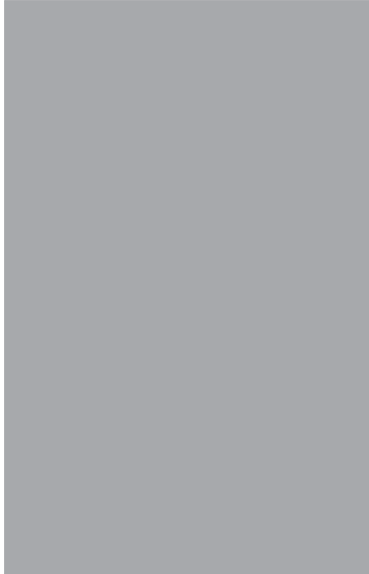


Passion for delivering world-class infrastructure solutions

ANNUAL REPORT
2011 - 12





**To defend and improve the human environment
for present and future generations
has become an imperative goal for mankind.**

Sustainable development is the need of the present without compromising the ability of future generations to meet their own needs.

Sustainable development must not endanger the natural systems that support life on Earth: the atmosphere, the water, the soil, and the living beings.

In essence, sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technical development; and the institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations.

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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. Subhash Chand Sethi
Chairman



Mr. Sushil Kumar Sethi
Managing Director



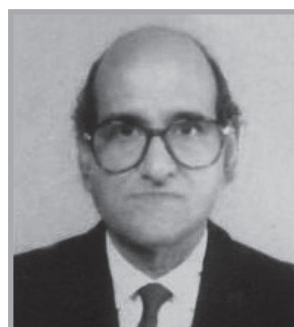
Mr. Deepak Sethi
Director



Mr. Sarthak Behuria
Director



Mr. Amit Kanodia
Director



Mr. R.L. Gaggar
Director



Mr. K. B. Dubey
Director



Mr. Ajay Tandon
Director



Chairman's Message

The current economic situation is a matter of grave concern in India but we are confident that we will sail through this tough time again as we did it in 1991 and in 2008 when the great recession engulfed the entire world. India has been the second-fastest growing economy in the world and set to grow at a faster pace than the Chinese economy. This is expected to result in continued demand for quality services and will herald the revival of investor and consumer sentiment.

India's infrastructure has been improving steadily over recent years and foreign investors becoming increasingly keen to invest in the sector. The High Powered Expert Committee (HPEC) set up by the Government of India have projected large investment requirements for providing public services to specified norms and also supporting the growth process. It is estimated that India will see a high level of urbanization and the country's urban population will reach close to 600 million by 2031.

Government strategy to increase investment in infrastructure through a combination of public investment and public private partnerships indicates an increased thrust in the sector. 27% increase in the budget allocation for infrastructure development for rural drinking water and sanitation is a welcome move. Various financing measures being taken to boost infrastructure financing and private sector participation has been positive.

SPML has come a long way in its journey to become one of the largest and most admired infrastructure development companies in India. Decades of organizational dedication have created significant value with the provision of safe drinking water, improved sewerage facilities, better municipal solid waste management, building roads and highways and lighting up homes to improve the quality of life for the people of India. Nothing is more important than delivering on our mission and last year was a landmark year for our company, during which we successfully completed a number of projects.

We have been developing infrastructure for drinking water supply and wastewater treatment in different states of India and I am delighted to inform you that SPML has received prestigious orders from Delhi and Rajasthan worth over Rs. 1000 Crore to deliver services at the cutting edge of water reform. The two orders from Delhi Jal Board are for improvement in water distribution networks in India's capital city in the South Delhi neighborhood of Malviya Nagar, Mehrauli and Vasant Vihar. The PHED Ajmer order are for infrastructure development for water supply for Nagaur city in Rajasthan and for the long term operations & maintenance of the scheme. These new wins are a testimony to our capabilities in executing water projects and the trust, our clients has placed in us. With proven domain expertise of over three decades, we are proud to be a preferred partner for utilities and water reform agencies across the country.

I am also pleased to share with you that SPML has continued to be recognized as a thought leader and have received a number of prestigious awards- KPMG Infrastructure Today Awards 2011 for Most Admired Infrastructure Company in Water and Urban Infrastructure; Infrastructure Excellence Award 2012 for Water & Sanitation by CNBC TV 18 and Construction Week India Award 2012 for Water Project of the Year. Our company has also received good media attention and a number of articles on our achievements and project management were published in leading national and international publications. You will be happy to know that SPML was invited to share its experience in water management in India at the prestigious international water summit, Singapore International Water Week.

SPML's foray into the reverse osmosis process for desalination of water with an alliance with Aqualyng, a global leader in the international desalination market has added a new service to our business. Unequal water distribution exists within our country and with decreasing fresh water sources; desalination is seen as the alternative for meeting temporary & long term water supply needs. 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.

Growth in the environmental sector is essential to the economic future of India. We are spreading our wings in this domain across the length and breadth of our country and building great customer relationships with most of the utilities in all the states. We have always believed that building strong leaders is a strategic imperative. We are developing people as guardians of SPML's culture, champions of our legacy, and protectors of our reputation.

It was a great loss for all of us that our guiding light, my father and Chairman Emeritus, Shri P C Sethi ji left for heavenly abode on 19th August 2012. He inspired us to strive for excellence in all things we do. Nothing is more important than delivering on our mission, superior project management, innovation, quality and commitment. He has established those values and beliefs — simple words, but strong in how they guide us in nation building with world class infrastructure.

I'm excited about what the future holds for SPML as we deliver on our mission. There are many blessings that my father left for all of us, including our values and culture. I can't help but believe that as we represent SPML's shareholders, these principles will continue to guide us, and we will be even stronger in the years to come.

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

Sincerely,

Subhash Chand 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: +91-124-3944555, Fax : +91-124-3983201

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

Bankers:

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

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 31st Annual Report on your Company's operations and performance together with the audited statement of accounts for the year ended 31st March 2012.

Financial Results

The performance of the Company for the financial year ended March 31, 2012 is summarized below :

(Rs. in Lacs)

Particulars	For the year ended 31.03.2012		For the year ended 31.03.2011	
Gross Operating Revenue & Other Income		92044.33		123495.68
Profit before Interest, Depreciation and Taxes		11824.46		13370.41
Less :- Interest and Financial Charges		10308.06		9107.51
Less :- Depreciation		1050.83		1173.35
Profit Before Tax		465.57		3089.55
Provision for Taxation	286.56		601.63	
Provision for Deferred Tax	(119.78)	166.78	(395.40)	206.24
Profit After Tax		298.79		2883.31
Add : Balance brought forward from previous year		20466.92		18297.30
Profit available for Appropriation		20765.71		21180.61
Appropriations :-				
Proposed Dividend			183.25	
Tax on Distributed Profits			30.44	213.69
Transfer to General Reserve				500.00
Surplus carried to Balance Sheet		20765.71		20466.92

Operating Results

Your company achieved a turnover of Rs.914.18 Crores as against Rs.1222.87 Crores achieved in the previous year. The company earned a gross profit of Rs.118.24 Crores before interest and depreciation as against Rs.133.70 Crores in the previous year. After deducting interest and finance charge of Rs.103.08 Crores, providing a sum of Rs.10.51 Crores towards depreciation, tax provision of Rs.1.67 Crores (Net), the operations resulted in a net profit of Rs.2.99 Crores as against Rs.28.83 Crores in the previous year.

The management Discussion and Analysis Report of the financial condition and Operational Performance of the Company for the year under review, as stipulated under clause 49 of the listing agreement with the Stock Exchanges in India, is presented in a separate section forming part of this Annual Report.

Dividend

In view of inadequacy of profits earned during the year and also requirement of ploughing back of funds in business for long term performance and future growth plans, the Directors do not recommend any dividend for the financial year 2011-12.

Subsidiary Companies

Your Company has the following Subsidiary Companies:

- | | |
|---|---|
| 1. IQU Power Company Private Ltd. | 14. SPM Holdings Pte. Limited |
| 2. Neogal Power Company Private Ltd. | 15. Madurai Municipal Waste Processing Co. (P) Ltd. |
| 3. Awa Power Company Private Ltd. | 16. ADD Urban Enviro Limited. |
| 4. Luni Power Company Private Ltd. | 17. SPML Utilities Limited. |
| 5. Binwa Power Company Private Ltd. | 18. SPML Bhiwandi Water Supply Infra Ltd. |
| 6. Tons Valley Power Company Private Ltd. | 19. SPML Bhiwandi Water Supply Management Limited |
| 7. Rupin Tons Power Private Ltd. | 20. Mathura Nagar Waste Processing Co. Pvt. Ltd. |
| 8. Uttarkashi Tons Hydro Power Private Ltd. | 21. Allahabad Waste Processing Co. Pvt. Ltd. |
| 9. SPML Energy Limited | 22. Bhilwara Jaipur Toll Road Pvt. Limited, |
| 10. Subhash Kabini Power Corporation Ltd | 23. PT Sanmati Natural Resources |
| 11. Delhi Waste Management Ltd. | 24. Mizoram Power Development Corporation Ltd. |
| 12. SPML Industries Limited, | 25. Aurangabad City Water Utility Co. Ltd. |
| 13. SPML Infrastructure Limited, | |

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, project under serial No.1 is in operation. Projects under Serial Nos. 2 to 4 will be commissioned by March, 2013 and project under Serial No. 5 is delayed for want of certain approvals.

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

SPML Energy Limited has invested in the Group Companies engaged in the execution and management of Hydro Power Projects.

Company under Serial No.10 is 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 has ceased manufacturing of pre stressed concrete pipes, looking for new business avenues

SPML Infrastructure Limited has invested in the Group Companies engaged in development of Roads, Ports and other 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.

ADD 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, by the Group.

Company under Serial No. 18 leads the integrated bulk water supply project for Bhiwandi–Nizampur City Municipal Corporation under PPP Scheme.

Company under Serial No. 19 leads the water management for Bhiwandi-Nizampur Municipal Corporation under PPP scheme.

Companies under Serial No. 20 & 21 are engaged into collection, processing and disposal of Waste from Mathura & Allahabad Cities.

Company under Serial No. 22 is developing a road projects on toll basis linking Jaipur and Bhilwara.

Company under Serial No. 23 is a subsidiary of SPM Holdings Pte Ltd. and has invested into shares of PT Bina Insan Sukses Mandiri, a Mining Company in Indonesia.

Company under Serial No.24 is into development of power plant in Mizoram.

Company under Serial No. 25 is into development of water project for Aurangabad City under Public Private Partnership ("PPP")

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, 2012 forming part of the Annual Report and Accounts.

Directors

Mr. Surinder Singh Kohli & Mr. T.S. Siva Shankar resigned from the Board of Directors w.e.f. 25.07.2011 and 30.08.2012 respectively. Mr. Anil Kumar Sethi resigned from the office of the Chairman and Directorship w.e.f. 29.05.2012. The Board acknowledges and places on record its deep appreciation for the contribution made by Mr. Anil Kumar Sethi as a Director and Chairman of the Company, Mr. Surinder Singh Kohli and Mr. T.S. Siva Shankar as Directors of the Company. Mr. Sarthak Behuria and Mr. Deepak Sethi retire by rotation and being eligible, offer themselves for re-election. The Board has recommended their re-election.

Mr. Kailash Bihari Dubey & Mr. Ajay Tandon were appointed as Additional Directors of the Company w.e.f. 07.08.2012 and 30.08.2012 respectively and their appointments will be regularized in the ensuing Annual General Meeting of the Company.

Auditors and Auditors' Report

The joint statutory auditors of the Company, M/s. S. R. Batliboi & Co, Chartered Accountants and M/s. Sunil Kumar Gupta & Co., Chartered Accountants, retire at the conclusion of the 31st Annual General Meeting and being eligible have offered themselves for reappointment to hold office from the conclusion of the 31st Annual General Meeting upto the conclusion of the 32nd 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 item Nos 36 and 37 in Notes to 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, 2012.

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 30, 2012

Subhash Ch. Sethi
Chairman