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Report

ANNUAL REPORT

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ANNUAL REPORT AND ACCOUNTS 1996-97

Board of Directors

Anil Sethi	<i>Chairman</i>
J. S. Varshneya	
R. L. Gaggar	
Subhash Sethi	<i>Vice-Chairman & Managing Director</i>
Sushil Sethi	<i>Managing Director</i>
D. Roy	<i>Executive Director</i>

Bankers

Canara Bank
State Bank of India
State Bank of Travancore

Auditors

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

Registered Office

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

Executives

A. Ray	<i>Executive Vice-President</i>
B. B. Chakraborty	<i>Vice-President (Projects)</i>
K. M. Nagbhushan	<i>Vice-President (Hydro)</i>
B. N. Choudhary	<i>Vice-President (Finance) and Secretary</i>
A. C. Goyal	<i>Vice-President (Engineering)</i>
M. N. Pore	<i>Vice-President (Projects)</i>

Head Office

113, Park Street, 3rd Floor,
Calcutta - 700 016

Branch Offices

No. 580, 1st Stage,
Indira Nagar,
Bangalore - 560 038

Fancy Bazar,
Guwahati - 781 001

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Directors' Report

To
The Members

The Directors have pleasure in presenting the Sixteenth Annual Report and Audited Statement of Account of the Company for the Financial year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the year ended 31.03.1997	For the year ended 31.03.1996
Gross Operating Revenue & Other Income	12271.59	19323.27
Profit before Tax	600.84	1696.64
Provision for Taxation	6.50	—
Profit after tax	594.34	1696.64
Add (Less) : Prior period Adjustments	(11.09)	10.39
	583.25	1707.03
Add : Balance brought forward from previous year	2489.14	1385.82
Profit available for appropriation	3072.39	3092.85

Appropriations :

Proposed Dividend	140.73	253.71
Dividend Tax	14.07	—
Transferred to Debenture Redemption Reserve	100.00	100.00
Transferred to General Reserve	100.00	250.00
Surplus carried to Balance Sheet	2717.59	2489.14
Total :	3072.39	3092.85

DIVIDENDS

The Directors have pleasure in recommending for the consideration of the Shareholders at the Annual General Meeting, payment of dividend of Rs.2/- per share amounting to Rs.140.73 Lacs for the year ended 31st March, 1997. The dividend will be paid proportionately on the partly paid shares on the amount paid up.

EXISTING OPERATIONS AND PROSPECTS

The turnover of the Company at Rs.122.72 Crores has shown decrease by 36.49 percent for the period ended 31st March, 1997. Consequently, the profit before tax at Rs.600.84 Lacs is also lower compared to the figure for the corresponding period last year. This decrease in turnover and profit is essentially due to the sharp decline in Wind Power business - a thrust area of the Company.

Additionally, due to very major recessionary trend in the year under review, the "core" as well as "infrastructure" sector projects had suffered substantial set-back. As a result, the company like all other engineering companies have had to suffer due to lack of business opportunities. Against this background, the company's performance during the year under review can be considered fairly satisfactory.

Subsequent to 31.03.1997, the company have been awarded a contract for execution of complete plant and water supply package for the Bakreshwar Thermal Power Project under the West Bengal Power Development Corporation Limited valued



at Rs.138.75 Crores. This is a very prestigious project and adds a "feather on the cap" of the Company. With this order in hand, the company has now a backlog of orders worth Rs.300 Crores. With the Engineering industry coming out of the recession, the company is also poised for receiving additional orders against tenders already submitted, valued at over Rs.400 Crores.

The Company, therefore, expects to improve its performance in the current year, both in terms of order booking as well as turnover.

PROJECTIONS vs PERFORMANCE

According to the Clause 43 of the Listing Requirements of the Stock Exchanges, comparisons of the projections made in the Letter of Offer dated 19.09.1995 with actual performance during 1996-97 are stated below.

(Rs. in Lacs)

Descriptions	Projections 1996-97	Actual Performance 1996-97
Total Income	25429	12272
Net Profit after tax	2945	594
Earning per shares (Rs.)	30.23	8.44

AUDITORS' REPORT

With reference to Auditors' Report, relevant notes annexed to and forming part of the accounts are self explanatory.

DIRECTORS

Shri P. C. Sethi and Shri R. K. Agrawal have resigned from the Directorship of the Company. During their tenure as Director of the Company, they had played a major role in the activities of the Company. The Board has placed on record its sincere appreciation of the valuable services rendered by Shri P. C. Sethi and Shri R. K. Agrawal.

The Board of Directors of the Company appointed Shri Debashis Roy, President - Corporate as an additional Director of the Company at their meeting held on 30.06.1997. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Roy holds office upto the date of the next Annual General Meeting. The Company has received a notice in writing from a member informing that at the forthcoming Annual General Meeting of the Members of the Company, he would propose the appointment of Shri Roy as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri R. L. Gaggar, Director retires by rotation and being eligible offers himself for re-appointment.

PARTICULARS OF ENERGY CONSERVATION ETC.

Your company is not covered by schedule which requires to furnish 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, 1988.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The information is contained in Schedule 'N', item Nos.10, 11 and 12 in Notes on Accounts.

PARTICULARS OF EMPLOYEES

The particulars required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of Directors' Report for the year ended 31st March, 1997 are given in the next page.

AUDITORS

M/s.Sunil Kumar Gupta & Company, Chartered Accountants, Auditors of the Company, retire at this Annual General Meeting and being eligible, offer themselves for re-appointment.

HUMAN RESOURCES

Your Company considers its people the most valuable resources. To enhance the commitment and achievements, in-house training programmes were organised by the Human Resource Department. More such exposures will be provided depending on the identified training needs of the employees.

Your Directors are pleased to accord their appreciation for the devoted services rendered by the employees at all levels.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the whole-hearted and sincere co-operation received from the various Departments of Central and State Governments, Financial Institutions, Bankers and suppliers to the Company.

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

On behalf of the Board

Place : Delhi
Date : 30.06.1997

Anil Sethi
Chairman

Particulars as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997

Sl. No.	Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Experience (Year)	Last Employment
1.	Anil Sethi	45	Chairman	1200000	B.Com.	01.04.1996	25	First Employment
2.	Subhash Sethi	42	Vice Chairman & Managing Director	1491642	B.Com.	01.09.1984	24	First Employment
3.	Sushil Sethi	39	Managing Director	1370483	B.Com.	01.07.1982	19	First Employment
4.	D. Roy	52	President (Corporate)	632660	BE (Mech)	01.06.1995	29	Blue Star Ltd.
5.	Ashish Ray	44	Executive Vice President	752853	B.Tech (Hons) Chemical	14.01.1996	21	Thermax Ltd., Pune
6.	A. De*	53	Executive Vice President (Finance)	490610	B.Com. FCA	01.08.1996	35	Industrial Credit and Investment Corp. of India Ltd.
7.	B. B. Chakraborty	62	Vice President (Projects)	322000	BE (Cal), DCT (Leads), MICE MI Struct. E. (London)	03.06.1991	37	Mcnally Bharat Engg Co. Ltd
8.	B. N. Choudhary	42	Vice President (Finance) & Secretary	341800	MBA, AICWA, ACS	02.05.1994	18	Ispat Alloys Ltd.
9.	K. M. Nagabhusan	61	Vice President—Hydro	367533	BE (Civil) ME (Hydro Power)	23.01.1995	37	Central Water Commission
10.	S. C. Vijay	48	General Manager Power	317733	BE (Mech)	01.08.1991	23	MACMET India Pvt. Ltd., Calcutta
11.	Vijay S. Athreye	39	General Manager Marketing	300933	BE (Mech) MBA	21.10.1995	13	Suhail Saud Bahwan, OMAN
12.	A. C. Goel	51	Vice President Project & Engg.	323196	BE (Civil) ME (Earthquake)	01.11.1994	29	Tata Construction Engineering, Delhi
13.	Prabir Chakraborty*	45	Vice President Wind Power	238111	PGDBM, MEP, B.E.	01.08.1996	22	Windia Power Ltd.

* Indicates part of the year.

Notes :

- All appointments are non-contractual except in the case of Shri Anil Sethi, Shri Subhash Sethi and Shri Sushil Sethi.
- Gross remuneration includes salary, allowances, company's contribution to Provident Fund, Leave Travel Assistance and expenditure incurred by the company in providing accommodation and facilities.
- Information regarding age, qualifications and last employment held is based on particulars furnished to the company by the employees concerned.



Auditors' Report

To
The Shareholders

1. We have examined the attached Balance Sheet of **SUBHASH PROJECTS AND MARKETING LIMITED** as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date which are in agreement with the books of accounts.
2. As required by the Manufacturing And Other Companies (Auditors' Report) Order 1988 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of the audit, we report that :
 - i) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management. No discrepancy was noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) The stock of finished goods, stores and raw materials have been physically verified during the year by the management. In our opinion, frequency of verification is reasonable.
 - iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of company and the nature of its business.
 - v) No material discrepancies have been noticed on physical verification of stocks as compared to book records.
 - vi) In our opinion, the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii) In our opinion, the rate of interest and other terms and conditions of unsecured loans taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are, prima-facie, not prejudicial to the interest of the Company. As explained to us, there is no company under the same management, as defined under sub section (1B) of section 370 of the Companies Act, 1956.
 - viii) In our opinion, the rate of interest and other terms and conditions of unsecured loans granted to the companies listed in the register maintained under section 301 of the Companies Act, 1956 are, prima-facie, not prejudicial to the interest of the Company. As explained to us, there is no company under the same management, as defined under sub section (1B) of section 370 of the Companies Act, 1956.
 - ix) In case of loans and advances given to employees and others, the Company is getting back the principal and interest amount, if any, as stipulated.
 - x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, capital goods and other assets.
 - xi) In our opinion and according to the information and explanations given to us, the transactions for purchases of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

- xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and raw materials and adequate provisions for losses thereof have been made in the accounts.
- xiii) No deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder have been accepted by the Company.
- xiv) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- xv) Provident Fund / Employee's State Insurance dues have generally been deposited regularly by the Company with the appropriate authorities.
- xvi) No significant damaged goods were determined during the year under consideration.
- xvii) As informed, the Company has not been required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
- xviii) According to the information and explanations given to us, no undisputed amount in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- xix) During the course of our examination of books of accounts carried out in accordance with the generally accepted accounting practices, we have not come across any personal expenses other than under contractual obligations with the Company's employees or in accordance with generally accepted business practices, which have been charged to revenue account.
- xx) The Company is not a Sick Industrial Company within the meaning of Clause (o) of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of the Company's dealing in shares, securities, debentures and other investments, in our opinion, proper records have been maintained for transactions and contracts and timely entries have been made there in. All shares, securities, debentures and other investments are held by the Company in its own name.

3. Further to above, 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 and in our opinion proper books of accounts have been kept by the Company as required by law, so far as appears from our examination of those books of the Company and its branches.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1997 and in the case of Profit and Loss Account of the profit for the period ended on that date.

F-27/2, Okhla Industrial Area,
Phase-II, New Delhi - 110 020,
The 30th day of June, 1997

For SUNIL KUMAR GUPTA & CO.
Chartered Accountants

S. K. GUPTA
Partner