

Ensuring Environmental Sustainability

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Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Board of Directors



Mr. Anil Kumar Sethi
Chairman



Mr. Subhash Chand Sethi
Vice Chairman &
Managing Director



Mr. Sushil Kumar Sethi
Managing Director



Mr. Deepak Sethi
Director



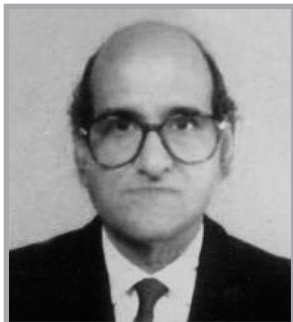
Mr. Sarthak Behuria
Director



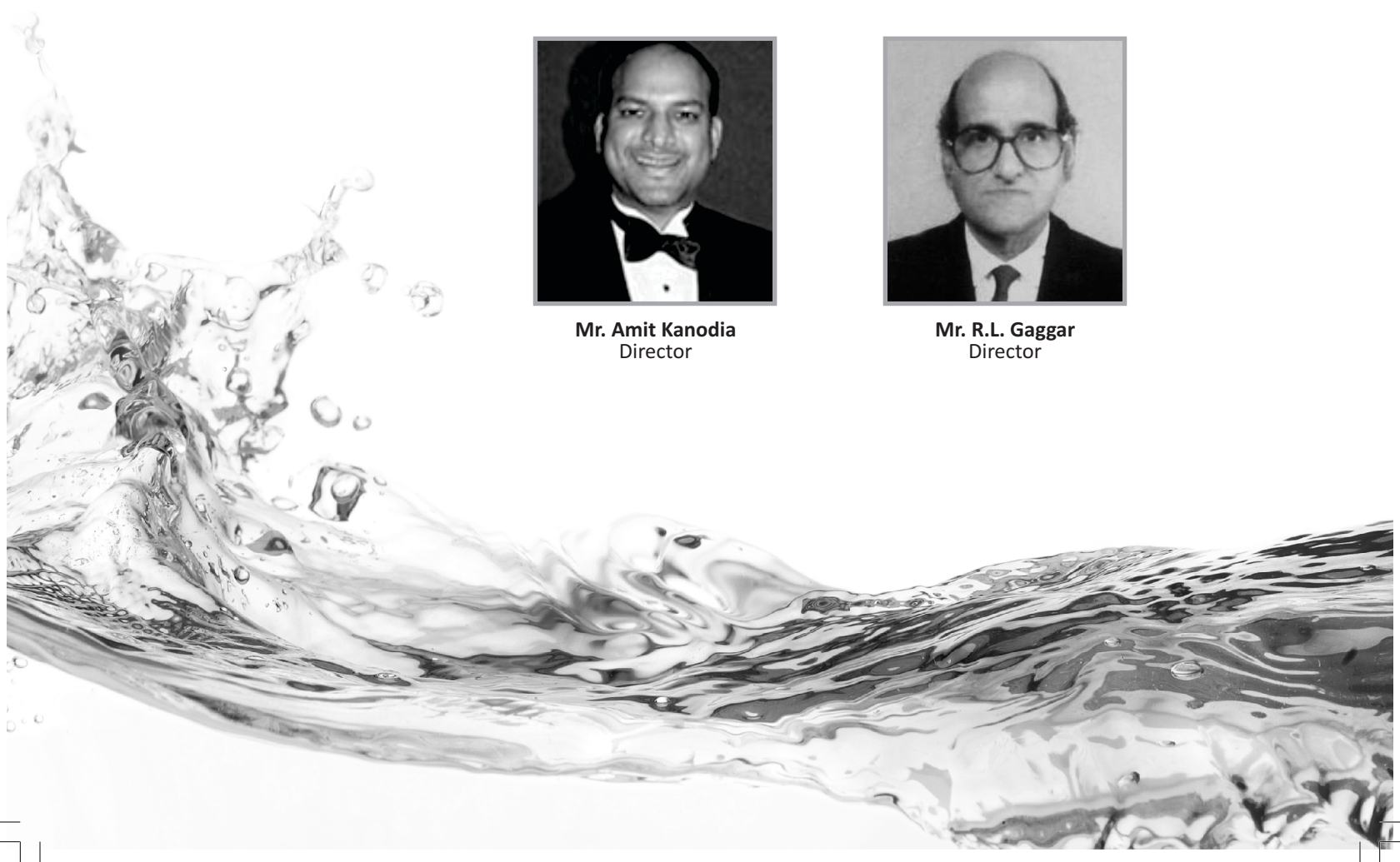
Mr. T.S. Siva Shankar
Director



Mr. Amit Kanodia
Director



Mr. R.L. Gaggar
Director





Chairman's Message

Dear Stakeholders,

The strong level of economic growth achieved in India in recent years has led to an expansion of industry, commerce and per-capita income, which, in turn, have fuelled the demand for infrastructure services.

Over the past few years, the infrastructure sector in India has undergone a revolutionary shift. The government has played a pivotal role in making Indian infrastructure sector an attractive investment destination for both domestic and foreign players. Steps taken by the government such as - opening up the sector to private players, liberalizing foreign investment norms and huge spending on Infrastructure projects have given a stupendous impetus to the sector in the past few years.

The private sector has responded to this shift in economic perspective with a great deal of excitement and alacrity as is evident from its growing participation in the entire spectrum of infrastructure projects, be it roads, ports, airports, urban utilities and transport systems or power.

I am proud to report that since our inception, our company has come a long way to become one of the largest infrastructure companies in India. Many years of dedication and sweat have contributed to this fruitful yet exhilarating journey. Over the years, we have created significant shareholder value and our progress has touched the lives of millions of people across the country, helping to improve the quality of

life; be it provision of drinking water, improved sewerage facilities, better municipal solid waste management, building state roads and toll roads and lighting up millions of homes.

Today, I truly believe that SPML is at the cutting edge of the infrastructure industry providing the much needed "bottom of the pyramid" infrastructure services for urban water supply and scientific waste management across the country without which the collective dreams of "Incredible India" and "India Shining" will, in my mind, quite simply remain dreams.

Our long term relationships built since the early 80s with urban local bodies and municipal utilities across the nation are providing opportunities for us to add value to the daily lives of Indian citizens that creates delight in my heart and within the hearts of every individual in this organization.

There were challenges galore in 2010-11. These include slower-than-expected order book growth and pricing pressures in the construction business. Yet, we not only achieved most of our financial and business targets for the year but also proactively invested in enterprise-wide actions to expand our capacities and improve our competitiveness.

It gives me immense pleasure to share with you, that 2010 marks SPML's foray into the membrane desalination space and we are pleased to announce our alliance with Aqualyng, a global leader in the international desalination market. SPML's JV with Aqualyng would go a long way to address the scarcity of fresh water in coastal regions of our country, both for industrial and drinking purposes.

We are at the threshold of an exciting journey that will take us to even greater heights. I seek your continued support in this mission.

I must acknowledge the efforts of all who catalysed our growth- our clients, employees, partners, bankers, suppliers, associates and community members. I must assure them that the Company will continue to practice what it has always done, deliver values for all those who depends on us, work with us and invest in us.

As one of India's oldest infrastructure companies with a visionary journey that has spanned over three decades and as we continue to grow with sustained vigor and purpose, we have always believed that patriotism reflects itself in our daily labor and its impact on the trajectory of our great nation. It is for this reason that we at SPML take our legacy providing mission critical water, power and transportation infrastructure to this nation, very seriously.

Sincerely,

Anil Kumar Sethi

Chairman

SPML Infra Limited

Corporation Information

Mr. B. N. Choudhary

President (Finance) & Company Secretary

Head Office:

SPML House, Plot No.65, Sector-32, Institutional Area, Gurgaon-122001, Haryana
Tel: +91-124-420460, Fax : +91-124-4269139

Registered Office:

F-27/2, Okhla Industrial Area, Phase-II, New Delhi-110020
Tel: +91-11-26387091, Fax : +91-11-26386003

Regional Office:

Bangalore
Mfar Silverline Tech Park, 2nd Floor, Plot No.180, EPIP II Phase, whitefield,
Bangalore-560066, Tel: +91-80-40520200, Fax : +91-80-40956701

Kolkata
22, Camac Street, Block-A, 3rd Floor, Kolkata - 700016
Tel: +91-33-40091200, Fax: +91-33-40091303

Mumbai
206, Marthanda Building, Dr. A. B. Road, Worli Naka, Mumbai - 400018
Tel: +91-22-24944537, Fax : +91-22-24944536

Bankers:

- | | |
|-----------------------------|----------------------------------|
| • Andhra Bank | • State Bank of Travancore |
| • Bank of Baroda | • State Bank of Hyderabad |
| • Canara Bank | • State Bank of Mysore |
| • IDBI Bank | • State Bank of Bikaner & Jaipur |
| • ICICI Bank | • Syndicate Bank |
| • Oriental Bank of Commerce | • Union Bank of India |
| • Punjab National Bank | • Yes Bank Ltd. |
| • State Bank of India | |

Auditors:

S. R. Batliboi & Co.

Chartered Accountants
22, Camac Street, Block C, 3rd Floor, Kolkata – 700 016

Sunil Kumar Gupta & Co.

Chartered Accountants
B-2, Magnum House-I, Karampura Commercial Complex, New Delhi – 110 015

Registrar & Share Transfer Agents

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

Directors’ Report

Dear Shareholders,

Your Directors present their 30th Annual Report on your Company’s operations and performance together with the audited statement of accounts for the year ended 31st March 2011.

Financial Results

The performance of the Company for the financial year ended March 31, 2011 is summarized below:

Particulars	For the year ended 31.03.2011		For the year ended 31.03.2010	
Gross Operating Revenue & Others Income		123944.63		141373.37
Profit before Interest, Depreciation and Taxes		13347.17		16608.04
Less: Interest and Financial Charges		9084.28		9969.59
Less: Depreciation		1173.35		1109.78
Profit Before Tax		3089.54		5528.67
Provision for Taxation	601.63		737.00	
Fringe Benefit Tax	0.01		(39.56)	
Provision for Deferred Tax	(395.40)		(354.00)	
Profit After Tax		2883.30		5185.23
Add: Balance brought forward from previous year		18297.30		14453.97
Profit available for Appropriation		21180.60		19639.20
Appropriations:				
Proposed Dividend	183.25		293.20	
Tax on Distributed Profits	30.44	213.69	48.70	341.90
Transfer to General Reserve		500.00		1000.00
Surplus carried to Balance Sheet		20466.91		18297.30
Total:		21180.60		19639.20

Operating Results

Your company achieved a turnover of Rs. 1219.65 Crores as against Rs. 1400.32 Crores achieved in the previous year. The company earned a gross profit of Rs. 133.47 Crores before interest and depreciation as against Rs. 166.08 Crores in the previous year. After deducting interest of Rs. 90.84 Crores, providing a sum of Rs. 11.73 Crores towards depreciation, tax provision of Rs. 2.06 Crores, the operations resulted in a net profit of Rs. 28.83 Crores as against Rs. 51.85 Crores in the previous year.

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

Dividend

Your Directors have recommended a dividend of 25% (previous year 40%) on 36650276 Equity Shares of Rs. 2/- each for the financial year ended March 31, 2011. The total dividend, including tax, amounts to Rs. 213.69 Lakhs as against Rs. 341.90 Lakhs during the previous year.

The dividend payout for the year under review has been formulated in accordance with the Company’s policy of striving to pay stable dividend linked to long term performance and growth plans.

Subsidiary Companies

Your Company has the following Subsidiary Companies:

- | | |
|---|--|
| 1. Neogal Power Company Private Ltd. | 13. SPML Technologies Limited |
| 2. Awa Power Company Private Ltd. | 14. SPML Infrastructure Limited |
| 3. Luni Power Company Private Ltd. | 15. SPM Holdings Pte. Limited, Singapore |
| 4. IQU Power Company Private Ltd. | 16. Madurai Municipal Waste Processing Co. Pvt. Ltd. |
| 5. Binwa Power Company Private Ltd. | 17. SPML Urban Enviro Limited |
| 6. Tons Valley Power Company Private Ltd. | 18. SPML Utilities Limited |
| 7. Rupin Tons Power Private Ltd. | 19. SPML Bhiwandi Water Supply Infra Ltd. |
| 8. Uttarkashi Tons Hydro Power Private Ltd. | 20. SPML Bhiwandi Water Supply Management Limited |
| 9. SPML Energy Limited | 21. Mathura Nagar Waste Processing Co. Pvt. Ltd. |
| 10. Subhash Kabini Power Corporation Ltd. | 22. Allahabad Waste Processing Co. Pvt. Ltd. |
| 11. Delhi Waste Management Ltd. | 23. Bhilwara Jaipur Toll Road Pvt. Limited |
| 12. SPML Industries Limited | 24. PT Sanmati Natural Resources |

Companies under Serial Nos. 1 to 5 are engaged in development of 4.5 MW Hydro Power Projects each, under Build Own Operate and Transfer (BOOT) basis, in the state of Himachal Pradesh. Out of these projects under items 1 to 3, are scheduled to be commissioned in phases by March, 2012 and M/S Binwa Power Company Private Limited is stated to be commissioned in March, 2013. M/S IQU Power Company Private Ltd. commenced generation of power from February, 2011.

Companies under Serial Nos. 6 to 8 are into development and management of mini-hydel power generation projects (aggregate capacity of 42MW) under Build, Own, Operate (BOO) & Design, Construction, Operation (DCO) basis, in the state of Uttarakhand awaiting requisite approvals from the Government and Statutory Authorities.

SPML Energy Limited has engaged in managing and executing high value projects under Public Private Partnership (PPP) & Build Own Operate Trasfer (BOOT) basis. This company leads the activities of developing, constructing and managing Hydro Power projects in various states across India.

Company under Serial No. 10 leads the development and management of Kabini Hydro Power Project; the second largest private sector mini hydel scheme in Karnataka, with an aggregate capacity of 20 MW and annual generation of approx. 65 MU.

Delhi Waste Management Limited is engaged in collection, segregation and disposal of Waste from South, Central and City Zones of Delhi.

SPML Industries Limited is into manufacturing of pre stressed concrete pipes.

SPML Technologies Limited is into providing business solutions to utility companies.

SPML Infrastructure Limited is engaged in undertaking Port, SEZ and other infrastructure projects.

SPM Holdings Pte Limited, Singapore is a step down subsidiary (subsidiary of Subhash Kabini Power Corporation Limited) and is in the business of general wholesale trade (including imports & exports).

Madurai Municipal Waste Processing Company Private Limited is into processing and disposal of solid waste for Madurai Municipal Corporation.

SPML Urban Enviro Limited at present is into collection, segregation and disposal of Waste from Airports of Delhi and Hyderabad.

SPML Utilities Limited has invested into shares of Water Utility Projects undertaken on Private Public Partnership (PPP) and Build-Own-Operate-Transfer (BOOT) basis.

Company under Serial No. 19 leads the integrated bulk water supply project for Bhiwandi–Nizampur City Municipal Corporation under PPP Scheme.

Company under Serial No. 20 leads the water management for Bhiwandi-Nizampur Municipal Corporation under PPP scheme.

Companies under Serial No. 21 & 22 are engaged into collection, processing and disposal of Waste from Mathura & Allahabad Cities.

Company under Serial No. 23 is developing a road projects on toll basis linking Jaipur and Bhilwara.

Company under Serial No. 24 is a subsidiary of SPM Holdings Pte Ltd. and it has invested into shares of PT Bina Insan Sukses Mandiri, a Mining Company in Indonesia.

In pursuance of General Circular issued by Ministry of Corporate Affairs, granting general exemption under section 212(8) for attaching subsidiaries' financial statements, the Board of Directors of the Company had consented for not attaching the annual accounts of the subsidiaries. The annual accounts of the Subsidiary Companies and other related detailed information shall be made available to shareholders of the holding & subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection of shareholders in the head office of the holding company.

A statement pursuant to Section 212 (8) of the Companies Act, 1956, containing the details of the subsidiaries of the Company forms part of the Annual Report.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in associates, your Directors provide the audited Consolidated Financial Statements for the financial year ended 31st March, 2011 forming part of the Annual Report and Accounts.

Directors

Shri Kalidas Mukhopadhyay & Shri A. Bhattacharjee resigned from the Board/Committee of Directors w.e.f 08.02.2011 and 05.02.2011 respectively. Shri S.S.Kohli was appointed as an Additional Director w.e.f 09.02.2011 and he resigned from the Board/ Committee of Directors on 25th July, 2011.

Shri Amit Kanodia were appointed as Additional Director of the Company w.e.f 09.02.2011 and his appointment will be regularized in the ensuing Annual General Meeting of the Company.

Shri R. L. Gaggar retires by rotation and being eligible, offers himself for reappointment at the ensuing annual General Meeting.

Auditors and Auditors' Report

The joint statutory auditors of the Company, M/s. S. R. Batliboi & Company, Chartered Accountants and M/s. Sunil Kr. Gupta & Company, Chartered Accountants, retire at the conclusion of the 30th Annual General Meeting and being eligible have offered themselves for reappointment to hold office from the conclusion of the 30th Annual General Meeting upto the conclusion of the 31st Annual General Meeting.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

Deposits

During the year under review the Company has not accepted any public deposits.

Particulars of Energy Conservation, etc.

Your Company is not covered by schedule, which requires furnishing of details in Form A & B as per the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1968.

Foreign Exchange Earnings and Outgo

The information is contained in Schedule 20B Item Nos.12 & 13 in Significant Accounting Policies and Notes on Accounts.

Particulars of Employees

Details in respect of remuneration paid to the employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of the Report. However, in pursuance of the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the members of the Company excluding the aforesaid information and the said details are made available at the registered office of the Company. The members interested in obtaining such details may write to the Company Secretary at the registered office of the Company.

Employee Stock Option Scheme (ESOS)

No options were granted during the financial year ended 31st March, 2011.

Quality Management System

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

Transfer of Unpaid/Unclaimed amounts to IEPF

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid/unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

Corporate Governance

In pursuance of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of the Shareholders. A certificate from the auditors of the company regarding compliance of the condition of Corporate Governance as stipulated under the said Clause 49 also forms part of the Annual Report.

Employees Relations

The relations with the Employees have been cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the Employees of the Company at all levels.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in preparation of the annual accounts, the applicable accounting standards have been duly followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a 'going concern' basis.

Acknowledgement

Your Directors wish to place on record their sincere appreciation and thanks for the valuable cooperation and support received from the Company's Bankers, Financial Institutions, Central and State Government Authorities, Joint Venture Partners, Clients, Consultants, Suppliers and Members of the Company and look forward for the same in greater measure in the coming years.

On behalf of the Board

Place : Gurgaon
Date : August 12, 2011

Anil Kumar Sethi
Chairman

Management Discussion & Analysis

Economic and Business Overview

India's GDP grew by 8.50% in 2010-11 compared to 7.40% in the preceding fiscal, which is commendable in comparison to other countries. For 2011-12 the growth is pegged at 9.40%.

The Indian construction industry grew by 8.80% in the last fiscal against 6.50% in 2009-10. The construction sector is set to grow at a 35 per cent.

Results of Operations

Income from Operations

During the year under review, the Company has achieved a turnover of Rs. 1219.65 Crores, registering a fall of 13% over last year's turnover of Rs. 1400.31 Crores. During the year, the Company focused on completing old projects and was cautious in obtaining new low margin contracts, which led to reduction in turnover.

Profit before Interest, Depreciation & Tax (PBDIT)

The PBDIT of the Company for the year under review works out to Rs. 133.47 Crores as against Rs. 166.08 Crores in 2009-10. This is mainly due to reduction in turnover and no decrease in Overheads.

Profit After Tax

The Company's operations during the year under review have resulted in a net profit of Rs. 28.83 Crores as against Rs. 51.85 Crores in 2009-10. The decline in net profit is due to decrease in turnover, competitive pricing pressure, volatile commodity prices and also pressure on margin on projects nearing completion.

Direct Cost

The direct cost for the year under review works out to 80.73 % of the turnover as against 80.70% last year.

Overheads

Overheads, comprising salaries and administrative expenses, work out to Rs. 120.62 Crores for the last year under review as against Rs. 115.72 Crores in the previous year.

Interest and Finance Cost

During the year under review, there was a decrease in the Interest and Finance cost from Rs. 99.70 Crores to Rs. 90.84 Crores, mainly on account of decrease in bank charges and better cash management.

Depreciation

Depreciation for the year was Rs. 11.73 Crores as against Rs. 11.09 Crores in the previous year.

Provision for Taxation

The Company provided for net Income Tax of Rs. 2.06 crores during the year.

Dividend

The Board of Directors have recommended a dividend of 25% (previous year 40%) and the total payout works out to Rs 183.25 Lacs (previous year Rs 293.20 Lacs).

Financial Condition

Reserves & Surplus

The Reserves & Surplus of the Company has increased to Rs. 425.54 Crores as on 31st March 2011 from Rs. 398.76 Crores at the end of the previous year.