

SUBHASH PROJECTS AND MARKETING LIMITED

Engineering Life

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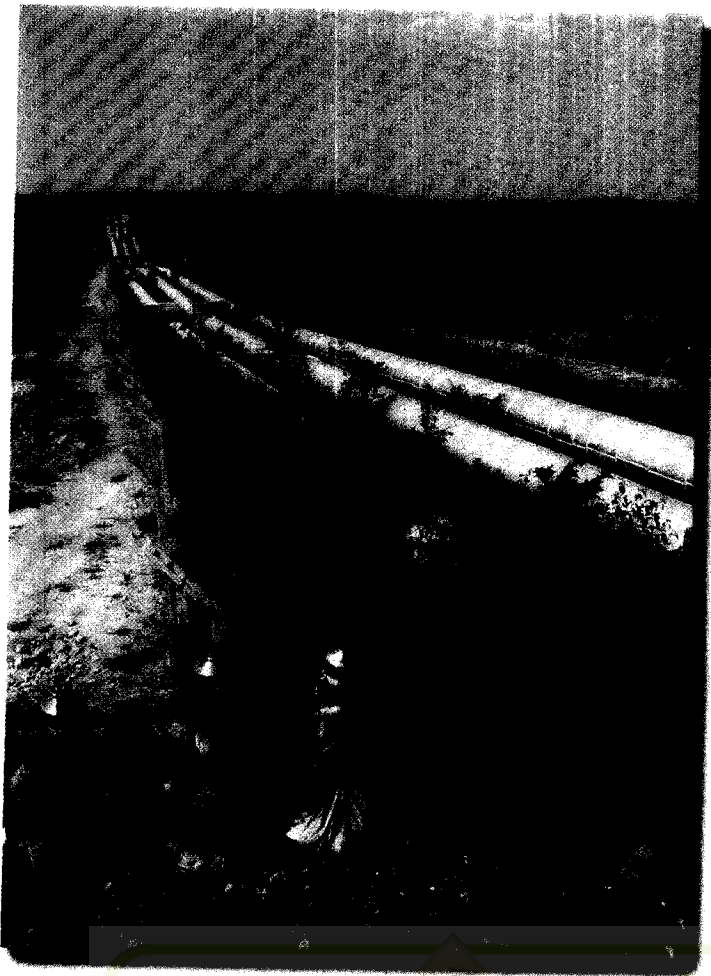
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Annual Report

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SUBHASH PROJECTS AND MARKETING LIMITED

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

NOTICE OF TWENTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Third Annual General Meeting** of the Members of the Company will be held on Thursday the 30th September, 2004 at 11.00 AM. at Richi Rich Banquets, E-44/14, Lal Chowk, Okhla, Phase-II, New Delhi-110020 to transact the following business :

AS ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2004 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 R. L. Gaggar who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Sri B. B. Chakraborty who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration and to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution.
"RESOLVED THAT M/s. Sunil Kumar Gupta & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorized to determine the remuneration payable to the Company's Auditors."

AS SPECIAL BUSINESS

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

- 5) **As an Ordinary Resolution.**
"RESOLVED THAT Mr. Kalidas Mukhopadhyay be and is hereby appointed as Director of the Company whose period of Office shall be subject to retirement of Directors by rotation."
- 6) **As a Special Resolution :**
"RESOLVED THAT pursuant to Section 198, 269, 310, 311, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Shri Subhash Sethi as Vice Chairman & Managing Director of the Company for a period of 5 years from 01.01.2005, on the terms and conditions specified in the explanatory statement to this resolution, be and is hereby approved."
"FURTHER RESOLVED THAT the remuneration specified in the explanatory statement exclusive of commission be paid as minimum remuneration to Shri Subhash Sethi in the year of loss or inadequacy of profits and if necessary, an application be made to Central Government for payment of the said minimum remuneration in so far as the same is in excess of the ceiling prescribed for payment of minimum remuneration under Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."
"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to revise the remuneration to Shri Subhash Sethi in accordance with Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."
- 7) **As a Special Resolution :**
"RESOLVED THAT pursuant to Section 198, 269, 310, 311, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Shri Sushil Sethi as Managing Director of the Company for a period of 5 years from 01.01.2005, on the terms and conditions specified in the explanatory statement to this resolution, be and is hereby approved."
"FURTHER RESOLVED THAT the remuneration specified in the explanatory statement exclusive of commission be paid as minimum remuneration to Shri Sushil Sethi in the year of loss or inadequacy of profits and if necessary, an application be made to Central Government for payment of the said minimum remuneration in so far as the same is in excess of the ceiling prescribed for payment of minimum remuneration under Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."
"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to revise the remuneration to Shri Sushil Sethi in accordance with Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."
- 8) **As a Special Resolution :**
"RESOLVED THAT the consent of the Company be and is hereby accorded to the sub-division of the issued and subscribed fully paid-up equity capital of the Company of Rs.6,23,12,800/- comprising of 62,31,280 equity shares of Rs.10/- each into 3,11,56,400 equity shares of Rs.2/- each, ranking pari passu in all respects with existing share capital of the Company."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 9) **As a Special Resolution :**
"RESOLVED THAT in accordance with the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the authorized share capital of the Company be and is hereby reclassified and divided into (i) 20,00,00,000 Equity Shares of Rs.2/- each and (ii) 10,00,00,000 Preference Shares of Rs.100/- each and consequently, the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by substituting in its place and stead, the following as new Clause V."
- V. The authorized share capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into

(i)	20,00,00,000	-	Equity Shares of Rs.2/- each
(ii)	10,00,00,000	-	Preference Shares of Rs.100/- each

By Order of the Board

Sd/-

B. N. Choudhary

Executive Vice President (Finance)
& Company Secretary

Place : Kolkata

Date : 31.07.2004

NOTES :

- (a) 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.
- (b) Register of Members and Transfer Books of the Company will remain closed from 21.09.2004 to 30.09.2004 both days inclusive.
- (c) Members are requested to notify immediately any change in their address to the Company's Registrars and Share Transfer Agent, viz.

MAHESHWARI DATAMATICS PVT. LTD.

6, MANGOE LANE, 2nd FLOOR, KOLKATA - 700 001

- (d) Pursuant to Section 205A of the Companies Act, 1956 the unclaimed dividend for the financial year ended 31st March'96 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 31st March'97, 31st March'98, 31st March'99 and 31st March, 2000 may approach company's R&T Agents for obtaining duplicate warrants.
- (e) The Company's securities are listed at (1) The Calcutta Stock Exchange Association Ltd., (2) The Stock Exchange, Mumbai, and (3) National Stock Exchange of India Ltd. The Annual listing fee as prescribed has been paid to each of these Stock Exchanges for the year 2004-2005.
- (f) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- (g) Members can avail of the nomination facility by filing Form 2B, as prescribed under Companies (Central Governments) General Rule & 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. 5

Shri Kalidas Mukhopadhyay was appointed as an Additional Director at the meeting of the Directors of the Company held on 31st July, 2004. According to the provisions of Section 260 of the Companies Act, 1956 Shri Kalidas Mukhopadhyay 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 intension to propose Shri Kalidas Mukhopadhyay as Director of the

Company. Shri Mukhopadhyay is a Bachelor of Engineering. He has more than 38 years of working experience in wide fields including all types of Civil, Mechanical and turnkey Construction. He has served Bridge & Roof Company (India) Ltd. for 34 years and retired as Managing Director. The Directors consider it in the interest of the Company to continue to avail the services of Shri Kalidas Mukhopadhyay and recommend that he be reappointed as a Director. None of the Directors other than Shri Kalidas Mukhopadhyay is concerned or interested in the passing of this resolution.

Item No. 6 & 7

Shri Subhash Chand Sethi and Shri Sushil Kumar Sethi were appointed as Vice Chairman & Managing Director and Managing Director of the Company by the members at the Annual General Meeting held on 28.09.1999 for a period of 5 years from January, 2000. Accordingly their term is valid upto 31.12.2004. The Board of Directors at their meeting held on 31st July, 2004 recommended re-appointment of Shri Subhash Chand Sethi as Vice Chairman & Managing Director and Shri Sushil Kumar Sethi as Managing Director for a further period of 5 years from 01.01.2005 in accordance with the statutory provisions governing appointment and remuneration of Managing/Wholtime Directors. The terms of fresh remuneration for both of the said Directors effective from 01.01.2005 are as follows :-

(a)	Salary	-	Rs. 1,00,000/- (Rupees One Lac only) per month.
(b)	Commission.	-	1% of the net profit of the company.
(c)	Housing.	-	(a) The expenditure incurred by the company in hiring unfurnished accommodation will be subject to 60% of the salary, over and above 10% payable by him or 60% of basic salary as house Rent allowance shall be given. (b) The expenditure incurred by the company for gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary.
(d)	Medical Reimbursement.	-	Subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
(e)	Leave Travel Concession	-	For self and family, once in a year incurred in accordance with the Rules specified by the company.
(f)	Club Fees	-	Fees of clubs subject to a minimum of two clubs. This will not include admission and life membership fees.
(g)	Personal Accident Insurance	-	Premium not to exceed Rs.1000/- per annum.

Apart from the above they will also be entitled to the following:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of tenure as per company's Rules.
4. Provision of car for use in Company's business and telephones and fax at residence for official purpose, personal long distance calls on telephones/fax and use of car for private purpose shall be billed to them.
5. They shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

The Board of Directors recommend the above resolution for your approval. The above may also be treated as an abstract of the terms of the separate Agreement between the Company and Shri Subhash Chand Sethi and Shri Sushil Kumar Sethi pursuant to section 302(2) of the Companies Act, 1952.

None of the Directors except Shri Anil Kumar Sethi, Shri Subhash Chand Sethi, Shri Sushil Kumar Sethi and Shri Deepak Sethi are interested in this resolution.

Item No. 8 & 9

The subscribed and paid-up equity share capital of the Company is Rs. 6,23,12,800 comprising of 62,31,280 equity shares of Rs. 10/- each fully paid. To broad base the equity share capital of the Company, the Board of Directors at their meeting held on 17th August, 2004, have decided to sub-divide the equity share from Rs. 10/- per share to Rs. 2/- per share in accordance with Clause 30(a) of the Articles of Association read with Section 94(2)(d) of the Company's Act, 1956.

Consequently, after sub-division of the equity share, the subscribed and paid-up equity share capital will be Rs. 6,23,12,800/- comprising of 3,11,56,400 equity shares of Rs. 2/- each fully paid, which will rank pari passu in all respect.

In terms of clause 30(a) of the Articles of Association, the approval of shareholders by way of Ordinary Resolution is required. The steps have been taken to widen the ownership of the shares and is in the interest of the shareholders. None of the the directors is interested in the resolution except as shareholders.

On account of the sub-division of equity shares, the existing equity shareholders shall receive 5 (five) equity shares of Rs. 2/- in respect of 1 (one) equity share of Rs. 10/- fully paid.

In view of the above proposals, it is necessary to reclassify the Authorised Capital of the Company and alter the capital clause of the Memorandum of Association.

The directors recommend for the adoption of the resolution by the shareholders.

By Order of the Board

Sd/-

B. N. Choudhary

Executive Vice President (Finance)
& Company Secretary

Place : Kolkata

Date : 31.07.2004

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting.
(In pursuance of Clause 49 of Listing Agreement)

Name of Director	Date of birth	Date of appointment	Qualification	List of other Directorship
Mr. B. B. Chakraborty	18.06.1936	18.07.2001	BE(Cal), DCT(Leads), MICE (London), MI Structural (London)	Nil
Mr. R. L. Gaggar	01.12.1932	30.06.1994	BA (Hons), LLB	SPL Limited, Sarda Plywood Industries Ltd., Premier (Eastern) Inc. Pvt. Ltd., TIL Limited, Peria Karmalai Tea & Produce Co. Ltd., Paharpur Cooling Towers Ltd., International Combustion India Ltd., Machino Plastic Ltd., Sumedha Fiscal Services Ltd., Shree Cements Ltd., Financial & Management Services Ltd.

BOARD OF DIRECTORS

Anil K. Sethi (Chairman)
 R. L. Gaggar
 Samir Ghosh
 Subhash C. Sethi (Vice Chairman and Managing Director)
 Sushil K. Sethi (Managing Director)
 B. B. Chakraborty
 Deepak Sethi
 K. Mukhopadhyay (w.e.f. 1.8.2004)

**EXECUTIVE VICE PRESIDENT (FINANCE)
 & COMPANY SECRETARY**

B. N. Choudhary

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

- (i) 8/2, Ulsoor Road, Bangalore 560 042
- (ii) Fancy Bazar, Guwahati 781 001

BANKERS

- (i) Canara Bank
- (ii) Bank of Baroda
- (iii) State Bank of India
- (iv) State Bank of Travancore
- (v) State Bank of Hyderabad
- (vi) Andhra Bank
- (vii) State Bank of Mysore

AUDITORS

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

**REGISTRAR & SHARE TRANSFER
 AGENTS**

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

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DIRECTORS' REPORT

To
The Members

The Directors have pleasure in presenting the Twenty Third Annual Report and Audited Statement of Account of the Company for the Financial Year ended 31st March, 2004.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the year ended 31.03.04	For the year ended 31.03.03
Gross Operating Revenue & Other Income	12216.92	15818.74
Profit Before Tax	22.51	145.18
Provision for Taxation		
Provision for Current Year	50.00	30.00
Deferred Tax	(80.70)	(30.91)
Profit After Tax	53.21	146.09
Add (Less) :-		
Prior period Adjustments	(15.51)	(13.08)
Provisions of Income Tax for earlier years	(9.76)	(26.76)
	27.94	106.25
Add : Balance brought forward from previous year.	2722.55	2616.30
Profit available for appropriation	2750.49	2722.55
Appropriations :		
Transferred to General Reserve	--	--
Surplus carried to Balance Sheet	2750.49	2722.55
Total :	2750.49	2722.55

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 2003-2004.

OPERATING RESULTS

Your Company's turnover for the year amounted to Rs.122 Crores (Rs. 158 Crores). Earnings before Depreciation and Taxation amounted to Rs. 646 Lac (Rs. 795 Lac) and the profit before tax stood at Rs. 23 Lac (Rs.145 Lac). The turnover was less mainly because the work on certain large contracts had slowed down for various unforeseen reasons.

FINANCIAL CONDITION AND RESULTS OF OPERATION

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

SUBSIDIARY COMPANIES

Your Company is holding 89.8% of the Equity Capital of each of following Hydro Companies :
(i) Neogal Power Co. (P) Ltd. (ii) Awa Power Co. (P) Ltd. (iii) Luni Power Co. (P) Ltd.
(iv) IQU Power Co. (P) Ltd.

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

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investment in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

AUDITORS' REPORT

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

DIRECTORS

Sri Kalidas Mukhopadhyay has been appointed as an additional Director on the Board of the Company on 31.07.2004 and as such holds office upto the date of 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.

Sri J. S. Varshneya has resigned as Director from the Board of Directors of the Company on the 31st of July, 2004 for personal reasons. The Board extend its sincere appreciation for the contributions made by Sri Varshneya.

Shri R. L. Gaggar and Shri B. B. Chakraborty, Directors retire from the Board by rotation and being eligible, offer themselves for re-appointment.

The present term of Shri Subhash Chand Sethi, Vice Chairman & Managing Director and Shri Sushil Kumar Sethi, Managing Director, is expiring on 31.12.2004. It is proposed to reappoint them for a further period of five (5) years with effect from 01.01.2005. Necessary resolutions in this regard are being circulated alongwith the notice of the ensuing Annual General Meeting.

AUDITORS

M/s. Sunil Kr. Gupta & Company, 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 furnishing of 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. 10 & 11 in Notes on Accounts.

PARTICULARS OF EMPLOYEES

There is no employee getting salary in excess of the limits as specified under the provisions of sub-section (2A) of Section 217 throughout or part of the financial year under review.

DELISTING OF SHARES

Pursuant to the voluntary delisting Scheme of Securities & Exchange Board of India (Delisting of Securities) Guidelines 2003 and the resolution adopted in the AGM held on 29.09.2003, the Equity Shares of the Company were got delisted from the following Stock Exchanges :

- | | | |
|---|---|----------------------|
| (1) Delhi Stock Exchange Association Ltd. | - | w.e.f. 08.03.2004 |
| (2) Uttar Pradesh Stock Exchange Association Ltd. | - | w.e.f. 27.02.2004 |
| (3) Bangalore Stock Exchange Ltd. | - | w.e.f. 10.03.2004 |
| (4) Gauhati Stock Exchange Ltd. | - | Confirmation awaited |

QUALITY MANAGEMENT SYSTEM

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

CORPORATE GOVERNANCE

As per Clause 49 of the listing Agreement with the Stock Exchanges, a separate section on Corporate Governance 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 standards 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 : 31.07.2004

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO & DEVELOPMENTS

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. In 2003-04, it is estimated that India posted a GDP growth in excess of eight percent, the highest in several years. This indicates that the recent investments in the Country's infrastructure have begun to translate into attractive economic growth.

India is investing more than ever before in its infrastructure - roads, ports, power and railway to facilitate its prospective growth. 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. It is strongly positioned in its market and business segments, innovating to provide customized products and cross-leveraging its large service range to provide customers with single stop and swift solutions.

MAJOR ORDERS RECEIVED

The Company during the Financial Year has received Order from Bangalore Electricity Supply Company Ltd. worth Rs. 66 Crs., from West Bengal State Electricity Board for Rs. 60 Crs., from Mumbai Metropolitan Regional Development Authority, Mumbai for Rs. 24 Crs., from Narmada Valley Development Authority for Rs. 35 Crs., from Uttar Pradesh State Power Corporation Ltd. for Rs. 12 Crs., from Hindustan Zinc Ltd. for Rs. 16 Crs., Power Grid Corporation of India Ltd. for Rs. 56 Crs., and Delhi State Industrial Development Corporation for Rs. 18 Crs.

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.

INTERNAL CONTROLS & ADEQUACY

The Company's Internal Audit process continuously monitors the adequacy and effectiveness of the Internal Control environment across the various operations and the status of compliance with operating system and policies.

SPML has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by Audit Committee of Board of Directors.

HUMAN RESOURCES

SPML provides its employees with challenging career development opportunities through adequate room for innovative thinking. The Company continues to emphasise diverse training, on and off site, at various levels, strengthening its aggregate knowledge leading to enhanced profitability.

RISKS AND CONCERNS

SPML has a healthy order book position, which will ensure revenue growth in 2004-05. However,

the fiscal crisis confronting several state governments is a risk factor. Even when investments are announced, projects sanctioned and work commenced, there are question marks over the ability of State Governments to pay. There have been instances when projects have come to a standstill due to the inability of state governments to pay. Multilateral funded or aided projects dilute this risk but do not eliminate it altogether.

Over the years, SPML has developed a culture of risk awareness and governance, with active support and direction of professional management.

FUTURE OUTLOOK

We are now seeing the signs of revival around the world which gives us hope that current year will see better performance of the global economy. Higher allocations for various sectors have set in a favourable climate for new investments. This is expected to provide opportunities for securing large orders during the next financial year, especially in the areas of urban infrastructure, power, rural water supply, roads and electrification.

Hydro Power and Irrigation Project Construction also is expected to provide large business opportunities in the near and long term. The Company would augment necessary capabilities in these areas and explore technology tie ups.

Focus on geographical spread of business across different regions of the country and nurturing of core competencies are likely to bring significant improvement in the business prospects of the Company.

PERFORMANCE OF SUBSIDIARY COMPANIES

AWA Power Co. Pvt. Ltd., IQU Power Co. Pvt. Ltd., Neogal Power Co. Pvt. Ltd. and Luni Power Co. Pvt. Ltd.- have become subsidiaries of SPML. These companies are in the process of implementation of hydro electric projects of 3 MW each in the State of Himachal Pradesh. Subhash Kabini Power Corporation Ltd. is no longer a subsidiary of SPML.

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.