



## ANNUAL REPORT 2015-16



**Making Human Life Comfortable  
with World Class Infrastructure**

**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', 'believe', 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 materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Reader 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



**Subhash Chand Sethi**  
Chairman



**Sushil Kumar Sethi**  
Managing Director



**Deepak Sethi**  
Director



**Sarthak Behuria**  
Independent Director



**P. S. Rana**  
Independent Director



**Archana Capoor**  
Independent Director



**Dinesh Kumar Goyal**  
Independent Director



**Sushil Kumar Roongta**  
Independent Director



**Rishabh Sethi**  
Executive Director



Water



Power



Infrastructure



Environment

# Chairman's Message

Dear Shareholders,

Indian economy is now on the threshold of a major transformation with positive business sentiments and controlled inflation. Higher spending on infrastructure development, speedy implementation of projects and major policy reform initiatives will further escalate the growth of infrastructure sector. The good monsoon and passage of GST will help the economy maintain its growth trend to reach the GDP of 8%.

The Company sees good business prospect in urban infrastructure sector after the government has initiated several new programs. The ambitious 100 Smart City development, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme for development of infrastructure in 500 towns and cities, Swachh Bharat Mission for clean and affordable sanitation facilities, National Mission for Clean Ganga (NMCG), Roads & Highways development projects, Power and Railway Projects etc with dedicated budgets has contributed to the growth. There have been positive moves on the policy front, in areas related to ease of doing business, promoting start-ups, rationalizing tax structure and administration reforms, opening up more areas for foreign investment, land acquisition reforms, GST bill etc.

The year 2015-16 has been a good year for your Company. As the Indian infrastructure sector recovered, your Company competently positioned itself ahead of the competition and accomplished through a combination of structural improvements, continuing emphasis on our strengths and added thrust in project execution and completion.

Your Company recorded revenues of Rs.1,459 crores; EBITDA of Rs. 215.55 crores with CAGR growth of 64.5%.

The Company received new projects from Madhya Pradesh, Rajasthan, Telangana, Uttar Pradesh and West Bengal worth about Rs. 1200 Crores. The year also saw the commissioning of several projects including the 200 MLD Water Treatment Plant at Surajpura, Rajasthan to enhance the existing treatment capacity from 400 MLD to 600 MLD. With the new treatment plant, water supply to Jaipur city will be increased to cover newly developed colonies and other areas to reduce the city's dependence on existing sources and consequently bring down pressure on the ground water; and two packages of Swarnim Gujarat Water Supply project with laying of 76 kms 2300 & 2400 mm dia of 16 mm thickness MS Pipeline for bulk water transmission with pumping stations. Also commissioned Kalisindh Concrete Gravity Dam in Jhalawar, the biggest concrete dam of Rajasthan executed as per international standards to supply 1200 million cubic feet water to 1200 MW Kalisindh Super Thermal Power Plant for power generation.

The smart city development project in Ujjain is in full swing and we expect to complete it within the time schedule. The main objective of this township is to initiate industrial expansion that will drive manufacturing growth with economic development and employment generation. The urban water supply projects in 6 cities of Karnataka and Delhi is progressing well and we will be able to provide drinking water facilities to almost 2 million people of these cities.

Our indigenously developed Integrated Management Information System (IMIS) has been well received by several water utilities and after implementing this system, the water loss has been considerably reduced and revenue increased significantly with better consumer services in Delhi and Karnataka. In going forward with smart cities development, this integrated system will be immensely helpful for water utilities to reduce water losses (Non-revenue water) and increase their revenue and service standards. We are happy to inform you that the system has won several awards – NetApp Technology Award 2016; CBIP Award 2016 for Optimum and Efficient Utilisation of Water Resources; ASSOCHAM's ICT for Development Award 2015; and NDTV & CISCO's Digitizing India Award 2015 under the category of Smart City Solutions Provider for implementing IMIS among several others.

Your Company has achieved a significant milestone for the third consecutive years to become the only Indian company featured into World's Top 40 Private Water Companies as per Global Water Intelligence, London.

The Company has always accorded highest importance to health & safety in its planning and execution in all projects. A dedicated and qualified team for HSE is provided with support from each project for compliance. The Company also focuses on other aspects that are important for the development, including initiatives in the areas of corporate governance, employee training and enhancement programs, client services etc. The company's expertise is well recognised by industry associations, government agencies and others with representation of officials in national level expert committees and task forces.

I believe your Company has been able to maintain its growth momentum last year. Given the present economic indications and the plans for the future, I am confident that your Company will continue to better its performance in the coming years.

I would like to express our gratitude for your confidence in us. I would also acknowledge the constant support of our board members for their valuable guidance and contribution. I would also like to convey sincere thanks to our esteemed clients, suppliers, bankers, auditors, employees for their continued support and commitment to the company. We remain strongly committed to creating great value with our stakeholders.

Before I conclude, I would like to assure you again that your Company has put appropriate plan, policies and strategies to achieve growth with quality and profitability.

Thank you,

**Subhash Chand Sethi**  
Chairman



## Corporate Information

### Mr. Lalit Khetan

Chief Financial Officer

### Mr. Abhay Raj Singh

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

CIN: L40106DL1981PLC012228

### 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 Ltd            | • 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:

#### Walker Chandiok & Co. LLP

Chartered Accountants

L 41, Connaught Place,

New Delhi - 110001

#### 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 35<sup>th</sup> Annual Report on your Company's operations and performance together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2016.

### Financial Results

The performance of the Company for the financial year ended March 31, 2016 is summarized below:

PARTICULARS	(Rs. In Lacs)	
	For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue from Operations	140,720.65	1,37,698.01
Other Income	5,198.54	6,860.06
Total Income	145,919.19	1,44,558.07
Earnings before Interest, depreciation, tax and amortization (EBIDTA)	21,555.16	20,250.54
Less :- Finance Cost	18,699.52	17,211.61
Less :- Depreciation	1,195.33	1,303.06
Earning before tax (EBT)	1,660.31	1,735.87
Tax Expenses		
- Current tax	354.41	346.94
- Tax for earlier years	-	257.90
- Deferred Tax	-	(247.42)
Profit After Tax	1,305.90	1,378.45
Add: Balance brought forward from previous year	23,588.92	22,422.75
Less: adjustment in depreciation in accordance with Schedule II to the Companies Act, 2013	-	(212.28)
Surplus carried to Balance Sheet	24,894.82	23,588.92

### Performance Review

During the year under review, the operating revenue of your company marginally increased by 2.20% to 1,40,720.85 Lacs as against Rs. 1,37,698.01 Lacs achieved in the previous year. The Earnings before interest, depreciation, tax & amortizations (EBIDTA) increased by 6.44% at Rs. 21,555.50 Lacs as compared to Rs. 20,250.54 Lacs in the previous year while the net profit after tax (PAT) for the year has reduced by 5.23% at Rs. 1,305.90 Lacs as compared to Rs. 1,378.45 Lacs in the previous year, while the marginal decline in the PAT is due to increase in Finance Cost during the year. The operations of the Company continued in a smooth and uninterrupted manner during the course of the year.

### State of Company Affairs

Your company is a leading Infrastructure Company in India, having hands-on experience of implementing and managing more than 600 infrastructure projects across India on an EPC (Engineering, Procurement and Construction), PPP (Public Private Partnership) and BOOT (Build-Own- Operate-Transfer) basis in the segment of Water, wastewater, sanitation, Power, roads & Highways, smart city, IT solutions for Utilities, Operation & Maintenance and engineering services. Your company is a going concern and there is no change in the nature of business being undertaken by the company during the year under review.

Over the past few years, the economy has experienced stiff challenges due to lower growth rate worldwide. However despite global slowdown, the Indian economy has shown greater strength and GDP grew by 7.60% in the year 2015-16 as compared to a growth of 7.2 in the fiscal year 2014-15. With the higher emphasis given to the overall infrastructure development of the Country, being one of the prime agenda of the Government, the Infrastructure Sector shall witness higher growth and is expected to be back on track in the coming years.

The recent initiative taken by the Government places your company in a favorable position and shall create more business opportunities. For more detailed analysis on the affairs of the Company, you may refer to Management Discussion Analysis given separately in this Annual Report.

**Dividend**

To cater to the working capital requirement and to achieve operational efficiency, the Board of Directors express that the profits of the company be retained and ploughed back into the Company and therefore, do not recommend any dividend for the financial year 2015-16.

**Transfer to Reserves**

No amount has been transferred to the General Reserve during the year. The net retained earnings have been kept in the profit and loss account.

**Deposits**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**Consolidated Financial Statements**

The audited consolidated financial statements of the Company for the FY 2015-16 which forms part of the Annual Report 2015-16 have been prepared in pursuant to Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and prepared in accordance with the Accounting Standards AS-21 for consolidation of financial statements, AS-23 for accounting of investments in associates and AS - 27 for financial reporting on interest in joint ventures, prescribed by the Institute of Chartered Accountants of India (ICAI), in this regard.

**Subsidiaries, Joint Ventures and Associate Companies**

The Company has 31 Subsidiaries (including step down and indirect subsidiaries), 11 Joint Ventures and 12 Associate Companies and as on March 31, 2016. There has been no material change in the nature of the business of the subsidiaries. These 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, the following changes have taken place in the Subsidiary, Associates and Joint Ventures:

- Bhilwara Jaipur Toll Road Private Limited converted from associates to subsidiary company.
- Subhash Urja Private Limited was incorporated as wholly owned subsidiary.
- SPML Industries Limited ceases to be subsidiary of the Company.
- ADD Eco Envio Ltd.; ADD Realty Ltd.; Meena Integrated Textile Infra Ltd.; Pondicherry Port Ltd. and ADD Industrial Park (Tamilnadu) Ltd. ceases to be Associates of the Company.
- Company entered into new Joint Ventures namely SPML – OM Metal (Ujjain) JV.
- SPML Gaseb JV., SPML – SEW – AMR JV, and SMS – SPML JV ceases to be the Joint Ventures of the Company.

The detail of subsidiaries, associates and joint ventures of the Company are provided in form MGT-9 attached as Annexure 4 to this report.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the Financial Statements of the Company's subsidiaries in Form AOC-1 is attached to the Financial Statements of the Company.

In accordance to the provisions of section 136 of the Act, the Standalone Financial Statements of the Company, the Consolidated Financial Statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

The annual accounts of these subsidiaries and the related information will be made available to any member of the Company / its subsidiaries seeking such information and are available for inspection by any member of the Company / its subsidiaries at the Registered Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection at the Corporate Offices/ Registered offices of the respective subsidiary companies.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, can be accessed on the Company's corporate website at <http://www.spml.co.in/financials/policies.htm>.



## Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act 2013 and the Articles of Association of the Company, Mr. Subhash Chand Sethi, Chairman Cum Whole time Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The brief details relating to Mr. Subhash Chand Sethi is furnished in the explanatory statement to the notice of the ensuing AGM under the head "Directors Seeking Appointment / Re-appointment at this Annual General Meeting".

On the recommendation of Nomination & Remuneration Committee the Board of Directors at its meeting held on 7th November 2015 has inducted Mr. Sushil Kumar Roongta as Additional Director in the category of Independent Director pursuant to Sections 161 & 149 of the Companies Act, 2013, for a term of 5 consecutive years with effect from 7<sup>th</sup> November 2015 till the 39<sup>th</sup> Annual General Meeting in the Calendar year 2020. According to provisions of Section 161 of the Act, Mr. Sushil Kumar Roongta shall hold the office of Director upto the ensuing Annual General Meeting of the Company. The Board recommends the appointment of Mr. Sushil Kumar Roongta as Independent Director at the ensuing Annual General Meeting for a term of 5 years w.e.f. 7<sup>th</sup> November 2015 till the commencement of 39<sup>th</sup> Annual General Meeting to be held in the Calendar year 2020.

The Company has received requisite notices as prescribed under Section 160 of the Companies Act, 2013 in writing from a member of the Company proposing the appointment of Mr. Sushil Kumar Roongta as Independent Director of the Company. The brief details relating to Mr. Sushil Kumar Roongta is furnished in the explanatory statement to the notice of the ensuing AGM under the head "Directors Seeking Appointment / Re-appointment at this Annual General Meeting".

## Board Diversity

Board of Directors forms one of the pillars of a Corporate Governance Framework. Acting as the agents of shareholders, directors are expected collectively to devise operational and financial strategies for the organization and to monitor the effectiveness of the company's practices, and therefore should be judgmental, responsible and experienced. In order to achieve this, it has always been the endeavor of the Company to have a diverse Board having wide experience and varied industrial expertise. The diversity at Board enhances the quality of the decisions making by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development and Good Corporate Governance. The Board of your Company do have the appropriate expertise and experience, combination of Industry Knowledge and diversity and integrity which is in the best interest of the Company.

The Board of the Company has adopted a policy on Board Diversity framed in accordance with the as per regulation 19(4) & 20(4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which sets out a framework to promote diversity on Company's Board of Directors (the 'Board'). The policy is available on the website of the company at <http://www.spml.co.in/financials/policies.htm>.

## Director's appointment, Remuneration and Evaluation

Considering the requirement of Diversity of the Board, the Nomination and Remuneration Committee of the Directors while recommending the candidature of any individual on the Board of the Company, consider their independent standing in their respective field/profession, make analysis as to how they may effectively contribute to Company's business goals and Policy decisions. The Committee considers ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director and who is not disqualified under Section 164 of the Companies Act, 2013 and rules made thereunder.

Remuneration to Whole-Time Director, Managing Director and Executive Director is governed under relevant provisions of the Companies Act, 2013 and rules made thereunder. Independent Directors are paid sitting fees for attending the meetings of the Board/Committees thereof. The director's remuneration is given in the Corporate Governance Report which forms part of this Annual Report.

Pursuant to the provisions of the Companies Act, 2013 and as per regulation 19(4) & 20(4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an Annual Performance Evaluation of its own performance, Directors individually and that of its Committees. During the year a Separate Meeting of Independent Directors was held to assess the performance of Non-independent Director and the Chairperson of the Company. Further, Board has also carried out an Annual evaluation of Independent Directors. The Performance Evaluation is based on their contribution to Company's objectives and plans, efficient discharge of their responsibilities, participation in Board/Committee meetings, adherence to the Code of Conduct and other relevant parameters.

The board has adopted the Nomination, Remuneration & Performance Evaluation Policy for the directors and key managerial personnel which is available at <http://www.spml.co.in/financials/policies.htm>.

**Familiarization Program for Independent Directors**

In terms of the as per regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is required to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company and other related matters through various programs. The Board has also adopted a Policy for Familiarization programs for independent Directors which is available on the company's website at <http://www.spml.co.in/financials/policies.htm>.

**Number of Meetings of the Board**

During the year under review, the board of the directors of the company met 6 times, including one meeting of Independent Directors, the details of such meetings have been provided in Corporate Governance Report.

**Meeting of Independent Directors**

In term of the requirement of Schedule IV of the Companies Act, 2013 and as per Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company convened their separate meeting on 30<sup>th</sup> March 2016 to review the matters as provided in the aforesaid Schedule and Regulations.

**Directors Responsibility Statements**

In terms of the requirement of Section 134(5) of the Companies Act, 2013 the Board of Directors, based on the framework of internal financial control and audit / review conducted by the internal, statutory, cost and secretarial auditors, the Board of Directors with the concurrence of the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective and hereby confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that we have 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 and loss of the Company for that period;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;
- e) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively; and
- f) that proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively.

**Corporate Social Responsibility**

Apart from achieving its business goals, SPML is committed towards the society in which it operates and achieves growth in a socially responsible way. Our vision is to grow the business whilst reducing the environmental impact of our operations and increasing our positive social impact.

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors:

- (a) Mr. Sarthak Behuria, Chairman
- (b) Mr. P.S. Rana
- (c) Mr. Deepak Sethi

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) or any amendment thereto, indicating the activities to be undertaken by the Company, monitoring the implementation of the CSR policy and recommending the amount to be spent on CSR activities. The Board has adopted the CSR Policy of the Company which is available at <http://www.spml.co.in/financials/policies.htm>.

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company is promoting health care through improved sanitation by constructing of public toilets at various places where the Company has its projects and also making contributing to the projects involved in improving the Infrastructure in the field of health.

The Report on CSR activities is annexed herewith as **Annexure – 1**.