key Management Personnel	
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	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
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 (SPMIL) Subhash Yurim Textiles Limited (SYTL) Subhash International (P) Limited (SIPL) Sanmati Power Limited (SPL) Subhash Pipes Limited (SPL)* Subhash Utility Management Services (P) Limited (SUMSPL)* Rupin Tons Power Company (P) Limited (RTPCPL) * Tons Valley Power Company (P) Limited (TVPCPL)* Uttarkashi Tons Hydro Power (P) Limited (UTHPL)*

* Represents companies which have since become subsidiaries as on the Balance Sheet date (Refer note 1(d) on schedule 20)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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												
SPL	-	-	-	-	-	-	-	-	262,181	-	262,181	-
- Total	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	262,181	(-)	262,181	(-)
Dividend Paid												
SPL	-	-	-	-	-	-	-	-	2	-	2	-
Mr. P. C. Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	694	(-)
Mr. Anil Kumar Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,790	(-)
Mr. Subhash Chand Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,579	(-)
Mr. Suhil Kumar Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,170	(-)
Mrs. Maina Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	281	(-)
Mrs. Preeti Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,158	(-)
Mrs. Surman Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	147	(-)
Mrs. Sandhya Rani Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	211	(-)
Mr. Deepak Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	466	(-)
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	491	(-)
Mr. Abhinandan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	432	(-)
Mr. Rishabh Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	74	(-)
ZISL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,459	(-)
SIAPL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	5	(-)
SPMEL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,024	(-)
CEL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	1,150	(-)
ALHL	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	349	(-)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (Transactions have taken place on arm's length basis)

(Rs. '000)

	Joint Venture Companies		Associate Companies		Key Management Personnel Transactions Value	Relatives of Key Management Personnel Transactions Value	Enterprises owned by Key Management Personnel or their relatives		Total	
	Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding			Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding
ICL	-	(-)	-	-	-	(-)	705	(-)	705	(-)
BHPC	-	(-)	-	(-)	-	(-)	1,113	(-)	1,113	(-)
SPMIL	-	(-)	-	(-)	-	(-)	1,869	(-)	1,869	(-)
SYTL	-	(-)	-	(-)	-	(-)	1,644	(-)	1,644	(-)
-Total	-	(-)	-	(-)	5,496	2,997	10,320	(-)	15,816	2,997
Purchase of Goods & Services										
SPL*	-	(-)	-	(-)	-	(-)	34,877	(-)	34,877	(-)
SUMSPL*	-	(-)	-	(-)	-	(-)	25,045	(-)	25,045	(-)
-Total	-	(-)	-	(-)	-	(-)	59,922	(-)	59,922	(-)
Interest Income										
DWM*	-	(-)	3,200	(-)	-	(-)	-	(-)	3,200	(-)
SPCL	-	(-)	-	(-)	-	(-)	409	7,955	409	7,955
-Total	-	(-)	-	(-)	-	(-)	409	7,955	3,609	7,955
Rent Paid										
ICL	-	(-)	-	(-)	-	(-)	120	(-)	120	(-)
ALHL	-	(-)	-	(-)	-	(-)	600	(-)	600	(-)
SAPL	-	(-)	-	(-)	-	(-)	1,092	(-)	1,092	(-)
BCPL	-	(-)	-	(-)	-	(-)	300	(-)	300	(-)
Mrs. Sandhya Rani Sethi	-	(-)	-	(-)	-	(-)	-	(-)	-	2,820
Mr. Anil Kumar sathi	-	(-)	-	(-)	60	(-)	(-)	(-)	60	(-)
Mr.Subhash Chand Sethi	-	(-)	-	(-)	60	(-)	(-)	(-)	60	(-)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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 as on 31-03-2007	Transactions Value	Balance Outstanding			Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding
Mrs. Maina Devi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	120
Mrs. Preeti Devi Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,328
Mrs. Suman Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,184
Mr. Anil Kumar Sethi	(-)	(-)	(-)	(-)	2,016	(-)	(-)	(-)	(-)	2,016
Mr. Subhash Chand Sethi	(-)	(-)	(-)	(-)	2,016	(-)	(-)	(-)	(-)	2,016
Mr. Sushil Kumar Sethi	(-)	(-)	(-)	(-)	2,016	(-)	(-)	(-)	(-)	2,016
SSPL	(-)	(-)	(-)	(-)	(-)	(-)	168	(-)	(-)	168
Mr. Rishabh Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	108
Mr. Harshvardhan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	108
Mr. Abhinandan Sethi	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	108
-Total	(-)	(-)	(-)	(-)	6168	7,776	2,280	8,448	7,776	
Share Application Money Received	-	-	-	-	-	-	-	-	-	-
BHPCL	(-)	(-)	(-)	(-)	(-)	(-)	15,000	(-)	(-)	(-)
Purchase of investments	-	-	-	-	2,250	6,674	2,429	4,679	6,674	
SPL*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SUMSPL*	-	-	-	-	-	108	9,900	9,900	108	
BPCPL*	(-)	(-)	(-)	(-)	(-)	108	-	37,661	108	

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (Transactions have taken place on arm's length basis)

(Rs. '000)

	Joint Venture Companies		Associate Companies		Key Management Personnel Transactions Value	Relatives of Key Management Personnel Transactions Value	Enterprises owned by Key Management Personnel or their relatives		Total	
	Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding			Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding
-Total	(-) -	(-) -	(-) 37,661	(-) -	(-) 2,250	(-) 6,890	(-) 12,329	(-) -	(-) 52,240	(-) 6,890
Loans & Advances Given										
DWM*	(-) -	(-) -	(-) 35,380	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 35,380	(-) -
SPCL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 7,955	(-) 7,955	(-) 7,955	(-) 7,955
ZISL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 6,800	(-) -	(-) 6,800	(-) -
SYTL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 7,974	(-) -	(-) 7,974	(-) -
SPMIL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 8,000	(-) -	(-) 8,000	(-) -
BHPCL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 24,250	(-) -	(-) 24,250	(-) -
SPMEL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 15,450	(-) -	(-) 15,450	(-) -
CEL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 9,900	(-) -	(-) 9,900	(-) -
SSPL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 459	(-) 459	(-) 459	(-) 459
ICL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 46,257	(-) 46,257	(-) 46,257	(-) 46,257
SIPL	(-) -	(-) -	(-) -	(-) -	(-) -	(-) -	(-) 301	(-) 301	(-) 301	(-) 301

Related party disclosure:
(b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2007 (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 as on 31-03-2007	Transactions Value	Balance Outstanding		Transactions Value	Transactions Value	Transactions Value	Balance Outstanding as on 31-03-2007	Transactions Value	Balance Outstanding
SPL*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	503	(-)	(-)	(-)
PPL	(-)	(-)	14,872	14,872	(-)	(-)	(-)	(-)	(-)	14,872	14,872
PSL	(-)	(-)	14,210	14,210	(-)	(-)	(-)	(-)	(-)	14,210	14,210
KBL-Emco JV	(-)	2,050	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	2,050
Total	(-)	2,050	64,462	29,082	(-)	(-)	(-)	127,849	54,972	192,311	86,104
Outstanding Guarantees											
CISC	56,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	56,000	56,000
DWM*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	14,500	14,500	(-)	(-)
Remuneration											
Salary	(-)	(-)	(-)	(-)	6,325	(-)	(-)	(-)	(-)	6,325	(-)
Director commission	(-)	(-)	(-)	(-)	928	(-)	(-)	(-)	(-)	928	(-)
Total	(-)	(-)	(-)	(-)	7,253	(-)	(-)	(-)	(-)	7,253	(-)

*Since converted into subsidiaries on March 28,2007 (Refer Note No 1(d) on schedule 20

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

8. Particulars of interest in joint ventures:

Name of joint venture	Description of interest	Proportion of ownership	Country of	
			Incorporation	Residence
Om Metal Consortium	Jointly controlled entities	10%	India	India
SPML – CISC JV	Jointly controlled entities	50%	India	India
SPML – Simplex JV	Jointly controlled entities	50%	India	India
SPML – Degroment JV	Jointly controlled entities	95%	India	India

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

9. Managerial remuneration

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

(Rs.'000)

	2006-07	2005-06
Salary *	6,426	3,600
Contribution to provident fund	432	432
Commission**	22,530	-
Perquisites	2,200	771
Total	31,588	4,803

* includes provision towards gratuity and leave encashment

** includes commission for previous year Rs.6191 thousands, which was inadvertently not provided last year.

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.'000

	2006-2007
(i) Principal amount remaining unpaid to suppliers at the end of accounting year.	36,692
(ii) Interest due on above.	-
Total of (i) & (ii)	36,692
(iii) Amount of interest paid by the Company to the suppliers	-
(iv) Amounts paid to the suppliers beyond the respective due date	69,001
(v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	2,938

Figures for the previous year have not been given above as the said Act is applicable from the current year.

11. The unhedged foreign currency exposure as on the Balance Sheet date is with respect to import creditors of Rs.151,105 thousands equivalent to USD 3,390 thousands (since covered USD 2,300 thousands in May 2007)

12. The company had entered into an agreement in the past to sell 11 nos. of Windmills and an advance of 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.

13. Sales includes Rs. 400,356 thousands being prior period adjustment towards retention money deducted by the customers in the past but not accounted for as sales in the respective years. However, the above retention money was considered partly under the head "Work in Progress" and thus proportionate profit thereof was accounted for in the books. Accordingly, because of the above, the profit for the year is higher by Rs. 45,035 thousands.

Sales also includes Rs.99,596 thousands being interest Rs.70,919 thousands and other claims Rs.28,677 thousands received during the year on settlement of Arbitration awards.

14. 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.

15. 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.

16. The Company had forfeited 31,63,158 no. of shares in the year 2000-01 and had credited the value on these shares (including Share Premium) to Capital Reserve. In the current year, as required vide Schedule VI to the Companies Act, 1956, the amount paid up against face value of these shares, has been disclosed as a part of "Issued, Subscribed and Paid up Capital" while the corresponding premium amount collected thereon has been credited to Securities Premium Account.

SUBHASH PROJECTS AND MARKETING LIMITED & ITS SUBSIDIARIES

17. The Company had claimed 80IA benefits of Rs. 505,008 thousands approx. (Tax impacts of Rs.177,175 thousands approx) under Income Tax Act 1961 on Construction contracts for Water Projects executed on behalf of various departments/agencies of different State Governments during the Accounting years 2003-04 onwards. The tax assessments for the Accounting Years upto 2004-05 are already completed and the above claim has been fully allowed by the Tax Authorities. The Company does not expect any tax liability in this regard inspite of the recent amendment in Sec.80IA, based on the opinion obtained from Tax Consultants.

18. As per legal opinion obtained by the Company, no prior approval is required under Section 372A(5) of the Companies Act, 1956 from Rural Electrification Corporation Ltd. (REC) for investments made during the year Rs. 306,516 thousands (Rs. 72,553 thousands), Share application money Rs. 52,761 thousands (Rs. 204,955 thousands) and pledge of shares Rs. 132,738 (Rs. 132,738 thousands).

Further, pending settlement of dispute with REC, the Company has not provided interest (including penal interest) estimated at Rs.191,145 thousands upto 31st March, 2007 (including Rs.44,884 thousands for the year).

19. In case of Subhash Kabini Power Corporation Limited (SKPCL), a Subsidiary, pending long term arrangement, the subsidiary has entered into Jetropha Plantation activity for generating Bio-diesel energy and has incurred a sum of Rs. 4,750 thousands towards the development of Jetropha Plantation, which is shown under current assets.

20. (a) 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 Company has not accepted the same and has initiated arbitration proceeding. 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 Company to execute fresh PPA are also null and void and consequently the PPA by KPTCL and asking the company to execute fresh PPA and null and void and consequently the PPA dated 20.08.2001 continues to operate in future. Hence, sales of energy from Kabini Project have been recognized as per original PPA power tariff. KPTCL has made an appeal against the same for which the hearing is yet pending.

(b) The Company is eligible to receive interest from KPTCL as per PPA on delayed payment of Tariff invoice and the same has been upheld by the Arbitral Tribunal in its award u/s 31 of the Arbitration & Conciliation Act, 1996 dated 25th February, 2006 and declared that KPTCL shall pay the Company interest at the rate of 12.50% on the said arrears. Further, future interest at the rate 6% per annum till payment of the above amount, has been awarded. The total interest income recognized in the accounts stand at Rs.11,400 thousands (Rs. 19,010 thousands).

21. The Company has not accountend/ wrongly accounted for the proportionate share of profit/losses in the "Associates" Companies" during the year ended 31st March, 2006. Accordingly, it has been accounted for during the year and disclosed appropriately in the Profit & Loss Account, along with share of Associates Profit in the current year.

22. The Accounts for the year ended 31st March, 2006 were audited by M/s Sunil Kumar Gupta & Co, Chartered Accountants, Delhi.

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

Signatories to Schedule 1 to 20

As per our report of even date

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANT

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

SUNIL KUMAR GUPTA & CO
CHARTERED ACCOUNTANTS

Per S.K.GUPTA
a Partner
Membership No. 82486

Place: Kolkatta
Date: 31st August 2007

For and on behalf of the Board

(Anil K. Sethi)
Chairman

(Subhash C. Sethi)
Vice Chairman & Managing Director

A. Bhattachrjee
Director

B.B. Chakraborty
Director

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

SUBHASH PROJECTS & MARKETING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	2006-2007 (Rs. In "000")	2005-2006 (Rs. In "000")
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	504,519	210,353
Adjustments for:		
Miscellaneous Expenditure Writtenoff	-	1,142
Depreciation	135,404	70,867
Loss / (Profit) on sale of fixed assets	9,533	(607)
Interest (Net)	98,934	32,522
Dividend income	(7)	(3)
Operating profit before working capital changes	748,383	314,274
Movements in working capital :		
Decrease / (Increase) in trade & other receivables	(3,154,962)	(596,208)
Decrease / (Increase) in inventories	(373,413)	(369,379)
Increase / (Decrease) in current liabilities & provisions	3,265,185	396,902
Cash generated from / (used in) operations	485,193	(254,411)
Direct taxes paid (net)	(45,288)	(12,200)
Net cash from / (used in) operating activities	439,905	(266,611)
B. Cash flows from investing activities		
Purchase of fixed assets (net)	(1,135,461)	(194,469)
Movement in investments (Net)	366,747	57,736
Interest received	23,871	-
Dividends received	7	3
Net cash from / (used in) investing activities	(744,836)	(136,730)
C. Cash flows from financing activities		
Proceeds from borrowings (Net of Payment)	692,128	614,021
Loan to Others	(66,929)	(1,155)
Increase in miscellaneous expenditure		(22)
Interest paid	126,400	(32,522)
Dividends paid including tax thereon	(27,819)	-
Net cash from financing activities	723,780	580,322
Net increase in cash and cash equivalents (A + B + C)	418,849	176,981
Cash and cash equivalents - Opening Balance*	422,822	245,841
Cash Balances of Subsidiaries and Joint Ventures taken during the year	325,929	
Cash and cash equivalents - Closing Balance*	1,167,600	422,822
* Represent Cash and Bank Balances as indicated in Schedule 9.		

In terms of our attached report of even date.

S. R. BATLIBOI & COMPANY
CHARTERED ACCOUNTANT

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

SUNIL KUMAR GUPTA & CO
CHARTERED ACCOUNTANTS

Per S.K.GUPTA
a Partner
Membership No. 82486
Place: Kolkatta
Date: 31st August 2007

For and on behalf of the Board

(Anil K. Sethi)
Chairman

(Subhash C. Sethi)
Vice Chairman & Managing Director

A. Bhattachrjee
Director

B.B. Chakraborty
Director

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



Subhash Projects and Marketing Limited

Registered Office

F-27/2, Okhla Industrial Area, Phase-II,
New Delhi - 110020.
Ph: +91-11-26387091. Fax: +91-11-26386003.

Head Office

22, Camac Street, Block A, 3rd Floor,
Kolkata - 700 017.
Ph: +91-33-40091200/1/2/3/4. Fax: +91-33-40091303.

Corporate Office

8/2, Ulsoor Road, Bangalore-560 042.
Ph: +91-80-41859500. Fax: +91-80-25595515.

www.spml.co.in