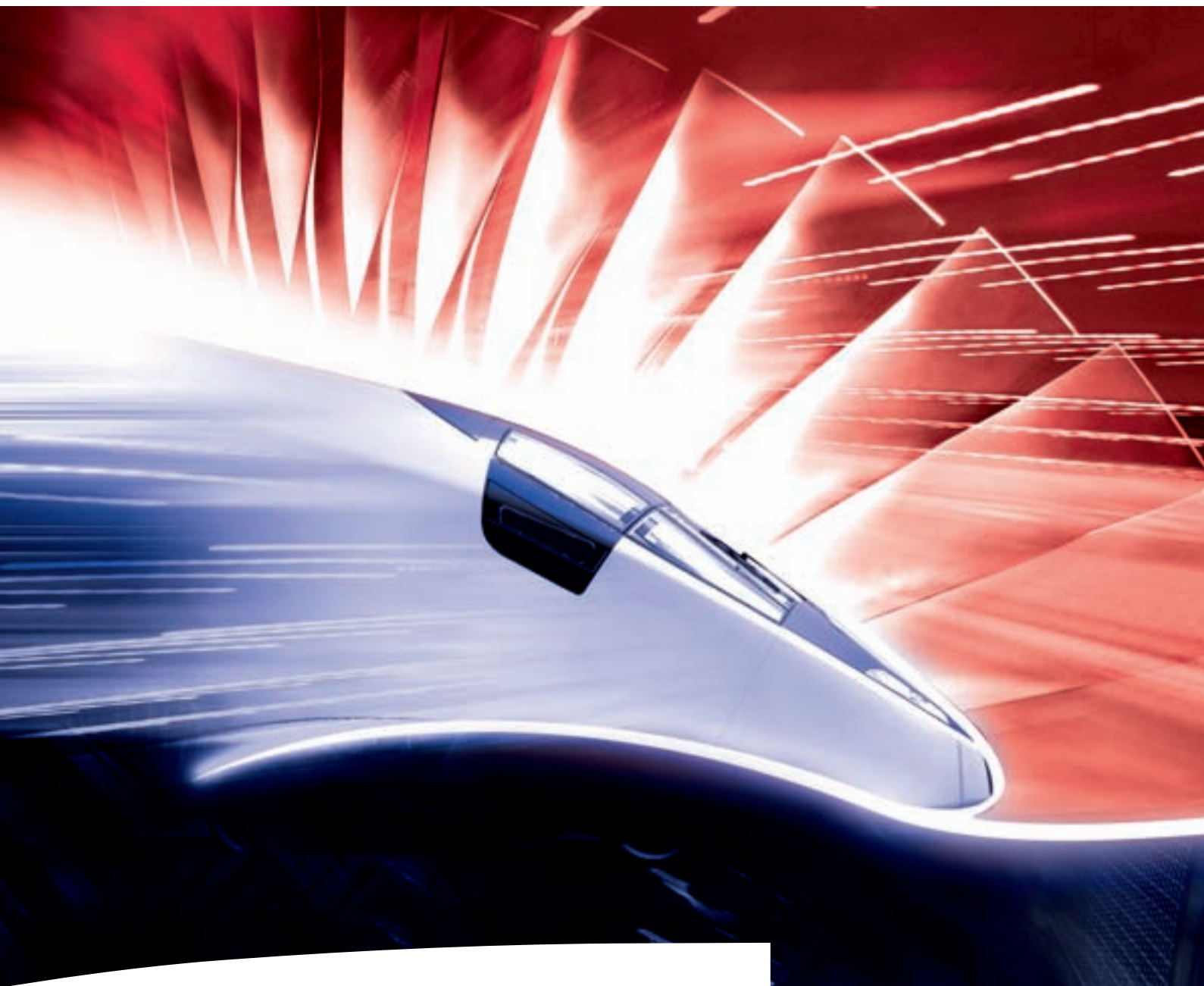


Annual Report 2007/08  
**ALSTOM Projects India Limited**



*We are shaping the future*

**ALSTOM**

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# **ALSTOM Projects India Limited**

## **Report and Accounts 2007-2008**

### **Board of Directors**

Sunand Sharma, Chairman  
Emmanuel Colombier, Vice Chairman & Managing Director  
Naina R. Desai, Whole-time Director & Company Secretary  
S.M. Momaya, Whole-time Director & Chief Financial Officer  
K. Vasudevan  
A.K. Thiagarajan  
Marc Chatelard  
Pedro Sole  
Dr Uddesh Kohli

### **Auditors**

S.R. Batliboi & Co.

### **Registrar & Share Transfer Agents**

Karvy Computershare Private Limited,  
7, Andheri Industrial Estate,  
Off Veera Desai Road,  
Andheri (West),  
Mumbai – 400 053.

### **Registered Office**

The International, 5<sup>th</sup> Floor,  
16, Marine Lines Cross Road No. 1,  
Off Maharshi Karve Road,  
Churchgate, Mumbai – 400 020.

### **Corporate Office**

33, Sector-18, HSIDC, Gurgaon-122015  
Haryana.

### **Works**

Coimbatore  
Durgapur  
Shahabad  
Vadodara

### **Marketing/Other Offices**

Bengaluru  
Chennai  
Gurgaon  
Hyderabad  
Kolkata  
Mumbai  
Nagpur  
New Delhi  
Raipur  
Vadodara  
Varanasi

# ALSTOM Projects India Limited

## Notice to Members

NOTICE is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of ALSTOM Projects India Limited will be held on Friday, July 25, 2008 at Sind Educationists' Association Auditorium, Jai Hind College Building, 'A' Road, Churchgate, Mumbai - 400 020 at 2.00 p.m. (IST) to transact the following business:-

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 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 declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. A.K.Thiagarajan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. Vasudevan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Messrs. S.R. Batliboi & Co., Chartered Accountants, as Auditors of the Company and to fix their remuneration.
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Emmanuel Colombier who was appointed as an Additional Director with effect from August 01, 2007 by the Board of Directors of the Company in the Board Meeting held on July 25, 2007, pursuant to Section 260 of the Companies Act, 1956 read with Article No. 153 of the Articles of Association of the Company to hold office upto the date of 16<sup>th</sup> Annual General Meeting and in respect of whom the Company has received a notice along with a deposit of Rs. 500/- from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act or any re-enactment, amendment or modification thereto and subject to the approval of the Central Government, as may be required and such other recommendations, approvals, sanctions if and when necessary, desirable and expedient in law, Mr. Emmanuel Colombier, be and is hereby appointed as the Managing Director of the Company for a period of three years with effect from September 01, 2007 upon such terms and conditions as set out in the draft Agreement laid before this meeting, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed upon by and between the Board of Directors and Mr. Emmanuel Colombier within and in accordance with the limits prescribed in Schedule XIII to the Act, or any amendment to the Schedule or the Act or any re-enactment thereof and if necessary as may be agreed to between the Central Government and the Board of Directors as may be acceptable to Mr. Emmanuel Colombier.

RESOLVED FURTHER THAT subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Act, the remuneration payable to Mr. Emmanuel Colombier as Managing Director by way of salary, exgratia payment or commission, perquisites and other allowances, shall not exceed five percent of the net profits of the Company for one such Director and if there are more than one such Director, ten percent of such net profits for all of them together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary, perquisites and other allowances as set out under item no. 6 of the Explanatory Statement annexed to this notice as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals, sanctions, if and when necessary."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII to the Companies Act, 1956, or any re-enactment, amendment or modification thereto and subject to the approval of the Central Government, if necessary, and such other recommendations, approvals, sanctions as may be necessary, desirable and expedient in law, Mrs. Naina R. Desai, be and is hereby re-appointed as the Whole-time Director of the Company for a period of three years with effect from September 01, 2008, upon such terms and conditions as set out in the draft Agreement laid before this meeting and which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said re-appointment and/or Agreement, in such manner as may be agreed upon by and between the Board of Directors and Mrs. Naina R. Desai within and in accordance with the limits prescribed in Schedule XIII to the Act or any amendment thereto to the said Schedule or the Act or any re-enactment thereof and if necessary as may be agreed to between the Central Government and the Board of Directors as may be acceptable to Mrs. Naina R. Desai.

RESOLVED FURTHER THAT the remuneration payable to Mrs. Naina R. Desai as Whole-time Director by way of salary, exgratia payment or commission, perquisites and other allowances, shall not exceed the limits, if any, stipulated under provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Act.

RESOLVED FURTHER THAT subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mrs. Naina R. Desai as Whole-time Director by way of salary, exgratia payment or commission, perquisites and other allowances, shall not exceed five percent of the

net profits of the Company for one such Director and if there are more than one such Director, ten percent of such net profits for all of them together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year during the currency of her tenure as Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary, perquisites and other allowances as set out under item no. 7 of the Explanatory Statement annexed to this notice as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals, sanctions, if and when necessary.”

For and on behalf of the Board of Directors  
Mrs. Naina R. Desai  
Director- Corporate Affairs,  
Company Secretary & Legal Counsel

Place : Gurgaon

Date : April 29, 2008

Registered Office:

“The International”, 5<sup>th</sup> Floor,  
16, Marine Lines Cross Road No.1,  
Off Maharshi Karve Road,  
Churchgate, Mumbai 400 020.

#### NOTES:

**1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER. PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE DATE AND TIME OF THE ANNUAL GENERAL MEETING.**

2. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Transfer Books of the Company will remain closed from Thursday, July 17, 2008 to Friday, July 25, 2008 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Members are requested to advise, indicating their respective folio number, the change of their addresses, if any, to Messrs. Karvy Computershare Private Limited (Karvy), Unit: ALSTOM Projects India Limited, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai 400 053, the Registrar and Transfer Agents of the Company or to their respective Depository Participant, as the case may be.
6. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relevant share certificate(s) to Karvy for consolidating the holdings into one account. The share certificate(s) will be returned by Karvy after consolidation.
7. Members / Proxies should bring the attendance slip sent herewith, duly filled in, for attending the meeting.
8. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after July 30,

2008 to those members whose names stand registered on the Company's Register of Members :-

- a) as Beneficial Owners as at the close of July 16, 2008 as per the list to be furnished by National Securities Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in electronic form; and
  - b) as Members in the Register of Members of the Company after giving effect to all the valid share transfers in physical form which are lodged with the Company before July 17, 2008.
9. Members are advised to avail the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at locations identified by Reserve Bank of India and State Bank of India from time to time and covers most of the cities and towns. Members holding shares in dematerialised mode are requested to contact their respective Depository Participant (DP) for availing ECS facility. Members holding shares in physical form and who have not submitted the ECS details and desirous of availing ECS facility are requested to send to the Company or to Karvy the details such as: the name of the Shareholder, Bank through which account held, Bank Account number and MICR details immediately and wherever possible the request shall be acceded to.
  10. Please encash your Dividend Warrants immediately on their receipt by you, as dividends remaining unclaimed for seven years are now required to be transferred to the 'Investor Education and Protection Fund' established by the Central Government under the amended provisions of the Companies Act, 1956, and you shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter. In accordance with this regulation, the transfer of unclaimed dividend pertaining to the year under review to Investor Education and Protection Fund will take place in the year 2015-16. Unclaimed dividend for financial years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is lying with the Company. Members who have not yet encashed the dividend warrants for financial year 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 are requested to contact the Company's Registrar and Share Transfer Agent – Karvy at the earliest; since no claim shall lie against the Company or the Investor Education and Protection Fund after the amount of unclaimed Dividend as on October 11, 2010; August 22, 2011; September 05, 2012, September 02, 2013 and August 31, 2014 respectively becomes eligible for transfer to the Investor Education and Protection Fund.
  11. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made available at the Meeting.
  12. Members can avail of the Nomination facility by filing Form 2B with the Company or its Registrar (Karvy). Blank forms will be supplied on request. In case of shares held in demat form, the nomination has to be lodged with their DP.
  13. Members are requested to bring the copy of the Annual Report to the Annual General Meeting.
  14. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  15. The particulars of Directors who are appointed or re-appointed are given in the Corporate Governance Section.



## Annexure to Notice

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

#### Item No. 6

The Board of Directors at their meeting held on July 25, 2007 appointed Mr. Emmanuel Colombier as an Additional Director of the Company with effect from August 01, 2007 and as the Managing Director of the Company for a period of three years with effect from September 01, 2007.

The appointment of Mr. Emmanuel Colombier as the Managing Director was subject to the approval of the Central Government and approval of the shareholders. Necessary application seeking approval from the Central Government has been filed and approval is awaited as on the date of this notice.

Mr. Emmanuel Colombier, 47, holds a degree in Marine Engineering and has been with Alstom for the past 18 years, leading various positions in Sales, Project Management and General Management within the Power Sector in France and other countries. This is his second assignment in India.

The draft Agreement between the Company and Mr. Emmanuel Colombier, inter alia, contains the following terms and conditions:-

1. The Company shall employ Mr. Emmanuel Colombier and Mr. Emmanuel Colombier shall serve the Company as its Managing Director for a period of three years from September 01, 2007 in accordance with Section 269 read with Schedule XIII and all other applicable provisions of the Act, subject to employment being determined in pursuance of any of the provisions of this Agreement.
2. In respect of such orders and directions as may, from time to time, be given to him by the Board of Directors of the Company (the Board), all such orders and directions Mr. Emmanuel Colombier shall, promptly and faithfully obey, observe and comply with in all respects and subject also to such restrictions as the Board may in its sole and uncontrolled discretion from time to time impose on him. Mr. Emmanuel Colombier shall have the management of whole of the affairs of the Company with power to appoint and dismiss employees of the Company, to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things, which in the ordinary course of business, he may consider necessary or proper or in the interest of the Company.
3. During his employment under this Agreement, Mr. Emmanuel Colombier shall use his best endeavours to promote the interest and welfare of the Company.
4. During the period of his employment, Mr. Emmanuel Colombier shall whenever required by the Company undertake such travelling in India and elsewhere as the Board may from time to time direct in connection with or in relation to the business of the Company.
5. The Company shall in consideration of the performance of his duties, pay to Mr. Emmanuel Colombier during the continuance of this Agreement, the following remuneration:-
  - (i) Salary of Rs. 1,50,000/- (Rupees One Lac Fifty Thousand Only) per month.
6. In addition to salary and commission, the following perquisites shall be allowed to Mr. Emmanuel Colombier :
  - (i) Housing: Mr. Emmanuel Colombier shall be entitled to rent free furnished residential accommodation.

- (ii) In case no accommodation is provided by the Company, Mr. Emmanuel Colombier shall be entitled to house rent allowance as may be approved by the Board of Directors.
  - (iii) Reimbursement of electricity charges as per defined limits.
  - (iv) Reimbursement of medical expenses incurred for Mr. Emmanuel Colombier and family.
  - (v) Leave travel concession (Home Leave) for Mr. Emmanuel Colombier and family once in a year incurred in accordance with the Rules specified by the Company.
  - (vi) Fees of clubs subject to a maximum of two clubs.
  - (vii) Personal Accident Insurance as per the Rules of the Company.
  - (viii) Provision of a car with driver for business as well as personal purposes.
  - (ix) Communication facilities.
- Explanation: "Family" means the spouse and the dependent children.

7. Mr. Emmanuel Colombier shall also be paid the following perquisites which shall not be included in the computation of the ceiling on the remuneration in the event the Company has no profit or its profits are inadequate in any financial year during the aforesaid period.

Earned/Privilege Leave: On full pay and allowances, as per rules of the Company.

Notwithstanding anything hereinabove, where in any financial year, during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, perquisites and other allowances as minimum remuneration subject to the approval of the Central Government, if and when necessary and the difference between the aforesaid minimum remuneration and minimum remuneration as specified in Schedule XIII to the Act, shall be paid after receipt of the Central Government approval based on such recommendations as may be statutorily required.

8. In the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Act, or any re-enactment thereof, the terms and conditions of the said re-appointment and/or the Agreement may be altered, modified, amended or varied, from time to time, by the Board of Directors as it may, in its discretion, deem fit, so as not to exceed the limits specified in Schedule XIII to the Act or any re-enactment or amendment or modification thereto.
9. Mr. Emmanuel Colombier shall be entitled to :
  - (a) the reimbursement of entertainment expenses actually and properly incurred by him in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors; and
  - (b) the reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.

10. As long as Mr. Emmanuel Colombier functions as the Managing Director, he shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
11. Mr. Emmanuel Colombier shall be entitled to benefit under Stock Option Scheme(s), Stock Attribution Scheme(s), Share Purchase Scheme(s), Share Preferential Allotment Scheme(s) and such other similar scheme(s) by the Company or ALSTOM, France as may be announced from time to time.
12. As long as Mr. Emmanuel Colombier functions as Managing Director, he shall not be subject to retirement by rotation.
13. Mr. Emmanuel Colombier shall not, during the term of this Agreement with the Company, engage himself either directly or indirectly or be interested in any capacity whatsoever or render assistance to any firm, Company or persons whatsoever whether as a manufacturer, dealer or trader in goods or products which are of the same or similar kind and nature as those of the Company.
14. As long as Mr. Emmanuel Colombier functions as Managing Director, he shall not become interested or otherwise concerned directly or through his wife and/or minor children, in any selling agency of the Company in future without the prior approval of the Central Government.
15. Mr. Emmanuel Colombier shall not during the continuance of his employment with the Company or at any time thereafter divulge or disclose to any person whomsoever or to make any use whatsoever for his own purpose or for any purpose other than that of the Company any information or knowledge obtained by him during his employment as to the business or affairs of the Company or its methods or as to any trade secrets or secret processes of the Company and Mr. Emmanuel Colombier shall during the continuance of his employment hereunder also use his best endeavours to prevent any other person from so doing PROVIDED HOWEVER that such divulgence or disclosure by Mr. Emmanuel Colombier to officers and employees of the Company for the purpose of business of the Company shall not be deemed to be a contravention of this Clause.
16. If Mr. Emmanuel Colombier shall at any time be prevented by ill-health or accident or any physical or mental disability from performing his duties hereunder, he shall inform the Company and supply with such details as it may be reasonably required, and if he shall be unable by reason of ill-health or accident or disability for a period of 180 days in any period of twelve consecutive calendar months, to perform his duties hereunder, the Company may forthwith terminate his employment hereunder.
17. The Company shall be entitled to terminate Mr. Emmanuel Colombier's employment as Managing Director and/or his office as Director forthwith, if he becomes insolvent or makes any composition or arrangement with his creditors or ceases to be Director or a Managing Director of the Company.
18. In case of Mr. Emmanuel Colombier's death in the course of his employment with the Company, the Company shall pay to his legal representatives the salary and other emoluments payable hereunder for the then current month together with any such further sum as the Board in its sole and uncontrolled discretion may determine.
19. If Mr. Emmanuel Colombier is guilty of inattention to or negligence in the conduct of the business or any other act or omission inconsistent with his duties as the Managing Director or any breach of this Agreement, which, in the opinion of the Board, renders his retirement from office of Managing Director desirable, the Company by not less than ninety days notice in writing to Mr. Emmanuel Colombier determine this Agreement and upon the expiration of such notice Mr. Emmanuel Colombier shall cease to be a Director of the Company.
20. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement at any time by giving to the other party 180 days notice in writing in that behalf, without the necessity of showing any cause and on the expiry of the period of such notice, this Agreement shall stand determined and in view thereof and as a consequence of such termination by notice Mr. Emmanuel Colombier shall cease to be a Director of the Company.
21. The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as may be permissible as it deems fit, subject to the provision of the Act, or any re-enactment or any amendment or modification thereto.
22. The Agreement shall represent the entire agreement between the parties hereto on the subject matter with effect from September 01, 2007 hereof and shall cancel and supersede all prior agreements, arrangements or understandings, if any, whether oral or in writing, between the parties hereto on the subject matter hereof with effect from September 01, 2007 .  
  
This is considered as an abstract under Section 302 of the Act, of the terms and conditions of the appointment of Mr. Emmanuel Colombier as the Managing Director of the Company.  
  
The Company has also received a notice in writing from a member under Section 257 of the Act, signifying his intention to propose the name of Mr. Emmanuel Colombier for appointment as a Director of the Company.  
  
The proposed business at item no. 6 of the Notice of this meeting is intended to seek your approval. Your Directors recommend the approval of the Special Resolution in the interest of the Company.  
  
Except Mr. Emmanuel Colombier, none of the Directors is, in any way concerned or interested in the Resolution at this item of the accompanying notice.  
  
The draft Agreement to be executed between the Company and Mr. Emmanuel Colombier will be open for inspection by the members at the registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m.

#### **Item No. 7**

Mrs. Naina R. Desai was re-appointed as the Whole-time Director of the Company for a period of three years with effect from September 01, 2005. Her term as Whole-time Director of the Company will expire on August 31, 2008.

The Board of Directors at their meeting held on April 29, 2008, passed a resolution for re-appointment of Mrs. Naina R. Desai as the Whole-time Director for a further period of three years on the remuneration and the terms and conditions as set out in the draft Agreement, subject to necessary approvals as and when required. The said remuneration is well within the limits specified by Sections 198 and 309 of the Act read with Schedule XIII to the Act.

The draft Agreement between the Company and Mrs. Naina R. Desai, inter alia, contains the following terms and conditions:-

1. The re-appointment of Mrs. Naina R. Desai as Whole-time Director of the Company designated as Director – Corporate Affairs, Company Secretary and Legal Counsel shall be for a period of three years from September 01, 2008.
2. Mrs. Naina R. Desai shall perform such duties and exercise such powers as are entrusted to her from time to time by the Managing Director and in his absence by the Board of Directors of the Company (the Board). She shall report to the Managing Director and she shall be responsible for all actions relating to the business of the Company to the Managing Director and in his absence to the Board and shall promptly and faithfully obey and observe such orders and directions as may, from time to time, be given to her by the Managing Director and in his absence by the Board.
3. During her employment under this Agreement, Mrs. Naina R. Desai shall devote her whole time and attention during business hours to the business of the Company as may be necessary or required and shall use best endeavours to promote its interest and welfare.
4. During the period of her employment, Mrs. Naina R. Desai shall whenever required by the Company, undertake such travelling in India and elsewhere as the Managing Director or the Board may from time to time direct in connection with or in relation to the business of the Company.
5. The Company shall, in consideration of the performance of her duties, pay to Mrs. Naina R. Desai during the continuance of this Agreement, the following remuneration :-

- (i) Salary of Rs. 71,700/- (Rupees Seventy One Thousand Seven Hundred only) per month, to be increased by the amount of annual increment under the increment policy of the Company to be announced for the financial year 2008-09.

The annual increment will be decided by the Board of Directors of the Company or its Committee.

- (ii) Exgratia Payment : As per the rules of the Company.  
OR

Commission : In addition to salary, perquisites and other allowances, commission based on the net profits of the Company computed in the manner laid down in Section 309(5) of the Act subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Act. Such commission shall be of such percentage and of such amount as the Board of Directors of the Company may determine keeping in view the performance of the Company in respect of each financial year.

In addition to salary and exgratia payment or commission, the following perquisites shall be allowed to Mrs. Naina R. Desai :-

- (i) Housing: Mrs. Naina R. Desai shall be entitled to rent free furnished residential accommodation.
- (ii) In case no accommodation is provided by the Company, Mrs. Naina R. Desai shall be entitled to house rent allowance as per the rules of the Company.
- (iii) Other Allowances in accordance with the rules of the Company.

- (iv) Payment/Reimbursement of medical, hospitalisation, surgical expenses and mediclaim insurance premium incurred for Mrs. Naina R. Desai and family as per the rules of the Company.
- (v) Leave travel concession for Mrs. Naina R. Desai and family once in a year incurred in accordance with the rules specified by the Company.
- (vi) Fees of one club.
- (vii) Personal accident insurance as per the rules of the Company.
- (viii) Provision of car with driver for business as well as personal purposes.
- (ix) Communication Facilities.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the Whole-time Director.

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual cost.

6. Notwithstanding anything stated hereinabove, where in any financial year during the currency of her tenure as Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay the aforesaid remuneration by way of salary, perquisites and other allowances as minimum remuneration subject to approval of the Central Government, if and when necessary and the difference between the aforesaid minimum remuneration and minimum remuneration as specified in Schedule XIII to the Act shall be paid after receipt of the Central Government approval based on such recommendations as may be statutorily required.
7. In the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Act or any re-enactment thereof the terms and conditions of the said re-appointment and/or the Agreement may be altered, modified, amended or varied, from time to time by the Board of Directors as it may, in its discretion, deem fit, so as not to exceed the limits specified in Schedule XIII to the Act or any re-enactment or amendments or modifications thereto.
8. Mrs. Naina R. Desai shall also be paid the following perquisites which shall not be included in the computation of the ceiling on the remuneration in the event the Company has no profit or its profits are inadequate in any financial year during the aforesaid period:
  - (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Schemes of the Company to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
  - (ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
  - (iii) Earned / Privilege leave: On full pay and allowances, as per rules of the Company. Leave accumulated at the end of her current term will be allowed to be encashed and in case of future term(s) of appointment shall be carried forward and such further term(s) be treated as continuation of service.



9. Mrs. Naina R. Desai shall be entitled to:
    - (a) the reimbursement of entertainment expenses actually and properly incurred by her in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Managing Director or the Board; and
    - (b) the reimbursement of travelling, hotel and other expenses incurred by her in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Managing Director or the Board.
  10. Mrs. Naina R. Desai shall be entitled to benefit under Stock Option Scheme(s), Stock Attribution Scheme(s), Share Purchase Scheme(s), Share Preferential Allotment Scheme(s) and such other similar scheme(s) by the Company or ALSTOM, France as may be announced from time to time.
  11. As long as Mrs. Naina R. Desai functions as Whole-time Director, no sitting fee shall be paid to her for attending the meetings of the Board of Directors or Committee thereof.
  12. As long as Mrs. Naina R. Desai functions as a Whole-time Director, she shall not be subject to retirement by rotation. However, upon termination of this Agreement, she shall cease to be a Director of the Company, unless re-appointed.
  13. Mrs. Naina R. Desai not to engage herself, either directly or indirectly or be interested in any capacity whatsoever or render assistance during the term of her Agreement with the Company to any firm, company or persons whether as a manufacturer, dealer or trader in goods or products which are of the same or similar kind and nature as those of the Company.
  14. As long as Mrs. Naina R. Desai functions as Whole-time Director, she shall not be interested or otherwise concerned directly or through her husband and / or minor children, in any selling agency of the Company in future without the prior approval of the Central Government.
  15. Mrs. Naina R. Desai shall not divulge or disclose to any person any secret or confidential information relating to the business or affairs of the Company or as to any trade secrets or secret processes and to use her best endeavours to prevent any other person from so doing PROVIDED HOWEVER that such divulgence or disclosure by Mrs. Naina R. Desai to officers and employees of the Company for the purpose of business of the Company shall not be deemed to be a contravention of this Clause.
  16. The Company shall be entitled to terminate Mrs. Naina R. Desai's employment forthwith if she is unable to perform her duties by reason of ill-health, accident or disability for a period of 180 days in any period of twelve consecutive calendar months.
  17. The Company shall be entitled to terminate Mrs. Naina R. Desai's employment as Whole-time Director and / or her office as a Director forthwith, if she becomes insolvent or makes any composition or arrangement with her creditors or ceases to be a Director or a Whole-time Director of the Company.
  18. In case of Mrs. Naina R. Desai's death in the course of her employment as Whole-time Director with the Company, the Company shall pay her legal representatives the salary and other emoluments payable for the then current month together with any such further sum as the Board in its sole and uncontrolled discretion may determine.
  19. If Mrs. Naina R. Desai is guilty of inattention to or negligence in the conduct of the business or any other act or omission inconsistent with her duties as the Whole-time Director or any breach of this Agreement, which, in the opinion of the Board, renders her retirement from office of Whole-time Director desirable, the Company by not less than 90 days' notice in writing to Mrs. Naina R. Desai determine this Agreement and upon the expiration of such notice Mrs. Naina R. Desai shall cease to be a Director of the Company.
  20. Either party shall be entitled to terminate the Agreement by giving to the other party 90 days' notice in writing without showing any cause.
  21. The terms and conditions of the said re-appointment and / or Agreement may be altered and varied from time to time by the Board as it may be permissible and if deem fit, so as not to exceed the limits specified in Schedule XIII to the Act, or any re-enactment, amendment or modification thereto.
  22. The Agreement represents the entire agreement between the Company and Mrs. Naina R. Desai and cancels and supersedes all prior agreements, arrangements or understandings between the Company and Mrs. Naina R. Desai.
- This is considered as an abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of the re-appointment of Mrs. Naina R. Desai as the Whole-time Director of the Company.
- The Company has also received a notice in writing from a member under Section 257 of the Act, signifying his intention to propose the name of Mrs. Naina R. Desai for appointment as a Director of the Company.
- The proposed business at item no. 7 of the Notice of this meeting is intended to seek your approval. Your Directors recommend the approval of the Special Resolution in the interest of the Company.
- Except Mrs. Naina R. Desai, none of the Directors is, in any way concerned or interested in the Resolution at this item of the accompanying notice.
- The draft Agreement to be executed between the Company and Mrs. Naina R. Desai will be open for inspection by the members at the registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m.
- For and on behalf of the Board of Directors
- Mrs. Naina R. Desai  
Director- Corporate Affairs,  
Company Secretary & Legal Counsel
- Place : Gurgaon  
Date : April 29, 2008
- Registered Office:  
"The International", 5<sup>th</sup> Floor,  
16, Marine Lines Cross Road No.1,  
Off Maharshi Karve Road,  
Churchgate, Mumbai 400 020.

## Directors' Report

The Directors have pleasure in presenting the 16<sup>th</sup> Annual Report of the Company and the Audited Accounts for the year ended March 31, 2008.

### • Financial Results

	<b>For the year ended March 31, 2008</b>	<b>(Rupees thousands) For the year ended March 31, 2007</b>
Profits before Extraordinary items, Tax, Interest and Depreciation	1,371,685	1,536,046
Less: Interest	(1,352)	(1,690)
Less: Depreciation	(236,688)	(163,920)
Add : Reversal of Impairment provision	54,375	-
Profit before Tax	1,188,020	1,370,436
Less: Provision for Taxation		
– Fringe Benefit Tax	(29,000)	(23,000)
– Current Tax	(405,646)	(3,000)
– Deferred Tax	(20,287)	(250,534)
Profit after Tax	733,087	1,093,902
Balance brought forward from previous year	1,330,308	1,129,946
Profit available for Appropriation	2,063,395	2,223,848
Appropriations		
a) Transferred to General Reserve	73,309	109,390
b) Proposed Dividend	536,194	670,242
c) Corporate Dividend Tax	91,126	113,908
Balance Carried forward to Balance Sheet	1,362,766	1,330,308

### • Dividend

The Directors are pleased to recommend a dividend at the rate of Rs. 8/- per equity share for the year ended March 31, 2008 (previous year Rs. 10/- per share) on 67,024,174 equity shares of Rs. 10 each.

### • Operations

A detailed review of the operations, performance and outlook of the Company and its business is given in the Management's Discussion and Analysis Report, which forms part of this Annual Report.

### • Consolidated Financial Statements

In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to this Annual Report.

### • Corporate Governance

Your Company is in compliance with the requirements and disclosures with respect to the Code of Corporate Governance as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges. As a listed company, necessary measures are taken to comply with the Listing Agreement with the Stock Exchanges. A report on Corporate Governance as stated above, along with a certificate of compliance from the Auditors, forms part of this Annual Report. The Vice Chairman and Managing Director's declaration regarding compliance with 'Alstom Projects India Limited Code of Conduct for Board Members and Senior Management' is attached to the Corporate Governance Report.

### • Directors' Responsibility Statement

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm:

(i) that the applicable accounting standards have been followed in preparation of final accounts and

there are no material departures;

(ii) that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for the year ended on that date;

(iii) that proper and sufficient care has been taken 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) that the annual accounts have been prepared on a going concern basis.

### • Subsidiary Companies

ALSTOM Power Boilers Services Limited and ALSTOM Manufacturing India Limited are the subsidiaries of your Company.

The Ministry of Corporate Affairs, Government of India vide its letter dated March 12, 2008 has exempted the Company from attaching the Annual Reports and other particulars of its subsidiary companies together with the Annual Report of the Company as required under Section 212 of the Companies Act, 1956. Therefore, the said Reports of the subsidiary companies are not attached. However, a statement of particulars of the subsidiary companies has been attached alongwith the Consolidated Financial Statements.

The Company shall provide the copy of Annual Report and other documents of its subsidiary companies as required under Section 212 of the Act to the shareholders on their request, free of cost.

- **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure-A which forms part of this Directors' Report.

- **Environment Compliance**

The Company complies with all requirements regarding management of pollutants of manufacturing units and also conducts Environmental Audits of its units at regular intervals.

The Company has obtained all environmental consents such as air, water and hazardous waste authorisation from respective Pollution Control Boards and are in compliance with the present environmental legislation.

- **Particulars of Employees**

The statement under sub-section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of this Directors' Report is given in Annexure-B.

- **“Group” for Inter-se Transfer of Shares**

As required under Regulation 3(i)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, person constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure-C which forms part of this Annual Report.

- **Board of Directors**

Mr. Frederic Lalanne ceased to be the Director on the Board of Directors of the Company and accordingly ceased to be the Vice Chairman & Managing Director of the Company with effect from August 01, 2007. The Board places on record its appreciation for the valuable services and guidance given by Mr. Frederic Lalanne to the Company during his tenure as the Managing Director of the Company.

The Board of Directors at their meeting held on July 25, 2007 appointed Mr. Emmanuel Colombier as an Additional Director of the Company with effect from August 01, 2007 and as the Managing Director of the Company for a period of three years with effect from September 01, 2007.

The appointment of Mr. Emmanuel Colombier as the Managing Director was subject to the approval of the Central Government and approval of the shareholders. Necessary application seeking approval from the Central Government has been filed and approval is awaited as on the date of this notice.

The term of appointment of Mrs. Naina R. Desai, Whole-time Director and Company Secretary, expires on August 31, 2008. The Board of Directors at their meeting held on April 29, 2008 has re-appointed Mrs. Naina R. Desai as the Whole-time Director for a period of three years with effect from September 01, 2008. The re-

appointment of Mrs. Naina R. Desai by the Board of Directors is subject to the approval of the members.

In accordance with the Articles of Association of the Company, Mr. A.K. Thiagarajan and Mr. K. Vasudevan retire by rotation from the Board of Directors of the Company at the ensuing Annual General Meeting. Both are eligible and seek re-appointment.

The particulars of Directors proposed to be appointed or re-appointed are given in the Corporate Governance Report of this Annual Report.

- **Auditors**

You are requested to appoint Auditors and fix their remuneration. The Company has received the requisite certificate pursuant to Section 224(1B) of the Companies Act, 1956 from Messrs. S. R. Batliboi & Co., Chartered Accountants, regarding their eligibility for re-appointment as Auditors of the Company.

- **Appreciation**

The Board of Directors take this opportunity to express their sincere appreciation for the dedicated efforts put in by the employees for continued good performance. This would not have been possible without the understanding, support and contribution of the management and employees at all levels.

For and on behalf of the  
Board of Directors

Emmanuel Colombier  
Vice Chairman &  
Managing Director

Mrs. Naina R. Desai  
Whole time Director &  
Company Secretary

Place : Gurgaon

Date : April 29, 2008

## Annexure – A to Directors’ Report

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo – Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### (A) Conservation of Energy

##### a. Energy Conservation measures taken during 2007-08

- Replacement of old & damaged Capacitor banks by new ones with Automatic Power Factor Controllers (APFC) to improve power factor of the system from 0.70 to 0.90 - 0.96. Energy savings estimated 50,000 kWh/annum, depending upon load.
- Replacement of 400 watt SON lamps by 250 watt metal halide lamps for overhead lighting in shops resulting in energy saving of 15,500 kWh/annum.
- Replacement of old MG set drive by new Digital DC drive for 1 no. 100 Ton Positioner (Rotator) to get a savings of 10,500 kWh/annum.
- Replacement of old Contactor relay logic panel by new Digital DC drives for 1 no. 60 Ton Positioner (Rotator) to get a savings of 7,000 kWh/annum.
- Installation of digital DC Drive unit for the Cooper Vertical Boring Machine has effected energy saving of 54,500 kWh/annum
- Installation of 25 nos. PLS energy saving fittings at various locations of administration Building and factory resulting power saving of 11580 kWh/annum
- Installation of energy saving light fittings of 400 watts in place of 1000 watts fittings at various

locations in pulverizer and piping shop has resulted in power savings of 16,778 Units/annum.

- Awareness to all employees to conserve energy. Monthly Energy consumption was shown on Display boards.

##### b. Impact of measures in (a) above for reduction of energy consumption and consequent impact on cost of production of goods

Expenditure on energy represents a very small part of the production cost. The impact of various measures undertaken for purposes of reduction of energy consumption has no appreciable impact on the production costs.

#### (B) Research and Development and Technology Absorption

##### a. Technology Absorption/ Adaptation and Innovation

- Transfer of technology was completed for Kaplan hydro turbines, Auxiliary Equipment and Control Systems.
- Transfer of technology was initiated for Hydro pelton turbines, Hydro pump turbines, Hydro generators, PRO/Engineer & VPDM implementation.
- Localisation of external hardware for interlocking.

##### b. Benefits derived as a result of the above efforts

The Company now houses the above mentioned facilities locally which were historically imported / procured from outside.

This has also helped the Company

to be competitive and flexible to the needs of the market.

#### (C) Foreign Exchange Earnings and Outgo

##### a. Activities relating to exports:

##### Initiatives taken to increase exports, development of new export markets for products and services, export plans

The Company received export orders for supply of Heat Recovery Steam Generators at Fujjarah of USD 61 million and was awarded the Bujagali Hydro Electric project contract for supply of equipment worth USD 94.7 million.

Total export earnings from engineering services was Rs.744 million.

##### b. Total Foreign Exchange earned and used

(Rupees thousands)

Foreign Exchange earned	2,610,812
Foreign Exchange used	<u>1,997,851</u>
<b>Net Foreign Exchange earned</b>	<b><u>612,961</u></b>

For and on behalf of the Board of Directors

Emmanuel Colombier  
Vice Chairman &  
Managing Director

Mrs. Naina R. Desai  
Whole-time Director &  
Company Secretary

Place : Gurgaon

Date : April 29, 2008

## Annexure – B to Directors’ Report

Statement under Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors’ Report for the year ended March 31, 2008

Name of the Employee	Designation/Nature of Duties	Remuneration Received (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	Age (Years)	Previous Employment	
							Name of the Company	Designation
Colombier Emmanuel *	Vice Chairman & Managing Director	3,331,576	Degree in Marine Engineering	18	01 - Sep - 2007	47	ALSTOM France	VP - North America
Desai Naina R	Whole-time Director & Company Secretary	2,686,122	B.Com. (Hons), LLB, FCS	31	01 - Sep - 2000	54	ABB Limited	General Manager & Company Secretary
Dev Mangal *	Director - Business Development	1,395,258	B. Tech, Aero Space Engineering	19	30 - Nov - 2007	41	ACME	Business Head
Gamble George *	Engineering Manager - Boilers	2,686,160	B.E (Mech.), M.E (Systems)	23	01 - Sep - 2004	46	Babcock, Australia	Design Engineer
Girard Robert	Director - ECS India	2,471,694	Master of Science, Ingenieur Civil des Mines - PARIS	33	01 - Apr - 2007	56	ALSTOM France	MD - ALSTOM Heat Exchange FRANCE
Joyce Bernard	Director - Transport	4,644,320	Grad in Economics, Degree in Law, MBA	20	01 - Nov - 2005	45	Astra Zeneca	Consultant
Kapoor Ravi	Director - Power Services	2,415,215	B.Sc. Engg. (Electronics & Telecommunication)	29	12 - Sep - 1995	51	BHEL	Sr. Manager
Lalanne Frederic *	Managing Director	1,317,783	MBA, Masters in International Politics	20	01 - May - 2005	44	Cegelec, Belgium	International Director
Momaya Subhashchandra M	Whole-time Director & Chief Financial Officer	4,414,240	B.Com.(Hons), ACA	28	27 - Jul - 1987	52	Asea Limited	Factory Accountant
Nimbarji Shivanand	Director - Boilers & Boiler Retrofits	3,400,724	B.E (Mech.)	19	01 - Jul - 1996	41	RPG Power Corporation Ltd.	Manager (Proj Dev)
Parent Jacques	Head - Plant Engineering	3,288,239	MS - Mech Engg.	37	25 - Feb - 2004	61	Alstom, U S	Engineering Director
Soni Sunil K	Director - Plants	3,694,415	B.Sc. Engg. (Mech)	34	15 - Feb - 1993	56	Krupp Industries India Ltd.	DGM-Material handling
Swaminathan S	Director - Turbo Machines Group	3,437,883	B.Com.(Hons), MBA	28	05 - Feb - 2001	50	Philips India Ltd.	General Manager - Finance

\* Employed for a part of the year

### Notes:

1. Nature of Employment is contractual for all employees. Other terms and conditions are as per Company's rules.
2. None of the above employees is related to any of the directors of the Company.
3. The above amounts exclude any benefits under the ALSTOM stock option plan launched by the parent company listed in France.
4. Remuneration received includes, Salary,Wages, Bonus, Privilege Leave Encashment, Personnel Allowance, Overtime, Contribution to Provident Fund, Superannuation, Health Insurance Premium, Personal Accident Insurance, Leave Travel Assistance, Medical Assistance, Company's Car perquisites evaluated in accordance with Income Tax Rules as applicable.

For and on behalf of the Board of Directors

Emmanuel Colombier  
Vice Chairman & Managing Director

Mrs. Naina R. Desai  
Whole-time Director & Company Secretary

Place : Gurgaon

Date : April 29, 2008

## Annexure – C to Directors’ Report

List of persons constituting “Group” as required under clause 3 (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

(Sie) Societe Industrielle Energie A.M.R.	ALSTOM (Wuhan) Engineering & Technology Co., Ltd	ALSTOM Chile S.A.
Abreco Realty Corporation	ALSTOM a.s., ALSTOM Group	ALSTOM Combined Cycles International Ltd
Accion Power Azufres S.A. de C.V.	ALSTOM Africa Holdings (Pty) Limited	ALSTOM Combined Cycles Ltd
Aguaytia Suministros Y Equipamientos S.A.	ALSTOM Algérie “Société par Actions”	ALSTOM Combustion Services Limited
Air Preheater Equipamentos Ltda	ALSTOM Argentina S.A.	ALSTOM Contracting Ltd
Aker Yards LNG Technology SAS	ALSTOM Atomenergomash	ALSTOM Contracting Ltd (in liquidation process)
Aker Yards Lorient SAS	ALSTOM Australia Holdings Limited	ALSTOM Croatia Ltd
Aker Yards S.A.	ALSTOM Australia Limited	ALSTOM CSC
Alfarin OY	ALSTOM Australia Superannuation Plan Pty Limited	ALSTOM Danmark A/S
Algec Gt Services, Libyan Joint Venture Stock Company	ALSTOM Automation International Ltd	ALSTOM Defined Contribution Pension Trustee Limited
ALSKAW LLC	ALSTOM Beizhong Power (Beijing) Co., Ltd	ALSTOM Deutschland AG
ALSOMA G.E.I.E.	ALSTOM Belgium Business & Services	ALSTOM Egypt for Power & Transport Projects S.A.E.
ALSTOM	ALSTOM Belgium SA	ALSTOM Electrical Machines Ltd
ALSTOM (China) Investment Co., Ltd	ALSTOM Bergeron	ALSTOM Electrical SA (Pty) Ltd
ALSTOM (Schweiz) AG, ALSTOM (Switzerland) Ltd, ALSTOM (Suisse) SA	ALSTOM BGR “Société en liquidation”	ALSTOM Energie Service GmbH
ALSTOM (Schweiz) Services AG ou ALSTOM (Switzerland) Services Ltd ou	ALSTOM Botswana (Pty) Ltd	ALSTOM Erste Verwaltungs GmbH
ALSTOM (Thailand) Limited	ALSTOM Brasil Energia e Transporte Ltda	ALSTOM Espana IB, S.L.
	ALSTOM Canada Inc.	ALSTOM Estonia AS
	ALSTOM Caribe, Inc.	ALSTOM Export Sdn Bhd



ALSTOM Ferroviaria S.p.A.  
 ALSTOM Finance BV  
 ALSTOM Finland Oy  
 ALSTOM General Turbo SA  
 ALSTOM GmbH  
 ALSTOM Hidro Portugal - Equipamentos Hidroeléctricos, Unipessoal, Ltd  
 ALSTOM Holdings  
 ALSTOM Holdings (Thailand) Co. Ltd  
 ALSTOM Hong Kong Ltd  
 ALSTOM Hungary Co. Ltd.  
 ALSTOM Hydro (Schweiz) AG (ou) ALSTOM Hydro (Switzerland) Ltd (ou) A  
 ALSTOM Hydro Austria GmbH  
 ALSTOM Hydro Canada Inc.  
 ALSTOM Hydro Deutschland GmbH  
 ALSTOM Hydro Energia Brasil Ltda  
 ALSTOM Hydro Espana, S.L.  
 ALSTOM Hydro France  
 ALSTOM Hydro Holding  
 ALSTOM Hydro Malaysia Sdn Bhd  
 ALSTOM Hydro Projects Limited (in liquidation)  
 ALSTOM Hydro R&D India Limited  
 ALSTOM Hydro Sweden AB  
 ALSTOM Hydro US Inc.  
 ALSTOM Hydro Venezuela  
 ALSTOM I.T.C. ou ALSTOM Infrastructure Technology Center  
 ALSTOM Inc.  
 ALSTOM India Ltd  
 ALSTOM Industria Ltda  
 ALSTOM Information Technology Centre GmbH  
 ALSTOM Infrastructure Hellas Joint Stock Technical & Commercial Compa  
 ALSTOM Inspection Robotics AG ou ALSTOM Inspection Robotics Ltd ou AL  
 ALSTOM Intermekano Oy  
 ALSTOM International  
 ALSTOM International (Pty) Limited  
 ALSTOM International Egypt S.A.E.  
 ALSTOM International Ltd  
 ALSTOM Ireland Ltd  
 ALSTOM John Thompson (Pty) Limited  
 ALSTOM K.K.  
 ALSTOM Khadamat S.A.  
 ALSTOM Kleber Sixteen  
 ALSTOM Kleber Twenty  
 ALSTOM Kleber Twenty One  
 ALSTOM Kléber Malraux  
 ALSTOM Kléber Thirteen  
 ALSTOM Konstal Spolka Akcyjna  
 ALSTOM Korea Ltd  
 ALSTOM Large Machine Projects Limited (in liquidation)  
 ALSTOM Latvia Ltd  
 ALSTOM Leroux Naval  
 ALSTOM LHB GmbH  
 ALSTOM Limited  
 ALSTOM Limited  
 ALSTOM Lokomotiven Service GmbH  
 ALSTOM Ltd  
 ALSTOM Magnets and Superconductors SA  
 ALSTOM Maintenance Inc.  
 ALSTOM Management Resources AG (ou) ALSTOM Management Resources Ltd  
 ALSTOM Management SA  
 ALSTOM Manufacturing India Ltd  
 ALSTOM Maroc S.A.  
 ALSTOM Mauritius Ltd  
 ALSTOM Mexicana S.A. de C.V.  
 ALSTOM Mexico, S.A. de C.V.  
 ALSTOM Namibia (Pty) Limited  
 ALSTOM New Zealand Holdings Limited  
 ALSTOM New Zealand Limited (in liquidation)  
 ALSTOM Nigeria Limited  
 ALSTOM Northern Line Service Provision  
 ALSTOM Norway AS  
 ALSTOM NV  
 ALSTOM PAC Inc.  
 ALSTOM Panama, S.A.  
 ALSTOM Pension Trust Ltd  
 ALSTOM Philippines, Inc.  
 ALSTOM Polska Sp. z.o.o.  
 ALSTOM Portugal, S.A.  
 ALSTOM Power Asia Pacific Sdn Bhd  
 ALSTOM Power Austria GmbH  
 ALSTOM Power Boiler Service GmbH  
 ALSTOM Power Boilers  
 ALSTOM Power Boilers Services Limited  
 ALSTOM Power Bulgaria SP Ltd  
 ALSTOM Power Centrales  
 ALSTOM Power Chicaoasen, S.A. de C.V.  
 ALSTOM Power Colombia S.A.  
 ALSTOM Power Construction Ltd  
 ALSTOM Power Consulting AG (ou) ALSTOM Power Consulting Ltd  
 ALSTOM Power Conversion  
 ALSTOM Power Conversion GmbH  
 ALSTOM Power Conversion Inc.  
 ALSTOM Power CZ, s.r.o., ALSTOM Group  
 ALSTOM Power El Sauz, S.A. de C.V.  
 Alstom Power Energy Recovery GmbH  
 ALSTOM Power Environment  
 ALSTOM Power Espana-Bahamas Ltd  
 ALSTOM Power FlowSystems A/S  
 ALSTOM Power FlowSystems s.r.l.  
 ALSTOM Power Generation Limited  
 ALSTOM Power Generation Limited  
 ALSTOM Power Heat Exchange  
 ALSTOM Power Hidroelektrik Uretim Tesis Ticaret ve Isletme Ltd Sti  
 ALSTOM Power Holdings SA  
 ALSTOM Power Hydraulique SAS  
 ALSTOM Power Inc.  
 ALSTOM Power Industrial Turbine Services Limited  
 ALSTOM Power Industrie  
 ALSTOM Power International, Inc.  
 ALSTOM Power Italia S.p.A.  
 ALSTOM Power Ltd  
 ALSTOM Power Nederland B.V.  
 ALSTOM Power New Zealand Limited  
 ALSTOM Power O&M AG (ALSTOM Power O&M Ltd)  
 ALSTOM Power Peru S.A.  
 ALSTOM Power Plants Ltd  
 ALSTOM Power Plants Services Limited  
 ALSTOM Power Proje Anonim Sirketi  
 ALSTOM Power Projects (Pty) Ltd  
 ALSTOM Power Proyectos S.A. de C.V.  
 ALSTOM Power Receivables Corporation  
 ALSTOM Power Romania srl  
 ALSTOM Power SA  
 ALSTOM Power Service  
 ALSTOM Power Service (Arabia) FZE  
 ALSTOM Power Service (Hong Kong) Ltd  
 ALSTOM Power Service GmbH  
 ALSTOM Power Service SA (Pty) Limited  
 ALSTOM Power Singapore Pte Ltd  
 ALSTOM Power Site Services Pty Limited  
 ALSTOM Power Slovakia, s.r.o.  
 ALSTOM Power Spolka z ograniczona odpowiedzialnoscia in Warszawa  
 ALSTOM Power Stavan  
 ALSTOM Power Sweden Aktiebolag  
 Alstom Power Systems GmbH  
 ALSTOM Power Tocopilla Limitada  
 ALSTOM Power Turbomachines  
 ALSTOM Power Turbomachines LLC  
 ALSTOM Power TurboZam Ltd  
 ALSTOM Power UK  
 ALSTOM Power UK Holdings  
 ALSTOM Power Uzinsider S.A. (in liquidation)  
 ALSTOM Power Ve Ulasim Anonim Sirketi  
 ALSTOM Power, S.A.  
 ALSTOM Power, s.r.o., ALSTOM Group  
 ALSTOM Projects India Ltd  
 ALSTOM Projects Taiwan Ltd  
 ALSTOM Prom AG (ALSTOM Prom Ltd)  
 ALSTOM Qingdao Railway Equipment Co Ltd  
 ALSTOM Rail Ltd  
 ALSTOM Rail Services Ltd  
 ALSTOM Resources Management  
 ALSTOM Resources Management Ltd  
 ALSTOM S&E Africa (Pty)  
 ALSTOM S.p.A.  
 ALSTOM SA (Pty) Limited  
 ALSTOM Saudi Arabia Limited  
 ALSTOM Schienenfahrzeuge AG  
 ALSTOM Sextant 2  
 ALSTOM Sextant 3  
 ALSTOM Sextant 4  
 ALSTOM Shanghai Aohan Energy Recovery Systems Co. Ltd  
 ALSTOM Signaling Inc.  
 ALSTOM Signaling Kft  
 ALSTOM Siyakhha (Pty) Limited  
 ALSTOM Sizhou Boiler Auxiliary Machinery Co., Ltd  
 ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd  
 ALSTOM STH Power Projects (Pty) Limited  
 ALSTOM Strongwish (Shenzhen) Co. Ltd  
 ALSTOM Sweden AB  
 ALSTOM T&D GmbH  
 ALSTOM T&D Ltd  
 ALSTOM T&D Power Electronic Systems Ltd (in liquidation process)  
 ALSTOM T&T Ltd  
 ALSTOM Taiwan Ltd  
 ALSTOM Technical Services (Shanghai) Co., Ltd  
 ALSTOM Technologie AG (ou) ALSTOM Technology Ltd (ou) ALSTOM Technolo  
 ALSTOM Traction Limited  
 ALSTOM Transport  
 ALSTOM Transport (S) Pte Ltd  
 ALSTOM Transport AB  
 ALSTOM Transport BV  
 ALSTOM Transport Hellas S.A.  
 ALSTOM Transport Holding US Inc.  
 ALSTOM Transport Hong Kong Ltd  
 ALSTOM Transport Information et Sécurité Inc. / ALSTOM Transportation  
 ALSTOM Transport Infrastructure Limited (In liquidation process)  
 ALSTOM Transport SA  
 ALSTOM Transport SA  
 ALSTOM Transport SA (Pty) Limited  
 ALSTOM Transport Service Ltd  
 ALSTOM Transportation Inc.  
 ALSTOM Transportation Projects International Ltd  
 ALSTOM Transportation Projects Limited  
 ALSTOM Transportation Services Ltd  
 ALSTOM Transporte, S.A.  
 ALSTOM Turbine Generators China Ltd  
 ALSTOM Turbine Generators India Ltd  
 ALSTOM UK  
 ALSTOM UK Holdings Ltd  
 ALSTOM USA Inc.  
 ALSTOM Vannkraft AS  
 ALSTOM Venezuela S.A.  
 ALSTOM Vietnam Company Limited  
 ALSTOM Water Systems  
 ALSTOM Wessex Traincare Limited  
 ALSTOM Zimbabwe (Private) Limited  
 AMJ31  
 Apcompower Inc  
 Aplicaciones Técnicas Industriales, S.A.  
 Aprofitament D'energies Renovables De L'ebre, S.L.  
 Arpimec, S.L.  
 Balmeç Sa De Cv  
 Bbc Corporation  
 Belfort Investissement  
 Bombardier Transportation Portugal  
 Btgs LP  
 Byrco Corp SA  
 Caldereria Torres Altamira, S.A.  
 Casco Signal Ltd  
 Cebraf Servicios LTDA  
 Cegelec Italia (In Liquidazione)  
 Centre D'essais Ferroviaire En Region Nord Pas De Calais SA  
 Centrozap S.A.  
 Cerrey, S.A. De C.V.  
 Chantiers De L'atlantique  
 Citadis Israel  
 Citypass Limited  
 Compagnie Btp - Societe En Liquidation  
 Compagnie De Montages Electriques A L'exportation - Comelex  
 Compagnie Internationale De Maintenance - C.I.M.  
 Compania De Inversiones De Villaverde  
 Concepelec  
 Consenec AG (ou) Consenec Ltd (ou) Consenec S.A.  
 Ddcp Corporation  
 Deflo GmbH I.L.  
 Delas Repsa  
 Ecotecnia Energias Renovables, Sociedad Limitada  
 Ecotecnia France Sas  
 Ecotecnia Galicia, S.I.  
 Ecotecnia Instalacion, S.L.  
 Ecotecnia Inversiones, S.L.U  
 Ecotecnia Italia S.R.L Unipersonale  
 Ecotecnia Mantenimiento, S.L.  
 Ecotecnia Navarra, S.A.  
 Ecotecnia Promociones Eolicas Internacionales, S.A.U.  
 Ecotecnia Psm Fotovoltaica, S.L.U  
 Ecotecniaport-sistemas De Energias Alternativas, LTDA  
 Electric Elements (Babelgi) PTY Limited  
 Enercon Engineering Und Montage AG

Eolica De La Ruya, S.L.  
 Eolica Hormilla, S.L.  
 Eolica Ortega, S.L.  
 ESAP  
 Esap Spolka Z Ograniczona Odpowiedzialnoscia  
 In Elblag  
 Ete - Equipamentos De Tracao Eletrica LTDA  
 Etoile Kleber  
 Eukorail Co., Ltd  
 Exporters Insurance Company Ltd  
 FFCP LLC  
 Flucomalt AG  
 Flucorrex AG  
 Forces Hydrauliques De Meuse - F.H.Y.M.  
 Frameca - France Metro Caracas  
 GEC Alstom Acec Congo  
 GEC Alstom NV  
 GEC Alstom T&D Nigeria Electrical Plant Ltd  
 GEC Alstom T&D Nigeria Power Engineering Ltd  
 GECl - Groupement D'etudes ET DE Constructions  
 Industrielles  
 General Railway Signal Of Canada Ltd  
 Glasgow Rail Maintenance Ltd  
 Himal Power Ltd  
 Huta Gliwice S.A.  
 Hydromontage (Maroc) Sa (En Cours De  
 Dissolution)  
 Hymec - Societe D'equipement Hydromecanique  
 Ien - Industries Entreprises Nouvelles  
 Ifb Institut Fur Bahntechnik Gmbh  
 Innorail  
 Inter-electro-gesellschaft MBH  
 Interinfra (Compagnie Internationale Pour Le  
 Developpement D'infrastr  
 Interinfra Hella Etaireia Periorismenis Efthinis  
 Invest Star S.A.  
 IPNA SARL  
 IPO - Institut De Participations De L'ouest  
 IRVIA Mantenimiento Ferroviario, S.A.  
 ISF Parque Solar Loma Viso 1, S.L.  
 ISF Parque Solar Loma Viso 10, S.L.  
 ISF Parque Solar Loma Viso 11, S.L.  
 ISF Parque Solar Loma Viso 12, S.L.  
 ISF Parque Solar Loma Viso 13, S.L.  
 ISF Parque Solar Loma Viso 14, S.L.  
 ISF Parque Solar Loma Viso 15, S.L.  
 ISF Parque Solar Loma Viso 16, S.L.  
 ISF Parque Solar Loma Viso 17, S.L.  
 ISF Parque Solar Loma Viso 18, S.L.  
 ISF Parque Solar Loma Viso 19, S.L.  
 ISF Parque Solar Loma Viso 2, S.L.  
 ISF Parque Solar Loma Viso 20, S.L.  
 ISF Parque Solar Loma Viso 3, S.L.  
 ISF Parque Solar Loma Viso 4, S.L.  
 ISF Parque Solar Loma Viso 5, S.L.  
 ISF Parque Solar Loma Viso 6, S.L.  
 ISF Parque Solar Loma Viso 7, S.L.  
 ISF Parque Solar Loma Viso 8, S.L.  
 ISF Parque Solar Loma Viso 9, S.L.  
 Joint Venture Alstom Power Uniturbo Limited  
 Kajiwara Iron Works Co., Ltd  
 Kobe Dockyard & General Machinery Ltd  
 Koebec Electrical & Engineering Services (PTY)  
 Limited  
 Kolmex SA  
 La Maquinista Terrestre Y Maritima S.A. - MTM  
 Lorelec  
 Lurtek, S.L.  
 Magnet Employee Benefit Consultants (PTY)  
 Limited  
 Maintenance Systems Consolidated Pty Limited  
 Marine Service Partners Inc.  
 Metro 5 SPA  
 Metro Rail Ltd  
 Metro-cammell Ltd  
 Miras Verwaltungs Gmbh & Co Vermietungs-OHG  
 Mobilite Agglomeration Remoise SAS  
 Nepal Hydro & Electric Pvt.ltd  
 Nihon Kengyo K.K.  
 Nihon Sangyo K.K.  
 North East Corridor Maintenance Services Co, LLC  
 NTPC ALSTOM Power Services Private Ltd  
 Nuuk Kraft ANS  
 Octavian Shipping S.A.  
 Operadora Del Tramvia Metropolitana, S.A.  
 Oy Beabella AB  
 Parc Eolic Coll Del Panissot, S.L.  
 Parc Eolic L'era Bella, S.L.  
 Parc Eolien Champs Puget  
 Parc Eolien De La Bruyere SARL  
 Parc Eolien De Vialette SARL  
 Parc Eolien Des Pierres Plates SARL  
 Parc Eolien Du Coin Guerin SARL  
 Parque Eolico La Sargilla, S.A.U.  
 Parque Eolico Las Tadeas, S.L.  
 Parque Eolico M. Louisa, S.L.  
 Parque Eolico Nerea, S.L.  
 Parque Eolico Valdehiero, S.L.  
 Parques Eolicos De Ceuta, S.L.  
 Parques Eolicos De La Region De Murcia, S.A.  
 Pars Switch  
 Pch O&M - Pch Operacao E Manutencao LTDA  
 Pesca Industrial Corporativa Sa De CV - Picoso (En  
 Faillite)  
 Pla De Moulis  
 Poblenu Solar, S.L.U.  
 Power Equipment & Materials Co Ltd  
 Power Systems Mfg., LLC  
 Profit Combo Limited  
 Protea  
 Pt Alsthomindo  
 Pt Alstom Power Energy Systems Indonesia  
 Pt Mitra Langkah Prima  
 Rاپivia S.A.  
 Restaurinter  
 Roc Solar, S.L.U.  
 Rosarito Power S.A. DE C.V.  
 Rta Rail Tec Arsenal Fahrzeugversuchsanlage Gmbh  
 S.A.T. Sistema Automatico Di Trasporto S.R.L.  
 Sab Iberica, S.A.  
 Samt Sarl  
 Screlec (Societe De Collecte Et De Recyclage Des  
 Appareils Electrique  
 Seine Habitat  
 Sempat  
 SGTB LLC  
 Shanghai Alstom Transport Company Limited  
 Shanghai Alstom Transport Electrical Equipment  
 Company Ltd  
 Sigac Societe Immobiliere Du Gac  
 Sigma Energy Solutions Inc  
 Sigma Energy Solutions Pty Ltd  
 Signalling Solutions Limited  
 Silver Avix Leasing  
 Sim Societa Italiana Montaggi S.P.A.  
 Societe Anonyme Immobiliere Du 12, Rue Bixio  
 Societe Francaise D'exportation De Systemes  
 Avances  
 Societe Immobiliere Consulaire De  
 L'arrondissement D'ales  
 Societe Immobiliere De Vierzon  
 Socpe Bouxeta  
 Socpe De Breuillebault  
 Socpe De Cermelles  
 Socpe De Champs Perdus  
 Socpe De Fond De La Demi Lieue  
 Socpe De La Forte Place  
 Socpe De La Mardelle  
 Socpe De La Vallee Du Moulin  
 Socpe De Lame De Fer  
 Socpe De Pouzelas  
 Socpe De Vers Cayeux  
 Socpe Des Beauces  
 Socpe Des Pieces De Vignes  
 Socpe Des Quinze Mines  
 Socpe Du Bois De Lens  
 Socpe La Marge  
 Socpe Landes De Couesme  
 Socpe Le Mee  
 Socpe Petite Piece  
 Socpe Plane De Mansa  
 Socpe Sauvageons  
 Sofema  
 Sogeeef (Société De Gestion ET D'exploitation  
 Ferroviaire)  
 Soporgen - Sociedade Portuguesa De Geracao De  
 Electricidade E Color,  
 Spalovna Prumyslovych Odpadu A.S. (In  
 Bankruptcy)  
 Stocznia Gdynia S.A.  
 Stromsdal Oy  
 Suburbano Express, S.A. DE C.V.  
 Swissmetro S.A.  
 T.P.B. Trasporti Pubblici Della Brianza S.P.A. (In  
 Bankruptcy)  
 Technos Et Compagnie  
 Telecite Electronic Systems Inc.  
 Tencia SAS  
 The Electrical Materials & Equipment Co Ltd  
 The English Electric Corporation  
 Tianjin Alstom Hydro Co., Ltd  
 Tickford Rail Ltd  
 Top Yield Group Limited  
 Tram Di Firenze S.P.A.  
 Tramvia Metropolitana Del Besos S.A.  
 Tramvia Metropolitana, S.A.  
 Turboteh Ltd For Drafting, Manufacturing, Repair,  
 Service And Install  
 Uab Alstom Power  
 Val 208 Torino Geie  
 Valinox Asia  
 Vallee Et Trois Plateaux De La Loue  
 Vent Del Montsia, S.L.  
 Vgt Vorbereitungsgesellschaft Transporttechnik  
 Gmbh  
 West Coast Service Provision Limited  
 West Coast Traincare Limited  
 White Rock Insurance Company PCC Limited  
 Wholesale International Limited  
 Wolverton Rail Maintenance Ltd  
 Wuhan Boiler Company Ltd  
 Xi'an Alstom Yongji Electric Equipment Co., Ltd

## Management Discussion and Analysis Report

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. When used in this discussion, 'anticipate', 'believe', 'estimate', 'intend', 'will' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Therefore as a matter of caution, undue reliance on the forward-looking statements should not be made as they speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

### Overview

The Indian Economy has moved decisively to a higher growth phase. The projected economic growth rate of 8.7% for the year is fully in line with this trend. The growth estimates for the current year are lower than the previous two years growth rates of 9.4% and 9.6% respectively. The deceleration growth in 2007-08 is generally spread across most of the sectors except power and couple of other sectors. The rate of growth of electricity generation improved from 4.7% in 2005-06, 6% in 2006-07 to 7.8% in 2007-08.

The pace of economic development in terms of growth in per capita GDP (at market prices) has doubled over the last five years averaging 7.2% as against 3.7% during the period from 1992-93 to 2002-03. Similar trends were visible in the per capita consumption which grew at an average of 5.1% during the last five years as against 2.6% during the period from 1992-93 to 2002-03.

### Operating results of the Company

The key financial figures on the performance of the Company vis-a-vis previous year are presented below :-

	(Rupees millions)	
	Year ended March 31, 2008	Year ended March 31, 2007
Orders received	19,716	18,458
Revenues	15,471	12,545

Orders on hand	28,941	24,702
Profit before taxation	1,188	1,370
Profit after taxation	733	1,094
EPS (in Rs.)	10.94	16.32

Good order booking during the year has resulted in a sound order backlog, which translates to about twenty six months of revenues. The major orders received during the year were, Utran combined cycle power plant (Rs. 5,042 million), Bujagali Hydro Electric Power Plant (Rs. 3,649 million), Fujiarah HRSG (Rs. 2,423 million).

While revenues increased by 23%, the results for the year were impacted by provisions booked further to revision in estimates of cost-to-complete for two specific projects during the last quarter of the year.

### Finance

Finance continued to be a focus area. Regular project reviews, with special focus on cash flow and effective working capital management has helped the Company to remain continuously cash surplus throughout the year.

The net cash position at the end of the year was Rs. 3,947 million after payment of Rs. 784 million as dividend (including corporate dividend tax) and capital expenditure of Rs. 366 million. The Company earned Rs. 220 million as interest income in the year. The average rate of return on fixed deposits with banks was 8.76% in the current year as compared to 8.26% in the previous year. Hedging of significant exposures helped the Company in protecting it against fluctuations in the currency market.

During the year, the Company was assigned by ICRA, under Basel-II norms, A1+ credit rating for its non-fund based limits in the short term and LAA for its fund based and non-fund based limits in the long term. These are indicative of the lowest credit risk in the short term and low credit risk in the long term.

### Human Resources

The employee strength of the Company stood at 3,394 at the end of March 2008. The focus continues on attraction and retention of talents. With the continued recruitment of fresh and experienced engineers and professionals, the Company continues to review its compensation structure to keep in line with the market developments.

The year saw the launch of ALSTOM University in India. The aim of this initiative is to provide our employees with the same quality of training as their international counterparts. During the year, various training programs, were organized for the new joinees and the existing employees.

The industrial relations remained good at all locations and issues, if any, were amicably settled with the unions.

### Internal Control

The internal control environment of the Company is well established, maintained and its effectiveness is assessed regularly. These measures are in the form of procedures/processes set by the management covering all critical and important areas.

The Company has a well-defined organisation structure, authority levels, internal rules and guidelines for conducting business transactions. The management reviews the actual performance of the various businesses of the Company on regular basis.

As a part of internal control self-assessment, all businesses of the Company are required to update various controls and implement the action plans for any identified weaknesses, which are subject to review by internal auditors. In addition, independent teams conducted process reviews as a part of a continuous process of strengthening internal controls. Independent reviews of secretarial and tax compliances were also carried out during the year.

The Audit Committee met four times during the year. It reviews the status of implementation of recommendations given by internal auditors and the results of self-assessment of internal controls. It also reviewed the results of independent reviews of secretarial and tax compliances.

### Business Segment Analysis

The business of the Company is categorised in two segments, namely, Power and Transport. Reviews on each of the Company's businesses are as follows:

#### Power

This segment is engaged in the business of engineering, procurement, construction and servicing of power plants and power equipment. Our customers enjoy the most

economical, environmentally friendly and advanced technology.

Electricity generation by power utilities during 2007-08 was targeted to go up by 7.2% as against which the actual growth for the first nine months of the year remained at 6.6%. The deficit in terms of peak availability of power during the current year was 14.8%. In the case of thermal power, the Plant Load Factor between State, Central and Private plants was 70.2%, 85.4% and 92.5% respectively during the period from April to December 2007. This clearly highlights the need for augmentation of efficiencies on the State and Central power plants.

Power plants using supercritical technology have a higher thermal efficiency as compared to the sub critical units of 500MW or below. At present all the operating power plants are sub critical units. There is a clear shift in the market towards larger unit size and supercritical technology.

The Government targets to add 16 GW of capacity addition for each year between 2008-12. The 12<sup>th</sup> plan also envisages a capacity addition of 100 GW by 2017 of which the first orders would start by 2009. Coal continues to be a major source of power generation with about 67% market share. The growth in capacity seen in the current year is distinctly higher, with 29 GW being ordered in 2007, which appears to be a turning point.

The award of Bujagali Hydro Electric project in Uganda in the face of global competition aggregating to Rs. 3,649 million reinforced the credentials of our Hydro manufacturing facility at Vadodara.

The Company is uniquely positioned to provide clean power solutions for the market, as it offers a comprehensive capability, possessing the broadest scope of power generation systems, equipments and services.

The summarised performance of the segment is as under:-

	<i>(Rupees millions)</i>	
	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Orders received	19,587	17,426
Sales	15,205	11,986
Orders on hand	27,858	23,483

**Outlook** – The above-mentioned factors pose a positive outlook that the country may be able to realise a substantial part of its goal of adding 78.6 GW of power generating capacity by 2012. The Company is fully committed to supply clean power technologies to the service of the country and is poised to take advantage of this opportunity that arises on account of the goals fixed by the government for capacity addition.

### **Transport Railways**

Railways are the principal mode of internal transport in India and are crucial to the industrial and social development of the country. To keep pace with the country's economic growth and forecast growth in passenger and freight traffic, and to improve the efficiencies of its operations, Indian Railways plan substantial investments in expansion of its network infrastructure, equipment and up-gradation and induction of modern technologies. It is also a stated policy now to involve private sector in partnerships to achieve these growth plans of the Indian Railways.

Some of the major projects planned on the Indian Railways are:

- Dedicated Freight Corridors
- Modernisation of Stations
- High Speed Lines
- New factories for the manufacture of rolling stock
- Upgradation of signaling and telecommunications systems
- Railway links to new ports
- ICD's and Logistics Parks

### **Metro**

From the successful Delhi Metro experience, several Indian cities have announced Metro systems as an answer to the urban growth and road traffic congestion. Metro projects are in the active pipeline for Mumbai, Bangalore and Hyderabad. The extensions of all the three existing lines and setting up of two new lines of Delhi Metro network are already underway.

### **Airport Links**

Construction of an Express rail link between centre of New Delhi and the airport is ongoing under concession arrangement

and similar airport rail links are proposed between city centres and newly constructed airports in Bangalore and Hyderabad.

The Company is currently executing the existing signaling contracts on Line 1 and Line 2 of Delhi Metro. The business also supplies signaling equipment to meet the requirements of improving the safety standards on Indian Railways. It also provides signaling application engineering services to the various overseas Alstom units.

During the year the summarised performance is as under:-

	<i>(Rupees millions)</i>	
	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Orders received	129	1032
Sales	266	211
Orders on hand	1,083	1,219

**Outlook** – The Company intends to pursue the growth opportunities presented by the plans of the Indian Railways and Metros by growing its current activities in the business. The Company also plans to increase its volume of business of supplying various Alstom global units with products and services from its Components manufacturing and Signalling Application Engineering services operations.

For and on behalf of the  
Board of Directors

Emmanuel Colombier  
Vice Chairman &  
Managing Director

Mrs. Naina R. Desai  
Whole-time Director &  
Company Secretary

Place : Gurgaon  
Date : April 29, 2008

## **Auditors' Report on Corporate Governance**

### **To the Members of ALSTOM Projects India Limited**

We have examined the compliance of conditions of corporate governance by ALSTOM Projects India Limited ('the Company'), for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008



# Corporate Governance Report

## Company's Philosophy on Code of Corporate Governance

Corporate Governance refers to the process, which should safeguard and add value in the long-term for the interest of its various "Partners" such as shareholders, creditors, customers and employees.

The culmination of good Corporate Governance policy is:-

- Transparency and professionalism in all activities of the Company.
- Implementation of procedures and policies prescribed by the Company to ensure high ethical standards in all its business activities.
- Responsive management which meets the needs of its "Partners".

The Company pursues the process of Corporate Governance in compliance with Clause 49 of the Listing Agreement with Stock Exchanges and in this regard, submits a report on the matters mentioned in the said clause and practices followed by the Company.

## I. BOARD OF DIRECTORS

The strength of the Board of Directors as at March 31, 2008 was nine. The Board of Directors of the Company comprises of Executive Directors and Non-Executive Directors including Independent Directors. The Board is headed by a Non-Executive Chairman. Three Directors, including the Managing Director, are Executive Directors as at March 31, 2008. There are six Non-Executive Directors, of which three Directors are Independent Directors. The Non-Executive Directors are accomplished professionals in their respective fields of expertise.

The following table gives the details of category of Directors, number of Board Meetings attended, attendance at last Annual General Meeting (AGM) and the number of other Directorships and Committee Memberships as at March 31, 2008:-

Name of the Director	Category of Directors	Number of Board Meetings Attended	Attendance at Last AGM held on July 25, 2007	Number of other Directorships held (includes private Companies)	Number of Committee memberships in domestic public companies (including this Company)#	
					As Chairman	As Member
Mr. Sunand Sharma	Non-Executive Chairman	4	Yes	13	—	2
Mr. Emmanuel Colombier *	Executive	2	N.A.	4	—	3
Mrs. Naina R. Desai	Executive	4	Yes	1	—	1
Mr. S.M.Momaya	Executive	4	Yes	4	—	2
Mr. K. Vasudevan	Non-Executive & Independent	4	Yes	1	2	—
Mr. A.K. Thiagarajan	Non-Executive & Independent	4	Yes	15	2	6
Dr. Uddesh Kohli	Non-Executive & Independent	2	Yes	5	1	6
Mr. Marc Chatelard	Non-Executive	2	Yes	—	—	—
Mr. Pedro Sole	Non-Executive	3	Yes	—	—	—

# In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and the Transfer & Shareholders'/Investors' Grievance Committees of all Public Limited Companies have been considered.

During the year, Mr. Frederic Lalanne ceased to be the Vice Chairman and Managing Director with effect from August 01, 2007.

\* Mr. Emmanuel Colombier was appointed as an Additional Director with effect from August 01, 2007 and as the Vice-Chairman and Managing Director with effect from September 01, 2007.

The Board met four times during the financial year under review on the following dates:

- |                    |                      |
|--------------------|----------------------|
| (1) April 30, 2007 | (3) October 30, 2007 |
| (2) July 25, 2007  | (4) January 29, 2008 |

The information as required under Annexure IA to Clause 49 is being made available to the Board.

As is evident, the maximum time gap between any two meetings was not more than four months.

The Managing Director reviews compliance reports of all laws applicable to the Company, prepared by the Company and reports the same to the Board of Directors at Board Meetings held after the end of every quarter.

### Code of Conduct

#### (i) Code of Conduct for Directors and Senior Management of the Company

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website at [www.in.alstom.com](http://www.in.alstom.com). All Board Members and Senior Management Personnel have affirmed compliance with the code as on March 31, 2008. The Annual Report of the Company contains a declaration to this effect signed by the Vice Chairman & Managing Director of the Company.

#### (ii) Code of Conduct for prevention of Insider Trading

Pusuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading viz: "ALSTOM Projects India Limited Code of Conduct for Prohibition of Insider Trading" (the Code) with effect from 26<sup>th</sup> September, 2002. Mrs. Naina R. Desai, Whole-time Director and Company Secretary is the Compliance Officer under the Code. This policy is applicable to all the Directors, Officers, Designated Employees of the Company and their Dependent Family Members as defined therein.

### Risk Mitigation Plan

The Company has laid down the procedure for risk assessment and minimisation which has been reviewed by the Board of Directors and the Board of Directors shall continue to periodically review this procedure(s).

### Remuneration of Directors

Remuneration paid / payable to Directors for the year ended March 31, 2008:-

(Figures in Rupees)

Director	Salaries and Perquisites	Commission	Sitting fees	Total
Mr. Sunand Sharma	—	—	—	—
Mr. Frederic Lalanne	1,317,783	—	—	1,317,783
Mr. Emmanuel Colombier	3,331,576	—	—	3,331,576
Mrs. Naina R. Desai	2,686,122	—	—	2,686,122
Mr. S.M. Momaya	4,414,240	—	—	4,414,240
Mr. K. Vasudevan	—	—	160,000	160,000
Mr. A.K. Thiagarajan	—	—	160,000	160,000
Mr. Marc Chatelard	—	—	—	—
Mr. Pedro Sole	—	—	—	—
Dr. Uddesh Kohli	—	—	80,000	80,000

### Notes:

- The agreement with the Managing Director and the Whole-time Directors is for a period of three years. Either party to the agreement is entitled to terminate the agreement by giving not less than 180 days' notice in writing to the other party in the case of Managing Director and 90 days' notice in writing to the other party in the case of Whole-time Directors.
- The Managing Director and Whole-time Directors are entitled to avail benefit under ALSTOM stock option plan(s), launched by the listed parent company in France (ALSTOM France). The above remuneration excludes any benefit availed under the said stock option plan(s).
- The Company does not pay any remuneration to the Non-Executive Directors except sitting fees to Non-Executive Independent Directors which were paid @ Rs. 20,000 for each meeting of the Board of Directors and the Audit Committee attended by them.

### Disclosure regarding Directors seeking appointment or re-appointment at the ensuing Annual General Meeting

#### 1) Mr. A. K. Thiagarajan

Mr. A.K.Thiagarajan, 63, is a Graduate in Business Administration & Information Systems, Masters Degree in Engineering and has also undergone Advanced Management Programme from Harvard Business School, USA. He was the President of Hewlett Packard India Private Limited from January, 2001 to July, 2002. He was the Vice Chairman, Wipro Limited heading Wipro Infotech Group in the year 1999. From 1994 to 1998, he was the Managing Director and Country Manager of Asea Brown Boveri Limited.

He has been the Chairman of Confederation of Indian Industries (CII), National Committee on Technology, IT and Quality, Chairman – CII Southern Region and Chairman – CII Karnataka State Committee.

He is on the Board of following companies:-

- |  |   |
|--|---|
| 1. ING Vysya Bank Limited                | 9. Idea Cellular Limited                      |
| 2. PSI Data Systems Limited              | 10. TTK Prestige Limited                      |
| 3. Krone Communications Limited          | 11. Westrup A/S (Denmark)                     |
| 4. GMR Infrastructure Limited            | 12. Techset Composition India Private Limited |
| 5. GMR Energy Limited                    | 13. Fowler Westrup (India) Private Limited    |
| 6. Birla Technologies Limited            | 14. CITEC Information India Private Limited   |
| 7. Aditya Birla Minacs Worldwide Limited | 15. CITEC Engineering India Private Limited   |
| 8. Cable Corporation of India Limited    |   |

#### Committee Membership

Mr. A. K. Thiagarajan was appointed as a Director of the Company since June 20, 2003. He is also a member of the Audit Committee of the Board of Directors of the Company as an Independent Director.

He is also on the Audit Committee and Investor Committee of the following Indian Companies.

Sl.No	Name of Company	Type of Committee	Position
1	ING Vysya Bank Limited	Audit Committee	Chairman
2	ING Vysya Bank Limited	Investor Committee	Member
3	Adiya Birla Minacs Worldwide Limited	Audit Committee	Chairman
4	GMR Infrastructure Limited	Audit Committee	Member
5	Krone Communications Limited	Audit Committee	Member
6	PSI Data Systems Limited	Audit Committee	Member
7	Idea Cellular Limited	Audit Committee	Member

Mr. A. K. Thiagarajan, holds 32,330 shares of the Company.

#### 2) Mr. K. Vasudevan

Mr. K.Vasudevan, 68, is an Electrical Engineering Graduate from College of Engineering, Guindy, Madras. He was the President of Indian Electrical & Electronics Manufacturers' Association (year 1997-98). He was also the Chairman of CII Tamil Nadu Task Force on Power, Chairman of CII Energy and Power Sub-Committee and the Fellow of the Institution of Engineers (India).

He started his career with The English Electric Co. of India Ltd., Madras in September, 1961 and has held various management positions. He retired in 1999 as Joint Managing Director of GEC ALSTHOM India Limited. During his tenure as Joint Managing Director he was also responsible for the policies, procedures and internal audit of the Company from March 01, 1998 till July 04, 1999.

He is currently Chairman of the following committees of CII- Southern Region:-

- 1 Energy and Power Committee;
- 2 Energy and Environment Committee; and
- 3 Green Business Forum.

He is also on the Board of Techno Electric and Engineering Company Limited.

Mr. K. Vasudevan was appointed on February 27, 2001, as an Independent Director. He is the Chairman of the Audit Committee of the Board of Directors of the Company and also of Audit Committee of Techno Electric and Engineering Company Limited.

#### 3) Mr. Emmanuel Colombier

Mr. Emmanuel Colombier, 47, holds a degree in Marine Engineering and has been with Alstom for the past 18 years, leading various positions in Sales, Project Management and General Management within the Power Sector in various countries. This is his second assignment in India. He was earlier the Managing Director of ALSTOM Steam Turbines Limited, Bangalore from 1997 to 1999.

He is a Director of the Company with effect from August 01, 2007 and the Vice Chairman & Managing Director of the Company with effect from September 01, 2007.

Mr. Emmanuel Colombier is also a Director in the following companies: –

- |   |                                |   |                                      |
|---|--------------------------------|---|--------------------------------------|
| 1 | ALSTOM Hydro R&D India Limited | 3 | ALSTOM Power Boiler Services Limited |
| 2 | ALSTOM India Limited           | 4 | ALSTOM Manufacturing India Limited   |

He is also on the following committees of the Board of Directors –

Sl.No.	Name of Company	Type of Committee	Position
1	ALSTOM Projects India Limited	Transfer and Shareholders'/ Investors' Grievance Committee	Member
2	ALSTOM Hydro R&D India Limited	Audit Committee	Member
3	ALSTOM India Limited	Audit Committee	Member

#### 4) Mrs. Naina R. Desai

Mrs. Naina R. Desai, 55, is B.Com. (Hons.), LL.B and a Fellow Member of the Institute of Company Secretaries of India. She is designated as Director – Corporate Affairs, Company Secretary and Legal Counsel. She had worked as the General Manager and Company Secretary of ABB Limited, from 1993 till 2000. She was General Manager & Company Secretary in Escorts Limited from 1991 to 1993 and prior to that she had worked at management levels with multi-national companies like German Remedies Limited, CEAT Limited and Procter & Gamble Limited.

She is also a Director of ALSTOM Hydro R&D India Limited and a member of the Audit Committee of the said ALSTOM Hydro R&D India Limited. She is also the Secretary to the Audit Committee and the Compliance officer of the Company.

Mrs. Naina R. Desai is holding 1310 shares in the Company.

## II. AUDIT COMMITTEE

### Composition of Audit Committee

The Audit Committee comprises of Four Non-Executive Directors as at March 31, 2008: -

Sl.No.	Name	Position
1	Mr. K. Vasudevan, Non-Executive & Independent Director	Chairman
2	Mr. Sunand Sharma, Non-Executive Director	Member
3	Mr. A.K. Thiagarajan, Non-Executive & Independent Director	Member
4	Dr. Uddesh Kohli, Non-Executive & Independent Director	Member

Mr. K. Vasudevan, Chairman of the Audit Committee possesses requisite accounting and financial knowledge.

Mrs. Naina R. Desai, Whole-time Director & Company Secretary, is the Secretary to the Audit Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings.

### Meetings and the attendance during the year

There were four meetings of the Audit Committee held during the year on April 30, 2007, July 25, 2007, October 30, 2007 and January 29, 2008 respectively.

The attendance of each Member of the Committee is given in the following table :-

Sl.No.	Name of Member	Date of Meeting			
		April 30, 2007	July 25, 2007	October 30, 2007	January 29, 2008
1	Mr. K. Vasudevan	Yes	Yes	Yes	Yes
2	Mr. Sunand Sharma	Yes	Yes	Yes	Yes
3	Mr. A.K. Thiagarajan	Yes	Yes	Yes	Yes
4	Dr. Uddesh Kohli	No	Yes	Yes	No

The Auditors and the Executive Directors of the Company have been invited and they have attended and participated at all Audit Committee Meetings.

### Terms of Reference

The terms of reference of the Audit Committee include the matters specified in Clause 49(II)(D), 49(IV)(A) and 49(IV)(B) of the Listing Agreement with the Stock Exchanges and also as required under Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory/Internal Auditors and the Board of Directors of the Company.

### III. SUBSIDIARY COMPANY

The Company does not have a material non-listed Indian subsidiary whose turnover or net-worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net-worth respectively of the listed holding Company and its subsidiary in the immediately preceding accounting year.

Copies of the Minutes of the Board Meetings of the subsidiary companies are tabled at the Board Meeting(s) of the Company.

### IV. SHAREHOLDERS' COMMITTEE

In compliance with the requirement of the Corporate Governance under the Listing Agreement with the Stock Exchanges, the Company has constituted a 'Transfer and Shareholders'/Investors' Grievance Committee' to look into issues relating to shareholders including share transfers.

#### Composition

The composition of the Committee as at March 31, 2008 is as under :-

Sl.No.	Name	Position
1	Mr. Sunand Sharma, Non-Executive Director	Chairman
2	Mr. Emmanuel Colombier, Executive Director	Member
3	Dr. Uddesh Kohli, Non-Executive & Independent Director	Member

The Minutes of 'Transfer and Shareholders' / Investors' Grievance Committee' are noted by the Board of Directors of the Company at the subsequent Board Meetings.

Mrs. Naina R. Desai, Whole-time Director & Company Secretary, is the Compliance Officer of the Company.

#### Meetings held during the year

There were 30 meetings of the Committee held during the year – 1) April 11, 2007; 2) April 18, 2007; 3) April 30, 2007; 4) May 22, 2007; 5) May 31, 2007; 6) June 08, 2007; 7) June 19, 2007; 8) July 17, 2007; 9) July 18, 2007; 10) September 10, 2007; 11) September 17, 2007; 12) October 1, 2007; 13) October 9, 2007; 14) October 18, 2007; 15) October 31, 2007; 16) November 7, 2007; 17) November 19, 2007; 18) November 29, 2007; 19) December 5, 2007; 20) December 17, 2007; 21) December 28, 2007; 22) January 14, 2008; 23) January 24, 2008; 24) January 31, 2008; 25) February 08, 2008; 26) February 19, 2008; 27) February 28, 2008 ; 28) March 10, 2008; 29) March 19, 2008 and 30) March 27, 2008.

The minutes of Committee meeting and circular resolutions passed under Section 289 of the Companies Act, 1956, approving transfers etc. are regularly noted by the Board at its meeting.

During the year, the Company received 287 complaints from the shareholders relating to non-receipt of share certificates duly transferred, non-receipt of dividend warrant, non-receipt of Annual Reports etc. all of which have been duly resolved.

There are no pending cases of share transfer as on March 31, 2008, where the documents were clear in all respects.

### V. GENERAL BODY MEETINGS

1) Particulars of AGM / EGM for the last three years :-

Particulars	Date	Venue	Time	Number of special resolutions passed
15 <sup>th</sup> AGM	July 25, 2007	Rama Watumull Auditorium, Kishinchand Chellaram College Dinshaw Wacha Road Churchgate Mumbai-400 020	2.00 P.M.	1
14 <sup>th</sup> AGM	July 27, 2006	Chavan Auditorium Chavan Centre General Jagannath Bhosale Marg Mumbai – 400 021	10.30 A.M.	1
13 <sup>th</sup> AGM	July 30, 2005	Chavan Auditorium Chavan Centre General Jagannath Bhosale Marg Mumbai – 400 021	10.30 A.M.	2



2) Postal Ballot :-

During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956.

## VI. DISCLOSURE

- 1) There are no materially significant related party transactions with its Promoters, the Directors or the Management and their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.
- 2) The Company has complied with the requirements of regulatory authorities on capital markets including the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and no penalties or strictures has been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

## VII. MEANS OF COMMUNICATION

- 1) Half-yearly report sent to household of each of the shareholders No
- 2) Quarterly results -
  - (a) Which Newspapers normally published in The Times of India and Maharashtra Times
  - (b) Any Web site, where displayed Yes  
The Company has a website 'www.in.alstom.com' where the quarterly results are displayed.
  - (c) Whether it also displays official news releases and the presentation made to Institutional investors or to the analysts. No
- 3) Whether Management Discussion & Analysis Report is a part of annual report or not Yes

## VIII. Status of compliance with mandatory requirements and adoption of non-mandatory requirements

- 1) The Company has complied with all mandatory requirements of the Clause 49 of the Listing Agreement with the Stock Exchanges as on March 31, 2008.
- 2) **Adoption/ non-adoption of non-mandatory requirements as at March 31, 2008 –**
  - (a) The Company maintains an office for the Non-Executive Chairman. All necessary infrastructure and assistance are made available to enable him to discharge his responsibilities effectively.  
Further the Company has not adopted the requirement of Independent Directors tenure not to exceed a period of nine years on the Board of the Company.
  - (b) The Company has not set up a Remuneration Committee.
  - (c) As the Financial Results are published in the newspapers as well as displayed on the Company's website and EDIFAR website, the Results are not sent to household of each of the shareholders.
  - (d) The auditors have issued an unqualified opinion for the year ended March 31, 2008.
  - (e) The Board of Directors of the Company consists of an optimal blend of Company Executives and Independent Professionals having an in-depth expertise of Power Industry/Business and expertise in their area of specialisation.
  - (f) Presently, the Company does not have a mechanism for evaluating its Non-Executive Directors by Peer Group comprising of the entire Board of Directors.
  - (g) Presently, the Company does not have a Whistle Blower Policy in place.

## IX. GENERAL SHAREHOLDER INFORMATION

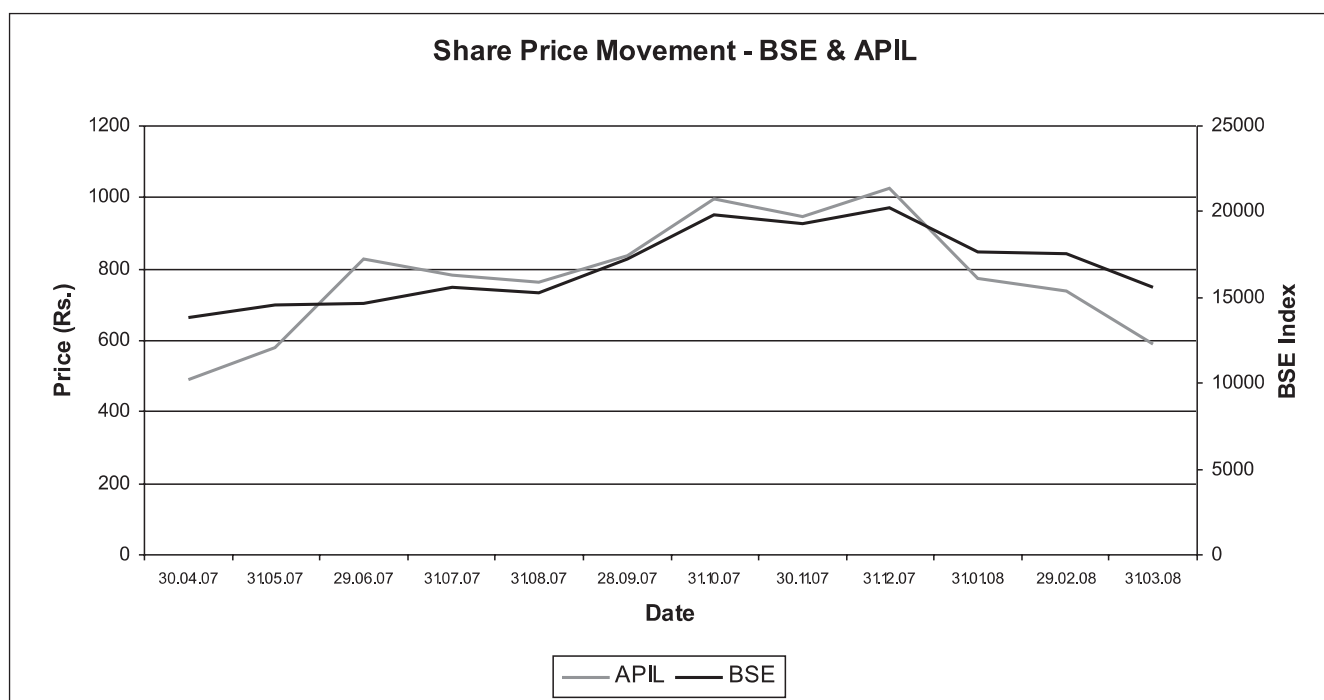
- 1) Annual General Meeting
  - Date and Time : July 25, 2008, 2.00 p.m.
  - Venue : Sind Educationists' Association Auditorium,  
Jai Hind College Building, 'A' Road, Churchgate,  
Mumbai – 400 020
- 2) Financial Calendar
  - (a) Financial reporting for the quarter ending June, 2008 : End July, 2008
  - (b) Financial reporting for the half year ending September, 2008 : End October, 2008
  - (c) Financial reporting for the quarter ending December, 2008 : End January, 2009
  - (d) Financial reporting for the year ending March, 2009 : May / June, 2009
  - (e) Annual General Meeting for the year ended March 31, 2009 : July / August, 2009
- 3) Face value of the equity share : Rs. 10 per share
- 4) Date of Book Closure : July 17, 2008 to July 25, 2008  
(both days inclusive)
- 5) Dividend Payment Date : July 30, 2008

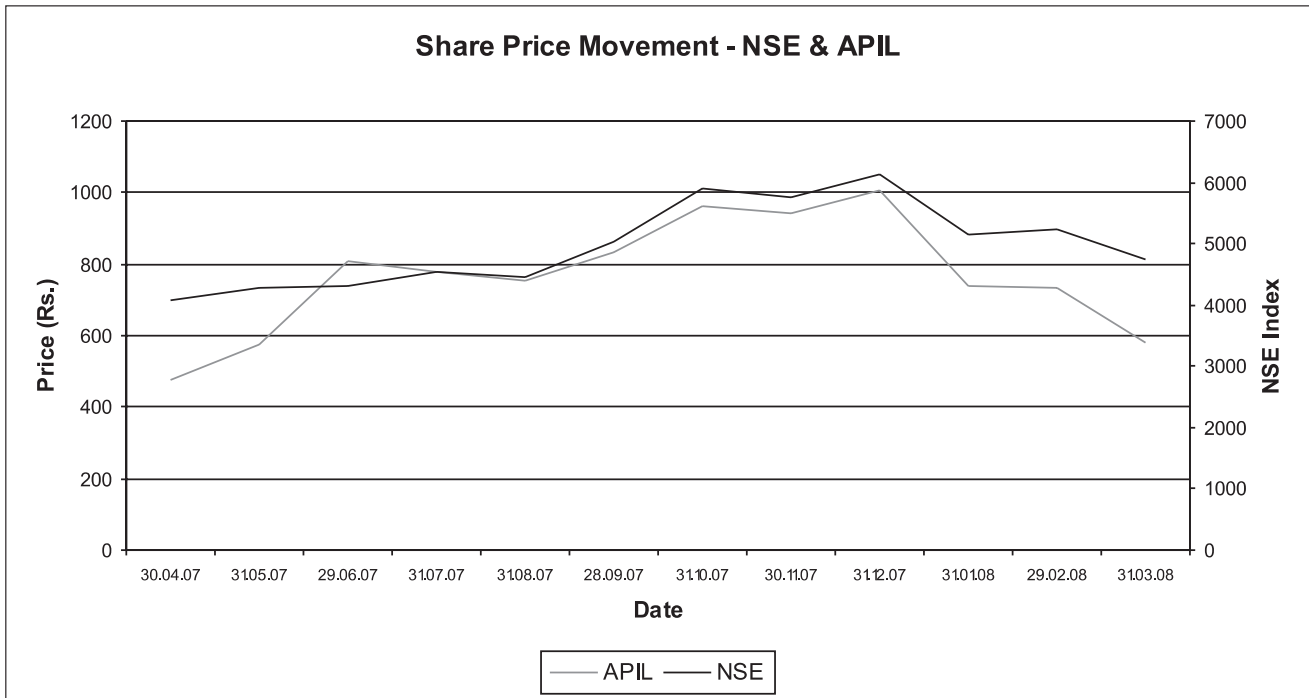
- 6) Listing on Stock Exchanges : Bombay Stock Exchange Limited, (BSE)  
 Phiroze Jeejeebhoy Towers  
 Dalal Street  
 Mumbai-400 001  
 National Stock Exchange of India Limited (NSE)  
 'Exchange Plaza'  
 Bandra Kurla Complex  
 Bandra (E), Mumbai-400 051  
 Listing fees were paid for the year to the above  
 Stock Exchanges
- 7) Stock Code / Symbol  
 - Bombay Stock Exchange : 532309  
 - National Stock Exchange : APIL  
 - International Securities Identification Number (ISIN) : INE878A01011
- 8) Monthly closing Highs and Lows for the period April 1, 2007 to March 31, 2008 on BSE and NSE.

Period	BSE		NSE	
	High	Low	High	Low
<b>2007</b>				
April	481.00	371.25	482.15	370.40
May	574.15	505.10	575.45	503.20
June	814.70	552.75	814.00	553.05
July	871.05	748.95	870.50	752.40
August	775.20	647.00	775.85	648.15
September	829.65	740.20	831.90	739.95
October	1003.10	820.60	1003.60	819.90
November	1042.40	892.50	1043.90	894.10
December	1082.10	955.65	1085.95	916.65
<b>2008</b>				
January	1051.00	716.70	1055.45	714.80
February	774.75	690.55	774.40	689.70
March	698.45	470.20	698.50	472.10

The market capitalisation of the Company's scrip as on March 31, 2008 was Rs. 3828.27 Crores on BSE and Rs. 3893.77 Crores on NSE.

- 9) Stock Performance of ALSTOM Projects India Limited (APIL) vs. BSE and NSE Indices :





10) Registrar and Share Transfer Agents : Karvy Computershare Private Limited  
7, Andheri Industrial Estate,  
Off Veera Desai Road,  
Andheri (West)  
Mumbai – 400 053

11) Share Transfer System

Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company. Transfer of shares are approved by the Board of Directors or Share Transfer Committee referred to as 'Transfer and Shareholders' / Investors' Grievance Committee' which meets at frequent intervals. Share transfers are registered and returned within 30 days from the date of receipt, if the relevant documents are complete in all respects.

The total number of shares transferred in physical form during the year under review was 1,56,534 shares.

12) (A) Distribution of Shareholding as on March 31, 2008.

Slab	Number of Shareholders		Number of Shares	
	Numbers	% to Shareholders	Numbers	% to Share Capital
1 - 5,000	50,364	94.10	42,47,635	6.34
5,001 - 10,000	1,957	3.66	14,27,355	2.13
10,001 - 20,000	727	1.36	10,56,491	1.58
20,001 - 30,000	172	0.32	4,36,974	0.65
30,001 - 40,000	81	0.15	2,88,048	0.43
40,001 - 50,000	63	0.12	2,97,455	0.44
50,001 - 1,00,000	75	0.14	5,49,921	0.82
1,00,001 - Above	80	0.15	5,87,20,295	87.61
<b>TOTAL</b>	<b>53,519</b>	<b>100.00</b>	<b>6,70,24,174</b>	<b>100.00</b>

(B) Shareholding pattern as on March 31, 2008.

Sl.No.	Shareholders	Number of shares held	% shareholding
1.	Promoters	4,45,58,972	66.48
2.	President of India	1,67,977	0.25
3.	Financial Institutions	42,55,195	6.34
4.	Foreign Institutional Investors	19,06,342	2.84
5.	Mutual Funds	44,73,766	6.67
6.	Bodies Corporate	20,36,255	3.03
7.	Nationalised Banks and other Banks	1,87,998	0.27
8.	Non Resident Individuals	1,31,703	0.19
9.	Foreign Companies	13,34,408	1.99
10.	Directors and their Relatives	34,273	0.05
11.	General Public	77,98,244	11.63
12.	In transit in Depository system	1,42,041	0.21
<b>TOTAL</b>		<b>6,70,24,174</b>	<b>100.00</b>

- 13) Dematerialisation of shares and liquidity and inclusions of the Shares in Futures and Options Segment : Trading in Company's share is permitted compulsorily in dematerialised form from July 24, 2000 as per notification issued by SEBI and the Company's shares are traded in compulsory rolling settlement.  
As on March 31, 2008, a total of 6,42,53,746 equity shares of the Company, which forms 96% of share capital of the Company have been dematerialised.  
The shares of the Company have been included in the Futures and Options segment (F&O) of the National Stock Exchange (NSE) with effect from May 14, 2007.
- 14) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, if any. : N.A.
- 15) Plant Locations :
  - P.O. Maneja Vadodara- 390 013, Gujarat.
  - Durgapur - 713 206, West Bengal.
  - Shahabad - 585 229, Karnataka.
  - Coimbatore – 641 402, Tamil Nadu
- 16) Address for correspondence : Regd. Office :  
"The International", 5<sup>th</sup> Floor,  
16, Marine Lines Cross Road No. 1,  
Off Maharshi Karve Road,  
Churchgate, Mumbai – 400 020.  
Tel.No.: (022) 22051256 / 22000487  
Fax No. : (022) 22086905  
Email : naina.r.desai@power.alstom.com

For and on behalf of the Board of Directors

Emmanuel Colombier  
Vice Chairman & Managing Director

Mrs. Naina R. Desai  
Whole time Director & Company Secretary

Place : Gurgaon

Date : April 29, 2008

## CEO / CFO CERTIFICATION

The Board of Directors  
ALSTOM Projects India Limited

Re- Financial Statements for the year 2007-08- Certification by CEO and CFO

We, Emmanuel Colombier, Vice Chairman & Managing Director and S.M. Momaya, Whole-time Director & CFO, on the basis of the review of the financial statements and the cash flow statement for the financial year ended March 31, 2008 and to the best of our knowledge and belief, certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended March 31, 2008, which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:-
  - (a) There have been no significant changes in the internal control over financial reporting during this year.
  - (b) There have been no significant changes in the accounting policies this year and that the same have been disclosed in the notes to the financial statements.
  - (c) There have been no instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control systems over financial reporting.

Emmanuel Colombier  
Vice Chairman & Managing Director

S.M. Momaya  
Whole-time Director & Chief Financial Officer

Place : Gurgaon  
Date : April 29, 2008

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### DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I, Emmanuel Colombier, Vice Chairman and Managing Director of the Company, hereby, declare that the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended March 31, 2008.

For ALSTOM Projects India Limited

Emmanuel Colombier  
Vice Chairman & Managing Director

Place : Gurgaon  
Date : April 29, 2008



## Auditors' Report to the Members of ALSTOM Projects India Limited

1. We have audited the attached balance sheet of ALSTOM Projects India Limited ('the Company') as at March 31, 2008 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

## Annexure referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (b) Part of the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. (v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (c) There was no substantial disposal of fixed assets during the year. (vi) The Company has not accepted any deposits from the public.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification. (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (b), (c) and (d) of the Order are not applicable to the Company. (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance fund, income-tax, wealth-tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (f) and (g) of the Order are not applicable to the Company. (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:
- (iv) Part of the Company's purchases of inventory and fixed assets are stated to be of unique and specialized nature, and hence, in such cases, the comparison of prices with the market rates or with purchases from other parties cannot be made. Read with above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system

Name of the statute	Nature of dues	Amount in Rs. '000	Period to which the amount relates	Forum where dispute is pending
	Divisible contracts assessed as indivisible	15,321	1984-1992	First/Second Appellate Authority
Local & Central Sales Tax Act	Divisible contracts assessed as indivisible	3,603	1992-1997	Pending in High Court
	Penalty imposed by Sales Tax Authorities	1,752	2004-2005	Pending in High Court

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has no dues towards banks, financial institutions or debenture holders, and hence, provisions of clause 4(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company has not raised funds on short term basis. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money 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, which have been relied upon by us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

# ALSTOM Projects India Limited

## Balance Sheet as at March 31, 2008

(Rupees thousands)

	Schedule		As at March 31, 2008	As at March 31, 2007
<b>SOURCES OF FUNDS</b>				
Shareholders' funds				
Share capital	1	<b>670,242</b>		670,242
Reserves and surplus	2	<b>2,850,700</b>		2,735,133
			<b>3,520,942</b>	3,405,375
Loan funds				
Secured loans	3	<b>16,895</b>		22,527
Deferred tax liabilities, net	13	<b>24,625</b>		4,338
			<b>3,562,462</b>	3,432,240
<b>APPLICATION OF FUNDS</b>				
Fixed assets	4			
Gross block		<b>3,694,728</b>		3,343,423
Less: Accumulated depreciation / amortisation / impairment		<b>2,004,501</b>		1,918,775
Net book value		<b>1,690,227</b>		1,424,648
Capital work-in-progress and advances on capital account		<b>505,269</b>		168,289
			<b>2,195,496</b>	1,592,937
Investments	5		<b>551</b>	551
Current assets, loans and advances				
Inventories	6	<b>612,986</b>		668,981
Sundry debtors	7	<b>5,662,040</b>		4,775,080
Cash and bank balances	8	<b>3,946,693</b>		2,842,560
Other current assets	9	<b>4,748,689</b>		2,476,955
Loans and advances	10	<b>2,924,890</b>		2,411,584
		<b>17,895,298</b>		13,175,160
Less: Current liabilities and provisions				
Current liabilities	11	<b>15,777,927</b>		10,452,084
Provisions	12	<b>750,956</b>		884,324
		<b>16,528,883</b>		11,336,408
Net current assets			<b>1,366,415</b>	1,838,752
			<b>3,562,462</b>	3,432,240
Notes to Accounts	18			

The schedules referred to above and notes to accounts form an integral part of the balance sheet.

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director

# ALSTOM Projects India Limited

## Profit and Loss account for the year ended March 31, 2008

(Rupees thousands)

	Schedule	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>INCOME</b>			
Sales and services (Gross)	14	15,961,440	12,470,130
Less: Excise duty		490,739	273,272
Net Sales and Services		15,470,701	12,196,858
Other income	15	397,720	348,171
		<b>15,868,421</b>	<b>12,545,029</b>
<b>EXPENDITURE</b>			
Material cost and erection services		11,034,600	8,518,400
Personnel expenses	16	1,798,330	1,226,393
Other expenses	17	1,663,806	1,264,190
Depreciation / amortisation	4	241,249	167,849
Less: Transfer from revaluation reserve		4,561	(3,929)
Interest		1,352	1,690
		<b>14,734,776</b>	<b>11,174,593</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEM</b>		<b>1,133,645</b>	<b>1,370,436</b>
Exceptional item- Reversal of Impairment provision made in earlier years		54,375	—
<b>PROFIT BEFORE TAX</b>		<b>1,188,020</b>	<b>1,370,436</b>
Provision for Income tax			
Current tax		(405,646)	(196,600)
Less: MAT credit entitlement		—	193,600
Net Current tax		(405,646)	(3,000)
Deferred tax		(20,287)	(250,534)
Fringe benefit tax		(29,000)	(23,000)
<b>PROFIT AFTER TAX</b>		<b>733,087</b>	<b>1,093,902</b>
Balance brought forward	2	1,330,308	1,129,946
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>2,063,395</b>	<b>2,223,848</b>
<b>APPROPRIATION</b>			
Transferred to general reserve	2	73,309	109,390
Proposed dividend		536,194	670,242
Corporate dividend tax		91,126	113,908
<b>Balance carried forward</b>		<b>1,362,766</b>	<b>1,330,308</b>
<b>BASIC and DILUTED EARNINGS PER EQUITY SHARE (In rupees)</b>			
(Par value Rs 10 per share)		<b>10.94</b>	<b>16.32</b>
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the profit and loss account.

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director



# ALSTOM Projects India Limited

## Cash Flow Statement for the year ended March 31, 2008

	For the year ended March 31, 2008	(Rupees thousands) For the year ended March 31, 2007
<b>A. Cash flows from operating activities</b>		
Profit before tax and exceptional item	1,133,645	1,370,436
<b>Adjustments for</b>		
Depreciation / amortisation	236,688	163,920
Provision for doubtful debts and advances	36,342	(279,015)
Unrealised gain on restatement of foreign currency assets and liabilities, net	22,668	64,513
Loss on sale of fixed assets, net	10,210	35
Interest income	(220,211)	(230,381)
Interest expense	1,352	1,690
Operating profit before working capital changes	1,220,694	1,091,198
<b>Adjustments for changes in working capital</b>		
(Increase) in sundry debtors	(916,579)	(350,686)
Decrease in inventories	55,995	34,725
(Increase) in other current assets	(2,247,481)	(1,930,948)
(Increase) in loans and advances	(808,445)	(1,012,165)
Increase in current liabilities and provisions, net of proposed dividend and corporate dividend tax	5,352,619	3,068,966
<b>Cash from operating activities</b>	2,656,803	901,090
Income tax including fringe benefits tax (payments)	(316,412)	(152,986)
<b>Net cash from operating activities</b>	2,340,391	748,104
<b>B. Cash flows from investing activities</b>		
Inter corporate deposits received back	145,000	-
Inter corporate deposits given	(20,000)	(145,000)
Loan received back from subsidiaries	34,067	19,933
Interest received	195,958	233,532
Investment in subsidiary (made)	-	(500)
Purchase of fixed assets and advances on capital account	(813,149)	(553,322)
Sale proceeds of fixed assets	13,506	19,915
<b>Net cash (used in) investing activities</b>	(444,618)	(425,442)
<b>C. Cash flows from financing activities</b>		
Secured loans repaid	(5,632)	(5,633)
Unsecured loans repaid, net	-	(12,456)
Dividend and corporate dividend tax paid	(784,150)	(305,698)
Interest paid	(1,858)	(1,690)
<b>Net cash (used in) financing activities</b>	(791,640)	(325,477)
<b>Net cash flow during the year (A+B+C)</b>	1,104,133	(2,815)
<b>Cash and cash equivalents, beginning of year</b>	2,842,560	2,845,375
<b>Cash and cash equivalents, end of year</b>	3,946,693	2,842,560
<b>Components of cash and cash equivalents as at end of the year</b>		
Cash and cheques on hand	1,393	4,052
Balances with scheduled banks		
- on current account	430,651	219,922
- on deposit accounts	3,500,350	2,550,871
- on EEFC account	1,453	63,155
- on Unclaimed dividend account	6,809	4,560
Balances with unscheduled banks		
- Barclays Bank of Uganda	6,037	-
	3,946,693	2,842,560

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma  
Emmanuel Colombier  
S.M. Momaya  
Naina R. Desai  
Pedro Sole  
A.K. Thiagarajan  
K. Vasudevan  
Dr. Uddesh Kohli

Chairman  
Vice Chairman & Managing Director  
Whole-time Director & Chief Financial Officer  
Whole-time Director & Company Secretary  
Director  
Director  
Director  
Director

# ALSTOM Projects India Limited

## Schedules to the Financial Statements

	(Rupees thousands)	
	As at March 31, 2008	As at March 31, 2007
<b>1. Share Capital</b>		
<b>Authorised</b>		
165,000,000 equity shares of Rs. 10 each (Previous year – 165,000,000 equity shares of Rs. 10 each)	<b>1,650,000</b>	1,650,000
40,500,000 preference shares of Rs. 100 each (Previous year – 40,500,000 preference shares of Rs. 100 each)	<b>4,050,000</b>	4,050,000
	<b>5,700,000</b>	5,700,000
<b>Issued, subscribed and paid-up</b>		
67,024,174 equity shares of Rs. 10 each (Previous year – 67,024,174 equity shares of Rs. 10 each)	<b>670,242</b>	670,242
Of the above equity shares, 25,605,748 equity shares were allotted as fully paid up on the Appointed Date, i.e. March 31, 2001, pursuant to the approval of the Hon'ble High Courts of Judicature at Delhi and Bombay, of the Scheme of Arrangement for amalgamation of ALSTOM Transport Limited ('ATL'), ALSTOM Systems Limited ('ASL') and ALSTOM Power Boilers Limited ('APBL'), together, the transferor companies, with ALSTOM Power India Limited (Now, ALSTOM Projects India Limited), the transferee company, to the shareholders of the transferor companies, as follows:		
ALSTOM Power Boilers Limited		11,024,506
ALSTOM Transport Limited		11,061,178
ALSTOM Systems Limited		3,520,064
		<u>25,605,748</u>
Of the total equity shares, 44,558,972 (Previous year 44,558,972) shares are held by ALSTOM Holdings, the ultimate holding company through its subsidiaries. Out of these 39,245,408 (Previous year Nil) shares are held by ALSTOM Finance BV the holding Co., 5,313,564 (Previous year 5,313,564) shares are held by ALSTOM India Limited, Nil (Previous year 7,849,342) shares are held by ALSTOM Mauritius Ltd. and Nil (Previous year 31,396,026) shares are held by ALSTOM N.V.		
<b>2. Reserves and Surplus</b>		
<b>Capital reserve</b>	<b>1,552</b>	1,552
<b>Revaluation reserve</b>		
Balance, beginning of year	<b>89,205</b>	93,134
Less: Transferred to profit and loss account	<b>4,561</b>	3,929
Balance, end of year	<b>84,644</b>	89,205
<b>Securities premium account</b>	<b>8,181</b>	8,181
<b>Foreign projects reserve account</b>		
Balance, beginning of year	<b>37,630</b>	64,317
Less: Transferred to General reserve	<b>15,629</b>	26,687
Balance, end of year	<b>22,001</b>	37,630
<b>General reserve</b>		
Balance, beginning of year	<b>1,268,257</b>	1,132,180
Add: Transferred from Foreign project reserve account	<b>15,629</b>	26,687
Add: Transferred from Profit and Loss Account	<b>73,309</b>	109,390
Add: Adjustment on account of implementation of revised AS 15 on employee benefits (Refer note 2.3.1 of Schedule 18)	<b>14,361</b>	—
Balance, end of year	<b>1,371,556</b>	1,268,257
Profit and loss account	<b>1,362,766</b>	1,330,308
	<b>2,850,700</b>	2,735,133

## ALSTOM Projects India Limited

<b>3. Secured Loans</b>	<b>(Rupees thousands)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
West Bengal sales tax loan	<b>16,895</b>	22,527
	<b>16,895</b>	22,527

- a) The West Bengal sales tax loan is secured by creation of a charge on assets located at Durgapur and execution of a bond of security and other relevant documents in favour of the Government of West Bengal.
- b) Amount repayable within one year Rs. 5,632 thousand (previous year Rs. 5,632 thousand).

## ALSTOM Projects India Limited

### 4. Fixed assets

(Rupees thousands)

Class of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
	As at April 1, 2007	Additions/ adjustments	Deletions/ adjustments	As at March 31, 2008	As at April 1, 2007	Charge for the year	Reversal of Impairment Loss	Deletions/ adjustments	As at March 31, 2008	As at March 31, 2007
<b>TANGIBLE ASSETS</b>										
Freehold land	14,185	47,599	—	<b>61,784</b>	—	—	—	—	<b>61,784</b>	14,185
Leasehold land	490	—	—	<b>490</b>	83	—	62	—	<b>469</b>	407
Leasehold improvements	53,084	—	19,929	<b>33,155</b>	25,777	5,898	—	19,929	<b>21,409</b>	27,307
Factory buildings	330,472	31,236	542	<b>361,166</b>	156,760	8,288	17,107	324	<b>147,617</b>	173,712
Other buildings	353,338	4,506	378	<b>357,466</b>	198,188	6,598	8,198	222	<b>196,366</b>	155,150
Plant and machinery	2,377,314	328,533	73,684	<b>2,632,163</b>	1,422,184	183,608	29,008	55,135	<b>1,521,649</b>	955,130
Furniture and fixtures	77,784	15,501	5,525	<b>87,760</b>	36,227	7,576	—	5,459	<b>49,416</b>	41,557
Vehicles	9,134	—	777	<b>8,357</b>	7,326	691	—	678	<b>1,018</b>	1,808
<b>INTANGIBLE ASSETS</b>										
Technical know-how fees	19,240	—	19,240	—	19,240	—	—	19,240	—	—
Design software	68,656	38,061	4,789	<b>101,928</b>	32,855	21,719	—	161	<b>47,515</b>	35,801
Software license fees	39,726	10,733	—	<b>50,459</b>	20,135	6,871	—	—	<b>27,006</b>	19,591
<b>Grand Total</b>	<b>3,343,423</b>	<b>476,169</b>	<b>124,864</b>	<b>3,694,728</b>	<b>1,918,775</b>	<b>241,249</b>	<b>54,375</b>	<b>101,148</b>	<b>1,690,227</b>	<b>1,424,648</b>
Previous Year	2,694,539	689,545	40,661	3,343,423	1,771,637	167,849	—	20,711	1,424,648	922,902

1) Certain building, plant and machinery and railway sidings were revalued by an external valuer by using "Current cost accounting method" during the year 1985. The appreciation on revaluation amounting to Rs. 624,050 thousand (Buildings - Rs. 294,700 thousand, Plant & Machinery - Rs. 319,990 thousand and Railway Sidings - Rs. 9,360 thousand) was credited to revaluation reserve.

2) Accumulated Depreciation / Amortisation as at March 31, 2008 includes impairment loss amounting to Nil (previous year - Rs. 14,3,623 thousand). (Other building - Nil (previous year - Rs. 31,755 thousand), Plant and machinery Nil (previous year - Rs. 111,551 thousand), Furniture and fixtures Nil (previous year - Rs. 170 thousand) and License fees Nil (previous year - Rs. 147 thousand)) (Refer note 9 on Schedule 18).

3) Land includes free hold land amounting to Rs. 47,599 thousands for which the registration was done in the name of the Company on 15 April, 2008.

## ALSTOM Projects India Limited

(Rupees thousands)

	As at March 31, 2008	As at March 31, 2007
<b>5. Investments</b>		
<b>Non-trade investments – Long term (at cost)</b>		
<b>Investments in securities, unquoted</b>		
Kohinoor Mills Company Limited (28 equity shares of Rs. 100 each fully paid up)	7	7
Bengal Chamber of Commerce and Industry (9 Non-convertible debentures - 6.5% of Rs. 1,000 each fully paid up)	9	9
AVB Employees' Co-operative Credit Society and Bank Limited (50 B - Class equity shares of Rs. 100 each fully paid up)	5	5
AVB Employees' Co-operative Credit Society and Bank Limited (500 B - Class equity shares of Rs. 10 each fully paid up)	5	5
East India Clinic Limited (1 Non-redeemable debenture stock - 5% of Rs. 10,000 fully paid up)	10	10
	<b>36</b>	<b>36</b>
<b>Investments in securities, quoted</b>		
Unit Trust of India (1,180 units of Rs. 10 each fully paid up, Repurchase price of Rs. 12,340. previous year Rs. 13,270)	<b>15</b>	15
	<b>51</b>	51
<b>Other investments in subsidiary companies, unquoted</b>		
ALSTOM Power Boilers Services Limited (34,000 Equity shares of Rs. 100 each fully paid up) Less : Provision for permanent diminution in value of investments	<b>2,283</b>	2,283
	<b>2,283</b>	2,283
ALSTOM Manufacturing India Limited (250,000 Equity shares of Rs. 2 each fully paid up)	<b>500</b>	500
	<b>551</b>	551
<b>Notes:</b>		
Quoted investments (Aggregate)	<b>15</b>	15
Market value of quoted investments	<b>12</b>	13
Unquoted investments (Aggregate)	<b>536</b>	536

## 6. Inventories

Raw materials	<b>101,260</b>	147,181
Stores and spares	<b>29,807</b>	21,018
Components	<b>116,818</b>	96,637
Work-in-progress	<b>131,130</b>	170,397
Contract work-in-progress	<b>229,031</b>	232,076
Finished goods	<b>4,940</b>	1,672
	<b>612,986</b>	668,981

Raw material includes goods-in-transit Rs. 9,257 thousand (previous year - Rs. 28,824 thousand)

## 7. Sundry Debtors

Unsecured		
Debts outstanding for a period exceeding six months		
- Considered good	<b>1,874,689</b>	1,672,636
- Considered doubtful	<b>142,310</b>	112,691
	<b>2,016,999</b>	1,785,327
Other debts - considered good	<b>3,787,351</b>	3,102,444
	<b>5,804,350</b>	4,887,771
Less: Provision for doubtful debts	<b>142,310</b>	112,691
	<b>5,662,040</b>	4,775,080

Sundry debtors include retention monies of Rs. 2,105,839 thousand (previous year - Rs. 1,730,631 thousand), which are due on completion of contracts / final acceptance by the customer.



## ALSTOM Projects India Limited

	As at March 31, 2008	As at March 31, 2007
<b>8. Cash and Bank Balances</b>		
Cash and cheques on hand	1,393	4,052
Balances with scheduled banks		
- On current account	430,651	219,922
- On deposit accounts	3,500,350	2,550,871
- On EEFC account	1,453	63,155
- On unclaimed dividend account	6,809	4,560
Balances with unscheduled banks*		
- Barclays Bank of Uganda	6,037	—
	<b>3,946,693</b>	<b>2,842,560</b>

\*Maximum amount outstanding during the year Rs. 6,039 thousand (previous year - Nil)

## 9. Other Current Assets

Assets held for disposal (at cost or net realisable value, whichever is lower)	—	1,988
Accrued Revenue	16,660	—
Contract revenue in excess of billing	4,664,136	2,418,795
Interest accrued on deposits	67,893	43,640
Unamortised premium on forward contract	—	12,532
	<b>4,748,689</b>	<b>2,476,955</b>

## 10. Loans and Advances

Secured		
Considered good	523	779
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
- considered good	2,507,021	1,857,894
- considered doubtful	96,070	89,347
	<b>2,603,091</b>	<b>1,947,241</b>
Less: Provision for doubtful advances	96,070	89,347
	<b>2,507,021</b>	<b>1,857,894</b>
Considered good -		
Loans to wholly owned subsidiaries	3,000	37,067
Inter corporate deposits	20,000	145,000
Advances recoverable from ALSTOM Power Boilers Services Limited ('APBSL')	51,836	71,267
MAT credit entitlement	—	193,600
Advance tax, including taxes deducted at source, net of provision for income tax	64,251	—
Balances with customs, port trusts and excise authorities	265,602	99,537
VAT credit receivable	12,657	6,440
	<b>2,924,890</b>	<b>2,411,584</b>

- a) Loans to subsidiaries represents Rs. Nil (previous year Rs. 67 thousand ) due from ALSTOM Manufacturing India Limited ('AMIL') and Rs. 3,000 thousand (previous year Rs. 37,000 thousand) due from APBSL.
- b) Advances recoverable from APBSL comprise advances made for erection and commissioning service contracts being executed by the subsidiary, as well as receivables relating to non-trade transactions.
- c) Dues from companies under same management:-
  - i) The maximum amount outstanding from APBSL was Rs. 71,267 thousand (previous year - Rs. 136,409 thousand)
  - ii) The maximum amount outstanding from AMIL was Rs. 70 thousand (previous year - Rs. 67 thousand)

## ALSTOM Projects India Limited

(Rupees thousands)

<b>11. Current Liabilities</b>	<b>As at March 31, 2008</b>	As at March 31, 2007
Sundry creditors		
- Total outstanding dues to micro, medium & small enterprises	<b>21,306</b>	89,000
- Total outstanding dues to creditors other than micro, medium & small enterprises	<b>9,024,636</b>	6,450,266
Payables to ALSTOM Power Boilers Services Limited, a wholly owned subsidiary	<b>27,160</b>	24,024
Advance payments from customers	<b>5,585,850</b>	3,501,902
Billing in excess of contract revenue	<b>1,090,265</b>	359,925
Interest accrued but not due — West Bengal sales tax loan	<b>21,901</b>	22,407
Unclaimed dividend (to be credited to Investor education and protection fund, when due)	<b>6,809</b>	4,560
	<b>15,777,927</b>	10,452,084

## 12. Provisions

Wealth tax	<b>122</b>	122
Income tax, net of advance tax	—	11,115
Leave encashment (See note 2.3.1 )	<b>113,813</b>	87,028
Gratuity (See note 12 )	<b>9,701</b>	1,909
Proposed dividend	<b>536,194</b>	670,242
Corporate dividend tax	<b>91,126</b>	113,908
	<b>750,956</b>	884,324

## 13. Deferred tax assets / liabilities, net

### Deferred tax assets

Brought forward losses and unabsorbed depreciation	—	31,298
Provision for doubtful debts and advances	<b>81,030</b>	68,012
Provision for gratuity under Section 40(A) 7 of the Income tax Act, 1961	<b>4,658</b>	643
Expenditure under Section 43B of the Income-tax Act, 1961	<b>38,685</b>	29,294
Expenditure under Section 35DDA of the Income-tax Act, 1961	<b>2,155</b>	3,956
Others	<b>5,873</b>	5,817
Total deferred tax assets	<b>132,401</b>	139,020

### Deferred tax liabilities

Difference between book depreciation and depreciation under the Income-tax Act, 1961	<b>157,026</b>	143,358
Deferred tax (liabilities) net	<b>(24,625)</b>	(4,338)

### Note:

Set-up of deferred tax assets in previous year is based on profits anticipated on the order book position at the year end.

## ALSTOM Projects India Limited

	(Rupees thousands)	
	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>14. Sales and Services (Gross of excise duty)</b>		
Project sales	<b>10,925,840</b>	8,252,189
Service income	<b>2,039,477</b>	2,196,129
Equipment and spare sales	<b>2,996,123</b>	2,021,812
	<b>15,961,440</b>	12,470,130
<b>15. Other Income</b>		
<b>Interest (Gross)</b>		
- On deposits with banks	<b>210,999</b>	221,802
- Others	<b>9,212</b>	8,579
( Tax deducted at source on total interest Rs. 50,007 thousand, previous year — Rs. 52,398 thousand)	<b>220,211</b>	230,381
Foreign exchange gain, net	—	52,669
Write-back of provision for doubtful debts and advances (Refer Note 13)	—	22,145
Excess Liabilities written back	<b>62,251</b>	—
Miscellaneous income	<b>115,258</b>	42,976
	<b>397,720</b>	348,171
<b>16. Personnel Expenses</b>		
Salaries, wages and bonus	<b>1,410,125</b>	976,398
Contribution to provident and other funds	<b>133,403</b>	83,433
Workmen and staff welfare expenses	<b>137,176</b>	110,631
Other personnel expenses	<b>117,626</b>	55,931
	<b>1,798,330</b>	1,226,393
<b>17. Other Expenses</b>		
Tools and stores	<b>40,742</b>	65,758
Royalty and trademark fee	<b>188,897</b>	108,897
Commission and discounts	<b>38,615</b>	16,503
Power, fuel and water	<b>149,136</b>	145,006
Travel and conveyance	<b>331,222</b>	259,954
Insurance	<b>43,900</b>	34,192
Rates and taxes	<b>31,085</b>	21,789
Rent	<b>179,887</b>	130,477
Repairs: - Buildings	<b>10,606</b>	15,819
- Plant and machinery	<b>53,986</b>	45,640
- Others	<b>25,319</b>	21,175
Provisions for doubtful debts and advances (Refer Note 13)	<b>36,342</b>	—
Bad Debts Written-off	<b>14,369</b>	—
Other services from third parties	<b>163,704</b>	160,291
Director fees	<b>400</b>	500
Donations	<b>74</b>	98
Loss on sale of fixed assets, net	<b>10,210</b>	35
Foreign exchange loss, net	<b>42,517</b>	—
Miscellaneous expenses	<b>302,795</b>	254,906
	<b>1,663,806</b>	1,281,040

# ALSTOM Projects India Limited

## 18. Notes to accounts

(All amounts in rupees thousands, unless otherwise specified)

### 1. BACKGROUND

ALSTOM Projects India Limited ('APIL' or 'the Company') is a publicly owned Company, incorporated on September 2, 1992 as Asea Brown Boveri Management Limited, registered with the Registrar of Companies, Maharashtra.

Its business segments include a composite range of services related to power generation for utilities and industrial users and transportation systems covering traction, signaling and train control for the railways.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects in accordance with the notified Accounting Standards issued under Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention (other than revalued assets) on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those applied in the previous year except for changes in accounting policies as discussed more fully in para 2.3 below.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make best estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Actual results could differ from these estimates. Any revision below to accounting estimates is recognised prospectively in the current and future periods.

#### 2.3 Change in accounting policies

##### 2.3.1 Retirement Benefits

The Company has, during the year, adopted Accounting Standard 15 (Revised) which is mandatory for accounting periods commencing on or after December 7, 2006. Accordingly, the basis of actuarial valuation of earned leaves liability has been changed. As a result, the valuation of short term compensated absences forming part of the accrued leaves as at March 31, 2007, is lower by Rs. 14,361 thousands. This has been adjusted to the opening reserves. This change does not have a material impact on the profit for the current year.

##### 2.3.2 Derivatives

In accordance with the announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India, effective April 1, 2007, the Company has changed its accounting policy with respect to accounting for foreign exchange contracts, other than those covered under AS 11, entered into for non speculative purpose, including the underlying hedged items, which upto March 31, 2007 were accounted for on the basis of contracted rate, have now been accounted for on marked-to-market valuation on a portfolio basis and the loss on valuation is recognized in the profit and loss account in accordance with the principle of prudence as enunciated in AS 1 – 'Disclosure of Accounting Policies'. This change does not have a material impact on the profit for the current year.

#### 2.4 Fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies, and any other attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost related to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

#### 2.5 Intangible assets

Software costs relating to acquisition of product design software and software license fee are capitalised in the year of purchase and amortised on a straight-line basis over a period of three years and five years respectively.

# ALSTOM Projects India Limited

## 2.6 Depreciation

Depreciation on fixed assets is provided on a straight-line basis. On additions and disposals, depreciation is provided for the period of use during the year. Depreciation is provided as per the following rates, which are determined on the basis of useful lives of the assets estimated by the management, or at rates specified in Schedule XIV to the Companies Act, whichever is higher. However, in respect of certain assets existing on December 16, 1993, the Company continues to charge depreciation at rates lower than those prescribed by Schedule XIV, as allowed by Notification GSR No. 756E, dated December 16, 1993:

	%
Factory buildings	3.34 – 5.00
Other buildings	1.63 – 3.00
Plant and machinery	4.75 – 40.00
Furniture and fixtures	10.00
Motor vehicles	20.00

Leasehold assets are amortised over the period of the lease or the estimated useful life whichever is lower. Assets costing below Rs. 5 thousand are fully depreciated in the year of purchase. In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account.

## 2.7 Impairment of assets

- 2.7.1 The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- 2.7.2 After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- 2.7.3 A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## 2.8 Foreign currency transactions

### 2.8.1 Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### 2.8.2 Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 2.8.3 Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

### 2.8.4 Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

## 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

- Stores, spares, raw materials and components - at cost determined on the moving weighted average method.



## ALSTOM Projects India Limited

- Work-in-progress and finished goods – based on weighted average cost of production, including appropriate proportion of costs of conversion. Excise duty is included in the value of finished goods inventory.
- Packing materials, loose tools and consumables, being immaterial in value terms, and also based on their purchase mostly on need basis, are expensed to the profit and loss account at the point of purchase.

Contract work-in-progress is valued at cost or net realisable value, whichever is lower, until the stage of completion. Cost includes direct materials, labour and appropriate proportion of overheads including depreciation.

Net Realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

### 2.10 Revenue recognition

#### 2.10.1 Revenues from long-term contracts

Contract prices are either fixed or subject to price escalation clauses. Revenues are recognised on a percentage completion method measured by segmented portions of the contract, i.e. “Contract Milestones”. The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin. Contract revenue earned in excess of billing has been reflected under “Other Current Assets” and billing in excess of contract revenue has been reflected under “Current Liabilities” in the balance sheet.

If it is expected that a contract will make a loss, the estimated loss is provided for in the books of account. Such losses are based on technical assessments.

Amounts due in respect of price escalation claims and/or variation in contract work are recognised as revenue only if the contract allows for such claims or variations and /or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured.

Liquidated damages/penalties, warranties and contingencies are provided for, based on management’s assessment of the estimated liability, as per contractual terms and/or acceptance.

#### 2.10.2 Revenues from sale of products and services

Revenues from sales of products are recognised on dispatch of goods to customers which corresponds to transfer of significant risk and rewards of ownership and are net of sales tax and trade discounts. Revenues from services are recognised when such services are rendered.

#### 2.10.3 Interest Income is recognised on time proportion method basis taking into account the amounts outstanding at the rate applicable.

### 2.11 Retirement and other employee benefits

#### 2.11.1 Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the trust are due.

#### 2.11.2 Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year.

#### 2.11.3 Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of each year. The actuarial valuation is done as per projected unit credit method.

#### 2.11.4 Actuarial gains/losses are immediately taken to profit and loss account during the year.

### 2.12 Research and development

All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred.

### 2.13 Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

## **ALSTOM Projects India Limited**

### **2.14 Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

### **2.15 Income taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company recognises / write-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is subsequently reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer a convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### **2.16 Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### **2.17 Segment reporting policies**

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

### **2.18 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **2.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and cash & cheques in hand.

## ALSTOM Projects India Limited

### 2.20 Derivative instruments

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in note 2.8.4.

The Foreign exchange contracts other than those covered under AS 11, entered for non speculative purposes, including the underlying hedged items, are valued on the basis of a fair value on marked-to-market basis and any loss on valuation is recognized in the profit and loss account, on a portfolio basis. Any gain arising on this valuation is not recognized by the Company in line with the principle of prudence as enunciated in Accounting Standard 1 – 'Disclosure of Accounting Policies'. Any subsequent changes in fair values, occurring after the balance sheet date are accounted for in the period in which they arise.

### 3. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 143,925 thousand (previous year – Rs. 64,068 thousand).

### 4. CONTINGENT LIABILITIES NOT PROVIDED FOR

- a) Demand raised by sales tax authorities levying sales tax / works contract tax in cases of disputes regarding divisibility of contracts with the customers for supply and erection / installation of goods and others - Rs. 20,676 thousand (previous year – Rs. 20,676 thousand)
- b) Demand raised by Durgapur Power Limited on delayed payment of electricity bills - Rs. 37,000 thousand (previous year – Rs. 37,000 thousand).
- c) Differential amount of custom duty in respect of machinery imported under EPCG Scheme Rs. 109,165 thousand (previous year Rs. 58,365 thousand).
- d) Various other claims not acknowledged as debts Rs. 6,250 thousand (previous year – Rs. 6,250 thousand).
- e) Corporate guarantee given against cash credit facility taken by a subsidiary from the bank Rs. 10,000 thousand (previous year – Rs. 10,000 thousand).

Based on the favourable decision in similar cases / legal opinions taken by the Company / discussions with the solicitors etc., the Company believes that it has good cases in respect of all the items listed under (a), (b) and (d) above and hence no provision there against is considered necessary.

## 5 SEGMENT INFORMATION

### 5.1 Primary segment reporting – Business segments

The Company's business segments are classified into Power and Transport.

#### 5.1.1 Power segment

This segment is engaged in the business of engineering, procurement and construction of power plants. It also manufactures steam raising plant, ancillary equipment, pressures vessels and pulverizers.

#### 5.1.2 Transport segment

This segment is engaged in the business of designing, manufacturing, supplying and supporting large scale transportation systems including traction, signaling and train control.

### 5.2 Inter segment transfers

Segment revenues, segment expenses and segment results include transfers between business segments, that are made based on negotiation between segments with reference to the costs, market prices and business risks, within the overall optimisation objective for the Company and are comparable with competitive market prices charged to external customers. Inter-segment transfers are eliminated on consolidation.

### 5.3 Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

## ALSTOM Projects India Limited

### 5.4 Segment revenues, results and other information

	(Rupees thousands)					
	Power		Transport		Total	
	2008	2007	2008	2007	2008	2007
External sales	<b>15,204,756</b>	11,985,831	<b>265,945</b>	211,027	<b>15,470,701</b>	12,196,858
Inter segment sales	—	—	—	—	—	—
Other income	<b>116,679</b>	102,899	<b>17,005</b>	14,891	<b>133,684</b>	117,790
<b>Segment revenues</b>	<b>15,321,435</b>	12,088,730	<b>282,950</b>	225,918	<b>15,604,385</b>	12,314,648
Segment results	<b>902,499</b>	1,102,959	<b>22,841</b>	38,786	<b>925,340</b>	1,141,745
Segment assets	<b>15,760,110</b>	11,231,023	<b>228,678</b>	203,940	<b>15,988,788</b>	11,434,963
Segment liabilities	<b>15,527,977</b>	10,214,264	<b>336,985</b>	250,675	<b>15,864,962</b>	10,464,939
Capital expenditure	<b>813,149</b>	553,322	—	—	<b>813,149</b>	553,322
Depreciation / amortisation	<b>234,618</b>	161,112	<b>2,070</b>	2,808	<b>236,688</b>	163,920
Impairment losses reversed	<b>54,375</b>	—	—	—	<b>54,375</b>	—
Non cash expenditure, other than depreciation/amortisation	<b>50,711</b>	—	—	—	<b>50,711</b>	—

### 5.5 Secondary segment reporting – Geographical segments

The analysis of geographical segments is based on the geographical location of the customer.

Secondary Segment Information for the year ended March 31, 2008:

#### Revenue:

Particulars	(Rupees thousands)	
	Year ended March 2008	Year ended March 2007
India	<b>13,269,999</b>	9,315,580
Outside India	<b>2,200,702</b>	2,881,278
<b>Total</b>	<b>15,470,701</b>	12,196,858

#### Carrying Amount of Segment Assets:\*

Particulars	(Rupees thousands)	
	Year ended March 2008	Year ended March 2007
India	<b>9,251,331</b>	6,567,391
Outside India	<b>1,091,505</b>	626,484
<b>Total</b>	<b>10,342,836</b>	7,193,875

\* The Company has common fixed assets for executing projects / producing goods for Domestic Market and Overseas Markets. Hence, separate figures for fixed assets cannot be furnished.

# ALSTOM Projects India Limited

## 5.6 Reconciliation of reportable segments with financial statements

	(Rupees thousands)							
	Revenues		Results		Assets		Liabilities	
	2008	2007	2008	2007	2008	2007	2008	2007
Total of reportable segments	<b>15,604,385</b>	12,314,648	<b>925,340</b>	1,141,745	<b>15,988,788</b>	11,506,230	<b>15,864,962</b>	10,464,939
Inter segment sales/assets	—	—	—	—	—	—	—	—
Unallocated – Interest income	<b>220,211</b>	230,381	<b>220,211</b>	230,381	—	—	—	—
Unallocated – Other income	<b>43,825</b>	—	<b>43,825</b>	—	—	—	—	—
Unallocated – Interest expense	—	—	<b>(1,352)</b>	(1,690)	—	—	—	—
Unallocated – Loans/Deposits	—	—	—	—	<b>23,000</b>	182,067	<b>16,895</b>	22,527
Unallocated – Liabilities, other than loans	—	—	—	—	—	—	<b>36,601</b>	76,204
Unallocated – Interest accrued and other assets	—	—	—	—	<b>68,613</b>	44,191	—	—
Unallocated – Cash and bank Taxes	—	—	—	—	<b>3,946,693</b>	2,842,560	—	—
– Fringe Benefit Tax	—	—	<b>(29,000)</b>	(23,000)	—	—	—	—
– Income Tax	—	—	<b>(405,646)</b>	(3,000)	<b>64,251</b>	193,600	—	11,115
– Deferred Tax	—	—	<b>(20,287)</b>	(250,534)	—	—	<b>24,625</b>	4,338
Proposed Dividend including Corporate Dividend Tax	—	—	—	—	—	—	<b>627,320</b>	784,150
Per financial statements	<b>15,868,421</b>	12,545,029	<b>733,087</b>	1,093,902	<b>20,091,345</b>	14,768,648	<b>16,570,403</b>	11,363,273

## 6. Related Party Disclosures

### 6.1 List of related parties

#### 6.1.1 Parties with whom control exists:

ALSTOM Holdings  
ALSTOM Finance BV  
ALSTOM Enterprise S.A

#### 6.1.2 Parties controlled by the Company (Subsidiaries)

ALSTOM Power Boilers Services Limited  
ALSTOM Manufacturing India Limited

#### 6.1.3 Other related parties with whom transactions have taken place during the year (Fellow Subsidiaries)

Related party relationships where transactions have taken place during the year:

ALSTOM Power Boilers Services Ltd., AIR Preheater CO, ALSTOM (SWITZERLAND) LTD, ALSTOM (China) Investment Co. Ltd., ALSTOM (Switzerland) Ltd., ALSTOM Belgium SA - Charleroi, ALSTOM Bergeron, ALSTOM China, ALSTOM Energy Limited, ALSTOM Holdings, ALSTOM Hydro (Switzerland) Ltd, ALSTOM Hydro Canada Inc., ALSTOM Hydro Energia Brasil Ltd, ALSTOM Hydro Equipamentes, ALSTOM Hydro R & D India Limited, ALSTOM Hydro Spain S.L., ALSTOM Industrial Products Ltd., ALSTOM Philipines, ALSTOM Portugal SA, ALSTOM Power (Switzerland) Ltd., ALSTOM Power (Thailand) Ltd., ALSTOM Power Asia Pacific Sdn Bhd, ALSTOM Power Boiler GMBH Stuttgart, ALSTOM Power Boiler Services Ltd., ALSTOM Power Centrales, France, ALSTOM Power Energy System - Indonesia, ALSTOM Power France, ALSTOM Power Generation AG PTP, ALSTOM Power Hydraulique Belfort, ALSTOM Power Hydro, Grenoble France, ALSTOM Power Inc USA, ALSTOM Power Inc, Windsor, ALSTOM Power Inc. Chattanooga, ALSTOM Power Italia, ALSTOM Power Italia Spa, Italy, ALSTOM Power Limited, Switzerland, Alstom Power Limited UK, ALSTOM Power Ltd. Australia, ALSTOM POWER ROMANIA SRL, ALSTOM Power s.r.o., Czech Republic, ALSTOM Power Service Arabia, ALSTOM Power Service GMBH, ALSTOM Power Service, France, ALSTOM Power Services GMBH, ALSTOM Power Services Poland, ALSTOM Power Sp z.o.o PTP Elblag, ALSTOM Power Sweden AB, ALSTOM Power Sweden Ltd, ALSTOM Power Turbomachines, ALSTOM Power UK, ALSTOM Power, Thailand, ALSTOM R&D Centre, Alstom Switzerland Ltd.-EBN HRSG, ALSTOM Transport - BV - Netherlands, ALSTOM Transport Information Solution - Meduon, ALSTOM Transport Information Solution - Saint Ouen, ALSTOM Transport SA - Villeurbanne, ALSTOM Transport SpA - Bologna, ALSTOM Transport Spte Ltd - Singapore, ALSTOM Transport SA - France, ALSTOM Transport SA - Tarbes, ALSTOM USA, Comelex, Energy Recovery Systems US, Environmental Control Systems, Norway, Heat Recovery & Plant, USA, HQ Transport Omegat FR, ITC - FRANCE, ITC - Germany, ITC - Switzerland, ITC Central Management, ITC NSC UK, NTPC ALSTOM Power Sevices Pvt. Ltd., Power Control Systems, TMG Mannheim TSN, TMG Rugby TSR, TMG Switzerland.

#### 6.1.4 Key managerial personnel (KMP)

Mr Frederic Lalanne – Executive Director (upto July 31, 2007)  
Mr. Emmanuel Colombier – Executive Director(w.e.f. September 1, 2007)  
Mr. S.M. Momaya – Executive Director  
Mrs. Naina R. Desai – Executive Director

6.2 Transactions with Related parties\*

(Rupees thousands)

Particulars	2007-08				2006-07			
	Subsidiaries	Fellow subsidiaries	Parties where control exists	KMP Management Personnel	Subsidiaries	Fellow subsidiaries	Parties where control exists	Key Management Personnel
<b>Sale of Products</b>								
ALSTOM Bergeron	—	6,870	—	—	—	—	—	—
ALSTOM Hydro (Switzerland) Ltd	—	11,855	—	—	—	—	—	—
ALSTOM Hydro Spain S.L.	—	13,601	—	—	—	—	—	—
ALSTOM Power Centrales, France	—	119,715	—	—	—	1,065,886	—	—
PT ALSTOM Power Energy System-Indonesia	—	43,040	—	—	—	—	—	—
ALSTOM Hydro France	—	141,326	—	—	—	—	—	—
ALSTOM Power Hydro, Grenoble France	—	82,937	—	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	—	93,726	—	—	—	—	—	—
ALSTOM Limited	—	289,282	—	—	—	270,490	—	—
ALSTOM Power Sp.z o.o.	—	64,825	—	—	—	—	—	—
ALSTOM Transport SA	—	4,301	—	—	—	—	—	—
ALSTOM Power Inc.	—	10,404	—	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	—	631,828	—	—	—	140,172	—	—
Others	—	2,585	—	—	—	414,006	—	—
<b>Commission Income</b>								
ALSTOM Belgium SA-Charleroi	—	—	—	—	—	3,895	—	—
<b>Purchase of Raw Material Component</b>								
<b>Capital Goods &amp; Other Services</b>								
ALSTOM Power Inc.	—	203,319	—	—	—	—	—	—
AIR Preheater Company	—	3,623	—	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	—	82,078	—	—	—	—	—	—
ALSTOM Belgium SA-Charleroi	—	14,972	—	—	—	—	—	—
ALSTOM Power Boiler Services Ltd.	61,504	—	—	—	—	—	—	—
ALSTOM Power Energy System-Indonesia	—	182,096	—	—	—	504,590	—	—
ALSTOM Power Service	—	140,236	—	—	—	118,691	—	—
ALSTOM Power Romania SRL	—	46,548	—	—	—	—	—	—
ALSTOM Power Sp.z o.o.	—	94,450	—	—	—	9,124	—	—
ALSTOM Power Sweden Ltd	—	59,498	—	—	—	—	—	—
ALSTOM Ltd	—	218,394	—	—	—	8,223	—	—
ALSTOM Transport SA-France	—	4,852	—	—	—	—	—	—
ALSTOM Industrial Products Ltd.	—	7,538	—	—	—	—	—	—
Energy Recovery Systems US	—	135,429	—	—	—	—	—	—
Others	—	3,856	—	—	—	197,433	—	—
<b>Sale of Other Services</b>								
ALSTOM Belgium SA-Charleroi	—	6,652	—	—	—	12,527	—	—
ALSTOM Hydro (Switzerland) Ltd	—	5,623	—	—	—	4,305	—	—
ALSTOM Power System GmbH	—	32,922	—	—	—	—	—	—
ALSTOM Power Centrales	—	190,687	—	—	—	167,758	—	—
ALSTOM Hydro France	—	50,697	—	—	—	5,939	—	—
ALSTOM Power Inc.	—	64,190	—	—	—	—	—	—
ALSTOM Power Italia Spa, Italy	—	18,224	—	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	—	314,723	—	—	—	122,582	—	—
ALSTOM Power Sp.z o.o.	—	11,148	—	—	—	—	—	—
ALSTOM Power Sweden AB	—	10,664	—	—	—	—	—	—
ALSTOM Transport BV	—	4,151	—	—	—	—	—	—
ALSTOM Transport SA	—	37,804	—	—	—	—	—	—
COMELEX SA	—	4,736	—	—	—	—	—	—
ALSTOM Norway AS	—	23,907	—	—	—	—	—	—
ALSTOM Information Tech. Centre SAS	—	6,061	—	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	—	4,532	—	—	—	—	—	—
ALSTOM Power Generation AG	—	46,281	—	—	—	—	—	—
ALSTOM Ltd	—	36,642	—	—	—	—	—	—
ALSTOM Transport SpA- Bologna	—	2,638	—	—	—	5,611	—	—
ALSTOM Power Boiler Services Ltd.	589	—	—	—	625	—	—	—
Others	—	15,259	—	—	—	342,207	—	—
<b>Purchase of Other Services</b>								
ALSTOM (Switzerland) Ltd.	—	57,771	—	—	—	43,786	—	—
ALSTOM Holdings	—	135,655	—	—	—	—	—	—
ALSTOM Hydro (Switzerland) Ltd	—	47,791	—	—	—	—	—	—
ALSTOM Power Inc.	—	6,666	—	—	—	18,635	—	—
ALSTOM Power Service	—	24,948	—	—	—	—	—	—
ALSTOM Ltd	—	9,945	—	—	—	21,864	—	—
ALSTOM Information Tech. Centre SAS	—	24,976	—	—	—	24,041	—	—
ALSTOM Power Boiler Services Ltd.	—	—	—	—	34053	—	—	—
Others	—	15,617	—	—	—	78,357	711	—
<b>Managerial Remuneration</b>								
Mr. Emmanuel Colombier	—	—	—	3,332	—	—	—	—
Mr. Frederic Lalanne	—	—	—	1,318	—	—	—	4,474
Mr. S.M. Momaya	—	—	—	4,414	—	—	—	3,818
Mrs. Naina R. Desai	—	—	—	2,686	—	—	—	2,702
<b>Technical Consultancy Services</b>								
ALSTOM Power Hydro, Grenoble France	—	—	—	—	—	63,395	—	—
ALSTOM Holdings	—	—	—	—	—	—	72,580	—
<b>Settlement of Loan by subsidiary</b>								
ALSTOM Power Boilers Services Ltd.	34000	—	—	—	20000	—	—	—
<b>Reimbursement of expenses for shared services</b>								
ALSTOM Power Boilers Services Ltd.	1085	—	—	—	—	—	—	—
<b>Payment of Royalty</b>								
ALSTOM (Switzerland) Ltd	—	28,768	—	—	—	35,464	—	—
<b>Inter Corporate Deposits-Given</b>								
ALSTOM Hydro R & D India Limited	—	20,000	—	—	—	145,000	—	—
<b>Interest on Inter Corporate Deposits</b>								
ALSTOM Energy Limited	—	8,697	—	—	—	5,878	—	—
ALSTOM Hydro R & D India Limited	—	478	—	—	—	—	—	—
<b>Purchase of Shares</b>								
ALSTOM Manufacturing India Ltd	—	—	—	—	500	—	—	—



# ALSTOM Projects India Limited

## 6.3 Balance outstanding

(Rupees thousands)

Particulars	2007-08				2006-07			
	Subsidiaries	Fellow subsidiaries	Parties where control exists	KMP Management Personnel	Subsidiaries	Fellow subsidiaries	Parties where control exists	Key Management Personnel
<b>Inter—corporate Deposite given</b>								
ALSTOM Power Boilers Services Limited	3000	—	—	—	37000	—	—	—
ALSTOM Hydro R & D India Limited	—	20,000	—	—	—	—	—	—
ALSTOM Energy Limited	—	—	—	—	—	145,000	—	—
<b>As Debtors</b>								
ALSTOM Power System GmbH	—	7,134	—	—	—	—	—	—
ALSTOM Power Centrales, France	—	92,195	—	—	—	162,527	—	—
ALSTOM Hydro France	—	157,609	—	—	—	—	—	—
ALSTOM Power Inc.	—	8,137	—	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	—	341,186	—	—	—	72,299	—	—
ALSTOM Limited	—	58,843	—	—	—	—	—	—
ALSTOM Power Sp.z o.o.	—	9,971	—	—	—	—	—	—
ALSTOM Power Service	—	8,017	—	—	—	—	—	—
ALSTOM Transport SA	—	10,278	—	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	—	287,564	—	—	—	181,551	—	—
ALSTOM Power Generation AG	—	4,483	—	—	—	—	—	—
ALSTOM Power Boiler Services Ltd.	51836	—	—	—	—	—	—	—
Others	—	23,974	—	—	—	135,199	—	—
<b>As Creditors</b>								
ALSTOM Power Inc.	—	32,602	—	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	—	61,022	—	—	—	38,295	—	—
ALSTOM Hydro Energia Brasil Ltda	—	27,747	—	—	—	—	—	—
ALSTOM Hydro Equipamentes	—	14,541	—	—	—	—	—	—
ALSTOM Power Boiler Services Ltd.	27160	—	—	—	46396	—	—	—
ALSTOM Power Energy System—Indonesia	—	68,575	—	—	—	—	—	—
ALSTOM POWER ROMANIA SRL	—	24,756	—	—	—	—	—	—
ALSTOM Power Service	—	43,045	—	—	—	—	—	—
ALSTOM Power Sp.z o.o.	—	5,715	—	—	—	—	—	—
ALSTOM Information Tech. Centre SAS	—	6,410	—	—	—	—	—	—
Energy Recovery Systems US	—	6,359	—	—	—	—	—	—
ALSTOM Power Hydro, Grenoble France	—	70	—	—	—	21,520	—	—
ALSTOM Power, France	—	—	—	—	—	18,206	—	—
ALSTOM Hydro Equipamentos Ltda	—	—	—	—	—	21,653	—	—
ALSTOM Power, UK	—	—	—	—	—	12,937	—	—
Others	—	16,916	—	—	—	11,705	—	—
<b>Advance Given</b>								
ALSTOM Holdings	—	—	—	—	—	5,965	—	—
ALSTOM Hydro Energia Brasil Ltda	—	526,712	—	—	—	217,338	—	—
ALSTOM Power Boiler Services Ltd.	4147	—	—	—	71267	—	—	—
ALSTOM Manufacturing India Ltd	—	—	—	—	68	—	—	—
ALSTOM Power, UK	—	—	—	—	—	54,275	—	—
ALSTOM Power Hydro, Grenoble France	—	17,920	—	—	—	—	—	—
ALSTOM Power Sp.z o.o.	—	14,429	—	—	—	—	—	—
ALSTOM Power Sweden Ltd	—	24,706	—	—	—	—	—	—
Others	—	5,508	—	—	—	30,786	—	—
<b>Advance Receievd</b>								
ALSTOM Limited	—	—	—	—	—	52,155	—	—
ALSTOM Hydro Spain S.L.	—	186,963	—	—	—	—	—	—
ALSTOM Hydro France	—	1,439,701	—	—	—	409,608	—	—
ALSTOM (Switzerland) Ltd.	—	212,733	—	—	—	—	—	—
ALSTOM Power Sp.z o.o.	—	35,052	—	—	—	—	—	—
ALSTOM Power Turbomachines	—	9,835	—	—	—	—	—	—
ALSTOM Power Inc.	—	4,852	—	—	—	—	—	—
Others	—	2,219	—	—	—	113,201	—	—
<b>Interest Accrued on Inter Corporate Deposits</b>								
ALSTOM Hydro R & D India Limited	—	478	—	—	—	—	—	—
ALSTOM Energy Ltd	—	—	—	—	—	5,878	—	—

# ALSTOM Projects India Limited

## 7. LEASE COMMITMENTS

### Operating leases

The Company normally acquires vehicles under non cancelable operational leases. Minimum lease payments outstanding as of March 31, 2008 in respect of these assets are as under:

	Total minimum lease payments outstanding as on March 31, 2008	(Rupees thousands) Total minimum lease payments outstanding as on March 31, 2007
Due within one year	9,294	6,462
Due later than one year and not later than five years	16,194	12,187
Due later than five years	—	—
	<u>25,488</u>	<u>18,649</u>

Lease payments of Rs. 9,027 thousand (previous year - Rs. 7,384 thousand) have been recognised as an expense in the profit and loss account for the year ended March 31, 2008.

Office premises and office equipments are obtained on operating leases. There is no contingent rent in the lease agreements. The lease term is for 1-5 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature.

## 8. EARNINGS PER SHARE

	2008	2007
a) Weighted average number of equity shares outstanding during the year	67,024,174	67,024,174
b) Net profit after tax available for equity Shareholders (Rupees thousand)	733,087	1,093,902
c) Basic and Diluted Earnings (in Rupees) per share	10.94	16.32

## 9. REVERSAL OF LOSS ON IMPAIRMENT OF ASSETS

The Company had in an earlier year recognised an impairment loss of Rs. 143,623 thousand in respect of fixed assets at one of its manufacturing locations as required by Accounting Standard 28 – 'Impairment of assets' issued by the Institute of Chartered Accountants of India. Considering the current business operations in the said unit and the future business plans, the entire impairment loss has been reversed during the year. Consequently, Rs. 54,375 thousand (net of depreciation aggregating to Rs. 89,248 thousand on the underlying assets that would have been charged had there been no impairment loss) has been credited to the Profit and Loss Account.

## 10. SUPPLEMENTARY PROFIT AND LOSS DATA

### 10.1 Capacities, production and stock

Class of goods	(Rupees thousands)						
	Annual capacities		Opening stock of finished goods		Production of finished goods	Closing stock of finished goods	
	Quantity Denomination	Installed	Quantity	Rs. in thousands	Quantity	Quantity	Rs. in thousands
Pollution and environment control equipment	Nos.	500 (500)	— (—)	— (—)	480 (203)	— (—)	— (—)
Steam Raising Plant, ancillary equipment and pressure vessels	MT	7,000 (7000)	— (—)	— (—)	3875 (5637)	— (—)	— (—)
Cement making, general mining, coal mining and other general machinery	MT	1,500 (1500)	— (—)	— (—)	3244 (3266)	— (—)	— (—)
Grey alloy iron foundry castings	MT	3,400 (3,000)	26 (60)	1,643 (4,083)	3750 (3672)	51 (26)	4940 (1643)
Cast iron/alloy rolls	MT	400 (400)	— (70)	— (4,477)	— (375)	— (—)	— (—)
Others	Nos.	5,300 (5,300)	2 (3)	29 (468)	322 (1026)	— (2)	— (29)
<b>Total</b>	—	— (—)	— (—)	1,672 (9,028)	— (—)	— (—)	4940 (1672)

The Company's products are exempt from licensing requirement under the new industrial policy by virtue of notification No 477 (E) of 25.07.91.

Previous year figures are in brackets.

## ALSTOM Projects India Limited

### Capacities

Installed capacities are as certified by the management, but not verified by the auditors, being a technical matter.

### Production

- Production of finished goods is inclusive of production for captive use.
- “Others” represent internally manufactured components, meant for sale. Since the quantitative denominations of these items are dissimilar, it would be impracticable to disclose the quantitative information in respect thereof.

### Inventories

The finished goods and work-in-progress at the beginning of the year amounted to Rs. 1,672 thousands and Rs. 170,397 thousands respectively (previous year Rs. 9,029 thousands and Rs. 151,910 thousands).

## 10.2 Turnover

Class of goods	(Rupees thousands)		
	Turnover of finished goods		
	Unit	Quantity	Amount*
Pollution and environment control equipment	Nos	480 (203)	427,813 (119,950)
Project items**		— (—)	5,233,623 (8,430,746)
Steam raising plant, ancillary equipment and pressure vessels	MT	3,875 (5,637)	3,499,478 (728,938)
Cement machinery, general mining, coal mining and other general machinery	MT	3,244 (3,266)	4,00,963 (501,312)
Foundry products	MT	3,725 (2,948)	182,794 (162,702)
Erection services, Civil works and other services		(—) (—)	1,423,481 (2,138,998)
Others		(—) (—)	4,302,549 (114,212)
<b>TOTAL</b>			<b>15,470,701</b> (12,196,858)

\* Including bought out items, the purchases whereof have been included in material cost and erection services.

\*\* Project items comprise equipment and miscellaneous items meant for execution of projects. Since the quantitative denominations of these items are dissimilar, it would be impracticable to disclose the quantitative information in respect thereof.

## 10.3 Earnings in Foreign exchange (on accrual basis)

	(Rupees thousands)	
	For the year ended March 31, 2008	For the year ended March 31, 2007
I Export of goods on FOB basis	1,149,120	1,874,735
II Deemed exports	564,274	736,376
III Goods/services supplied/rendered locally against foreign exchange remittance	156,654	179,277
IV Erection and other services	686,302	505,061
V Other income:		
a. Global sourcing services	15,942	15,316
b. Others	38,520	78,463
	<b>2,610,812</b>	<b>3,389,228</b>

## ALSTOM Projects India Limited

### 10.4 Consumption of raw materials and components

		For the year ended March 31, 2008		(Rupees thousands) For the year ended March 31, 2007	
		Quantity	Amount	Quantity	Amount
Ferrous metals	MT	20,652	2,054,635	12,320	517,281
Non-ferrous metals	MT	278	151,567	136	77,580
Components*		Various	1,093,237	Various	1,144,767
			<b>3,299,459</b>		<b>1,739,628</b>
		%		%	
Imported		23	744,447	21.34	472,971
Indigenous		77	2,555,012	78.66	1,266,657
		<b>100.00</b>	<b>3,299,459</b>	<b>100.00</b>	<b>1,739,628</b>

For the purpose of para 4D (c) of Part II of schedule VI to the Companies Act, components and spare parts are assumed to mean those incorporated in the product finally sold and not those used as spares for the repairs and maintenance of plant and machinery.

\* Since the quantity denominations and the type of components are dissimilar in nature, it would be impracticable to disclose the quantitative information in respect thereof.

### 10.5 Value of imports on CIF basis

Raw materials and components	257,029	455,241
Maintenance spare parts	282,837	24,277
Capital goods and technical know-how	156,330	200,614
Project items	919,549	874,251
	<b>1,615,745</b>	<b>1,554,383</b>

### 10.6 Expenditure in foreign currency (on accrual basis)

Royalty, trademark and technical fees	244,590	173,368
Erection services	33,404	40,924
Professional/consultancy fees	44,906	141,152
Other matters	59,206	92,701
	<b>382,106</b>	<b>448,145</b>

### 10.7 Amount remitted during the year in foreign currency, on account of dividend

Number of shareholders	5	5
Number of equity shares held by them on which dividend was paid	40,579,957	40,579,957
Year end to which the dividend related	March 31, 2007	March 31, 2006
Net amount remitted (Rs. in thousands)	405,714	162,320

### 10.8 Managerial remuneration

Salary	6,947	6,318
Other perquisites	4,218	4,144
Contribution to provident and other funds	584	532
	<b>11,749</b>	<b>10,994</b>

Whole time directors are covered under the Company's gratuity and leave encashment scheme along with the other employees of the Company. The gratuity/ leave encashment liability is determined for all employees on an independent actuarial valuation. The specific amount of gratuity/ leave encashment for whole time directors cannot be ascertained separately and accordingly the same has not been included in the above note.

## ALSTOM Projects India Limited

### 10.9 Interest charges

Interest charge for the year includes Rs. 1,352 thousand (previous year Rs. 1,690 thousand) on fixed period loans.

### 10.10 Auditors' Remuneration

	(Rupees thousands)	
	For the year ended March 31, 2008	For the year ended March 31, 2007
Audit fee*	3,500	3,000
Tax audit fees*	1,000	800
Limited reviews*	2,100	1,800
Other services*	1,000	1,000
Out-of-pocket expenses	153	469
* excluding service tax		
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
<b>11. CONSTRUCTION CONTRACTS</b>		
a. Contract revenue recognised as revenue for the year ended March 31, 2008	<b>14,213,232</b>	8,963,682
b. Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto March 31, 2008 for all the contracts in progress*	<b>39,046,299</b>	31,033,854
c. The amount of customer advances outstanding for contracts in progress as at March 31, 2008	<b>5,585,850</b>	3,501,902
d. The amount of retention due from customers for contracts in progress as at March 31, 2008	<b>2,105,839</b>	1,730,631

\* Consequent to revision in estimates of 'costs to complete' for two specific projects, an additional cost aggregating to Rs.642,013 thousand has been accounted for during the year ended March 31, 2008.

### 12. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

#### Profit and Loss account

Net employee benefit expense in respect of Gratuity (recognised in Employee Cost)

	2007-08	2006-07
Current service cost	14,233	10,620
Interest cost on benefit obligation	16,636	11,554
Expected return on plan assets	(12,093)	(4,842)
Net actuarial (gain) / loss recognised in the year	1,229	23,799
Past service cost	0	0
Net benefit expense	<b>20,005</b>	41,131
Actual return on plan assets	<b>19,999</b>	5,339

#### Balance sheet

##### Details of Provision for gratuity

	2007-08	2006-07
Defined benefit obligation	221,611	193,122
Fair value of plan assets	211,910	191,213
	<b>9,701</b>	1,909
Less: Unrecognised past service cost	0	0
Plan asset / (liability)	<b>9,701</b>	1,909

## ALSTOM Projects India Limited

Changes in the present value of the defined benefit obligation are as follows:

	<b>2007-08</b>	(Rupees thousands) 2006-07
Opening defined benefit obligation	<b>193,122</b>	161,450
Interest cost	<b>16,636</b>	11,554
Current service cost	<b>14,233</b>	106,620
Benefits paid	<b>(11,515)</b>	(14,798)
Actuarial (gains) / losses on obligation	<b>9,135</b>	24,296
Closing defined benefit obligation	<b>221,611</b>	193,122

Changes in the fair value of plan assets are as follows:

	<b>2007-08</b>	2006-07
Opening fair value of plan assets	<b>191,213</b>	59,587
Expected return	<b>12,093</b>	4,842
Contributions by employer	<b>12,213</b>	141,085
Benefits paid	<b>(11,515)</b>	(14,798)
Actuarial gains / (losses)	<b>7,906</b>	497
Closing fair value of plan assets	<b>211,910</b>	191,213

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	<b>Gratuity 2007-08</b>	2006-07
	%	%
Investments with insurer	<b>100</b>	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

	<b>2007-08</b>	2006-07
	%	%
Discount rate	<b>9</b>	7.5
Expected rate of return on assets	<b>9</b>	9
Employee turnover	<b>13.5</b>	13.5

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### Defined Contribution Plan

	<b>For the year ended March 31, 2008</b>	For the year ended March 31, 2007
Employer's Contribution to Provident Fund including Family Pension Fund*	<b>59,938</b>	47,082

\*Included in the head Contribution to Provident and Other Funds.

Notes :

- Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120(n)(ii) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the company.
- This being the first year of application of Accounting Standard 15 (revised), the information in relation to the actuarial valuation of gratuity for previous four annual periods as required by Para 120(n)(i) except for immediately preceding annual period, is not provided.
- The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee Benefits are not disclosed.
- Pending issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the provident fund liability. Accordingly, no additional disclosures as required by Paragraph 120 of AS 15 (revised) have been furnished.



## ALSTOM Projects India Limited

### 13. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES, NET

	For the year ended March 31, 2008	(Rupees thousands) For the year ended March 31, 2007
Bad debts and advances written off during the year	14,369	256,870
Add : Provision for doubtful debts and advances, end of the year	238,380	202,038
Less : Provision for doubtful debts and advances, beginning of the year	202,038	481,053
	<u>50,711</u>	<u>(22,145)</u>

### 14. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of Derivatives	Forward contract outstanding as at Balance Sheet date.	Year End Rate (Rs.)	Purpose
SELL EURO	40,610	63.1925	Hedge of receivable/expected future sales
SELL USD	126,399	39.9649	Hedge of receivable/expected future sales
PURCHASE CHF	322	40.1528	Hedge of payable/expected future purchases
PURCHASE EURO	11,651	63.1925	Hedge of payable/expected future purchases
PURCHASE GBP	36	79.4075	Hedge of payable/expected future purchases
PURCHASE JPY	2,425	0.4015	Hedge of payable/expected future purchases
PURCHASE SEK	6,761	6.7247	Hedge of payable/expected future purchases
PURCHASE USD	26,000	39.9649	Hedge of payable/expected future purchases

#### Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Import Creditors	17,717	42,195
Export Debtors	20,455	138,399

15. Current year tax includes Rs. 2,333 thousand (Previous year Rs. 45,411 thousand) related to earlier years.

### 16. DISCLOSURE AS PER SECTION 22 OF "THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006" (As certified by the Management)

S.No.	Particulars	Amount in Rs. '000
i)	The principal amount and the interest due thereon remaining unpaid to any supplier	
	- Principal amount	21,306
	- Interest thereon	Nil
ii)	The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil
iv)	The amount of interest accrued and remaining unpaid	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil

Names of Small Scale Industrial Undertakings to whom the Company owes any sum which is outstanding for more than 30 days as at March 31, 2008.

Fabcon, Sudhamoni Engg Works, Ma Durga Industries, S K Engineering, TRU Tools, Metal Weavers, Ascon Switchgear, Das Industries, EJP Bulk Controls Pvt Ltd, Ispat, Milan Co, Luft Tek, Imsicon Eastern Pvt Ltd, AKI Industrial Engineers Pvt Ltd, Bhupendra Steels Pvt Ltd, Cenlub Industries Ltd., Encon Enterprises Pvt Ltd, G.M.K. Steels ( P ) Ltd, Gauthama Engineering Industries, Punjab Hammers Pvt Ltd, Sudha Engineering Works, Syed Engineering Works, Globe Engineering, Jas Engineering, Venus Engineering Works, Arc Weld, CJ Engineering, Statcon Power Controls Ltd.

# ALSTOM Projects India Limited

## 17. PRIOR YEAR COMPARATIVES

Previous year amounts have been regrouped/reclassified, wherever necessary, to conform with current year's presentation.

Signatures to Schedule 1 to 18

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director

# ALSTOM Projects India Limited

## Balance sheet abstract and Company's general business profile

### I Registration details :

Registration No.

6 8 3 7 9

State Code 1 1

Balance Sheet Date

31 03 2008

Date Month Year

### II Capital raised during the year (Amount in Rs. thousands)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

### III Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities

2 0 0 9 1 3 4 5

Sources of Funds

Paid-Up Capital

6 7 0 2 4 2

Secured Loans

1 6 8 9 5

Application of Funds

Net Fixed Assets\*

2 1 9 5 4 9 6

Net Current Assets

1 3 6 6 4 1 5

Accumulated Losses

N I L

Total Assets

2 0 0 9 1 3 4 5

Reserves & Surplus

2 8 5 0 7 0 0

Unsecured Loans

N I L

Investments

5 5 1

Miscellaneous Expenditure

N I L

### IV Performance of the Company (Amount in Rs. thousands)

Turnover, including other income

1 5 8 6 8 4 2 1

+/- Profit/Loss before Tax

1 1 8 8 0 2 0

Earnings per Share in Rs.

1 0 . 9 4

Total Expenditure

1 4 7 3 4 7 7 6

+/- Profit/Loss after Tax

7 3 3 0 8 7

Dividend Rate %

8 0

### V Generic names of three principal products/services of the Company

(as per monetary terms)

Item Code (ITC Code)

84.02

Product Description

Steam Raising Plant

Item Code (ITC Code)

84.04

Product Description

Condenser

Item Code (ITC Code)

84.21

Product Description

Pollution and Environment Control Equipment

## Auditors' Report to the Members of ALSTOM Projects India Limited

We have audited the attached consolidated balance sheet of ALSTOM Projects India Limited ('the company') and its subsidiaries, ALSTOM Power Boiler Services Limited and ALSTOM Manufacturing India Limited as at 31st March 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of ALSTOM Manufacturing India Limited, whose financial statements reflect total assets of Rs. 500 thousand as at 31st March 2008, total revenue of Rs. Nil and cash flows amounting to Rs. 72 thousand for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the consolidated financial statements have been prepared by the ALSTOM Projects India Limited management in

accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of report of other auditor on separate financial statement and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the ALSTOM Projects India Limited Group as at 31st March 2008;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

# ALSTOM Projects India Limited

## Consolidated Balance Sheet as at March 31, 2008

(Rupees thousands)

	Schedule	As at March 31, 2008	As at March 31, 2007
<b>SOURCES OF FUNDS</b>			
Shareholders' funds			
Share capital	1	<b>670,242</b>	670,242
Reserves and surplus	2	<b>2,812,670</b>	2,665,076
		<b>3,482,912</b>	3,335,318
Loan funds			
Secured loans	3	<b>16,895</b>	22,527
Deferred tax liabilities, net	13	<b>20,438</b>	4,338
		<b>3,520,245</b>	3,362,183
<b>APPLICATION OF FUNDS</b>			
Fixed assets	4		
Gross block		<b>3,774,624</b>	3,424,296
Less: Accumulated depreciation/ amortisation/impairment		<b>2,084,005</b>	1,999,150
Net book value		<b>1,690,619</b>	1,425,146
Capital work-in-progress and advances on capital account		<b>505,269</b>	168,289
		<b>2,195,888</b>	1,593,435
Investments	5	<b>51</b>	51
Current assets, loans and advances			
Inventories	6	<b>612,986</b>	668,981
Sundry debtors	7	<b>5,662,040</b>	4,775,300
Cash and bank balances	8	<b>3,971,317</b>	2,894,154
Other current assets	9	<b>4,749,000</b>	2,477,488
Loans and advances	10	<b>2,869,428</b>	2,306,379
		<b>17,864,771</b>	13,122,302
Less: Current liabilities and provisions			
Current liabilities	11	<b>15,786,948</b>	10,466,607
Provisions	12	<b>753,517</b>	886,998
		<b>16,540,465</b>	11,353,605
Net current assets		<b>1,324,306</b>	1,768,697
		<b>3,520,245</b>	3,362,183
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the balance sheet.

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal  
Partner  
Membership No.: 82028

Sunand Sharma  
Emmanuel Colombier  
S.M. Momaya  
Naina R. Desai  
Pedro Sole  
A.K. Thiagarajan  
K. Vasudevan  
Dr. Uddesh Kohli

Chairman  
Vice Chairman & Managing Director  
Whole-time Director & Chief Financial Officer  
Whole-time Director & Company Secretary  
Director  
Director  
Director  
Director

Place : Gurgaon  
Date : April 29, 2008

# ALSTOM Projects India Limited

## Consolidated Profit and Loss account for the year ended March 31, 2008

(Rupees thousands)

	Schedule	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>INCOME</b>			
Sales and services (Gross)	14	15,961,440	12,470,130
Less : Excise duty		490,739	273,272
Net sales and services		15,470,701	12,196,858
Other income	15	430,102	368,619
		<b>15,900,803</b>	12,565,477
<b>EXPENDITURE</b>			
Material cost and erection services		11,015,315	8,489,514
Personnel expenses	16	1,806,669	1,233,364
Other expenses	17	1,665,013	1,283,297
Depreciation / amortisation	4	241,314	167,950
Less: Transfer from revaluation reserve		4,561	(3,929)
Interest		1,363	1,690
		<b>14,725,113</b>	11,171,886
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEM</b>		<b>1,175,690</b>	1,393,591
Exceptional item			
Reversal of Impairment provision made in earlier years		54,375	—
<b>PROFIT BEFORE TAX</b>		<b>1,230,065</b>	1,393,591
Provision for Income tax			
Current tax		(419,646)	(198,714)
Less: MAT Credit entitlement		—	193,600
Net Current tax		(419,646)	(5,114)
Deferred tax		(16,100)	(250,534)
Fringe Benefit Tax		(29,205)	(23,275)
<b>PROFIT AFTER TAX</b>		<b>765,114</b>	1,114,668
Balance brought forward	2	1,260,251	1,039,123
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>2,025,365</b>	2,153,791
<b>APPROPRIATION</b>			
Transferred to general reserve	2	73,309	109,390
Proposed dividend		536,194	670,242
Corporate dividend tax		91,126	113,908
<b>Balance carried forward</b>		<b>1,324,736</b>	1,260,251
<b>BASIC and DILUTED EARNINGS PER EQUITY SHARE (In rupees)</b>			
(Par value Rs 10 per share)		<b>11.42</b>	16.63
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the profit and loss account.

As per our report of even date  
For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director



# ALSTOM Projects India Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2008

	For the year ended March 31, 2008	(Rupees thousands) For the year ended March 31, 2007
<b>A. Cash flows from operating activities</b>		
Profit before tax and exceptional item	1,175,690	1,393,591
<b>Adjustments for</b>		
Depreciation / amortisation	236,753	164,021
Provision for doubtful debts and advances	36,342	(279,015)
Unrealised gain on restatement of foreign currency assets and liabilities, net	22,668	64,513
Loss on sale of fixed assets, net	9,872	35
Interest income	(222,651)	(232,553)
Interest expense	1,363	1,706
Operating profit before working capital changes	1,260,037	1,112,298
<b>Adjustments for changes in working capital</b>		
(Increase) in sundry debtors	(916,359)	(350,686)
Decrease in inventories	55,995	34,725
(Increase) in other current assets	(2,247,481)	(1,930,948)
(Increase) in loans and advances	(827,623)	(1,022,599)
Increase in current liabilities and provisions, net of proposed dividend and corporate dividend tax	5,347,268	3,110,769
<b>Cash from operating activities</b>	2,671,837	953,559
Income tax including fringe benefits tax (payments)	(327,379)	(154,565)
<b>Net cash from operating activities</b>	2,344,458	798,994
<b>B. Cash flows from investing activities</b>		
Inter corporate deposits received back	145,000	—
Inter corporate deposits given	(20,000)	(145,000)
Interest received	198,620	235,171
Purchase of fixed assets and advances on capital account	(813,149)	(553,322)
Sale proceeds of fixed assets	13,885	19,915
<b>Net cash (used in) investing activities</b>	(475,644)	(443,236)
<b>C. Cash flows from financing activities</b>		
Secured loans repaid	(5,632)	(5,633)
Unsecured loans repaid, net	—	(12,456)
Dividend and corporate dividend tax paid	(784,150)	(305,698)
Interest paid	(1,869)	(1,706)
<b>Net cash (used in) financing activities</b>	(791,651)	(325,493)
<b>Net cash flow during the year (A+B+C)</b>	1,077,163	30,265
<b>Cash and cash equivalents, beginning of year</b>	2,894,154	2,863,889
<b>Cash and cash equivalents, end of year</b>	3,971,317	2,894,154
<b>Components of cash and cash equivalents as at end of the year</b>		
Cash and cheques on hand	2,157	8,179
Balances with Scheduled banks		
- on current account	431,111	227,389
- on deposit account	3,523,750	2,590,871
- on EEFC account	1,453	63,155
- on Unclaimed dividend account	6,809	4,560
Balances with unscheduled banks		
- Barclays Bank of Uganda	6,037	—
	3,971,317	2,894,154

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

As per our report of even date

For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director

# ALSTOM Projects India Limited

## Schedules to Consolidated Financial Statements

(All figures in Rupees thousands, unless otherwise mentioned)

	(Rupees thousands)	
	As at March 31, 2008	As at March 31, 2007
<b>1. Share Capital</b>		
<b>Authorised</b>		
165,000,000 equity shares of Rs. 10 each (Previous year —165,000,000 equity shares of Rs. 10 each)	<b>1,650,000</b>	1,650,000
40,500,000 preference shares of Rs. 100 each (Previous year —40,500,000 preference shares of Rs. 100 each)	<b>4,050,000</b>	4,050,000
	<b>5,700,000</b>	5,700,000
<b>Issued, subscribed and paid-up</b>		
67,024,174 equity shares of Rs. 10 each (Previous year —67,024,174 equity shares of Rs. 10 each)	<b>670,242</b>	670,242
Of the above equity shares, 25,605,748 equity shares were allotted as fully paid-up on the Appointed Date, i.e. March 31, 2001, pursuant to the approval of the Hon'ble High Courts of Judicature at Delhi and Bombay, of the Scheme of Arrangement for amalgamation of ALSTOM Transport Limited ('ATL'), ALSTOM Systems Limited ('ASL') and ALSTOM Power Boilers Limited ('APBL'), together, the transferor Companies, with ALSTOM Power India Limited (Now, ALSTOM Projects India Limited), the transferee Company, to the shareholders of the transferor Companies, as follows:		
ALSTOM Power Boilers Limited		11,024,506
ALSTOM Transport Limited		11,061,178
ALSTOM Systems Limited		3,520,064
		<b>25,605,748</b>
Of the total equity shares, 44,558,972 (Previous year 44,558,972) shares are held by ALSTOM Holdings, the ultimate holding company through its subsidiaries. Out of these 39,245,408 (Previous year Nil) shares are held by ALSTOM Finance BV the holding Co., 5,313,564 (Previous year 5,313,564) shares are held by ALSTOM India Limited, Nil (Previous year 7,849,342) shares are held by ALSTOM Mauritius Ltd. and Nil (Previous year 31,396,026) shares are held by ALSTOM N.V.		
<b>2. Reserves and Surplus</b>		
<b>Capital reserve</b>	<b>1,552</b>	1,552
<b>Revaluation reserve</b>		
Balance, beginning of year	<b>89,205</b>	93,134
Less: Transferred to profit and loss account	<b>4,561</b>	3,929
Balance, end of year	<b>84,644</b>	89,205
<b>Securities premium account</b>	<b>8,181</b>	8,181
<b>Foreign projects reserve account</b>		
Balance, beginning of year	<b>37,630</b>	64,317
Less : Transferred to General Reserve	<b>15,629</b>	26,687
Balance, end of year	<b>22,001</b>	37,630
<b>General reserve</b>		
Balance, beginning of year	<b>1,268,257</b>	1,132,180
Add : Transferred from Foreign project reserve account	<b>15,629</b>	26,687
Add: Transferred from Profit and Loss Account	<b>73,309</b>	109,390
Add: Adjustment on account of implementation of revised AS 15 on employee benefits (Refer note 2.3.1 of Schedule 18)	<b>14,361</b>	—
Balance, end of year	<b>1,371,556</b>	1,268,257
Profit and loss account	<b>1,324,736</b>	1,260,251
	<b>2,812,670</b>	2,665,076
<b>3. Secured Loans</b>		
West Bengal sales tax loan	<b>16,895</b>	22,527
	<b>16,895</b>	22,527
a) West Bengal sales tax loan is secured by creation of a charge on assets located at Durgapur and execution of a bond of security and other relevant documents in favour of the Government of West Bengal.		
b) Amount repayable within one year Rs. 5,632 thousand (previous year Rs. 5,632 thousand)		

## ALSTOM Projects India Limited

### 4. Fixed assets

(Rupees thousands)

Class of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2007	Additions/ adjustments	Deletions/ adjustments	As at March 31, 2008	Charge for the year	Reversal of Impairment Loss	Deletions/ adjustments	As at March 31, 2008	As at March 31, 2007
<b>TANGIBLE ASSETS</b>									
Freehold land	14,185	47,599	—	61,784	—	—	—	61,784	14,185
Leasehold land	490	—	—	490	—	62	—	469	407
Leasehold improvements	53,084	—	19,929	33,155	5,898	—	19,929	21,409	27,307
Factory buildings	330,472	31,236	542	361,166	8,288	17,107	324	147,617	173,712
Other buildings	353,523	4,506	378	357,651	6,600	8,198	222	196,515	155,188
Plant and machinery	2,395,071	328,533	74,661	2,648,943	183,667	29,008	56,071	1,538,088	955,571
Furniture and fixtures	77,940	15,501	5,525	87,916	7,580	—	5,459	38,485	41,576
Vehicles	9,134	—	777	8,357	691	—	678	7,339	1,808
<b>INTANGIBLE ASSETS</b>									
Design software	68,656	38,061	4,789	101,928	21,719	—	161	54,413	35,801
Technical know-how fees	19,240	—	19,240	—	—	—	19,240	—	—
License fees	39,726	10,733	—	50,459	6,871	—	—	27,006	19,591
Goodwill on Consolidation	62,775	—	—	62,775	—	—	—	62,775	—
<b>GRAND TOTAL</b>	<b>3,424,296</b>	<b>476,169</b>	<b>125,841</b>	<b>3,774,624</b>	<b>241,314</b>	<b>54,375</b>	<b>102,084</b>	<b>2,084,005</b>	<b>1,425,146</b>
Previous Year	2,775,412	689,545	40,661	3,424,296	167,950	—	20,711	1,999,150	923,501

1) Certain building, plant and machinery and railway sidings were revalued by an external valuer by using "Current cost accounting method" during the year 1985. The appreciation on revaluation amounting to Rs 624,050 thousand (Buildings - Rs 294,700 thousand, Plant & Machinery - Rs 319,990 thousand and Railway Sidings - Rs 9,360 thousand) was credited to revaluation reserve.

2) Accumulated Depreciation / Amortisation as at March 31, 2008 includes impairment loss amounting to Nil (previous year - Rs 14.3.623 thousand), (Other building - Nil (previous year - Rs 31,755 thousand), Plant and machinery Nil (previous year - Rs 111.551 thousand), Furniture and fixtures Nil (previous year - Rs 170 thousand) and License fees Nil (previous year - Rs 147 thousand)). (Refer note 9 on Schedule 18).

3) Land includes free hold land amounting to Rs 47,599 thousands for which the registration was done in the name of the Company on 15 April, 2008.

# ALSTOM Projects India Limited

## 5. Investments

(Rupees thousands)

As at  
March 31, 2008

As at  
March 31, 2007

### Non-trade investments – Long term (at cost)

#### Investments in securities, unquoted

Kohinoor Mills Company Limited (28 equity shares of Rs. 100 each fully paid-up)	<b>7</b>	7
Bengal Chamber of Commerce and Industry (9 Non-convertible debentures - 6.5% of Rs. 1,000 each fully paid-up)	<b>9</b>	9
AVB Employees' Co-operative Credit Society and Bank Limited (50 B-Class equity shares of Rs. 100 each fully paid-up)	<b>5</b>	5
AVB Employees' Co-operative Credit Society and Bank Limited (500 B-Class equity shares of Rs. 10 each fully paid-up)	<b>5</b>	5
East India Clinic Limited (1 Non-redeemable debenture stock - 5% of Rs. 10,000 fully paid-up)	<b>10</b>	10
	<b>36</b>	36

#### Investments in securities, quoted

Unit Trust of India (1,180 units of Rs. 10 each fully paid-up, Repurchase price of Rs. 13,270; previous year Rs. 11,270)	<b>15</b>	15
	<b>51</b>	51

Notes:

Quoted investments (Aggregate)	<b>15</b>	15
Market value of quoted investments	<b>12</b>	13
Unquoted investments (Aggregate)	<b>36</b>	36

## 6. Inventories

Raw materials	<b>101,260</b>	147,181
Stores and spares	<b>29,807</b>	21,018
Components	<b>116,818</b>	96,637
Work-in-progress	<b>131,130</b>	170,397
Contract work-in-progress	<b>229,031</b>	232,076
Finished goods	<b>4,940</b>	1,672
	<b>612,986</b>	668,981

Raw material includes goods-in-transit Rs. 9,257 thousand (previous year - Rs. 28,824 thousand)

## 7. Sundry Debtors

Unsecured

Debts outstanding for a period exceeding six months		
- Considered good	<b>1,874,689</b>	1,672,856
- Considered doubtful	<b>151,287</b>	121,668
	<b>2,025,976</b>	1,794,524
Other debts - considered good	<b>3,787,351</b>	3,102,444
	<b>5,813,327</b>	4,896,968
Less: Provision for doubtful debts	<b>151,287</b>	121,668
	<b>5,662,040</b>	4,775,300

Sundry debtors includes retention monies of Rs. 2,105,839 thousand (previous year – Rs. 1,730,631 thousand), which are due on completion of contracts/ final acceptance by the customer.

# ALSTOM Projects India Limited

## 8. Cash and Bank Balances

(Rupees thousands)

	As at March 31, 2008	As at March 31, 2007
Cash and cheques on hand	2,157	8,179
Balances with scheduled banks:		
- On current account	431,111	227,389
- On deposit account	3,523,750	2,590,871
- On EEFC account	1,453	63,155
- On unclaimed dividend account	6,809	4,560
	<u>3,963,123</u>	
Balances with unscheduled banks*		
-Barclays Bank of Uganda	6,037	—
	<u>3,971,317</u>	<u>2,894,154</u>

\*Maximum amount outstanding during the year Rs. 6,039 thousand (previous year - Nil)

## 9. Other Current Assets

Assets held for disposal (at cost or net realisable value whichever is lower)	—	1,988
Accrued Revenue	23,456	—
Contract Revenue in excess of Billing	4,657,340	2,418,795
Interest accrued on deposits	68,204	44,173
Unamortised premium on forward contracts	—	12,532
	<u>4,749,000</u>	<u>2,477,488</u>

## 10. Loans and Advances

Secured		
Considered good	523	779
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2,509,808	1,861,023
- Considered doubtful	98,426	91,703
	<u>2,608,234</u>	<u>1,952,726</u>
Less: Provision for doubtful advances	98,426	91,703
	<u>2,509,808</u>	<u>1,861,023</u>
Considered good-		
Inter corporate deposits	20,000	145,000
MAT credit entitlement	—	193,600
Advance tax, including taxes deducted at source, (net of provision for income tax and MAT Credit availed Rs. 193,600 thousands)	60,750	—
Balances with customs, port trusts and excise authorities	265,691	99,537
VAT credit receivable	12,657	6,440
	<u>2,869,429</u>	<u>2,306,379</u>

## 11. Current Liabilities

Sundry creditors		
- Total outstanding dues to micro, medium & small enterprises*	21,306	89,000
- Total outstanding dues to creditors other than micro, medium & small enterprises	9,060,817	6,488,813
Advance payments from customers	5,585,850	3,501,902
Billing in excess of contract revenue	1,090,265	359,925
Interest accrued but not due — West Bengal sales tax loan	21,901	22,407
Unclaimed dividend (to be credited to Investor education and protection fund, when due)	6,809	4,560
	<u>15,786,948</u>	<u>10,466,607</u>

\*Refer Note 16 of Schedule 18

## ALSTOM Projects India Limited

(Rupees thousands)

### 12. Provisions

	As at March 31, 2008	As at March 31, 2007
Wealth tax	122	122
Income tax, net of advance tax	—	11,379
Leave encashment (See note 2.3.1)	114,685	87,898
Gratuity (See note 11)	11,390	3,449
Proposed dividend	536,194	670,242
Corporate dividend tax	91,126	113,908
	<u>753,517</u>	<u>886,998</u>

### 13. Deferred tax assets/liabilities, net

#### Deferred tax assets

Brought forward losses and unabsorbed depreciation	—	31,298
Provisions for doubtful debts and advances	84,882	68,012
Provision for gratuity under Section 40(A) 7 of the Income tax Act, 1961	5,529	643
Expenditure under Section 43B of the Income-tax Act, 1961	38,685	29,294
Expenditure under Section 35DDA of the Income-tax Act, 1961	2,155	3,956
Others	5,470	5,817
Total deferred tax assets	<u>136,721</u>	<u>139,020</u>

#### Deferred tax liabilities

Difference between book depreciation and depreciation under the Income-tax Act, 1961	157,159	143,358
Deferred tax assets / liabilities, net	<u>(20,438)</u>	<u>(4,338)</u>

#### Note:

Set-up of deferred tax assets in previous year was based on profits anticipated on order book position as at the year end.

### 14. Sales and services (Gross of excise duty)

	For the year ended March 31, 2008	For the year ended March 31, 2007
Project sales	10,925,840	8,252,189
Service income	2,039,477	2,196,129
Equipment and spare sales	2,996,123	2,021,812
	<u>15,961,440</u>	<u>12,470,130</u>



## ALSTOM Projects India Limited

<b>15. Other Income</b>	<b>For the year ended March 31, 2008</b>	<b>(Rupees thousands) For the year ended March 31, 2007</b>
<b>Interest (Gross)</b>		
- On deposits with banks	<b>213,439</b>	223,974
- Others	<b>9,212</b>	8,579
(Tax deducted at source on total interest Rs. 50,510 thousand, Previous year — Rs. 52,766 thousand)	<b>222,651</b>	232,553
Foreign exchange gain, net	—	52,669
Write-back of provision for doubtful debts and advances (Refer Note 13)	—	22,145
Excess Liabilities written back	<b>62,251</b>	—
Miscellaneous income	<b>145,200</b>	61,252
	<b>430,102</b>	368,619
<b>16. Personnel Expenses</b>		
Salaries, wages and bonus	<b>1,417,420</b>	981,897
Contribution to provident and other funds	<b>133,687</b>	83,807
Workmen and staff welfare expenses	<b>137,936</b>	111,729
Other personnel expenses	<b>117,626</b>	55,931
	<b>1,806,669</b>	1,233,364
<b>17. Other Expenses</b>		
Tools and stores	<b>40,742</b>	65,758
Royalty and trademark fee	<b>188,897</b>	108,897
Commission and discounts	<b>38,615</b>	16,833
Power, fuel and water	<b>149,291</b>	145,320
Travel and conveyance	<b>331,263</b>	259,971
Insurance	<b>43,949</b>	34,305
Rates and taxes	<b>31,085</b>	21,825
Rent	<b>180,309</b>	130,996
Repairs: - Buildings	<b>10,606</b>	15,819
- Plant and machinery	<b>53,986</b>	45,640
- Others	<b>25,319</b>	21,175
Provisions for doubtful debts and advances (See Note 13)	<b>36,342</b>	—
Bad Debts Written-off	<b>14,369</b>	—
Other services from third parties	<b>163,704</b>	160,291
Director fees	<b>400</b>	500
Donations	<b>74</b>	98
Loss on sale of fixed assets, net	<b>9,872</b>	35
Foreign exchange loss, net	<b>41,792</b>	89
Miscellaneous expenses	<b>303,809</b>	255,745
	<b>1,665,013</b>	1,283,297

# ALSTOM Projects India Limited

## 18. Notes to accounts

(All amounts in rupees thousands, unless otherwise specified)

### 1. BACKGROUND

ALSTOM Projects India Limited ('APIL' or 'the Company') is a publicly owned Company, incorporated on September 2, 1992 as Asea Brown Boveri Management Limited, registered with the Registrar of Companies, Maharashtra.

ALSTOM Finance BV, a Company incorporated in the Netherlands holds approximately 58.55% per cent of the equity with an additional 7.93 percent being held by companies or affiliates within the ALSTOM Group. The balance equity is held by the public and others.

The Company has investment in ALSTOM Power Boilers Services Limited ('APBSL') and ALSTOM Manufacturing India Limited ('AMIL'). Both of these are wholly owned subsidiaries. The subsidiary companies are incorporated in India and are engaged in the business of infrastructure project management, with their business segments aligned with those of the Company.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects in accordance with the notified Accounting Standards issued under Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention (other than revalued assets) on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous year except for changes in accounting policies as discussed more fully in para 2.3 below.

- a) Accounts of the subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all intra-group balances and intra-group transactions and also unrealised profits or losses.
- b) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.
- c) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e year ended March 31, 2008.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make best estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Actual results could differ from these estimates. Any revisions to accounting estimates are recognised prospectively in the current and future periods.

#### 2.3 Change in accounting policies

##### 2.3.1 Retirement Benefits

The Group has, during the year, adopted Accounting Standard 15 (Revised) which is mandatory for accounting periods commencing on or after December 7, 2006. Accordingly, the basis of actuarial valuation of earned leaves liability has been changed. As a result, the valuation of short term compensated absences forming part of the accrued leaves as at March 31, 2007, is lower by Rs. 14,361 thousands. This has been adjusted to the opening reserves. This change does not have a material impact on the profit for the current year.

##### 2.3.2 Derivatives

In accordance with the announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India, effective April 1, 2007, the Group has changed its accounting policy with respect to accounting for foreign exchange contracts, other than those covered under AS 11, entered into for non speculative purpose, including the underlying hedged items, which upto March 31, 2007 were accounted for on the basis of contracted rate, have now been accounted for on marked-to-market valuation on a portfolio basis and the loss on valuation is recognized in the profit and loss account in

## ALSTOM Projects India Limited

accordance with the principle of prudence as enunciated in AS 1 – ‘Disclosure of Accounting Policies’. This change does not have a material impact on the profit for the year.

### 2.4 Fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies, and any other attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost related to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

### 2.5 Intangible assets

Software costs relating to acquisition of product design software and software license fee are capitalised in the year of purchase and amortised on a straight-line basis over a period of three years and five years respectively.

Goodwill, (including arising on consolidation of subsidiaries), is amortised on a straight line basis over a period of five years.

### 2.6 Depreciation

Depreciation on fixed assets is provided on a straight-line basis. On additions and disposals, depreciation is provided for the period of use during the year. Depreciation is provided as per the following rates, which are determined on the basis of useful lives of the assets estimated by the management, or at rates specified in Schedule XIV to the Act, whichever is higher. However, in respect of certain assets existing on December 16, 1993, the Group continues to charge depreciation on rates lower than those prescribed by Schedule XIV, as allowed by the Notification GSR No. 756E, dated December 16, 1993:

	%
Factory buildings	3.34 – 5.00
Other buildings	1.63 – 3.00
Plant and machinery	4.75 – 40.00
Furniture and fixtures	10.00
Motor vehicles	20.00

ALSTOM Power Boilers Services Limited provides for depreciation on written-down value method at rates prescribed in schedule XIV to the Companies Act, 1956. Such assets aggregate to 0.45% of total gross block of assets.

Leasehold assets are amortised over the period of the lease. Assets costing below Rs. 5 thousand are fully depreciated in the year of purchase. In respect of revalued assets, the difference between the depreciation calculated on the revalued amount and calculated on the original cost is recouped from the revaluation reserve account.

### 2.7 Impairment of assets

2.7.1 The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

2.7.2 After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.7.3 A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### 2.8 Foreign currency transactions

#### 2.8.1 Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## **ALSTOM Projects India Limited**

### 2.8.2 Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 2.8.3 Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations

### 2.8.4 Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

## **2.9 Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

- Stores, spares, raw materials and components - at costs determined on the moving weighted average method.
- Work-in-progress and finished goods – based on weighted average cost of production, including appropriate proportion of costs of conversion. Excise duty is included in the value of finished goods inventory.
- Packing materials, loose tools and consumables, being immaterial in value terms, and also based on their purchase mostly on need basis, are expensed to the profit and loss account at the point of purchase.

Contract work-in-progress is valued at cost or net realisable value, whichever is lower, until the stage of completion. Cost includes direct materials, labour and appropriate proportion of overheads including depreciation.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

## **2.10 Revenue recognition**

### 2.10.1 Revenues from long-term contracts

Contract prices are either fixed or subject to price escalation clauses. Revenues are recognised on a percentage completion method measured by segmented portions of the contract, i.e. "Contract Milestones". The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet.

If it is expected that a contract will make a loss, the estimated loss is provided for in the books of account. Such losses are based on technical assessments.

Amounts due in respect of price escalation claims and/or variation in contract work are recognised as revenue only if the contract allows for such claims or variations and /or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured.

Liquidated damages/penalties, warranties and contingencies are provided for, based on management's assessment of the estimated liability, as per contractual terms and/or acceptance.

### 2.10.2 Revenues from sale of products and services

Revenues from sales of products are recognised on dispatch of goods to customers which corresponds to transfer of significant risk and rewards of ownership and are net of sales tax and trade discounts. Revenues from services are recognised when such services are rendered.

### 2.10.3 Interest Income is recognised on time proportion method basis taking into account the amounts outstanding at the rate applicable.

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### **2.11 Retirement and other employee benefits**

- 2.11.1 Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the trust is due.
- 2.11.2 Gratuity liability is defined benefit obligations and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- 2.11.3 Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of each year. The actuarial valuation is done as per projected unit credit method.
- 2.11.4 Actuarial gains/losses are immediately taken to profit and loss account.

### **2.12 Research and development**

All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred.

### **2.13 Leases**

Where the Group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### **2.14 Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

### **2.15 Income taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group recognises/ writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### **2.16 Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the

## **ALSTOM Projects India Limited**

obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### **2.17 Segment reporting policies**

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

### **2.18 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **2.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and cash & cheques in hand.

### **2.20 Derivative instruments**

The Group uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in note 2.8

The Foreign exchange contracts other than those covered under AS 11, entered for non speculative purposes, including the underlying hedged items, are valued on the basis of a fair value on marked to market basis and any loss on valuation is recognized in the profit and loss account, on a portfolio basis. Any gain arising on this valuation is not recognized by the Group in line with the principle of prudence as enunciated in Accounting Standard 1 – 'Disclosure of Accounting Policies'. Any subsequent changes in fair values, occurring after the balance sheet date are accounted for in the period in which they arise.

## **3. CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 143,925 thousand (previous year – Rs. 64,068 thousand).

## **4. CONTINGENT LIABILITIES NOT PROVIDED FOR**

- a) Demand raised by sales tax authorities levying sales tax / works contract tax in cases of disputes regarding divisibility of contracts with the customers for supply and erection / installation of goods and others - Rs. 20,676 thousand (previous year – Rs. 20,676 thousand)
- b) Demand raised by Durgapur Power Limited on delayed payment of electricity bills - Rs 37,000 thousand (previous year – Rs. 37,000 thousand).
- c) Demand raised by Income Tax Authorities levying Income Tax of Rs. 1,641 thousand (previous year Rs. 1,641 thousand) for the Assessment Year 2003-04 against which the Group has filed an appeal before CIT (A).
- d) Differential amount of custom duty in respect of machinery imported under EPCG Scheme Rs. 109,165 thousand (previous year Rs. 58,365 thousand).
- e) Various other claims not acknowledged as debts Rs. 35,977 thousand (previous year – Rs. 35,977 thousand).

Based on the favourable decision in similar cases / legal opinions taken by the Group / discussions with the solicitors etc., the Group believes that it has good cases in respect of all the items listed under (a), (b) and (d) above and hence no provision there against is considered necessary.

## ALSTOM Projects India Limited

### 5. SEGMENT INFORMATION

#### 5.1 Primary segment reporting – Business segments

The Company's business segments are classified into Power and Transport.

##### 5.1.1 Power segment

This segment is engaged in the business of engineering, procurement and construction of power plants. It also manufactures steam raising plant, ancillary equipment, pressures vessels and pulverizers.

##### 5.1.2 Transport segment

This segment is engaged in the business of designing, manufacturing, supplying and supporting large scale transportation systems including traction, signaling and train control.

#### 5.2 Inter segment transfers

Segment revenues, segment expenses and segment results include transfers between business segments, that are made based on negotiation between segments with reference to the costs, market prices and business risks, within the overall optimisation objective for the Group and are comparable with competitive market prices charged to external customers. Inter-segment transfers are eliminated on consolidation.

#### 5.3 Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### 5.4 Segment revenues, results and other information

	(Rupees thousands)					
	Power		Transport		Total	
	2008	2007	2008	2007	2008	2007
External sales	<b>15,204,756</b>	12,003,985	<b>265,945</b>	211,027	<b>15,470,701</b>	12,215,012
Inter segment sales	—	—	—	—	—	—
Other income	<b>128,195</b>	103,021	<b>17,005</b>	14,891	<b>145,200</b>	117,912
<b>Segment revenues</b>	<b>15,332,951</b>	12,107,006	<b>282,950</b>	225,918	<b>15,615,901</b>	12,332,924
Segment results	<b>923,689</b>	1,123,942	<b>22,841</b>	38,786	<b>946,530</b>	1,162,728
Segment assets	<b>15,711,710</b>	11,234,870	<b>228,678</b>	203,940	<b>15,940,388</b>	11,438,810
Segment liabilities	<b>15,530,264</b>	10,231,197	<b>336,985</b>	250,675	<b>15,867,249</b>	10,481,872
Capital expenditure	<b>813,149</b>	553,322	—	—	<b>813,149</b>	553,322
Depreciation / amortisation	<b>234,683</b>	161,213	<b>2,070</b>	2,808	<b>236,753</b>	164,021
Impairment losses reversed	<b>54,375</b>	—	—	—	<b>54,375</b>	—
Non cash expenditure, other than depreciation/amortisation	<b>50,711</b>	—	—	—	<b>50,711</b>	—

#### 5.5 Secondary segment reporting – Geographical segments

The analysis of geographical segments is based on the geographical location of the customer.

Secondary Segment Information for the year ended March 31, 2008:

##### Revenue:

Particulars	(Rupees thousands)	
	Year ended March 2008	Year ended March 2007
India	<b>13,269,999</b>	9,315,580
Outside India	<b>2,200,702</b>	2,899,432
<b>Total</b>	<b>15,470,701</b>	12,215,012

##### Carrying Amount of Segment Assets\*:

Particulars	(Rupees thousands)	
	Year ended March 2008	Year ended March 2007
India	<b>9,251,331</b>	6,567,391
Outside India	<b>1,091,505</b>	626,484
<b>Total</b>	<b>10,342,836</b>	7,193,875

\* The Group has common fixed assets for executing projects/producing goods for Domestic Market and Overseas Markets Hence, separate figures for fixed assets cannot be furnished.



# ALSTOM Projects India Limited

## 5.6 Reconciliation of reportable segments with financial statements

	(Rupees thousands)							
	Revenues		Results		Assets		Liabilities	
	2008	2007	2008	2007	2008	2007	2008	2007
Total of reportable segments	<b>15,615,901</b>	12,332,924	<b>946,530</b>	1,162,728	<b>15,940,388</b>	11,438,810	<b>15,859,224</b>	10,481,872
Inter segment sales/assets	—	—	—	—	—	—	—	—
Unallocated – Interest income	<b>241,077</b>	232,253	<b>241,077</b>	232,553	—	—	—	—
Unallocated – Other income	<b>43,825</b>	—	<b>43,825</b>	—	—	—	—	—
Unallocated – Interest expense	—	—	<b>(1,363)</b>	(1,690)	—	—	—	—
Unallocated – Loans	—	—	—	—	<b>20,000</b>	145,000	<b>16,895</b>	22,407
Unallocated – Liabilities, other than loans	—	—	—	—	—	—	<b>37,206</b>	76,204
Unallocated – Interest accrued and other assets	—	—	—	—	<b>68,255</b>	44,224	—	—
Unallocated – Cash and bank Taxes	—	—	—	—	<b>3,971,317</b>	2,894,154	—	—
– Fringe Benefit Tax	—	—	<b>(29,205)</b>	(23,275)	—	—	—	—
– Income Tax	—	—	<b>(419,646)</b>	(5,114)	<b>60,750</b>	193,600	—	11,379
– Deferred Tax	—	—	<b>(16,100)</b>	(250,534)	—	—	<b>20,438</b>	4,338
Proposed Dividened including Corporate Dividend Tax	—	—	—	—	—	—	<b>627,320</b>	784,150
Per financial statements	<b>15,900,803</b>	12,565,477	<b>765,114</b>	1,114,668	<b>20,060,710</b>	14,715,788	<b>16,560,903</b>	11,380,350

## 6. Related Party Disclosures

### 6.1 List of related parties

#### 6.1.1 Parties with whom control exists:

ALSTOM Holdings  
ALSTOM Finance BV  
ALSTOM Enterprise S.A

#### 6.1.2 Other related parties with whom transactions have taken place during the year: (fellow subsidiaries)

Related party relationships where transactions have taken place during the year

AIR Preheater Co, ALSTOM (SWITZERLAND) Ltd, ALSTOM (China) Investment Co. Ltd., ALSTOM (Switzerland) Ltd., ALSTOM Belgium SA - Charleroi, ALSTOM Bergeron, ALSTOM China, ALSTOM Energy Limited, ALSTOM Holdings, ALSTOM Hydro (Switzerland) Ltd, ALSTOM Hydro Canada Inc., ALSTOM Hydro Energia Brasil Ltda, ALSTOM Hydro Equipamentes, ALSTOM Hydro R & D India Limited, ALSTOM Hydro Spain S.L., ALSTOM Industrial Products Ltd., ALSTOM Philipines, ALSTOM Portugal SA, ALSTOM Power (Switzerland) Ltd., ALSTOM Power (Thailand) Ltd., ALSTOM Power Asia Pacific Sdn Bhd, ALSTOM Power Boiler GMBH Stuttgart, ALSTOM Power Boiler Services Ltd., ALSTOM Power Centrales, France, ALSTOM Power Energy System - Indonesia, ALSTOM Power, France, ALSTOM Power Generation AG PTP, ALSTOM Power Hydraulique Belfort, ALSTOM Power Hydro, Grenoble France, ALSTOM Power Inc USA, ALSTOM Power Inc, Windsor, ALSTOM Power Inc.Chattanooga, ALSTOM Power Italia, ALSTOM Power Italia Spa, Italy, ALSTOM Power Limited , Switzerland, Alstom Power Limited UK, ALSTOM Power Ltd. Australia, ALSTOM POWER Romania SRL, ALSTOM Power s.r.o., Czech Republic, ALSTOM Power Service Arabia, ALSTOM Power Service GMBH, ALSTOM Power Service, France, ALSTOM Power Services GMBH, ALSTOM Power Services Poland, ALSTOM Power Sp Z.o.o PTP Elblag, ALSTOM Power Sweden AB, ALSTOM Power Sweden Ltd, ALSTOM Power Turbomachines, ALSTOM Power UK , ALSTOM Power, Thailand, ALSTOM R&D Centre, Alstom Switzerland Ltd.-EBN HRSG, ALSTOM Transport - BV - Netheralands, ALSTOM Transport Information Solution - Meduon, ALSTOM Transport Information Solution - Saint Ouen, ALSTOM Transport SA - Villeurbane, ALSTOM Transport SpA - Bologna, ALSTOM Transport Spte Ltd - Singapore, ALSTOM Transport SA - France, ALSTOM Transport SA - Tarbes, ALSTOM USA, Comelex, Energy Recovery Systems US, Environmental Control Systems, Norway, Heat Recovery & Plant, USA, HQ Transport Omegat FR, ITC - France, ITC - Germany, ITC - Switzerland, ITC Central Management, ITC NSC UK, NTPC ALSTOM Power Sevices Pvt. Ltd., Power Control Systems, TMG Mannheim TSN, TMG Rugby TSR, TMG Switzerland.

#### 6.1.3 Key managerial personnel (KMP)

Mr. Frederic Lalanne – Executive Director (upto. July 31, 2007)  
Mr. Emmanuel Colombier – Executive Director (w.e.f. September 1, 2007)  
Mr. S.M. Momaya – Executive Director  
Mrs. Naina R. Desai – Executive Director

## 6.2 Transactions with Related parties

(Rupees thousands)

Particulars	2007-08			2006-07		
	Fellow subsidiaries	Parties where control exists	Key Management Personnel	Fellow subsidiaries	Parties where control exists	Key Management Personnel
<b>Sale of products</b>						
ALSTOM Bergeron	6,870	—	—	—	—	—
ALSTOM Hydro (Switzerland) Ltd	11,855	—	—	—	—	—
ALSTOM Hydro Spain S.L.	13,601	—	—	—	—	—
ALSTOM Power Centrales, France	119,715	—	—	1,065,886	—	—
PT ALSTOM Power Energy System - Indonesia	43,040	—	—	—	—	—
ALSTOM Hydro France	141,326	—	—	—	—	—
ALSTOM Power Hydro, Grenoble France	82,937	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	93,726	—	—	—	—	—
ALSTOM Limited	289,282	—	—	270,490	—	—
ALSTOM Power Sp.z o.o.	64,825	—	—	—	—	—
ALSTOM Transport SA	4,301	—	—	—	—	—
ALSTOM Power Inc.	10,404	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	631,828	—	—	140,172	—	—
Others	2,585	—	—	414,006	—	—
<b>Commission Income</b>						
ALSTOM (Switzerland) Ltd.	29,942	—	—	—	—	—
ALSTOM Belgium SA - Charleroi	—	—	—	3,895	—	—
<b>Purchase of Raw Material Component Capital Goods &amp; Other Services</b>						
ALSTOM Power Inc.	203,319	—	—	—	—	—
AIR Preheater Company	3,623	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	82,078	—	—	—	—	—
ALSTOM Belgium SA - Charleroi	14,972	—	—	—	—	—
ALSTOM Power Energy System - Indonesia	182,096	—	—	504,590	—	—
ALSTOM Power Service	140,236	—	—	118,691	—	—
ALSTOM POWER ROMANIA SRL	46,548	—	—	—	—	—
ALSTOM Power Sp.z o.o.	94,450	—	—	9,124	—	—
ALSTOM Power Sweden Ltd	59,498	—	—	—	—	—
ALSTOM Ltd	218,394	—	—	8,223	—	—
ALSTOM Transport SA - France	4,852	—	—	—	—	—
ALSTOM Industrial Products Ltd.	7,538	—	—	—	—	—
Energy Recovery Systems US	135,429	—	—	—	—	—
Others	3,856	—	—	197,433	—	—
<b>Sale of Other Services</b>						
ALSTOM Belgium SA - Charleroi	6,652	—	—	12,527	—	—
ALSTOM Hydro (Switzerland) Ltd	5,623	—	—	4,305	—	—
ALSTOM Power System GmbH	32,922	—	—	—	—	—
ALSTOM Power Centrales	190,687	—	—	167,758	—	—
ALSTOM Hydro France	50,697	—	—	5,939	—	—
ALSTOM Power Inc.	64,190	—	—	—	—	—
ALSTOM Power Italia Spa, Italy	18,224	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	314,723	—	—	122,582	—	—
ALSTOM Power Sp.z o.o.	11,148	—	—	—	—	—
ALSTOM Power Sweden AB	10,664	—	—	—	—	—
ALSTOM Transport BV	4,151	—	—	—	—	—
ALSTOM Transport SA	37,804	—	—	—	—	—
COMPLEX SA	4,736	—	—	—	—	—
ALSTOM Norway AS	23,907	—	—	—	—	—
ALSTOM Information Tech. Centre SAS	6,061	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	4,532	—	—	—	—	—
ALSTOM Power Generation AG	46,281	—	—	—	—	—
ALSTOM Ltd	36,642	—	—	—	—	—
ALSTOM Transport SpA- Bologna	2,638	—	—	5,611	—	—
Others	15,259	—	—	342,207	—	—
<b>Purchase of Other Services</b>						
ALSTOM (Switzerland) Ltd.	57,793	—	—	43,786	—	—
ALSTOM Holdings	135,655	—	—	—	—	—
ALSTOM Hydro (Switzerland) Ltd	47,791	—	—	—	—	—
ALSTOM Power Inc.	6,666	—	—	18,635	—	—
ALSTOM Power Service	24,948	—	—	—	—	—
ALSTOM Ltd	9,945	—	—	21,864	—	—
ALSTOM Information Tech. Centre SAS	24,976	—	—	24,041	—	—
Others	15,595	—	—	78,357	711	—
<b>Managerial Remuneration</b>						
Mr. Emmanuel Colombier	—	—	3,332	—	—	—
Mr. Frederic Lalanne	—	—	1,318	—	—	4,474
Mr. S.M. Momaya	—	—	4,414	—	—	3,818
Mrs. Naina R. Desai	—	—	2,686	—	—	2,702
<b>Technical Consultancy Services</b>						
ALSTOM Power Hydro, Grenoble France	—	—	—	63,395	—	—
ALSTOM Holdings	—	—	—	—	72,580	—
<b>Payment of Royalty</b>						
ALSTOM (Switzerland) Ltd	28,768	—	—	35,464	—	—
<b>Inter Corporate Deposits - Given</b>						
ALSTOM Hydro R & D India Limited	20,000	—	—	145,000	—	—
<b>Interest on Inter Corporate Deposits</b>						
ALSTOM Energy Limited	8,697	—	—	5,878	—	—
ALSTOM Hydro R & D India Limited	478	—	—	—	—	—

# ALSTOM Projects India Limited

## 6.3 Balances outstanding

(Rupees thousands)

Particulars	2007-08			2006-07		
	Fellow subsidiaries	Parties where control exists	Key Management Personnel	Fellow subsidiaries	Parties where control exists	Key Management Personnel
<b>Inter-corporate Deposits given</b>						
ALSTOM Hydro R & D India Limited	20,000	—	—	—	—	—
ALSTOM Energy Limited	—	—	—	145,000	—	—
<b>As Debtors</b>						
ALSTOM Power System GmbH	7,134	—	—	—	—	—
ALSTOM Power Centrales, France	92,195	—	—	162,527	—	—
ALSTOM Hydro France	157,609	—	—	—	—	—
ALSTOM Power Inc.	8,137	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	341,186	—	—	72,299	—	—
ALSTOM Limited	58,843	—	—	—	—	—
ALSTOM Power Sp.z o.o.	9,971	—	—	—	—	—
ALSTOM Power Service	8,017	—	—	—	—	—
ALSTOM Transport SA	10,278	—	—	—	—	—
NTPC ALSTOM Power Services Pvt. Ltd.	287,564	—	—	181,551	—	—
ALSTOM Power Generation AG	4,483	—	—	—	—	—
Others	23,974	—	—	135,199	—	—
<b>As Creditors</b>						
ALSTOM Power Inc.	32,602	—	—	—	—	—
ALSTOM (Switzerland) Ltd.	61,022	—	—	38,295	—	—
ALSTOM Hydro Energia Brasil Ltda	27,747	—	—	—	—	—
ALSTOM Hydro Equipamentes	14,541	—	—	—	—	—
ALSTOM Power Energy System - Indonesia	68,575	—	—	—	—	—
ALSTOM POWER ROMANIA SRL	24,756	—	—	—	—	—
ALSTOM Power Service	43,045	—	—	—	—	—
ALSTOM Power Sp.z o.o.	5,715	—	—	—	—	—
ALSTOM Information Tech. Centre SAS	6,410	—	—	—	—	—
Energy Recovery Systems US	6,359	—	—	—	—	—
ALSTOM Power Hydro, Grenoble France	70	—	—	21,520	—	—
ALSTOM Power, France	—	—	—	18,206	—	—
ALSTOM Hydro Equipamentos Ltda	—	—	—	21,653	—	—
ALSTOM Power, UK	—	—	—	12,937	—	—
Others	16,938	—	—	11,705	—	—
<b>Advance Given</b>						
ALSTOM Holdings	—	—	—	5,965	—	—
ALSTOM Hydro Energia Brasil Ltda	526,712	—	—	217,338	—	—
ALSTOM Power, UK	—	—	—	54,275	—	—
ALSTOM Power Hydro, Grenoble France	17,920	—	—	—	—	—
ALSTOM Power Sp.z o.o.	14,429	—	—	—	—	—
ALSTOM Power Sweden Ltd	24,706	—	—	—	—	—
Others	5,508	—	—	30,786	—	—
<b>Advance Receivd</b>						
ALSTOM Limited	—	—	—	52,155	—	—
ALSTOM Hydro Spain S.L.	186,963	—	—	—	—	—
ALSTOM Hydro France	1,439,701	—	—	409,608	—	—
ALSTOM (Switzerland) Ltd.	212,733	—	—	—	—	—
ALSTOM Power Sp.z o.o.	35,052	—	—	—	—	—
ALSTOM Power Turbomachines	9,835	—	—	—	—	—
ALSTOM Power Inc.	4,852	—	—	—	—	—
Others	2,219	—	—	113,201	—	—
<b>Interest Accrued on Inter Corporate Deposits</b>						
ALSTOM Hydro R & D India Limited	478	—	—	—	—	—
ALSTOM Energy Ltd	—	—	—	5,878	—	—

# ALSTOM Projects India Limited

## 7. LEASE COMMITMENTS

### Operating leases

The Group normally acquires vehicles under operational lease with the respective underlying assets as security. Minimum lease payments outstanding as of March 31, 2008 in respect of these assets are as under:

	<b>Total minimum lease payments outstanding as on March 31, 2008</b>	<b>(Rupees thousands)</b> Total minimum lease payments outstanding as on March 31, 2007
Due within one year	<b>9,294</b>	6,462
Due later than one year and not later than five years	<b>16,194</b>	12,187
	<b>25,488</b>	18,649

Lease payments of Rs. 9,027 thousand (previous year — Rs 7,384 thousand) have been recognised as an expense in the profit and loss account for the year ended March 31, 2008.

Office premises and office equipments are taken on operating lease. There is no contingent rent in the lease agreements. The lease term is for 1-5 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature.

## 8. EARNINGS PER SHARE

	<b>2008</b>	2007
a) Weighted average number of equity shares outstanding during the year	<b>67,024,174</b>	67,024,174
b) Net profit after tax available for equity Shareholders (Rupees thousand)	<b>765,114</b>	1,114,668
c) Basic and Diluted Earnings (in Rupees) per share	<b>11.42</b>	16.63

## 9. REVERSAL OF LOSS ON IMPAIRMENT OF ASSETS

The Group had in an earlier year recognised an impairment loss of Rs. 143,623 thousand in respect of fixed assets at one of its manufacturing locations as required by Accounting Standard 28 – 'Impairment of assets' issued by the Institute of Chartered Accountants of India. Considering the current business operations in the said unit and the future business plans, the impairment loss aggregating to Rs. 54,375 thousand (net of depreciation aggregating to Rs. 89,248 thousand on the underlying assets that would have been charged had there been no impairment loss) has been reversed and credited to the Profit and Loss Account.

## 10. CONSTRUCTION CONTRACTS

	<b>As at March 31, 2008</b>	As at March 31, 2007
a. Contract revenue recognised as revenue for the year ended March 31, 2008	<b>14,213,232</b>	8,963,682
b. Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto March 31, 2008 for all the contracts in progress*	<b>39,414,013</b>	31,033,854
c. The amount of customer advances outstanding for contracts in progress as at March 31, 2008	<b>5,585,850</b>	3,501,902
d. The amount of retention due from customers for contracts in progress as at March 31, 2008	<b>2,105,839</b>	1,730,631

\* Consequent to revision in estimates of "costs to complete" for two specific projects, an additional cost aggregating to Rs.642,013 thousand has been accounted for during the year ended March 31, 2008.

## ALSTOM Projects India Limited

### 11. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

#### Profit and Loss account

Net employee benefit expense in respect of Gratuity (recognised in Employee Cost)	(Rupees thousands)
	2007-08
Current service cost	14,323
Interest cost on benefit obligation	16,748
Expected return on plan assets	(12,194)
Net actuarial (gain) / loss recognised in the year	1,598
Past service cost	0
Net benefit expense	<u>20,475</u>
Actual return on plan assets	9%

#### Balance sheet

##### Details of Provision for gratuity

	2007-08
Defined benefit obligation	223,300
Fair value of plan assets	<u>207,644</u>
	15,656
Less: Unrecognised past service cost	<u>0</u>
Plan asset / (liability)	15,656

Changes in the present value of the defined benefit obligation are as follows:

	2007-08
Opening defined benefit obligation	194,662
Interest cost	16,748
Current service cost	14,323
Benefits paid	(11,892)
Actuarial (gains) / losses on obligation	<u>9,453</u>
Closing defined benefit obligation	<u>223,294</u>

Changes in the fair value of plan assets are as follows:

	2007-08
Opening fair value of plan assets	65,512
Expected return	12,194
Contributions by employer	138,500
Benefits paid	(11,886)
Actuarial gains / (losses)	<u>7,855</u>
Closing fair value of plan assets	<u>212,175</u>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity
	2007-08
	%
Investments with insurer	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	2007-08
	%
Discount rate	9
Expected rate of return on assets	9
Employee turnover	13.5

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## ALSTOM Projects India Limited

### Defined Contribution Plan

(Rupees thousands)

	For the year ended March 31, 2008	For the year ended March 31, 2007
Employer's Contribution to Provident Fund including Family Pension Fund*	60,222	47,456

\*Included in the head Contribution to Provident and Other Funds.

Notes :

- Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120(n)(ii) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the company.
- This being the first year of application of Accounting Standard 15 (revised), the information in relation to the actuarial valuation of gratuity for previous four annual periods as required by Para 120(n)(i) except for immediately preceding annual period, is not provided.
- The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee Benefits are not disclosed.
- Pending issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the provident fund liability. Accordingly, no additional disclosures as required by Paragraph 120 of AS 15 (revised) have been furnished.

### 12. OPERATIONAL OUTLOOK OF SUBSIDIARY

As at March 31, 2008, APBSL, the Company's subsidiary, has accumulated losses of Rs. 47,246 thousand, which have completely eroded its paid up equity capital of Rs 3,400 thousand. Further, its operations are presently funded by an interest free loan of Rs 3,000 thousand, provided by the company, which is payable on demand. Also the Company has provided a guarantee of Rs 10 million against a cash credit facility from a bank.

The Company has committed to provide continued operational and financial support to the subsidiary. Accordingly, the subsidiary's financial statements have been consolidated on a going concern basis.

### 13. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES, NET

	For the year ended March 31, 2008	For the year ended March 31, 2007
Bad debts and advances written off during the year	14,369	256,870
Add : Provision for doubtful debts and advances, end of the year	249,713	213,371
Less : Provision for doubtful debts and advances, beginning of the year	213,371	492,386
	<u>50,711</u>	<u>(22,145)</u>

### 14. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of Derivatives		Forward contract outstanding as at Balance Sheet date.	Year End Rate (Rs.)	Purpose
SELL	EURO	40,610	63.1925	Hedge of receivable/expected future sales
SELL	USD	126,399	39.9649	Hedge of receivable/expected future sales
PURCHASE	CHF	322	40.1528	Hedge of payable/expected future purchases
PURCHASE	EURO	11,651	63.1925	Hedge of payable/expected future purchases
PURCHASE	GBP	36	79.4075	Hedge of payable/expected future purchases
PURCHASE	JPY	2,425	0.4015	Hedge of payable/expected future purchases
PURCHASE	SEK	6,761	6.7247	Hedge of payable/expected future purchases
PURCHASE	USD	26,000	39.9649	Hedge of payable/expected future purchases

## ALSTOM Projects India Limited

Particulars	Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date		(Rupees thousands)
		For the year ended March 31, 2008	For the year ended March 31, 2007
Import Creditors		17,717	42,195
Export Debtors		20,455	138,399

15. Current year tax includes Rs. 2,333 thousand (previous year Rs. 45,411) related to earlier years.

### 16. DISCLOSURE AS PER SECTION 22 OF "THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006" (As certified by the Management)

S.No.	Particulars	Amount in Rs. '000
i)	The principal amount and the interest due thereon remaining unpaid to any supplier	
	- Principal amount	21,306
	- Interest thereon	Nil
ii)	The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil
iv)	The amount of interest accrued and remaining unpaid	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil

Names of Small Scale Industrial Undertakings to whom the Group owes any sum which is outstanding for more than 30 days as at March 31, 2008.

Fabcon, Sudhamoni Engg Works, Ma Durga Industries, S K Engineering, TRU Tools, Metal Weavers, Ascon Switchgear, Das Industries, EJP Bulk Controls Pvt Ltd, Ispat, Milan Co, Luft Tek, Imsicon Eastern Pvt Ltd, AKI Industrial Engineers Pvt Ltd, Bhupendra Steels Pvt Ltd, Cenlub Industries Ltd., Encon Enterprises Pvt Ltd, G.M.K. Steels (P) Ltd, Gauthama Engineering Industries, Punjab Hammers Pvt Ltd, Sudha Engineering Works, Syed Engineering Works, Globe Engineering, Jas Engineering, Venus Engineering Works, Arc Weld, Cj Engineering, Statcon Power Controls Ltd.

### 17. Prior year comparatives

Previous year amounts have been regrouped/reclassified, wherever necessary, to conform with current year's presentation.

Signatures to Schedule 1 to 18

As per our report of even date  
For S.R. Batliboi & Co.  
Chartered Accountants

per Raj Agrawal  
Partner  
Membership No.: 82028

Place : Gurgaon  
Date : April 29, 2008

For and on behalf of the Board of Directors

Sunand Sharma	Chairman
Emmanuel Colombier	Vice Chairman & Managing Director
S.M. Momaya	Whole-time Director & Chief Financial Officer
Naina R. Desai	Whole-time Director & Company Secretary
Pedro Sole	Director
A.K. Thiagarajan	Director
K. Vasudevan	Director
Dr. Uddesh Kohli	Director



## ALSTOM Projects India Limited

### Information related to the Subsidiary Companies Consolidated for the year ended March 31, 2008

(Rupees thousands)

	ALSTOM Power Boilers Services Limited	ALSTOM Manufacturing India Limited
Capital	3,400	500
Reserves	(45,459)	(78)
Total Assets	63,272	428
Total Liabilities	105,331	6
Details of Investment (except in case of investment subsidiaries)	—	—
Turnover	91,446	—
Profit before taxation	42,056	(8)
Provision for taxation	10,018	—
Profit after taxation	32,038	(8)
Proposed Dividend	—	—

### Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Name of the subsidiary	ALSTOM Power Boilers Services Limited	ALSTOM Manufacturing India Limited
(A) Financial year of the subsidiary company	March 31, 2008	March 31, 2008
(B) Holding Company's interest		
Number of shares fully paid-up	34,000*	250,000**
Extent of holding	100%	100%
(C) The net aggregate Profit / (Loss) of the subsidiary company so far as it concerns the members of ALSTOM Projects India Limited		
a) Not dealt with in the accounts of the Holding Company		
(i) for the financial year of the subsidiary	Rs. 32,038 Thousand	Rs. (8) Thousand
(ii) for the previous financial years of the subsidiary	Rs. (77,497) Thousand	Rs. (70) Thousand
b) Dealt with in the accounts of the Holding Company		
(i) for the financial year of the subsidiary	NIL	NIL
(ii) for the previous financial years of the subsidiary	NIL	NIL

\* Equity Shares of Rs. 100 each.

\*\* Equity Shares of Rs. 2 each.

For and on behalf of the Board of Directors.

Emmanuel Colombier  
Vice Chairman & Managing Director

Mrs. Naina R. Desai  
Whole Time Director & Company Secretary

Place : Gurgaon  
Date : April 29, 2008



Subsiri 8 x 25 MW - Stator Frame Fabrication of 14 Meter Diameter at Vadodara Workshop



Waldrich CNC Plano Milling Machine (with 5 Axis Head) at Vadodara Workshop



Panel under Fabrication at Durgapur Workshop



Grinding Ring of Coal Mill at Shahabad Workshop



NLC LP Rotor Lacing Wire Bridge Welding at Power Service Workshop at Vadodara



GT - 26 Model Display at PowerGen 2008



Participants from Training Programs organized by Alstom University

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**ALSTOM**