



TATA PROJECTS LIMITED

VISION

To be India's premier Engineering, Procurement and Construction company and "Be Ahead" of expectations of all its stakeholders.

MISSION

- To make our clients successful, while creating stake holder value, with uncompromising quality and safety standards.
- To create a culture that excites our people in pursuit of excellence through innovation, differentiation and continued learning.
- To uphold the TATA Group's cherished value of contributing to society to improve the quality of life.

VALUES

- Good Corporate Citizenship
- Humility & Willingness to learn
- Concern for all stake holders
- Business with Ethics
- Passion for Excellence
- Teamwork

QUALITY POLICY

Tata Projects Limited in its quest to be a leading EPC contracting company is committed for continual improvement of its processes to enhance customer satisfaction



F. K. Kavarana
Chairman



A. J. Engineer
Director



H. H. Malgham
Director



Prasad R. Menon
Director



S. Ramakrishnan
Director



P. N. Dhume
Director



Santosh K. Gupta
Director



K. P. Singh
Managing Director



A. K. Misra
Executive Director &
Chief Operating Officer

TATA PROJECTS LIMITED**Board of Directors**

(As on 19.07.2007)

<i>Chairman</i>	F. K. Kavarana
<i>Directors</i>	A. J. Engineer H. H. Malgham Prasad R. Menon S. Ramakrishnan P. N. Dhume Santosh K. Gupta
<i>Managing Director</i>	K. P. Singh
<i>Executive Director & Chief Operating Officer</i>	A. K. Misra
<i>Company Secretary</i>	V. Sampath (upto 17.05.06) Kaushik Majumder (w.e.f 14.08.06)

■

Registered Office
Bombay House,
24, Homi Mody Street, Fort,
Mumbai - 400 001.

■

Corporate Office
'Suryodaya,' 1-10-60/3,
Begumpet,
Hyderabad - 500 016.

■

Mumbai Office
The Metropolitan West Wing,
3rd floor, Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051.

■

New Delhi Office
6th Floor,
Prem Dohil Sadan,
11, Rajendra Place,
New Delhi - 110008

■

Kolkatta Office
3C, Camac Street,
Kolkata - 700 016

Bankers

- | | | |
|-----------------------------|----------------------------|------------------------|
| ■ State Bank of Hyderabad | ■ Canara Bank | ■ Indian Overseas Bank |
| ■ Abu Dhabi Commercial Bank | ■ State Bank of Travancore | ■ Corporation Bank |

Solicitors
Mulla & Mulla &
Craigie Blunt & Caroe

Auditors
G. N. Joshi Associates,
Chartered Accountants

Internal Auditors
A. F. Ferguson & Co.
Chartered Accountants

TATA PROJECTS LIMITED

Management Team
(Corporate Executive Committee)

(As on 19.07.2007)

K. P. Singh
Managing Director

A. K. Misra
Executive Director &
Chief Operating Officer

A. K. Sharma
Vice President
- Power Generation

Shailendra Krishan
Vice President
- Transmission & Distribution

K. K. Gupta
Vice President - Quality Services
- w.e.f 21.11.2006

K. R. Ramamoorthy
Senior General Manager &
Business Head - Industrial Infrastructure

P. V. Varghese
Senior General Manager &
Business Head - Oil, Gas & Hydrocarbons &
Executive Incharge - Western Region

Rajesh Ranjan Jha
General Manager &
Business Head - Steel &
Executive Incharge - Eastern Region

H. Venugopal
Vice President - Supply Chain Management
& Corporate Quality Head

A. Venkateshwar
Vice President - Corporate Affairs
- w.e.f 28.03.2007

S. A. A. Irfan
General Manager &
Business Head - Railways

D. V. Giridhar
Senior General Manager
& Senior Project Director

B. K. Bhattacharya
Senior General Manager
& Senior Project Director

K. Krishna Rao
Senior General Manager &
Senior Project Director
- Erection Services

K. Satyanarayana
Senior General Manager
- Quality Services

A. K. Das Sharma
General Manager
- Supply Chain Management

Vikrameet Singh
Head - Contracts

A. Vidyasagar
General Manager &
Head - Engineering

K. S. Krishnan
General Manager &
Head - Accounts

R. Ravi Sankar
General Manager & Head
- Human Resources Department

TATA PROJECTS

Report of the Board of Directors

To the Members

Your Directors are pleased to present their report on the business and operations of the Company for the year ended 31st March 2007.

Financial Results

The financial results of the Company for the year ended 31st March 2007 are summarized below :

Particulars	(Rs. in crores)	
	2006-2007	2005-2006
Income from Contracts and Services	933.19	473.10
Other Income	5.28	2.20
Total Income	938.47	475.30
Operating Expenditure	896.77	444.60
Operating Profit (PBDIT)	41.70	30.70
Interest	4.26	2.08
Depreciation	14.17	6.41
Profit/(Loss) before Tax	23.26	22.21
Provision for Taxes	11.32	7.90
Profit/(Loss) after Tax	11.94	14.30
Balance brought forward from previous year	0.85	(10.23)
Amount available for appropriations	12.79	4.07
APPROPRIATIONS		
Proposed Dividend	3.37	1.57
Tax on Proposed Dividend	0.57	0.22
Debentures Redemption deserves	2.81	-
General Reserve	1.19	1.43
Balance carried to Balance Sheet	4.83	0.85

Dividend

Your Directors have pleasure in recommending a dividend of Rs.100/- per share (100%) for the year ended 31st March 2007 (Previous year: 70%), subject to approval of the Shareholders. The dividend is payable on the enhanced share capital after considering the Rights PCD Issue referred to herein below.

Finance

During the year under review, your Company issued and allotted 1, 12, 500, Partly Convertible Debentures (PCD) of Rs. 9000/- each on Rights Basis to the existing equity shareholders of the Company aggregating Rs 101.25 crores to finance the acquisition of Power Systems Division of Tata Power Limited, setting up of a Tower Manufacturing Facility and for other sustaining capital expenditure proposals.

Each PCD comprised two parts - Part A of face value of Rs 6000/- which was converted into one fully paid equity share of Rs 100/- on allotment and Part B of a face value of Rs 3000/- which was converted into Non Convertible Debentures carrying interest at 8% p.a. redeemable in three equal installments at the end of 4th, 5th and 6th years respectively from the date of allotment.

Operations

The Company's total income from Contracts and Services at Rs. 938.47 crores represents 97% increase over the previous year's Rs. 475.30 crores. This growth was possible due to carry forward order position from the previous year and a healthy order booking during the year under review. The Company expects to continue its rapid growth during 2007-08.

The Operating Profit (PBDIT) at Rs. 41.70 crores recorded 36% growth over the Rs. 30.70 crores of the previous year. However due to a provision of Rs. 15 crores made in respect of a contract for which the Variation Order is under negotiation, the Profit before Tax increased marginally to Rs. 23.26 crores (previous year Rs. 22.21 crores).

During the year under review, your Company was able to scale up its operations in the domestic as well as the international market. Many new initiatives were undertaken to improve operating efficiencies and employee productivity.

Significant features of the year's operations are as under:

Energy Sector

Power Generation (EPC - Balance of Plant Projects) - After the successful commissioning of Unit # 3 of the 2x210 MW Power Plant at Parichha (UP), Unit # 4 was also successfully synchronized during the year. Performance in the Parichha Project has led to the recognition of your Company as a dominant player in the EPC domain and the Company was able to secure many new as well as repeat contracts.

Power Generation (Erection Projects) - Erection contracts pertaining to coal based power projects have progressed well. The erection of boiler and auxiliaries for NTPC 's 500 MW unit no IX at Vindhyachal (UP) was completed and the plant commissioned in August 2006 while the structural erection works at their 500 MW unit at Sipat (MP) was completed in time for the lighting up in December 2006.



BoP for 2 x 77 MW CPP for HZL Chanderia



Erection of boiler pkg for 4 x 135 MW CPP for SEPCO Kharsuguda

Transmission & Distribution (T&D) - This SBU, which took over the Power Systems Division of Tata Power Company Limited in 2005-06 has quickly stabilized and streamlined its operations. During the year under review, its revenues registered a steep growth of 174%. Yet another decisive development in this SBU is the setting up of the Company's own tower manufacturing facility having a capacity of 2400 tonnes per annum on a 40 acres plot at Umred near Nagpur which is likely to help in cost cutting and reduce cycle time in future. The plant is likely to become operational by December 2007.

The prestigious Pearl Island project at Qatar consisting of a primary Substation having two 132/66 kV 275 MVA transformers and four other substations with 66 / 11 kV GIS switchgear, along with all associated control protection and monitoring systems (SCADA) is progressing well. The installation of the main station is complete and pre-commissioning checks are in progress. The main substation is expected to be commissioned by July 2007, and the remaining four substations will be completed progressively at intervals of two and a half months thereafter.



Switching on of GIS, 11 kV Substation, Pearl Island Project, Qatar

Infrastructure Sector and Allied Services

Industrial Infrastructure - For their 2 x 1000 MW power plant at Kudankulam in Tamilnadu , the Nuclear Power Corporation of India Limited (NPCIL) have proposed a captive, reliable and self sufficient water supply source using the latest state of art technology of converting sea water into demineralized water. To meet this requirement, the Company is setting up a captive sea water desalination plant of 7680 cubic metres per day capacity on turnkey basis and will be operating and maintaining it for five years after commissioning. The plant is nearing completion and is getting ready for commissioning.

The Tamilnadu Water Investment Company Limited (TWICL) has been mandated by the dyeing and bleaching industries at Tirupur to assist them in establishing Zero Liquid Discharge (ZLD) facilities in order to comply with the directives of Tamil Nadu Pollution Control Board (TNPCB) and recycle the recovered water to the industries. The industries have formed a Special Purpose Vehicle (SPV) to implement the ZLD project. The Tirupur Industrial Waste Water Recycling Company Limited and the Noyyal Common Effluent Treatment Company Limited are two such SPVs which are required to operate seven Common Effluent Treatment Plants (CETPs), treatment capacities ranging from 3000 to 11,000 cubic metres per day. The construction of these CETPs awarded to the Company is in progress and is expected to be completed by the second half of 2007-08.



Hon. President of India at NPCIL, Kudankulam site on 28 th September 2006



7680 m³/day Sea Water Desalination Plant, NPCIL, Kudankulam

Oil, Gas and Hydrocarbons - In order to diversify the Company's business portfolio, a new SBU was formed in early 2006 to operate in the oil, gas and hydrocarbon sector, which is poised to grow at an annual rate of over 30% as per the projections of the Ministry of Petroleum & Oil. ISRO's order for establishing Casting Facilities for their Solid Propellant Plant at Sriharikota, is in an advanced stage of completion and is expected to be commissioned by September 2007.

Thomassen Compressions Systems, Netherlands has awarded the Company a repeat order for the Design, Fabrication & Supply of Complete Pressure Vessels and Volume Bottles for their Hydrogen Gas Compressor Package at Reliance Jamnagar Refinery Expansion Project.

The Company has formed a strategic alliance and association with one of the established organizations in the Oil & Gas Sector to take up medium and large EPC Projects in India and abroad.



Oil Tank Farm, CCTL, Mumbai

Quality Services

The Quality Services Strategic Business Unit (QSBU) achieved an all time high turnover of Rs. 30.30 crores with a growth of 51% over the previous year. It secured global contracts from leading companies like GSG / Bechtel, USA, Petrofac, Sharjah and City Cement Co., Saudi Arabia, Saudi Cement-KSA, and has extended its operations to several countries. Services are now being provided in Abu-Dhabi, Dubai, Bahrain, Oman, China, Korea, Saudi Arabia, Sharjah, Germany, Italy, France, Kazakistan and Kuwait, which have contributed to a substantial growth in the overseas operations of the Company.

QSBU is now the leading service provider in the country in the area of industrial inspections. A recent customer satisfaction survey conducted by an outside independent agency, positioned the Company's services ahead of all competitors.

For domestic operations, two new offices in India were set up in addition to the existing 15 centres with a view to provide competitive services with fast response to the large customer base spread over the entire country. QSBU is in the process of becoming a Certification Body for ISO 9000 & 14000 certifications.



Quality Services for Windmill Equipment

This QSBU has signed a Technical Collaboration Agreement with TWI of UK for establishment of a Technical Training Centre in Welding & NDT at Hyderabad for organizing Training & Certification programs in India.

The QSBU achieved a long cherished dream of being the market leader in India in the field of Industrial Inspection. It also stepped up its growth in the overseas market by establishing an office in Korea, applying for opening a Representative Office (RO) in China and extending its operations to more than ten countries.

New Lines of Business

Railways - Considering the heavy investments being made in the Indian Railway Sector, during the year, the Company diversified into Railway Projects and has taken up orders which involve Consultancy (Investigation, Survey and Preparation of Detailed Project Reports), Overhead Electrification of Railway track and execution of Railway Gauge Conversion works involving Earthwork, Bridges, Supply of fittings & Track Laying, Signaling & Telecommunication, General Electrical Services, Station Building, Platforms, Foot Over Bridges, etc.

Steel - The Company has also diversified into the steel sector and has received orders for installation of Coke Oven equipment and design, supply & installation of the water system for the coke ovens being put up by M/s Hooghly Metcoke (a Tata Steel Group Company) at Haldia.



Railway Electrification Project, Central railway

The Company has signed a MoU with two established companies in the steel sector to undertake turnkey projects. With limited competition in the steel sector, the Company is looking at exponential growth in near future.

Joint Venture

In order to take advantage of business opportunities in the Gulf, your Company entered into a Joint Venture agreement in Saudi Arabia with M/s Abdullah Ibrahim Al-Towajjiri & Partners Co (Al-Mashrik Contracting Co), Riyadh, a reputed and established contracting agency for execution of power, infrastructure and industrial projects in the Kingdom of Saudi Arabia.

The Joint Venture Company named Al-Tawleed Energy & Power Co was registered in Saudi Arabia as a Limited Liability Company (LLC) on 19th February 2006 with a fully paid up capital of Saudi Riyal 2,000,000. The local partner, Al-Mashrik, holds 70% of the equity and the balance 30% is held by the Company.

On 24th April 2007, Al-Tawleed signed its first contract with Siemens Power Generation Group for the Installation of the Electrical, Mechanical and C&I work for the Power Plant for the 3 x 300 MW and a 880,000 cubic metres per day water desalination plant for an Independent Water and Power Plant (IWPP) being constructed at Shuaibah located 110 km south of Jeddah. The contract value is US\$ 26.754 million and the project duration is 24 months.

Internal Control Systems

The Company's internal control system comprises audit and compliance by in-house Internal Audit group and also an external agency. The internal auditors independently evaluate the adequacy of internal controls and audit majority of the transactions in value terms. Independence of audit and compliance is ensured by the direct reporting of Internal Auditors to the Audit Committee of the Board.

In 2006-07, four Audit Committee meetings were held in which the Committee provided valuable guidance by proposing

steps to rectify the deficiencies in the design/operation of the internal controls. There are adequate internal control systems in place in the Company.

Enterprise Resource Planning (ERP)

The ERP implementation in your Company started in July 2006. The solution design is ready and quality checks are being completed. The end users are being trained and the User Acceptance Testing was done in July 2007.

The “Go-Live” is planned during the second quarter of 2007-08 and will cover to start with, the Head Office, one Project Site and one Regional Office. The further roll-out to cover all the sites and Regional Offices is expected to be completed by 2nd quarter of 2008-09.

Tata Business Excellence Model (TBEM)

In consonance with the Group’s objective to achieve excellence in all its business operations, the Company went through a second TBEM external assessment in cycle II in 2006. The overall score has improved in 2006 with substantial improvements in certain categories. Strategic planning processes and Balanced Score Card deployment have been further streamlined and this has helped in better defined performance plans of the employees.

The Tata Code of Conduct (TCoC) is being observed and implemented on a continuous basis and included in the introductory sessions of all the new employees at the time of joining. All issues concerning TCoC are dealt with promptly and the outcomes of such issues are circulated for general information of all employees.

Corporate Sustainability (CS)

The Company’s focused areas of Community outreach are :

- Sustainability Livelihoods-Vocational training in welding, fitter and electrician courses,
- Social infrastructure-Building of schools, roads, community halls, water tanks etc and
- Health- Medical Camps.

“Neev-The Foundation”, an initiative of Tata Council for Community Initiatives, Hyderabad Region in association with Dr.Reddy’s Foundation, imparted training in welding to forty students of low income families at Hyderabad in 2006. These students were later given on the job training at the Company’s project sites.

The Company’s volunteers actively participated across the Project sites on the World Environment Day celebration by planting trees at Medchal and various project sites of Teesta, Sipat, Sagardighi and Chindwara. Rising to the need of the hour, a team of volunteers from Ahmedabad and Baroda offices visited Gujarat Flood affected area in August 2006 with relief materials and participated in the relief operations.

During the year, the employees participated in a blood donation camp



World Environment Day, TPL Chindwara Site

at Hyderabad, organized a medical checkup camp for low income families, distributed medicines to children at Kandlakoya School, Medchal, visited cancer patients at Hospitals in Hyderabad and Pune and spend a day with children and women afflicted with HIV. The Mumbai office employees organized a month long summer vacation coaching camp for children in the age group 10 to 18 years. A water cooler was donated to the school for the Blind at Kanpur.

Safety

Your Company strongly believes that accidents can be prevented by pursuing systematic procedures and continuous training of its personnel and all its safety measures and actions are focused towards achieving them.

On a regular basis, the Company is imparting training to its personnel by experts at various sites and sponsoring safety engineers to workshops for updating their knowledge and skills to work at foreign locations also. As an incentive for better performance, safety performance at the sites has been linked to the Annual Performance Link Reward.

During the year, significant milestones were:

- » Receipt of Safety Award from BHEL at SIPAT Unit # 4 for the year 2006-07 for the Company's Highly Safety Conscious operations.
- » Operations at the Parichha Power Project were awarded the Fourth prize / place by the National Safety Council.
- » Two project sites with which the Company was associated, have operated successfully without a single accident for 5.5 million hours (Parichha Power Plant) and 1.1 million hours (Ranchi – Pilki Transmission line project).

Corporate Governance

The Company has been constantly putting its best efforts to adopt good corporate governance practices over the years. The Audit Committee constituted by the Board, comprising Mr. H. H. Malgham, Mr. S. Ramakrishnan and Mr. Santosh K.Gupta, provides valuable advice and guidance in the areas of costing, finance and internal controls.

The Business Review Committee comprises Mr. F. K. Kavarana, Chairman, Mr. H. H. Malgham and Mr. A. J. Engineer and provides advice and guidance in the areas of business development and execution of major projects.

The Remuneration Committee, comprising Mr. F. K. Kavarana, Chairman, Mr. A. J. Engineer and Mr. Prasad R. Menon, provides valuable guidance.

Human Resources Initiatives

Despite challenges of talent acquisition and high attrition rate the overall manpower strength registered a growth of 55% over the last year. The Company was able to attract fresh talent in engineering disciplines especially from campuses like the National Power Training Institutes across the regions. This induction will help minimize lateral induction and promote home-grown talent.



Corporate Office Volunteers at Health Camp

The Company has also improved its focus on training and several employees handling critical functions and operations are being trained in appropriate skills through programmes conducted by professional bodies. The programmes include Primavera, Finance for Non-Finance Executives, Commercial Awareness, Management Development and high-end technical training for Quality Services personnel. Seventeen executives of the Company have so far qualified as Certified Project Management Professionals after undergoing a rigorous certification course conducted by an international agency. During the year, E-learning modules were also introduced.

Fixed Deposits

The company has not accepted deposits from the public within the provisions of Section 58A and 58AA of the Companies Act, 1956.

Statement of Employees Particulars

A statement giving information about employees of the Company pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure to this Report.

Foreign Exchange Earnings and Outgo

The Company's earnings in foreign exchange for services rendered and supply of goods during the year under review was Rs. 52.38 crores and earnings from deemed exports was Rs. 2.11 crores. The foreign exchange outgo for the Company was Rs. 62.74 crores.

The Company does not fall under the specified Schedule of Industries and hence, disclosures as required under the Section with respect to conservation of energy are not applicable.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management confirm that –

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- (ii) it has, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 of the Company for that period.
- (iii) it has taken proper and sufficient care, to the best of its knowledge and ability, for the maintenance of adequate accounting 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) it has prepared the annual accounts on a going concern basis.

Directors

Mr. A. J. Engineer, Mr. F. K. Kavarana and Mr. H. H. Malgham, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

The term of appointment of Mr. K. P. Singh as the Managing Director of the Company expired on 15th February 2007. The Board of Directors at its meeting held on 10th February 2007 re-appointed Mr. K. P. Singh as the Managing Director of the Company for a further period upto 31st December 2007. The appointment and the remuneration payable to Mr. Singh is subject to the approval of the Members at the ensuing Annual General Meeting.

Shifting of Registered Office of the Company

A petition was made under Section 17 of the Companies Act, 1956 before the Company Law Board, Western Regional Bench, Mumbai for confirmation of the alteration of the Clause II of the Memorandum of Association of the Company for shifting of the Registered Office of the Company from the State of Maharashtra to the State of Andhra Pradesh. The Hon'ble Company Law Board vide its Order dated 12th January 2007 approved shifting of the Registered Office to the State of Andhra Pradesh. The Company has since applied for new CIN No. by statutory e-filing of returns and the same is awaited.

Auditors

The Company has received a notice from a member proposing the appointment of M/s Deloitte, Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company in place of M/s G. N. Joshi Associates, Chartered Accountants. In view of the Company's growing operations, your Board commends the proposal for consideration by the Shareholders. The necessary resolution in this regard forms part of the Notice of the ensuing Annual General Meeting.

Acknowledgement

The Directors wish to place on record their sincere appreciation for the continued support received during the year from the shareholders, clients both in India and abroad, suppliers and vendors, banks, financial institutions, group companies, business associates, joint venture partners and associates and other authorities.

The Board places on record its deep gratitude to all the employees of the Company whose enthusiasm, dedication and co-operation has made the achievement of yet another year of excellent performance possible.

On behalf of the Board of Directors

F. K. Kavarana

Chairman

Place : Mumbai

Date : 19 th July 2007

MANAGEMENT DISCUSSION AND ANALYSIS

National Economy - Focus on Power

The Indian economy has been growing at eight percent over the last three years. This has placed heavy demands on the power sector because sustaining this rate of GDP growth translates into 10-12 percent growth rate in generation and supply. It also implies that generation capacity must grow by at least 12,000 MW per year. An efficient transmission system is also required to ensure power evacuation and delivery to the load centers across the country.

The National Electricity Policy, announced in February 2005 set the roadmap for transformation of the power sector. The Government is willing to facilitate investments in the infrastructure sector including power sector via the Public Private Partnership framework model. Key initiatives include implementation of Ultra Mega Power Plants which will help meet the Government's target of "Power for All by 2012". To deliver on that promise it will have to add as much as 100,000 MW of generation capacity, cut losses, rationalize tariffs and enhance revenue realization.

Notwithstanding the momentum gathering in the core sector of its operations, viz. power, the Company has recognized that its business risk lies in the cyclicity associated with order-driven projects in this sector, which typically enable only sporadic cash flows rarely in consonance with the needs of operations. The entry into oil, gas and hydrocarbons, railways and other noncyclical areas will in course of time smoothen the adversity of the impact.

The two major SBUs of the Company namely Power Generation and Transmission & Distribution have big opportunity for growth. The growing investments in these segments have enabled the Company to increase average project size, volumes and revenue levels between them. These two SBUs were able to secure orders worth Rs 1037 crores during the year and were favorably placed in tenders worth Rs 968 crores. The Company has plans to move steadily into the higher value projects in both these segments as a self sustaining growth strategy.

The only constraint to growth could be availability of trained manpower in the country. The Company is planning to create its own training facility to overcome this deficiency. Engineering & design skills, project implementation capabilities and supply chain management have a critical bearing on the overall project cost and profitability, capital employed and cash flow. The Company is evaluating investments in selective equipment to meet the expected growth and improving productivity.

Overseas Markets

The Company has an early history of participating in international ventures. Amongst its earliest contracts was the installation and commissioning of the 5X150 MW power station for KWU at Al Khobar, Saudi Arabia (1981-84) and the O&M of Power Generation and Distribution systems in Yanbu Industrial City, Saudi Arabia (1981-83). Since then it has been regularly undertaking offshore projects apart from offering third party inspection (quality) services in Europe, US and the Gulf countries. Today, it is looking at establishing its presence in the Middle East where the Tata brand has always been highly respected. Recognizing this potential and backed by solid credentials in the Indian power sector, the Company expects through its Joint Venture in Saudi Arabia, to make steady inroads into the business opportunities in the neighbouring countries there.

Now that the Company has nearly completed its first order relating to GIS substations in the prestigious Pearl Island project at Qatar, there are favourable prospects of being invited to execute similar works in the region which will present tremendous opportunities in the Gulf region. The Company aims to expand its international operations so that such revenues contribute in larger proportion to the bottom line.

Quality Services SBU has plans for entering the markets in Malaysia and South Africa in the current year and is in the process of establishing a Representative office in China to cater to potential business in the region.

Outlook - Business Unit Wise

Power Generation - With the delicensing of generation and the ambitious yet challenging target of adding 100,000 MW of generating capacity by 2012 set by the Government, a number of projects have been announced by both private and public sector / state utilities, the Company has recognized the need for staying ahead through core competency building and meeting the constantly evolving fresh prequalification criteria. The Company is aggressively building up partnerships with domestic and International players to scale up its delivery and qualifications.

The concept of Ultra Mega Power Projects (UMPP) of 4000 MW capacities has become a reality with the award of the first UMPP to private developers. Your Company stands to gain from this new development as the competition is limited in this range and it provides a good platform for a long term growth.

The Company believes that capacity additions in the private sector would be significantly higher than in the past due to reform drivers like freedom of captive (private) generators to sell to the grid, open access, presence of regulators, and legislative provisions at the state and Centre levels. Bulk of the addition in the private is expected to be thermal and the Company sees a assured opportunity for increase in EPC business.

Transmission & Distribution - Power Grid Corporation of India Limited, our biggest client, intends to add 60,000 circuit Kms of transmission lines, thereby enhancing its capacity from 40% to 60% of the total power generated in the country, at a cost of Rs 55,000 crores in the Eleventh Plan period of 2007-2012. In addition, fourteen large transmission projects worth Rs 22,000 crores have been identified by the Government for private sector investment in the same Plan period.

The Company has been stepping up its targets in the light of such massive inter-regional transmission investments. A significant amount of competition has been faced from other EPC contractors and equipment manufacturers who have the benefit of owned manufacturing facilities. In order to partly mitigate these pressures, the Company is setting up its own tower manufacturing plant on 40 acres of land at Umred near Nagpur, which is likely to help in cost cutting and reduce cycle time in future. The company is geared to take up integrated line and substation projects upto 765 kV levels where margins are normally higher.

TPL sees potential in the large scale village level electrification programme; a rural initiative called Rajiv Gandhi Grameen Vidyutikaran Yojana and has been able to bag a major project of this type last year. However the Company has to tread with caution in this segment due to the difficult environmental working conditions.

Industrial Infrastructure (Water Treatment) - Large Scale industrialization in semi-urban and urban areas has lead to an alarming deterioration in the quality of both ground water and water from seasonal storage reservoirs / tanks / rivulets etc.

State Governments have been receiving aid from international agencies to take up projects for providing drinking water as well as treating effluents discharged from polluting industrial zones into rivers and canals, thereby resulting in environmental and health problems.

The Company has ventured into development of skid mounted, mobile and land based plants which use reverse osmosis for purification / treatment of both brackish water and sea water. These products have potential for large scale deployment in our country.

Projects in areas like pollution control and effluent treatment stand to benefit from accrual of carbon credits and therefore the Company hopes that there would be serious investment in this sector in the years to come.

Oil , Gas and Hydrocarbons - The Company sees this as a sunrise sector in our country, which will provide ample scope and opportunity to undertake downstream erection of piping, tanks, reservoirs and associated infrastructure, activities in the nature of its core competence .In addition to building up its own expertise, your Company is in the process of inorganic growth through an acquisition which will enable it to foray into the refinery and petrochemicals markets in the Gulf and Middle East.

Railways and Steel - The recent turnaround of the Indian Railways has accelerated the pace of throughput enhancement in rail transportation through the Dedicated Freight Corridor project along the two cross country infrastructure / investment Corridors between Delhi – Mumbai and Delhi – Kolkota. The experience being gained through execution of overhead traction and gauge conversion / laying of tracks / construction of bridges, station buildings, platforms etc will help the Company to qualify for a share of the business in this mega venture. Tie-ups with key domain players are being explored for meeting pre qualification criteria.

Similarly, the domestic steel sector is poised to expand rapidly in the coming decade and offers enormous opportunity in EPC contracts of steel plants, an area again in the range of Company's main competence. MoUs with technology partners are being drawn up to bid for both domestic and overseas contracts in this new sector which TPL is entering.

Quality Services - The Company has emerged as a leader in the domestic market - customer loyalty and advocacy for its third party inspection services have been very encouraging for future business projections. The SBU has also ventured into quality certification services in ISO and OHSAS in view of the expertise and experience acquired by its inspection and expediting personnel in this area as well.

Conclusion

All in all, the prospects appear bright for all the segments and businesses that the Company is operating in, at least for next decade or so. There is a need to remain focused and strategize growth paths, acquire and retain talent, build competencies and successfully execute projects through tested and well planned methodologies leveraging technology and the Tata brand.

Financial Report

Auditor's Report **To the Members**

We report that we have audited the attached Balance Sheet of TATA PROJECTS LIMITED as at March 31, 2007, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with 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.

1. Attention is invited to note - 13 of schedule 15 relating to consideration of Variation order amounting to Rs. 6,250 Lacs in providing for foreseeable losses.
2. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government in the terms of sub section (4A) of Sections 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments, in paragraph (1) above and in Annexure referred to in paragraph (2) :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account complies in all material respects with the accounting standards referred to in Section 211(3C) of the Companies Act 1956.
 - (e) On the basis of written representation received from Directors, as on 31st March 2007, and taken on records by the Board of Directors, We report that none of the Directors are disqualified, as on 31st March 2007, from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of The Companies Act 1956., and
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Note referred to in (1) above and other Notes thereon contained in Schedule "15" gives 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.
 - (i) in the case of Balance Sheet , of the state of affairs of Company as at March 31, 2007;
 - (ii) in the case of the Profit and Loss Account , of the Profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement , of the cash flows for the year ended on that date.

For and on behalf of
G. N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik. B. Joshi
(Partner)
Membership No. 48889

Mumbai
9th May, 2007

Annexure to the Auditor's Report

(Referred to in Paragraph (1) of our Report of even date)

- i.
 - a) The Company has maintained proper records to show the full particulars including quantitative details and situation of its fixed assets.
 - b) As informed to us, the fixed assets of the Company have been physically verified by the Management at reasonable intervals during the year and no material discrepancies, as compared with the book records, have been noticed on such verification.
 - c) There was no substantial disposal of fixed assets during the year.

- ii. As explained to us, the Company had no inventory during the beginning or at the end of the year and accordingly items specified in clause (ii) of paragraph 4 of the Order are not applicable considering the nature of activities carried out by the Company.

- iii.
 - a) The Company has granted unsecured loan, to a company listed in Register maintained under Sec. 301 of the Companies Act, 1956, amounting to Rs. 500.00 lakhs outstanding as at year end is NIL.
 - b) The rate of interest and other terms and conditions of loans granted by the Company are prima-facie not prejudicial to the interest of the Company.
 - c) The receipt of principal and interest in respect of above loans granted are regular.
 - d) There is no over due amount in respect of any loans granted.
 - e) The Company has not taken any loan from the Parties listed in the Register maintained under Sec.301 of the Companies Act, 1956.Hence sub clause (f) and (g) are not applicable.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and supply of project equipment and materials and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.

- v. As per the information and explanations given to us, we are of the opinion that the Company has entered all contracts and particulars that are required to be entered in the register maintained under Sec. 301 of the Companies Act, 1956. Based on the information and explanations given to us, each of the above transactions entered in the Register maintained under Sec. 301 of the Companies Act, 1956, have been at the prices which are reasonable having regard to the prevailing market prices at relevant time.

- vi. The Company has not accepted fixed deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.

- vii. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

- viii. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the Company.

- ix. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, sales tax, custom duty, wealth tax, service tax, excise duty and cess on account of any dispute except in the following cases :

Sl. No	Name of the Statute	Nature of Dues	Amount Rupees in lakhs	Period to which the amount relates	Forum where dispute is pending
1	The Orissa Sales Tax Act, 1947	Sales Tax	8.17	1999-2000	Office of the Sales Tax Appellate Tribunal, Cuttack, Orissa
		Sales Tax	10.37	2000-2001	
		Sales Tax	9.18	2001-2002	Asst. Commissioner of Sales Tax (Appeals) Bhubaneshwar, Orissa
Sales Tax	16.03	2002-2003			
2	The Orissa Entry Tax Act, 1999	Sales Tax	17.39	2003-2004	
		Entry Tax	3.16	2000-2001	Office of the Sales Tax Appellate Tribunal, Cuttack, Orissa
2	The Orissa Entry Tax Act, 1999	Entry Tax	1.72	2001-2002	Asst. Commissioner of Sales Tax (Appeals) Bhubaneshwar, Orissa
		Entry Tax	0.62	2002-2003	
3	The Andhra Pradesh General Sales Tax Act 1957	Sales Tax	5.31	1997-1998	Office of the Sales Tax Appellate Tribunal, Hyderabad, Andhra Pradesh
4	The Haryana Value Added Tax Act, 2003	Sales Tax	7.67	2003-2004	First Appellate Authority, Faridabad, Haryana
	Total		79.62		

Note : The Company has made adequate provision for the above mentioned liabilities

- x. Company has not incurred any cash losses in the current year and in the 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 a financial institution or banks.
- 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 not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company has applied the term loans for the purpose for which the loan is obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow of the Company, we report no short term funds have been used for long term investment.
- xviii. During the year, Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- xix. According to information and explanation given to us, Company has issued during the year 1,12,500 Debentures of Rs. 3,000/- each. The Company has created securities in respect of debentures issued.
- xx. The Company has not raised any money through a 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.

For and on behalf of
G. N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik. B. Joshi
Partner
Membership No. 48889

Mumbai
9th May, 2007

Balance Sheet as at 31st March, 2007

Schedule	March 31, 2007		March 31, 2006	
		Rs. in lacs		Rs. in lacs
I Sources of Funds				
1) Shareholders' Funds				
a) Capital	1	337.50	225.00	
b) Reserves and Surplus	2	13,069.43	5,804.16	
		13,406.93		6,029.16
2) Loans Funds				
a) Secured Loans	3	3,716.89		1,872.79
3) Deferred tax liability				
a) (Refer Note 14 of Schedule 15)		-		70.65
Total		17,123.82		7,972.60
II Application of Funds				
1) Fixed Assets	4			
(a) Gross Block		9,419.00	7,147.36	
Less : Depreciation		3,454.86	2,115.71	
Net Block		5,964.14		5,031.65
(b) Capital Work-in-progress		373.70		201.48
2) Investments	5	990.05		421.05
3) Deferred Tax Assets		664.13		
(Refer Note 14 of Schedule 15)				
3) Current Assets, Loans and Advances				
(a) Sundry Debtors	6	45,972.87	28,271.44	
(b) Cash and Bank Balances	7	6,023.86	632.46	
(c) Other Current Assets	8	3,403.64	1,611.59	
(d) Loans and Advances	9	13,102.90	10,803.05	
		68,503.27		41,318.54
Less :				
4) Current Liabilities and Provisions	10			
(a) Liabilities		48,472.62	35,253.79	
(b) Provisions		10,898.85	3,746.33	
		59,371.47		39,000.12
Net Current Assets		9,131.80		2,318.42
Notes to Accounts	15			
Balance Sheet Abstract	16			
Total		17,123.82		7,972.60

As per our report of even date

For and on behalf of
G.N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik.B. Joshi
Partner

Mumbai
9th May, 2007

Kaushik Majumder
Company Secretary

For and on behalf of the Board

F.K. Kavarana
Chairman

H.H. Malgham
Director

K.P. Singh
Managing Director

Mumbai
9th May, 2007

Profit and Loss Account for the year ended 31st March, 2007

	Schedule	Period ended March 31, 2007 Rs. in lacs	Period ended March 31, 2006 Rs. in lacs	
I. Income				
a) From Contracts		93,319.24	47,310.45	
b) Others	11	528.39	220.40	
		93,847.63		47,530.85
II. Expenditure				
a) Project Execution Expenses	12	81,611.83	38,403.87	
b) Employee Cost	13	4,808.18	2,818.15	
c) Interest		426.33	208.17	
d) Establishment and other Expenses	14	4,335.05	2,560.87	
e) Depreciation and Amortisation	4	1,417.58	641.58	
		92,598.97	44,632.64	
Add/(Less) : Decrease / (Increase) in Work-in-progress (Net)		(1,077.66)	677.15	45,309.79
III. Profit before Taxes				
Provision for				
a) Current Tax (Refer Note 19 of Schedule 15)		1,804.79	678.73	
b) Deferred Tax		(734.78)	26.83	
c) Fringe Benefit Tax		62.00	84.69	790.25
IV. Profit after Taxes				
Balance brought forward from Previous Year		1,194.31		1,430.81
		85.09		(1,023.04)
		1,279.40		407.77
V. Amount Available for Appropriations				
a) Proposed Dividend		337.50		157.50
b) Tax on Dividends		57.36		22.10
c) Debentures Redemption Reserve		281.25		-
d) General Reserve		119.43		143.08
Balance Carried to Balance Sheet		483.86		85.09
Earnings Per Share (Rs.)		410.95		635.92
Notes on Accounts	15			
Balance Sheet Abstract	16			

As per our report of even date

For and on behalf of
G.N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik.B. Joshi
Partner

Mumbai
9th May, 2007

Kaushik Majumder
Company Secretary

For and on behalf of the Board

F.K. Kavarana
Chairman

H.H. Malgham
Director

K.P. Singh
Managing Director

Mumbai
9th May, 2007

Cash Flow Statement for the Year ended 31st March 2007

	Year ended March 31, 2007 Rs. in lacs		Year ended March 31, 2006 Rs. in lacs	
A. Cash Flow from Operating Activities				
Net profit before Taxation and Extraordinary Item		2,326.32		2,221.06
Adjustments for				
Depreciation	1,417.58		641.58	
Interest Income	(194.35)		(91.05)	
Dividend Income	(42.13)		(26.87)	
Interest Expenditure	426.33		208.17	
Premium on purchase of investments	0.24		0.24	
Profit from Partnership Firm	(0.03)		(0.03)	
Loss on Sale of Fixed Assets	6.02	1,613.66	(1.35)	730.69
Operating profit before Working Capital Changes		3,939.99		2,951.75
Decrease / (Increase) in Current Assets	(20,973.57)		(10,432.71)	
(Decrease) / Increase in Current Liabilities	22,076.89	1,103.32	10,747.35	314.66
Cash generated from Operations		5,043.31		3,266.41
Income Tax paid		(1,696.26)		(507.36)
Income Tax refund		794.77		-
Wealth Tax paid		(0.37)		-
Net Cash from Operating Activities		4,141.45		2,759.05
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(5,582.64)		(759.90)	
Sale of Fixed Assets	18.85		11.64	
Inter Corporate Deposits placed	(2,500.00)		(2,500.00)	
Refund of Inter Corporate Deposits	3,000.00		1,000.00	
Profit from Partnership firm	-		0.03	
Investments in Mutual Funds	(5,506.35)		(2,000.00)	
Sale of Mutual Funds	5,006.35		2,000.00	
Investment in Joint Venture : Al-tawleed Engineers and powers	(75.60)		-	
Advance for the Investments	(1,048.83)		-	
Interest Received	256.01		27.37	
Dividend Income from Units	42.13		26.87	
Net Cash used in Investing Activities		(6,390.08)		(2,193.99)

	Year ended March 31, 2007 Rs. in lacs		Year ended March 31, 2006 Rs. in lacs	
c. Cash Flow from Financing Activities				
Issue of Rights Shares	6,750.00		-	
Proceeds from Issue of Debentures	3,375.00		-	
Repayment of Borrowings	(1,530.90)		(1,654.25)	
Payment of Dividend including tax	(179.60)		-	
Interest paid	(274.47)		(205.07)	
Net Cash used in Financing Activities		8,140.03		(1,859.32)
Net Increase in Cash and Cash Equivalents during the year		5,891.40		(1,294.26)
Cash and Cash Equivalents at the beginning of the year		632.46		1,926.72
Cash and Cash Equivalents at the end of the year		6,523.86		632.46

As per our report of even date

For and on behalf of
G.N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik.B. Joshi
Partner

Mumbai
9th May, 2007

Kaushik Majumder
Company Secretary

For and on behalf of the Board

F.K. Kavarana
Chairman

H.H. Malgham
Director

K.P. Singh
Managing Director

Mumbai
9th May, 2007

Schedules 1 to 16

Annexed to and forming part of the Balance Sheet as at 31st March 2007
and Profit & Loss Account for the year ended 31st March 2007

	March 31, 2007		March 31, 2006	
	Rs. in lacs		Rs. in lacs	
Schedule - 1				
Capital				
Authorised				
500,000 (2005-06 - 300,000) Equity Shares of Rs. 100 each		500.00		300.00
Issued, Subscribed and Paidup				
337,500 (2005-06 -225,000) Equity Shares of Rs. 100 each		337.50		225.00
Schedule - 2				
Reserves & Surplus				
a) Share Premium		-		
Balance as per last Balance Sheet	37.50		37.50	
Add: Amount received during the year	6,637.50		-	
		6,675.00		37.50
b) Debentures Redemption Reserve				
Add : Reserve created during the year	-			
Balance as per last Balance Sheet	281.25	281.25	-	-
c) Foreign Projects Reserve				
(As per Sec.80-HHB of I.T.Act.)				
Balance as per last Balance Sheet	55.00		755.00	
Less : Transfer to General Reserve	30.00		700.00	
		25.00		55.00
d) General Reserve I (as per Sec. 205 (2A) of the Companies Act, 1956)		912.14		792.71
e) General Reserve II				
Balance as per last Balance Sheet	4,833.86		4,133.86	
Add : Transfer from Foreign Project Reserve	30.00		700.00	
Less: Adjusted for Performance Linked Rewards for 2005-06 (As per AS-15) (refer note - 12 of schedule 15 notes to accounts)	171.70	4,692.16	-	4,833.86
f) Balance in Profit & Loss Account		483.88		85.09
		13,069.43		5,804.16

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
Schedule - 3		
Secured Loans		
a) Bank Overdraft (Secured by Hypothecation / Pledge of book debts, Securities & Current Assets)	-	229.68
b) i) Short term Advance from Bank (Exclusive Charge on book debts and other Current Assets, of Project for which Advance is taken)	-	850.06
c) 8% Non Convertible Debentures (Issued on 29th August 2006, redeemable at par in 3 equal annual installments commencing at the end of 4th Year from the date of allotment) (Secured by way of : i) First paripassu equitable mortgage of all immovable properties of the Company located in Hyderabad, Andhra Pradesh, ranking with other lenders of the Company ii) First charge by way of hypothecation of all Movable properties / Fixed Assets both present and future, and iii) Second charge by way of floating charge on Current Assets, Loans & Advances, subject to first charge of Companies Bankers, and / or Working Capital lenders)	3,375.00	-
d) Other Loans i) from Banks (repayable within one year Rs. NIL) (2005-06 Rs. 163.62 lacs) ii) from Others - repayable within one year Rs. 201.00 lacs (2005-06 Rs. 280 lacs) (Secured by Hypothecation / Pari Passu Pledge of Fixed Assets, in case of HDFC Loan - Secured by equitable Mortgage of House Properties of Employees under the HDFC Employees Housing Loan Scheme and in case of Vehicle loans by hypothecation of vehicle in respect of which the loan is taken)	- 341.89	163.62 629.43
	3,716.89	1,872.79

Schedule - 4

Sl. No.	Particulars	Fixed Assets										Rupees in lacs					
		Gross Block			Depreciation			Net Block		As on 31.03.2007	As on 31.03.2006						
		As on 01.04.2006	Additions	Deductions	As on 31.03.2007	As on 01.04.2006	For Mar.07	On Deductions	As on 31.03.2007								
I	Tangible Assets :																
1)	Land	322.32	-	-	322.32	-	-	-	-	-	-	-	322.32	322.32			
	Freehold Land												44.69				
	Leasehold Land		45.14		45.14		0.46						0.46				
2)	Buildings	34.05	-	-	34.05	10.72	1.17	-					22.16	23.33			
3)	Erection/Construction Machinery	3,378.58	1,744.82	0.32	5,123.07	1,261.33	452.10	0.29					3,409.93	2,117.24			
4)	Furniture & Fixtures	161.67	125.04	32.21	254.51	106.86	48.61	30.33					129.37	54.81			
5)	Vehicles	447.21	199.08	36.94	609.36	208.36	84.54	20.55					337.00	238.85			
6)	Office Equipment	227.80	95.45	32.05	291.20	117.22	32.51	27.25					168.72	110.58			
7)	Computers	342.51	138.59		481.10	215.31	64.19	-					201.60	127.20			
8)	R & D - Capital Mobile Desalination Plant	40.24	-		40.24	6.46	4.70	-					29.09	33.78			
II	Intangible Assets :																
1)	Software	60.42	25.03		85.45	11.73	18.46	-					55.26	48.69			
2)	Goodwill	2,132.57			2,132.57	177.71	710.86						1,244.00	1,954.85			
	Total	7,147.36	2,373.16	101.52	9,419.00	2,115.71	1,417.58	78.42	3,454.86	5,964.14	5,031.66						
	Previous Year	3,347.90	3,831.38	31.92	7,147.36	1,495.22	641.59	21.10					5,031.66				
III	Capital Work-in-Progress (including in respect of intangible assets Rs. 177.86, (P.Y. Rs. NIL))												373.70	201.48			

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
Schedule - 5		
Investments		
A. Long Term (at Cost)		
a) In Trust Securities (Non trade) (Unquoted)		
(i) 10,00,000 (2005-06 - 10,00,000 Units of US 95) Units of UTI Balance fund { Repurchase Price Rs. 186.70 lacs (Previous year Rs. 179.60 lacs)}	101.15	101.15
(ii) 100,000 (2005-06 - Rs. 100,000) Units of CanFortune 94 (G.I.C Fortune-94) { Repurchase Price Rs. 32.22 lacs (Previous year Rs. 24.44 lacs)}	10.00	10.00
b) In Bonds (Non trade)		
(i) 3 (Previous year - 3) Nos. 6.35% Exim Bond - 2013 Maturity year 2013 of the face value of Rs. 100.00 lacs each	302.35	302.35
c) In Shares (Trade) (Unquoted)		
(i) 1,200 (Previous year - 1,200) Equity Shares of Virendra Garments Manufacturers Pvt. Ltd.,	1.20	1.20
(ii) M/s. Al-Tawleed Energy and Power Co., (300 Ordinary Shares @ Saudi Arabian Rials 2000 per share totalling to SAR 600000) Previous year Nil	75.60	
d) In Partnership Firms Capital (Trade)		
(i) Tata Dilworth Secord Meagher & Associates (Refer Note 15 to Schedule 16)	1.80	1.80
B. Current Investment		
a) In Mutual Funds (Unquoted)		
(i) SBI Magnum Institutional Income Fund (Acquired during the year) (Units : 63,360.0968; Market Value - Rs. 6.36 lacs)	-	6.35
b) In Mutual Funds (Unquoted)		
(i) Tata Mutual Fund (Acquired during the year) (Units : 44,862,362; Market Value - Rs. 500.10 lacs)	500.00	
	992.10	422.86
Less: Provision for diminution in value of investments {Including Premium amortised Rs. 0.85 lacs (Previous year Rs. 0.61 lacs)} (Refer Note No. 24 of Schedule 15 for Units of Mutual Fund purchased and sold during the year.	2.05	1.81
	990.05	421.05

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
Schedule - 6		
Sundry Debtors - Unsecured		
A. Considered good		
Outstanding for more than 6 months	4,615.65	5,027.28
Other Debts (Refer Note 18 of Schedule 15)	41,357.22	23,244.16
Total (A)	45,972.87	28,271.44
b) Considered Doubtful		
Outstanding for more than 6 months	266.66	254.82
Other Debts	-	-
	266.66	254.82
Less : provision for Doubtful debts	266.66	254.82
Total (B)		-
Total (A + B)	45,972.87	28,271.44
Schedule - 7		
Cash and Bank Balances		
a) Cash on hand	29.02	27.69
b) Cheques on hand	-	131.37
Balance with Scheduled Banks		
a) On Current Account	4,858.77	396.24
b) On Short Term Deposit - Qatar	621.20	-
With other Banks on Current Account		
a) Citibank N.A, Singapore (Maximum during the year 2006-07 Rs. 76.42 lacs) (2005-06 Rs. 47.23 lacs)	18.59	30.62
b) Abu Dhabi Commercial Bank, Abu Dhabi (Maximum during the year 2006-07 Rs. 49.17 lacs) (2005-06 Rs. 25.98 lacs)	46.25	25.98
c) Nepal SBI Bank Limited, Kathmandu (Maximum during the year 2006-07 Rs. 7.53 lacs) (2005-06 Rs. 3.05 lacs)	7.53	2.50

Schedule - 7 (Cntd ...)

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
... Continued Schedule - 7		
d) Commercial bank of Qatar (Maximum during the year 2006-07 Rs. 5,158.60 lacs) (2005-06 Rs. 24.17 lacs)	163.56	7.70
e) Commercial bank of Qatar (Maximum during the year 2006-07 Rs. 688.74 lacs) (2005-06 Rs. 24.17 lacs)	267.50	-
f) Remittance in Transit	11.44	10.36
	6,023.86	632.46

	March 31, 2007 Rs. in lacs		March 31, 2006 Rs. in lacs	
Schedule - 8				
Other Current Assets				
a) Work done but not billed		1,821.82		1,100.46
b) Work-in-Progress				
Opening Work-in-Progress	487.26		858.73	
Add : Work-in-Progress of Power System Division	-		305.68	
Add/(Less) : Increase / (Decrease) in Work-in-Progress	1,077.66		(677.15)	
Closing Work-in-Progress		1,564.92		487.26
c) Accrued Interest		16.90		23.87
		3,403.64		1,611.59

	March 31, 2007 Rs. in lacs		March 31, 2006 Rs. in lacs	
Schedule - 9				
Loans and Advances				
Loans and advances recoverable in cash or in kind for value to be received				
a) Secured and considered good		19.84		35.68
b) Unsecured and considered good		11,712.40		9,785.46
c) Advance payment of tax (Net)		1,308.66		904.50
d) Advance payment of Fringe Benefit tax		62.00		77.42
		13,102.90		10,803.06
Schedule - 10				
Current Liabilities and Provisions				
Liabilities				
a) Advance from customers		15,680.01		7,140.83
b) Acceptances		227.92		695.69
c) Sundry Creditors				
(i) Due to Small Scale Industries (Refer Note 23 of Schedule 15)	61.26		123.69	
(ii) Others	30,981.97	31,043.23	17,389.78	17,513.47
d) Advance Billing		708.39		113.64
e) Other Liabilities		813.07		9,790.17
		48,472.62		35,253.80
Provisions				
a) Provision for Contract expenses		8,063.41		2,338.27
b) Leave Encashment		396.62		192.86
c) Provision for Taxation (Net)		1,981.96		934.60
d) Provision for Fringe Benefit Tax		62.00		84.68
e) Provision for Proposed Dividend		337.50		157.50
f) Provision for Income Tax on Dividend		57.36		22.10
g) Others		-		16.32
		10,898.85		3,746.33

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
Schedule - 11		
Income		
Others		
a) Interest from		
(i) Banks	49.56	4.50
(ii) Others (Tax deducted at source Rs. 27.4 lacs, 2005-06 Rs 5.33 lacs)	144.78	86.56
b) Dividends (includes Rs. 24.89 lacs from current investments)	42.13	26.87
c) Miscellaneous Income	208.41	40.89
d) Hire Charges	83.48	60.20
e) Profit on sale of Fixed Assets	-	1.35
f) Profit from Partnership firm	0.03	0.03
	528.39	220.40
Schedule - 12		
Project Execution expenses		
a) Cost of Supplies / Erection and Civil Works (Includes provision for foreseeable losses of Rs. 2,020.00 lacs previous year NIL)	79,082.43	37,385.61
b) Engineering Fees	30.82	12.25
c) Works Contract Tax / Service tax / Sales tax	1,364.34	460.97
d) Insurance Premium	554.63	294.01
e) Bank Guarantee and Letter of credit charges	463.53	220.35
f) Overseas Living Allowance	116.08	30.68
	81,611.83	38,403.87
Schedule - 13		
Employee Cost		
a) Salaries	4,063.74	2,298.26
b) Contribution to Provident Fund / Pension fund	195.27	114.57
c) Gratuity	119.07	89.05
d) Superannuation	162.49	121.95
e) Staff Welfare	267.61	194.32
	4,808.18	2,818.15

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
Schedule - 14		
Establishment and Other Expenses		
a) Rent	444.21	244.80
b) Repairs & Maintenance (Refer Note 11 of Schedule 15)	246.43	147.06
c) Rates and Taxes	55.02	17.00
d) Motor Vehicle Expenses	422.71	310.87
e) Travelling Expenses	1,083.94	671.81
f) Professional and Legal Charges	376.96	293.03
g) Postage, Telephone, Telegram & Telex	195.21	134.23
h) Printing and Stationery	111.06	80.60
i) Staff Recruitment / Training Expenses	126.30	73.86
j) Remuneration to Non-wholetime Directors (including sitting fees)	35.80	20.50
k) Auditor's Remuneration	9.58	5.02
l) Business Development Expenditure	63.83	55.19
m) Amortisation of Premium / Provision for diminution in the value of investments	0.24	0.24
n) Difference in Exchange Rate	7.04	74.80
o) General Expenses	301.02	227.44
p) Provision for Doubtful Debts (Net of reversal of Provision for doubtful debts of Rs. 21.53 lacs) (Previous year Rs. 7.10 lacs)	11.83	67.64
q) Bad debts	11.09	7.10
r) Loss on Sale of Fixed Assets	6.02	-
s) Rights Issue Expenses	59.85	-
t) Agency Commission	646.61	-
u) Brand Equity Contribution	120.30	129.66
	4,335.05	2,560.85

Schedule –15

Notes to Accounts

1. Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, on an accrual basis, in conformity with the accounting principles, generally accepted in India and in accordance with accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include accounting for contract costs expected to be incurred to complete the projects, provisions for doubtful debts, obligations under employee retirement benefit plans, income taxes, post contract warranties, and the useful lives of fixed and intangible assets. Actual results could differ from those estimates.

(c) Fixed Assets

Fixed Assets are shown at cost less depreciation. The cost comprises purchase price and other attributable expenses incurred up to acquisition and installation.

(d) Depreciation on Fixed Assets

Depreciation has been provided for on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except following assets which have been depreciated on Straight Line Method (SLM) as per the useful life of assets estimated by the management.

	Assets	Rate of depreciation for SLM
1	Scaffolding Materials	20%
2	Wire Ropes and Slings	50%
3	Computer including Software	25%
4	Motor Cars under car policy for executives	22.5%
5	Leasehold Land	Amortised over the period of lease
6	Goodwill	Amortised over 36 months
7	All the Fixed Assets costing less than Rs.10,000/- each are fully depreciated in the year of acquisition.	

(e) Investments

i) Long Term Investments

Investments are valued at cost of acquisition inclusive of other attributable expenses. Provision is made to recognise the diminution, other than temporary, in the value of investments.

Premium paid on investments acquired to hold till maturity is amortised over the holding period and the same is included in the provision for diminution in the value of investments.

ii) Current Investments valued at Market value or net realizable value whichever is less.

(f) **Revenue recognition**

(i) **Income from Contracts**

Revenue from execution of contracts is recognised on Percentage Completion method. The stage of completion is determined on the basis of actual work executed during the period.

No profit is recognised till a minimum of 10% progress is achieved on the contract. Cost incurred and invoices raised in respect of such contracts are carried in Balance Sheet as work in progress & Advance Billing respectively.

When it is probable at any stage of the contract, that the total cost will exceed the total contract revenue, the expected loss is recognised immediately.

(ii) Revenue from Inspection activity is recognised on time spent basis.

(iii) Revenue in respect of Extra works and other works not covered by written agreement is recognised on approval by client.

(iv) Interest income and income from investments are accounted for on accrual basis.

(g) **Work-in-progress**

Work-in-progress, represents expenses incurred not forming part of the work executed till Balance Sheet date and startup expenses incurred on the project till income is recognised in accordance with the revenue recognition policy followed by the Company, is valued at cost.

(h) **Work done but not billed**

Work done but not billed represents value of work executed, billed subsequent to the Balance Sheet date, the same is valued at contract price.

(i) **Foreign Currency Transactions**

(i) The Company translates all foreign currency transactions at transaction rates. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are restated at year-end rates. Forward exchange contracts are accounted for by amortising the difference between the forward rate and the exchange rate on the date of the transaction over the life of the contract.

(ii) Financial Statements of Foreign operations, which are integral operations, are translated using the same principle as stated above except following items which are translated as below :

	Nature of the account	Policy
1	Opening and Closing Work-in-Progress	Rate at the commencement and close of the year respectively.
2	Fixed Assets and Depreciation	Rate used for the translation of the respective Fixed Assets.

(j) **Retirement benefits**

(i) Contribution to the Provident and Superannuation Funds which are based on defined contribution plans are expensed as incurred.

(ii) The Gratuity Liability, which is a defined benefit plan, is provided on the basis of Actuarial Valuation as on Balance Sheet date the same is funded with Life Insurance Corporation as per their advice.

(iii) Provision for encashment of unavailed leave and Provision for Pension payable to retired Managing Directors is made on the basis of actuarial valuation as on the Balance Sheet date.

(k) Income Tax

Income taxes are computed using the tax effect accounting method in accordance with the Accounting Standard – AS-22 “Accounting for Taxes on Income” which includes current taxes and deferred taxes. Deferred Income taxes reflect the impact of current year timing difference between Taxable Income and Accounting Income for the year and the reversal of timing difference of earlier years.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liabilities settled, based on the tax rates (and tax laws) that have been enacted or substantively to set off against the deferred taxes (Refer Note No. 14).

(l) Borrowing Costs

Borrowing costs have been charged to Profit and Loss Account during the year.

(m) Impairment of Assets

At each balance sheet date the Company assesses the realisable value of all the assets. If there is any indication of fall in the realisable value over carrying cost of the assets, impairment in value of the assets is recognised.

(n) Debentures Redemption Reserve

Debentures Redemption Reserve (DRR) has been created in accordance with Section 117C of the Companies Act, 1956 and read together with general circular no. 9/2000 dated 18th April, 2002.

2. Brackish Water Reverse Osmosis (BWRO)

The Company has developed technology for purifying the water by Defluoridation process known as Brackish Water Reverse Osmosis Plant. During the year, the Company has sold 15 units (Previous Year 5 units) of BWRO Plants for Rs. 29.48 lacs (Previous Year Rs. 22.00 lacs). The same is included in income from contracts. The cost of material consumed is included in cost of erection. Units under production are shown as work in Progress. The opening stock and closing stock of finished goods of BWRO plants are 6.

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
3. a) Bank Guarantees issued by the Company to its clients / suppliers (these are generally backed by Bank Guarantees obtained by the Company from its suppliers / sub-contractors.	60,931.87	43,315.94
b) Corporate Guarantees issued to clients under various contracts.	2,547.83	3,317.83
c) Estimated amount of contract to be executed on capital account and not provided for (Net of Advance)	707.82	–
4. Value of imports on CIF basis (including foreign branches)	8,447.54	4,011.82
Capital Goods (including acquired foreign branches)	948.67	25.46
5. Expenditure in Foreign Currency (Other than Imports)	6,274.22	336.03
6. i) Earnings in Foreign Exchange		
a) Erection and Engineering Services & Quality Services	5,238.26	4,615.84

		March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
b) Interest		49.51	0.06
ii) Foreign Exchange saved by way of Deemed Export Earnings		211.44	1,373.31
7. Break-up of Contract Income			
a) Income from Supply of Project Equipment and Materials		52,016.10	28,191.69
b) Income from Erection, Engineering and Quality Services		41,303.14	19,118.76
		93,319.24	47,310.45
8. Derivatives transaction			
The Company uses Forward Exchange Contracts to hedge its exposure in Foreign Currency.			
a) Forward Contracts outstanding as at		31.03.2007	31.03.2006
EURO bought		9,857,110.00	NIL
Equivalent Rs.		57,49,65,226.00	NIL
b) Amount Receivable and Payable in foreign exchange not covered by forward contracts, in respect of goods & services.			
Receivables & Payables in foreign currency			
	Currency		Eqv. Rs.
Receivables			
	Qatari Riyals	5,81,66,553	69,65,44,472
Previous Year		NIL	NIL
	Singapore Dollars	1,57,782	45,34,023
Previous Year		36,624	10,09,357
Payables			
	Qatari Riyals	2,56,27,149	30,70,13,241
	US Dollar	69,90,691.12	30,12,98,787
Previous Year		NIL	NIL
Cash & Bank Balance			
	Qatari Riyals incl. Short term deposit	87,87,448	10,52,73,632
Previous Year		63,192	7,73,475
	Singapore Dollars	64,694	18,59,057
Previous Year		1,11,102	30,61,981

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
9. The Company's business activity of execution of projects involves procurement and supply of materials along with the rendering of services. The materials procured by the Company are directly delivered to the project sites and charged off in the year of purchase and included under the head "Engineering Services / Supplies & Erection and Construction Expenses". The materials specified are specific for each project and numerous in quantity. Hence, in the view of the Company, it is not possible to give quantitative details of the materials.		
10. a) Computation of Commission to Directors		
Profit / (Loss) before tax as per Profit and Loss Account	2,326.32	2,221.06
Add : Depreciation	1,417.58	641.58
Provision for doubtful debts(Net)	11.83	67.64
Directors Sitting fee	5.80	5.00
Provision for Foreseeable Losses	2,020.00	–
Managerial remuneration	106.46	97.47
(A)	5,887.99	3,032.75
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	1,401.35	620.03
Brought forward Loss of the year 04 - 05	–	858.76
(B)	1,401.35	1,478.79
Net Profit / (Loss) for the year under Section 198 (1) of the Companies Act, 1956 (A-B)	4,486.64	1,553.96
Commission payable to Wholetime Directors	50.00	42.00
Commission to Non- Wholetime Directors	30.00	15.50
The remuneration paid during the year to wholetime Directors including commission amounting to Rs. 106.46 Lacs (2005-06 Rs. 81.97 lacs) includes the estimated money value of benefit of Rs. 3.88 lacs (2005-06 Rs. 4.11 lacs)		
b) Audit Fees	4.75	2.48
Tax Audit Fees	1.00	0.83
Other matters	3.51	1.45
Out of Pocket expenses	0.32	0.26
	9.58	5.02

	March 31, 2007 Rs. in lacs	March 31, 2006 Rs. in lacs
11. Repairs and Maintenance includes		
a) Repairs & Maintenance (Erection & Construction Equipment)	54.44	54.40
b) Repairs & Maintenance (others)	191.99	92.66
	246.43	147.06

12. Company has implemented the Revised Accounting Standard -15 (AS-15) - Employee Benefits from 01.04.2006. Total charge for complying with AS-15 was Rs. 421.70 lacs, out of which Rs. 171.70 lacs was relating to period prior to 01.04.2006 which has been adjusted against General Reserve in accordance with transitional provisions specified in AS-15 expenses, accordingly profit during the year is higher by Rs. 171.70 lacs.

13. In one of the contracts, the Company has taken into account additional cost to be incurred after award of contract on account of (a) changes in technical specifications and drawings by the client (b) Changes in quantities of certain major equipment and (c) increase in prices of raw-materials. The Company has taken up with the client for variation order in respect of additional costs to be incurred, which is under review by the client. Based on current discussions with the client, the Management on conservative basis has estimated that the variation order would be accepted at Rs. 6250 lacs. Accordingly, provision for foreseeable losses has been made in the accounts after considering the variation order.

14. The major components of deferred tax assets and liabilities as at 31st March, 2007 are as follows:

Deferred Tax Assets / Liabilities

	Balance as on 01.04.2006 Rs. in lacs	During the Year Rs. in lacs	Balance as on 31.03.2007 Rs. in lacs
Provision for Doubtful debts	85.77	3.99	89.76
Provision for Leave Encashment	70.41	63.09	133.50
Provision for Foreseeable Losses		679.93	679.93
Total	156.18	747.01	903.19
Depreciation	(226.83)	(12.23)	(239.06)
Total	(226.83)	(12.23)	(239.06)
Total Deferred tax Asset / (Liabilities)	(70.65)	734.78	664.13

15) Related Party Transactions

The Company has entered into related party transactions with a major shareholder and key management personnel. Details of such transactions are given below:

			Rs. in lacs	
Name of the related party	Nature of relation	Nature of transaction	2006-07	2005-06
**Tata Power Company Limited	Major shareholder	Contract services	5,904.47	2,171.59
		Expenses	122.60	487.04
		Receivables, Loans and advances	787.65	2,862.50
		Payable, Advance against services	1,362.35	10,948.13
Tata Dilworth, Secord Meagher & Associates (TDSMA)	Associate concern	Profit from partnership firm	0.03	0.03
M/s. Al-Tawleed Energy & Power Company	Joint Venture	Investment	75.60	
Mr. K.P.Singh, Managing Director	Key Management personnel	Managerial remuneration	58.32*	26.11
Mr. A. K. Misra, Executive Director	Key Management personnel	Managerial remuneration	34.08*	9.51
Mr. B. Krishna, Executive Director (upto 31.08.05)	Key Management personnel	Managerial remuneration	–	11.35

* Includes Commission of 05-06 paid in 06-07.

16) Segment Information

The Company is executing Engineering, Procurement and Construction (EPC) contracts in various infrastructure fields, such as Energy Sector which comprises of Power Generation, Transmission, Distribution and related ancillary services, Telecommunications, Civil construction and other allied engineering and Quality services. The projects are executed both in India and Abroad. Considering the Core activities of the Company as above, Primary Segment is Business segment and Secondary segment is Geographical segments.

Accordingly the Primary Segment of the Company are:

1. Energy Sector
2. Services
3. Others (Infrastructure Sector and Allied Services)

and Secondary Segment of the Company are:

1. Domestic
2. Overseas

Reporting for Business Sector is on the following basis:

Revenue relating to individual segment is recorded in accordance with Accounting Policies followed by the Company. All the expenditure, which are directly attributable to a project, are charged to the project and included in the respective segment to which the project related. The costs which cannot be reasonably attributable to any project and are in the nature of general administrative overheads are shown as Unallocable Expenses.

Fixed Assets employed in the specific project are allocated to the segment to which the project relates. The depreciation on the corresponding Assets is charged to respective segments.

The borrowings & corresponding interest expenses relating to specific projects are shown under the segment to which the project relates.

Notes forming part of Financial Statement

Rs. in Lacs

	A. PRIMARY SEGMENT	Energy Sector		Services		Others (Infra. & Others)		Consolidated Total	
		Mar 07	Mar 06	Mar 07	Mar 06	Mar 07	Mar 06	Mar 07	Mar 06
	Segment Revenue								
	External Sales	80,992.16	40,126.08	3,329.17	2,108.04	8997.91	5,076.32	93,319.24	47,310.44
1	Segment Revenue	80,992.16	40,126.08	3,329.17	2,108.04	8,997.91	5,076.32	93,319.24	47,310.44
	Expenses	76,983.29	37,129.00	2,081.70	1,284.25	9,186.77	4,971.94	88,250.86	43,593.36
2	Segment Result	4,008.87	2,997.08	1,247.47	823.79	(188.86)	104.38	5,068.38	3,717.08
3	Unallocated Corporate Expenses							3,270.44	1,716.43
4	Operating Profits (2-3)							1,797.94	2,000.65
5	Interest/Dividend Income							236.47	116.34
6	Other Income							291.91	104.05
7	Net Profit/(Loss) Before Tax (5+6+7)							2,326.32	2,221.04
8	Provision for Taxation							1,804.79	678.73
9	Provision for Deferred tax written back							(734.78)	26.83
10	Fringe benefit tax							62.00	84.69
	Short/excess provision								
11	Net Profit/(Loss) after Tax (8-9-10+11)							1,194.31	1,430.81
	OTHER INFORMATION								
	Segment Asset	43,359.75	38,852.14	1,605.66	1,171.08	6,146.71	2,489.95	51,112.11	42,513.17
	Unallocated Corporate Assets							25,383.16	4,459.55
	Total Assets							76,495.27	46,972.72
	Segment Liabilities	40,926.05	36,864.30	46.88	83.61	4,832.33	1,904.78	45,805.25	38,852.69
	Unallocated Corporate Liabilities							16,807.87	2,090.87
	Total Liabilities							62,613.12	40,943.56
	Capital Expenditure	1,545.96	3,289.38	5.09	33.00	37.42	6.00	1,588.47	3,328.38
	Unallocable Capital Expenditure							784.68	273.24
	Depreciation	1,056.99	432.01	5.69	4.97	2.95	4.17	1,065.63	441.15
	Unallocable Depreciation							351.94	200.43
	Non-cash Expenses other than Depreciation								
	B. GEOGRAPHICAL SEGMENT	Domestic		Overseas				Consolidated Total	
		Mar 07	Mar 06	Mar 07	Mar 06	Mar 07	Mar 06	Mar 07	Mar 06
	Segment Revenue							-	-
	External sales	79,722.83	46,885.95	13,596.41	424.50			93,319.24	47,310.45
	Segment Asset	38,758.41	42,024.09	12,353.70	489.07			51,112.11	42,513.16
	Unallocable asset							25,383.16	4,459.55
	Total Asset							76,495.27	46,972.71
	Capital Expenditure	1,474.43	3,323.92	114.04	4.46			1,588.47	3,328.38
	unallocable Capital Expenditure							784.68	273.24

- 17) The details of investment in partnership firm Tata Dilworth, Secord & Meagher & Associates (TDSMA)

Partners	Share	Capital Rs. in lacs
Tata Projects Limited	60%	1.80
Dilworth, Secord, Meagher & Associates	40%	1.20

The profit from the partnership firm TDSMA has been recognised.

18. Sundry Debtors (Others) include retention of Rs. 9107.57 lacs (2005-06 – Rs. 4506.16 lacs) receivable on completion of projects.
19. Provision for Taxation comprises of Indian Income Tax of Rs. 1800.00 lacs (2005-06 –Rs.673.50 lacs) Overseas Income tax of Rs.3.29 lacs (2005-06 – Rs. 3.73 lacs) and Indian Wealth Tax of Rs. 1.50 lac (2005-06 – Rs. 1.50 lac).
20. Interest charges include interest on fixed loan of Rs. 222.41 lacs (Previous year Rs. 89.24 lacs).
21. In line with accepted practice in Construction Business, certain revisions of Costs & Billing of previous years which have crystalized during the year have been dealt with during the current year.
22. The net exchange difference amounting to Rs. 7.04 lacs (loss) (2005-06 – Rs. 74.80 lacs (Loss)) has been adjusted to the Profit and Loss Account.
23. **Small Scale Industries (SSI)**

The identification of SSI suppliers is based on Management's knowledge of their status. The SSI units having outstanding for more than 30 days are : M/s.Aquatech Industries P. Limited, Cords Cable Industries Pvt. Limited, Sarvani Telecom P Ltd, Omega Engineering Works, Helio Engineering P Ltd, Robot Instruments India Ltd, A S P Pvt. Ltd., Fox Fit Fastners Manufacturing Pvt. Ltd., Eften Engineering Pvt. Ltd., Cori Engineers Pvt . Ltd, Cartel Engineers Pvt. Ltd, Hyderabad Steels, Calcutta Techno Heaters P Ltd., Ushasri Industries , Sangir Plastics private Ltd, Ceebuild Co Pvt. Ltd.

The outstanding of the above parties are within the agreed credit period with them.

24. Details of units of mutual funds purchased and sold during the year by the Company is given below:

Particulars	No. of Units Purchased and Sold
Franklin Templeton – Templeton India Treasury Management Account Regular Plan	40,283.972
HDFC Cash Management	40,93,132.500
TLSG01-TATA Liquid Super High Inv. Fund	37,788.828
Birla Sun Life Mutual Fund	1,24,43,344.691
Tata Mutual Fund – TLMD Tata Liquidity Management Fund – Daily Dividend	1,00,580.037
UTI Money Market Fund- Daily Dividend Option	28,76,965.886
UTI Liquid Cash Plan Institutional	42,313.674

25. The disclosure requirement required as per AS-27 "Financial Reporting of Interest in Joint Ventures" is given below based on their audited accounts as on 31st December, 2006.

Name of the Joint Venture : M/s. Al-Tawleed Energy & Power Co.,
 Proportionate Ownership Interest : 30%
 Country of Incorporation : Saudi Arabia

Proportionate Share as per audited accounts:

		Current year (in INR)
A	Assets	
	Fixed Assets	18,054
	Net Current Assets	50,83,378
	Miscellaneous expenses to the extent not written off or adjusted	—
	Total Assets	51,01,432
B	Liabilities	
	Shareholders Funds	51,01,432
	Loan Funds	—
	Deferred Tax Liability	—
	Total Liabilities	51,01,432
C	Total Income	NIL
D	Total Expenditure	42,34,955
E	Contingent Liabilities	NIL

Since the Investment in Joint Venture was made during the year, previous years figure are not applicable.

	March 31, 2007 Rs. in lacs (except No. of Shares)	March 31, 2006 Rs. in lacs (except No. of Shares)
26 Earnings per Share (EPS)		
a) (i) Number of shares at the beginning of the year.	2,25,000.00	2,25,000.00
(ii) Issued under Rights issue on 29th August, 2006.	1,12,500.00	—
(iii) Weighted Average Shares during the year	2,90,625.00	2,25,000.00
b) Net Profit after Tax available for Equity Shareholders.	1,194.31	1,430.81
c) Basic and Diluted Earnings per share (Rupees)	411.00	636.00

27) Previous year figures have been regrouped and restated wherever necessary.

As per our report of even date

For and on behalf of
G.N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik.B. Joshi
Partner

Mumbai
9th May, 2007

Kaushik Majumder
Company Secretary

For and on behalf of the Board

F.K. Kavarana
Chairman

H.H. Malgham
Director

K.P. Singh
Managing Director

Mumbai
9th May, 2007

Schedule - 16

Balance Sheet Abstract and Company's General Business Profile
(As per Schedule VI, Part (IV) of the Companies Act, 1956)

I. Registration	
Registration No.	21034
State Code	11
Balance Sheet Date	31st March, 2007
II. Capital raised during the year	(Rupees in lacs)
Public Issue	-
Rights Issue	112.50
Private Placement	-
Bonus Issue	-
III. Position of Mobilisation and Deployment of Funds	(Rupees in lacs)
Total Liabilities	17,123.82
Total Assets	17,123.82
Sources of Funds	(Rupees in lacs)
Paid-up Capital	337.50
Reserves & Surplus	13,069.43
Secured Loans	3,716.89
Unsecured Loans	0.00
Deferred tax liability	0.00
Application of Funds	(Rupees in lacs)
Net Fixed Assets	5,964.14
Capital Work-in-progress	373.70
Investments	990.05
Net Current Assets	9,131.80
Deferred tax Asset	664.13
Misc. Expenditure	-
Accumulated Losses	-
IV. Performance of the Company	(Rupees in lacs)
Turnover including other Income	93,847.63
Total Expenditure	91,521.31
Profit before Tax	2,326.32
Profit after Tax	1,194.31
Earnings Per Share (in Rupees)	410.95
Dividend Rate	-
V. Generic Names of Principal Products / Services of the Company	
Erection & Turnkey Contracts including supply of materials and providing technical services.	

As per our report of even date

For and on behalf of
G.N. JOSHI ASSOCIATES
Chartered Accountants

Kaushik.B. Joshi
Partner

Mumbai
9th May, 2007

Kaushik Majumder
Company Secretary

For and on behalf of the Board

F.K. Kavarana
Chairman

H.H. Malgham
Director

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Managing Director

Mumbai
9th May, 2007



Artist's Impression of Proposed New Corporate Office at Hyderabad



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