

Making human life comfortable
with world class infrastructure



Annual Report 2012-13





**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



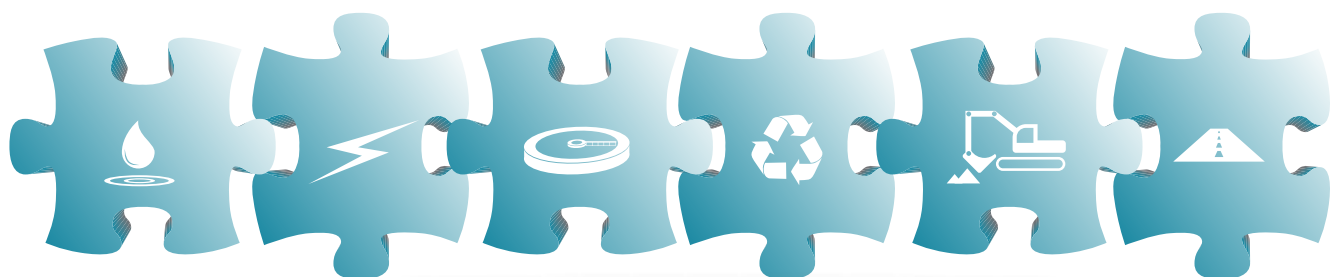
Mr. R.L. Gaggar
Director



Mr. K. B. Dubey
Director



Mr. Ajay Tandon
Director



Chairman's Message

I am pleased to inform you that during the year 2012-13 we accomplished better results and our winning streak of new orders continued. This year we focused on effecting organizational change that can deliver the required growth to meet our aspiration in making SPML as one of the most preferred infrastructure developer in the country.

I am happy to inform you that despite slow market conditions, we managed a healthy growth and company's overall turnover increased by 23% and profit after tax increased by almost 300% as compared to last year. We expect this trend will continue in current financial year as well. With the economic reforms and moderate pace of growth in the country, SPML is ideally positioned through its water, power and environment sectors to meet the infrastructure requirements of rapidly growing cities and urban areas.

During the year, we completed and commissioned a number of projects which is going to provide millions of people with drinking water facility and illuminating their lives with power connections at their homes. Despite challenges, the SPML team is working very hard to ensure timely completion of all the ongoing projects to build state of the art infrastructure facilities. Certainly this would enhance SPML's market positioning and generate good returns for the shareholders. This year we have also entered into a number of joint venture agreements with renowned water companies from the world to provide best-in-class services to our clients and to be a preferred partner for utilities across the country.

I am very happy to inform you that the year was especially good for our company as we received large orders from the states of Delhi, Rajasthan, Bihar and Karnataka among others. We ventured into two new segments; installation of consumer and bulk water meters in Delhi and a project for power distribution in Bhagalpur, Bihar. These new businesses have opened new avenues and we are hopeful that we will be able to secure more such projects in future. The order book position for our company crossed the mark of Rs. 4000 Crore with the contribution of new orders worth over Rs. 2200 Crore during the year. The new orders are an authentication of our capabilities in executing large projects with quality and consistency and the trust, our esteemed clients' places on us.

Our performance has continued to be recognized by the media and a large number of interviews and media stories were published about our projects in national and international publications. SPML being a thought leader has been invited to speak at various national and international forums and conferences. SPML has been on the forefront in number of policy deliberations and committees constituted by different ministries of Govt. of India and also chairing various expert committees set up by leading industry associations at national and state levels.

I am also pleased to inform you that our efforts towards nation building has been recognized and several esteemed awards such as Infrastructure Excellence Awards and Construction Week India Awards were received by the company during the year. These awards give us much needed morale boosting to continue doing the excellent work.

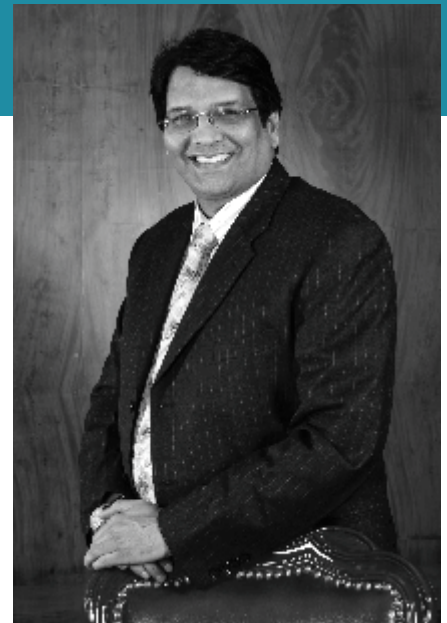
We perceive Corporate Social Responsibility (CSR) as a very important part of our business. Our approach has been to make enduring social impact through programs that build sustainability. We have created a comprehensive and integrated network to provide effective healthcare and eye care facilities to rural and economically deprived community at all our project areas and beyond. We are also supporting education and environmental initiatives that can raise the awareness level and teaching standards in rural schools.

SPML believes in fairness, transparency, professionalism, accountability and decency in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive scenario. With strong legacy of ethical governance practices, we followed the fundamental ideologies of Trust, Value and Service. The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on constantly improving on these aspects.

In conclusion, I would like to place my appreciation to board members, the management, our shareholders, bankers, lenders, partners, suppliers, associates and especially our dedicated employees for their consistent support and commitment as well as our esteemed clients for their confidence in us.

Sincerely,

Subhash Chand Sethi
Chairman
SPML Infra Limited



Corporate Information

Mr. Lalit Khetan

Chief Financial Officer

Mr. Ravi Prakash Mundhra

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

8/2, Ulsoor Road, Bangalore-560042

Tel: +91-80-39445555, 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. LLP

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 32nd Annual Report on your Company's operations and performance together with the audited statement of accounts for the year ended 31st March 2013.

Financial Results

The performance of the Company for the financial year ended March 31, 2013 is summarized below:

(Rs. in Lacs)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
Gross Operating Revenue & Others Income		113016.05		92044.33
Profit before Interest, Depreciation and Taxes		15417.34		11824.46
Less :- Finance Cost	13394.25		10308.06	
Less :- Depreciation	1055.44		1050.83	
Profit Before Tax		967.65		465.57
Tax Expenses				
- Current tax(MAT entitlement)	271.32		286.56	
- Deferred Tax	(478.97)		(119.78)	
Profit After Tax		1175.30		298.79
Add : Balance brought forward from previous year		20765.71		20466.92
Surplus carried to Balance Sheet		21941.01		20765.71

Business

During the year under review, your company's turnover was Rs. 1094.36 Crores as against Rs.905.87 Crores achieved in the previous year, recording a growth of 20.8%. Earnings Before interest, depreciation, tax & appropriations (EBITA) amounted to Rs. 154.17 Crores as against Rs. 118.24 Crores in the previous year. Net profit for the year was Rs. 11.75 Crores as against Rs.2.99 Crores clocked in the previous year, recording a growth of 292.97%.

Management Discussion and Analysis:

Management Discussion and Analysis Report on 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 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, your Directors do not recommend any dividend for the financial year 2012-13.

Capital Expenditure

During the year under review, the Company has made additions of Rs. 10.56 Crores to its Fixed Assets consisting of tangible assets.

Consolidated Financial Statements

Your Company has prepared Consolidated Financial Statements in accordance with Accounting Standards AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India. The Consolidated Statements reflects the results of the Company and that of its Subsidiaries, Joint Ventures and Associates.

As required by Clause 32 of the Listing Agreement with the Stock Exchanges in India, where the shares of the Company are listed, the Audited Consolidated Financial Statements together with the Auditors Report thereon are annexed and forms part of this Annual Report.

Subsidiary Companies

Your Company has 25 subsidiaries (including 8 step down subsidiaries) as on March 31, 2013. The major subsidiaries of the Company are into urban and rural infrastructural development, water treatment and transmission projects, municipal solid waste management, power projects etc.

During the year under review, Your Company has acquired/sold equity shares in subsidiary companies. Your Company has added 2 new step down subsidiaries by way of acquisition of shares in these companies by Delhi Waste Management Ltd, a subsidiary of your Company. These are SJA Developers Private Limited and Synergy Promoters Private Limited.

SPML Bhiwandi Water Supply Infra Ltd and SPML Bhiwandi Water Supply Management Ltd ceased to be the subsidiaries of your Company and have become associates of the Company consequent upon sale of part of shares held by the Company.

In pursuance of General Circular no. 2/2011 dated 8th of February, 2011 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 Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies. However, a statement of summarized financials of all Subsidiaries of your Company as required under Section 212 (8) of the Companies Act, 1956 including capital, reserves, total assets, total liabilities, details of investment, turnover, profit before and after taxation, provision for taxation and proposed dividend pursuant to the General Circular issued by Ministry of Corporate Affairs, forms part of this Report. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any Member of the Company as well as shareholder of the Subsidiary Companies who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company and also at the Registered Office of the Subsidiary Companies concerned on any working day during business hours.

Directors

Mr. R. L. Gaggar and Mr. Amit Kanodia retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board has recommends their re-election.

Auditors and Auditors' Report

The joint statutory auditors of the Company, M/s. S. R. Batliboi & Company LLP, Chartered Accountants and M/s. Sunil Kr. Gupta & Company, Chartered Accountants, retire at the conclusion of the 32nd Annual General Meeting and being eligible have offered themselves for reappointment to hold office from the conclusion of the 32nd Annual General Meeting upto the conclusion of the 33rd Annual General Meeting. The Company has received letters from both of them to the effect that their proposed appointment, if made, would be within the limits specified under section 224 (1B) of the Companies Act, 1956.

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 neither accepted nor renewed any public deposits under the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of Energy Conservation, technology Absorption and Foreign Exchange Earnings and Outgo

The Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 are provided as Annexure to this report.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011 as amended, the names and other particulars of the employees are set out in this report. However, in pursuance of the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars 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, 2013.

Quality Management System

The Company has maintained strict Quality Management System in all aspects of EPC Contracts and is ISO 9001:2008 certified.

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, for the year ended 31st March 2013 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.

Reconciliation of Share Capital Audit

As per SEBI requirement, Reconciliation of Share Capital Audit is being carried out at specific periodicity by a Practising Company Secretary. The findings of the audit have been satisfactory.

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 14, 2013

Subhash Chand Sethi
Chairman

Annexure to Directors' Report

Additional information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

In Infrastructure industry, most of the equipments are powered by either electrical motor or by fuel oil powered engines. Since most of the work is carried out in remote locations and is subjected to harsh environmental conditions, the rate of depreciation and abnormal wear and tear is very high. The scope of energy efficiency in our industry will be energy conservation through well planned actions such as quality preventive maintenance, machinery upgradation, modernization and introduction of sophisticated control system.

The Company is using modern fuel efficient machinery, wherever possible, which consumes less time to do a work thereby reducing i) Electric energy & ii) Fuel Oil consumption. The Company has formalized strategies to reduce idle running of machinery, thereby reducing wastage of energy and Fuel Oil consumption.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

The Management of the Company continuously upgrades and/or replaces old machinery with new fuel efficient machinery as and when required.

c) Impact of the measures (a) and (b) for reduction of energy consumption and consequent impact on the cost of production:

The company has been able to reduce electrical energy and fuel oil consumption. Though it is not possible to quantify the impact, the measures are expected to result in considerable savings.

d) Total energy consumption and energy consumption as per unit of production as per prescribed Form A of the annexure in respect of industries specified in Schedule thereto:

Not applicable as the Company is not covered under the list of specified industries.

FORM B

[See rule 2]

Form for disclosure of particulars with respect to absorption

A. RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.
2. Benefits derived as a result of the above R & D.
3. Future plan of action.
4. Expenditure on R & D:
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D expenditure as a percentage of total turnover.

R & D is a part of continuous process in the Company.