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Engineering Life

# Annual Report 2001 - 2002

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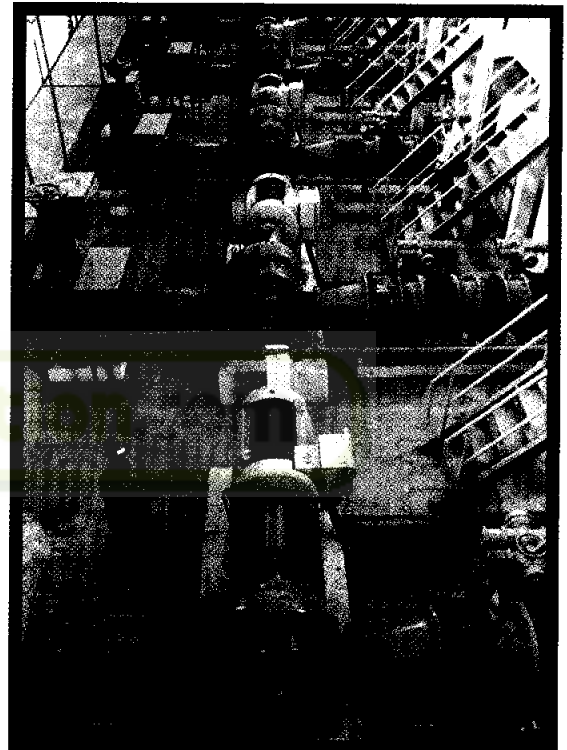
**SUBHAN PROJECTS AND  
MARKETING LIMITED**



VIEW OF PIPELINE  
OVER BRIDGE OF T.K.HALLY  
PROJECT FOR BANGALORE  
WATER SUPPLY  
& SEWERAGE BOARD



VIEW OF INTAKE WELL & BRIDGE OF  
RAGHUNATHPUR WATER TREATMENT  
PLANT FOR PUBLIC HEALTH ENGINEERING  
DEPT. OF WEST EBGAL



VIEW OF PUMP HOUSE OF THE SAURASHTRA  
PIPELINE PROJECT EXECUTED FOR GUJARAT  
WATER SUPPLY & SEWERAGE BOARD



**SUBHASH PROJECTS AND MARKETING LIMITED**

Regd: Office : F-27/2, Okhla Industrial Area, Phase-II,  
New Delhi – 110 020

**NOTICE OF TWENTY FIRST ANNUAL GENERAL MEETING**

Notice is hereby given that the *Twenty First Annual General Meeting* of the Members of the Company will be held on Friday the 27<sup>th</sup> September, 2002 at 3.00 PM. at Holiday Club, opposite 'D' Block, Panchsheel Enclave, New Delhi 110017 to transact the following business :

**ORDINARY BUSINESS**

- 1) To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Sri J. S. Varshneya who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modification, the following Resolutions:

**4) As an Ordinary Resolution :**

“RESOLVED THAT Shri B. B. Chakraborty, who was appointed by the Board of Directors as an additional Director of the Company and who holds office up to the date of the Twenty first Annual General Meeting being eligible for appointment and in respect of whom notice in writing under section 257 of the Companies Act, 1956 has been received by the company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board

Sd/-

Place : Kolkata

B. N. Choudhary

Date : 31.07.2002

Vice President (Finance) & Secretary

**NOTES :**

Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself, and such proxy need not be a Member of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before the commencement of meeting.

Register of Members and Transfer Books of the Company will remain closed from 17.09.2002 to 27.09.2002 both days inclusive.

Members are requested to notify immediately any change in their address to the Company's Registrars and Share Transfer Agent.

**MAHESHWARI DATAMATICS PVT. LTD.**

**6, MANGOE LANE, 2<sup>ND</sup> FLOOR, KOLKATA – 700 001**

Pursuant to Section 205A of the Companies Act, 1956 the unclaimed dividend for the Financial year ended 31<sup>st</sup> March'95 was transferred to General Revenue Account of the Central Government, Members who have not en-cashed the dividend warrant for the said year are requested to claim the amount from the Registrar of Companies, Delhi. Members who have not en-cashed their dividend warrant for the years ended 31<sup>st</sup> March'96, 31<sup>st</sup> March'97, 31<sup>st</sup> March'98, 31<sup>st</sup> March'99 and 31<sup>st</sup> March, 2000 may approach company's R&T Agents for obtaining duplicate warrants.

The Company's securities are listed at (1) The Delhi Stock Exchange Association Ltd. (2) The Calcutta Stock Exchange Association Ltd., (3) The Stock Exchange, Mumbai, (4) National Stock Exchange of India Ltd., (5) The Uttar Pradesh Stock Exchange, (6) The Gauhati Stock Exchange and (7) The Bangalore Stock Exchange. The Annual listing fee as prescribed has been paid to each of these Stock Exchanges for the year 2002-2003.

Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

Members can avail of the nomination facility by filing Form 2B, as prescribed under Companies (Central Government)(s) General Rules & Forms, 1956, with the Company. Blank Forms will be supplied on request.

**Explanatory Statement pursuant to Section 173 (2) of the Companies Act , 1956**

**Item No. 4**

Shri B. B. Chakraborty was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 18<sup>th</sup> July, 2001. According to the provisions of Section 260 of the Companies Act, 1956 Shri B. B. Chakraborty will hold office upto the date of this Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri B. B. Chakraborty as Director of the Company. Mr. Chakraborty's qualifications are BE (Cal), DCT (Leads), MICE (Lond), MI Structural (Lond). He has more than 40 years of working experience in Construction and Engineering Industries. He has served Hindustan Construction Co. Ltd., McNally Bharat Engineering Co. Ltd. and Subhash Projects and Marketing Ltd. The Directors consider it in the interest of the Company to continue to avail the services of Shri B. B. Chakraborty and recommend that he be re-appointed as a Director. None of the Directors other than Shri B. B. Chakraborty is concerned or interested in the passing of this resolution.

**By Order of the Board**

**Sd/-**

Place : Kolkata

Date : 31.07.2002

**B. N. Choudhary**

**Vice President (Finance) & Secretary**



**SUBHASH PROJECTS AND MARKETING LIMITED**

Regd: Office : F-27/2, Okhla Industrial Area, Phase-II, New Delhi – 110 020

**FORM OF PROXY**

I/we

\_\_\_\_\_ in the District of \_\_\_\_\_ being Member(s)  
of the Company hereby appoint Sri \_\_\_\_\_ of  
\_\_\_\_\_ or failing him Sri \_\_\_\_\_ of  
\_\_\_\_\_ in the District of  
\_\_\_\_\_ as my/our proxy to

vote for me/us on my/our behalf at the **21<sup>st</sup> Annual General Meeting** of the Company to be held on Friday, the 27<sup>th</sup> September, 2002 at 3.00 PM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

Registered Folio No. \_\_\_\_\_

Affixed 30  
paise Revenue  
Stamp

DP ID No. \_\_\_\_\_ & Client ID No. \_\_\_\_\_

**NOTE :**

The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

**SUBHASH PROJECTS AND MARKETING LIMITED**

Regd: Office : F-27/2, Okhla Industrial Area, Phase-II, New Delhi – 110 020

**ATTENDANCE SLIP**

Folio No. \_\_\_\_\_  
(To be filled in by Member)

Name of Member (in Block Letters) \_\_\_\_\_

No. of Shares held \_\_\_\_\_ name of Proxy \_\_\_\_\_

I hereby record my presence at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Friday, the 27<sup>th</sup> September, 2002 at 3.00 PM.

Signature of Member/Proxy

Shareholders attending the Meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

**BOARD OF DIRECTORS**

Anil K. Sethi (Chairman)  
J. S. Varshneya  
R. L. Gaggar  
Samir Ghosh  
Subhash C. Sethi (Vice Chairman and Managing Director)  
Sushil K. Sethi (Managing Director)  
B. B. Chakraborty

**EXECUTIVES**

B. N. Choudhary - Vice President (Finance) & Co. Secretary  
B. B. Mukherjee - Vice President (Project)  
A. C. Goyal - Vice President (Engineering)  
K. H. Sethuraman - Vice President (Operation)  
S. C. Vijay - Vice President (Project)

**REGISTERED OFFICE**

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

**HEAD OFFICE**

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

**BRANCH OFFICE**

8/2, Ulsoor Road, Bangalore 560 042  
Fancy Bazar, Guwahati 781 001

**BANKERS**

Canara Bank  
Bank of Baroda  
State Bank of India  
State Bank of Travancore  
State Bank of Hyderabad  
Andhra Bank

**AUDITORS**

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

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**DIRECTORS' REPORT**

To  
The Members

The Directors have pleasure in presenting the Twenty First Annual Report and Audited Statement of Account of the Company for the Financial Year ended 31<sup>st</sup> March, 2002.

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	For the year ended 31.03.02	For the year ended 31.03.01
<b>Gross Operating Revenue &amp; Other Income</b>	<b>15798.47</b>	<b>19398.74</b>
Profit Before Tax	27.96	49.71
Provision for Taxation		
Provision for Current Year	22.00	8.00
Deferred Tax	(41.42)	19.42
Profit After Tax	47.38	41.71
Add (Less) : Prior period Adjustments	1.48	(26.87)
	48.86	14.84
Add : Balance brought forward from previous year.	2823.65	2808.81
Less : Deferred Tax (net).	256.21	2567.44
Profit available for appropriation	2616.30	2823.65
<b>Appropriations :</b>		
Interim Dividend	-	-
<b>Proposed Dividend</b>	-	-
<b>Dividend Tax</b>	-	-
Transferred to General Reserve	-	-
Surplus carried to Balance Sheet	2616.30	2823.65
<b>Total :</b>	<b>2616.30</b>	<b>2823.65</b>

**DIVIDENDS**

In view of the inadequacy of profits earned during the year and also requirement of ploughing back of funds in business, the Directors do not recommend any dividend for the financial year 2001-2002.

**OPERATING RESULTS**

Your Company's turnover for the year amounted to Rs.158 Crores as compared to Rs.194 Crores of last year. Earnings before Depreciation and Taxation amounted to Rs.630 Lac (Rs.538 Lac) and the profit before tax stood at Rs.28 Lac (Rs.50 Lac). Provision for taxation amounts to Rs.22 Lac (Rs.8 Lac).

**EXISTING OPERATIONS**

The Company's performance for the year under review has not been as per the Projections. The turnover was badly affected in view of slow execution of Maharashtra projects due to lack of financial stringency in the state. The company has unexecuted order worth Rs.250 Crores in Maharashtra Region and the said projects could not be executed for non-availability of funds with the Clients. As a result of sluggish sale in Maharashtra, the turnover of the company was down by about Rs.100 Crore.

The Company has secured a large order from the Public Health Engineering Department, Govt. of Rajasthan, Jodhpur valued at Rs.105 Crores under the Rajiv Gandhi Lift Irrigation Scheme. The

company has further secured an Order from Delhi State Industrial Development Corp. Limited for execution of effluent treatment plant including pumping station etc. at Naraina Industrial Area valued at Rs.15 Crore.

#### **BUSINESS PROSPECTS**

It is encouraging to report that economic situation of the country is constantly improving when compared to last 3-4 years and is expected to improve substantially with faster rate of growth in the current year. It is also reflected by the fact that we are getting large number of enquiries. Infrastructure sector requires substantial investment if a consistent GDP growth of 8-10% is to be achieved. Government bodies and local authorities are increasingly under pressure to build, maintain and improve both rural and urban infrastructure. As a consequence, the growth of infrastructure sector will be more compared to industrial construction and housing activities. The Company believes that good demand exists for the industry's products and services in the long term. The company is taking steps to meet the requirements of new opportunities and mobilize necessary resources.

The company expects the business conditions to be increasingly competitive, especially with a large number of multinational EPC companies competing for business in India. Consequently, margins would continue to be under pressure.

But, on the whole, with the prospect of further improvement in Indian economy, your Directors are very confident of achieving higher turnover with higher profitability in the current year.

#### **SUBSIDIARY COMPANIES**

Your Company is holding 75.93% of the Equity Capital of Subhash Kabini Power Corporation Ltd. and 100% of the Equity Capital of each of the following companies : (a) AWA Power Co. Pvt. Ltd. (b) IQU Power Co. Pvt. Ltd. (c) Neogal Power Co. Pvt. Ltd. (d) Luni Power Co. Pvt. Ltd.

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts, along with the report of the Board of Directors relating to the Company's subsidiaries are annexed.

#### **AUDITORS' REPORT**

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

#### **DIRECTORS**

Shri B. B. Chakraborty was appointed as an additional Director on the Board of the Company on 31.10.2001 and as such holds office upto the date of the ensuing General Meeting. Notice has been received under Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director of the Company. The Directors of your Company recommend his appointment.

Shri J. S. Varshneya, Director retires from the Board by rotation and being eligible, offers himself for re-appointment.

#### **AUDITORS**

M/s.Sunil Kumar Gupta & Co., Chartered Accountants, retire as Auditors of the Company and, being eligible, offer themselves for reappointment.

#### **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(i)(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 P, Item Nos.11 and 12 in Notes on Accounts.

#### **PARTICULARS OF EMPLOYEES**

Statement of particulars of the employees under Section 217(2A) of the Companies Act, 1956, read with the Rules framed thereunder has been annexed and forms part of the Report.

However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Reports



and Accounts are being sent to all Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining a copy of the particulars may write to the 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 since been accorded with ISO 9001 certificate.

#### **CORPORATE GOVERNANCE**

As per Clause 49 of the listing Agreement with the Stock Exchanges, a separate section of Corporate Governance and Management Discussion and Analysis together with a certificate from the company's Auditors confirming compliance is set out in the Annexure forming part of this report.

#### **HUMAN RESOURCES**

We would like to place on record our appreciation for the efforts made by the Management and the keen interest taken by the employees of the Company in continual improvement projects and responding to the call of changing environment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm :

- i. that in preparation of the annual accounts, the applicable accounting services have been duly followed;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgements 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. that 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. that the directors had prepared the annual accounts on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors acknowledge business assistance, co-operation and support extended to your company by Customers, Suppliers, Financial Institutions, Banks, various Government Organisations/Agencies and look forward to their continued support and co-operation. Your Directors wish to acknowledge the dedicated services rendered by the staff and the executives of the Company at all levels which have significantly contributed towards the efficient and successful management 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 K. Sethi**  
**Chairman**

Kolkata  
Date : 31.07.2002

## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY SCENARIO & DEVELOPMENTS

The Company is engaged in a wide range of engineering and construction activities providing turnkey solutions in civil mechanical and electrical engineering in the field of water and effluent management. The demand for the Company's product and services is determined by the levels of investments in the economy. The year under review witnessed a slow down in the investments in the domestic market. Moreover certain major developments viz. Terrorist attack in WTC and Gujarat incidence had its adverse impact in the economy.

Inadequate investment in industrial and infrastructure projects has resulted in lower business available for construction companies in the large project segment. The reason for poor performance in this area may be summarized as under :

- Lack of public investment in infrastructure projects due to severe fiscal constraints of the Central and State Governments.
- Overall inefficiency in implementation, huge time lags between awarding a project, allocation of funds and commencement of work.
- In-ordinate delays between completion of projects and final payment by the concerned authority.

SPML has long recognized that industry dynamics in India – 2005 will be quite different from those that existed in previous years. We seek to become the most admired construction company in India and to this end, we are building distinctive marketing and execution capabilities. We will always adhere to a strong ethics and value system that is based on our obligation as trustees to our customers, employees, shareholders and society.

The pace of government spending on infrastructure projects could be constrained by the state of finances. However, it is expected that Govt. would initiate policy measures which would help attract private investments in infrastructure and core sectors. For the last 2 years, Government has been actively finalizing/awarding contracts in the road sector under its National Highway Development Programme. Increasing Govt. support to private sector projects and the enhanced allocations to certain sectors such as water augurs well for us.

### FINANCIAL REVIEW

Given the present business scenario involving overall economic recession there was no escape for SPML in the area of operational and financial performance. Major highlights of our financial performance are as under :

- Gross Income has been reduced from Rs.19222 Lacs to Rs.15639 Lacs. However, cash generated from operations has increased to Rs. 549 Lacs from Rs. 530 Lacs.
- Profit after Tax has gone up from Rs. 41.71 Lacs to Rs. 47.38 Lacs.
- EPS has increased to Rs. 0.78 from Rs. 0.16

### MAJOR ORDERS RECEIVED

The Company bagged two road projects in the states of Punjab & Haryana for a value of Rs. 25 Crores on joint venture basis with Tania Construction Co. Ltd.

The Company during the current financial year has received an order from the Public Health Engineering Department, Govt. of Rajasthan, Jodhpur under Rajiv Gandhi Lift Irrigation Scheme, for a value of Rs.105 Crores and an order worth Rs.15 Crores from the Delhi State Industrial Development Corporation for Naraina Effluent Treatment Plant.

### 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.