

SMS INFRASTRUCTURE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Auditor's Report

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SMS
INFRASTRUCTURE LIMITED, ITS SUBSIDIARIES, ASSOCIATES AND JOINT
VENTURES**

1. We have audited the attached Consolidated Balance Sheet of SMS Infrastructure Limited ("the Company") and its subsidiaries and jointly controlled entities (collectively referred to as "the Group") as at March 31, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto. The consolidated financial statements include investments in the jointly controlled entities accounted in accordance with Accounting Standards 27 ("Financial Reporting of Interest in Joint Ventures") as notified under the Companies (Accounting Standard) Rules 2006. These financial statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The financial statements of the overseas subsidiary whose financial statements reflect total assets (net) of ₹ 27.43 Crores as at March 31, 2012, total revenue of ₹ 121.24 Crores have been audited by auditors in the foreign country.

(b) The financial statements of the certain subsidiary and jointly controlled entities whose financial statements reflect total assets of ₹ 607.50 Crores as at March 31, 2012, Company's share in revenue of ₹ 119.41 Crores and net cash flows amounting to ₹ 10.41 Crores have been audited by other auditors.



The reports of these auditors have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of these auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 ("Consolidated Financial Statements"), AS 27 ("Financial Reporting of Interests in Joint Ventures") as notified by the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2012;
 - b. in the case of the Consolidated Profit and Loss Account of the Profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement of the Cash Flows of the Group for the year ended on that date.

PLACE : NAGPUR

DATE : 12.09.2012



For C. R. SAGDEO & CO.,
CHARTERED ACCOUNTANTS
Firm Regn No: 108959W

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CA SUMAN BOSE
PARTNER
Membership No-045239

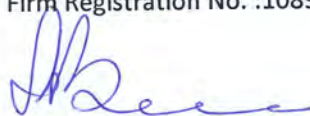
SMS Infrastructure Limited
Consolidated Balance sheet as at 31 March 2012

	Notes	31 March 2012	31 March 2011
		₹(in lacs)	₹(in lacs)
Equity and liabilities			
Shareholder's funds			
Share capital	1	953.71	953.71
Reserves and surplus	2	32,280.60	28,945.28
		<u>33,234.31</u>	<u>29,898.99</u>
Share Application Money Pending Allotment		-	0.10
Minority Interest		462.44	296.90
Non-current liabilities			
Long-term borrowings	3	61,954.34	51,057.78
Other long-term liabilities	5	1,565.18	1,665.13
Long-term provisions	6	259.57	148.88
		<u>63,779.09</u>	<u>52,871.79</u>
Current liabilities			
Short-term borrowings	7	33,676.43	19,276.42
Trade payables	8	4,265.77	4,081.66
Other current liabilities	9	29,928.92	31,421.41
Short-term provisions	10	3,893.74	3,069.47
		<u>71,764.85</u>	<u>57,848.96</u>
TOTAL		<u>169,240.70</u>	<u>140,916.74</u>
Assets			
Goodwill		3,604.20	3,603.55
Non-current assets			
Fixed assets			
Tangible assets	11	36,716.20	30,332.08
Intangible assets	12	4,273.47	355.71
Capital work-in-progress	13	20,729.21	9,493.22
Intangible assets under development		-	-
Non-current investments	14	13,327.79	17,003.03
Deferred tax assets (net)	4	916.41	907.00
Long-term loans and advances	15	18,517.65	16,432.76
Trade receivable	16	1,112.82	1,112.82
Other non-current assets	17	3,275.86	2,376.48
		<u>98,869.42</u>	<u>78,013.11</u>
Current assets			
Current investments		-	-
Inventories	18	29,448.37	27,160.38
Trade receivables	19	15,479.22	13,580.05
Cash and bank balances	20	8,147.45	7,339.42
Short-term loans and advances	21	13,290.41	10,906.67
Other current assets	22	401.64	313.56
		<u>66,767.09</u>	<u>59,300.07</u>
TOTAL		<u>169,240.71</u>	<u>140,916.73</u>
Summary of significant accounting policies	31		

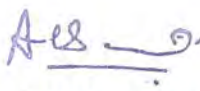
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For C. R. Sagdeo & co.
Chartered Accountants
Firm Registration No. :108959W

For and on behalf of the Board of Directors of
SMS Infrastructure Limited



CA. SUMAN BOSE
PARTNER
Membership No. 045239
Place : Nagpur
Dated : 12/09/2012

ABHAY H. SANCHETI
Chairman



ANAND S. SANCHETI
Managing Director

SMS Infrastructure Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

Notes 31 March 2012 31 March 2011

		₹	₹	
Continuing operations				
Income				
I	Revenue from operations (gross)	23	139,809.57	138,720.05
II	Other income	24	3,030.34	718.70
III	Total revenue (I+II)		142,839.91	139,438.75
IV Expenses				
	Cost of raw material and components consumed	25	107,220.88	112,999.34
	Employee benefits expenses	26	5,096.18	3,907.67
	Other expenses	27	7,031.37	4,451.01
	Total expenses		119,348.44	121,358.02
V Earning before interest, tax, depreciation and amortisation (EBITDA) (III-IV)				
	Depreciation and amortisation expenses	28	5,501.20	4,008.53
	Less: recoupment from revaluation reserve		-	-
	Net depreciation and amortisation expenses		5,501.20	4,008.53
	Financial cost	29	10,859.57	7,839.08
VI	Profit/ (Loss) before tax		7,130.70	6,233.13
VII Tax expenses				
	Current tax		2,289.21	1,358.06
	Deferred tax		(15.37)	(1,315.73)
	MAT Credit receivable		(4.09)	-
	Prvious year tax provision		(6.62)	-
	Total tax expense		2,263.13	42.33
Profit/(loss) Before Minority Interest and share in				
VIII	Profit/(Loss) of Associates for the year from continuing operation (Vi-VII)		4,867.57	6,190.80
IX Less : Minority Adjustments				
			(551.31)	101.19
Add : Share in Profit/ (Loss) of Associates				
			324.79	304.96
X Profit/(loss) for the period from Continuing Operations (VIII-IX)				
			5,743.67	6,394.56
Discontinuing operations				
Profit/(loss) before tax from discontinuing operation				
Tax expense of discontinuing operations				
Profit/(loss) AFTER TAX from Discontinuing				
Profit (Loss) for the period (A+B)				
			5,743.67	6,394.56

Earnings per equity share:

Basic	60.22	67.05
Diluted	60.22	67.05

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

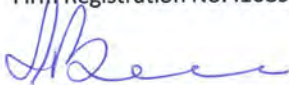
For C. R. Sagdeo & co.

Chartered Accountants

Firm Registration No. :108959W

For and on behalf of the Board of Directors of

SMS Infrastructure Limited

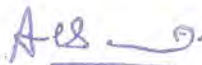


CA. SUMAN BOSE
PARTNER

Membership No. 045239

Place : Nagpur

Dated : 12/09/2012



ABHAY H. SANCHETI
Chairman



ANAND S. SANCHETI
Managing Director



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

1 Share capital

a Authorized shares

150,00000 (31 March 2011: 150,00000)
equity shares of `10/- each

31 March 2012	31 March 2011
₹(in lacs)	₹(in lacs)
1,500.00	1,500.00

b Issued, subscribed and fully paid-up shares (No. millions)

9,537,051 (31 March 2011: 9,537,051) equity
shares of `10/- each

953.71	953.71
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**Total Issued, subscribed and fully paid-up
share capital**

953.71	953.71
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c Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	No.	₹	No.	₹
Equity shares				
At the beginning of the period	9537051	953.71	9537051	953.71
Issued during the period – Bonus issue	-	-	-	-
Issued during the period – ESOP	-	-	-	-
Outstanding at the end of the period	9537051	953.71	9537051	953.71

d Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No.	% holding in the class	No.	% holding in the class
Equity shares of `10/- each fully paid				
Shri Abhay Harakchand Sancheti	2872347	30.12%	2872347	30.12%
Shri Ajay Shaktikumar Sancheti	2154236	22.59%	2154236	22.59%
Shri Anand Shaktikumar Sancheti	2154236	22.59%	2154236	22.59%
M/s Femina Industries Finance Private Limited	935125	9.81%	935125	9.81%
M/s Femina Share Management Private Limited	747825	7.84%	747825	7.84%



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

2 Reserve & surplus	31 March 2012	31 March 2011
	₹	₹
a Securities premium account		
Balance as per the last financial statements	8,133.66	8,133.66
Add: premium on Issue of Equity Shares	-	-
Add: additions on ESOPs exercised	-	-
Add: transferred from stock options outstanding	-	-
Less: amounts utilized toward issue of fully paid bonus shares	-	-
Closing Balance	8,133.66	8,133.66
b Foreign project reserve		
Balance as per the last financial statements	5.48	5.48
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	5.48	5.48
c Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	19,522.34	14,236.20
Profit for the year	5,743.67	6,394.56
Provision for Dividend Reversed	997.21	
Less: Appropriations		
Transfer to General Reserve	634.64	
Reversal of Profit of Sanbro	3.06	
Minority share of profit of 2011	-	
Resversal of reserve of Sanbro Spares Pvt. Ltd.	-	
Equity Dividend	3,148.65	953.71
Tax on proposed equity dividend	255.51	154.71
Net surplus in the statement of profit and loss	22,221.36	19,522.34
d General Reserve		
Balance as per last financial statement	-	-
Add: Amount transfer from surplus balance in the statement of Profit and Loss	634.64	-
Less: Amount utilised during the year	-	-
Closing Balance	634.64	-



e Capital Reserve

Balance as per last financial statement

-

Add: Current year transfer

1,285.46

1,283.80

Less: Written back in current year

-

Closing Balance

1,285.46

1,283.80

Total reserves and surplus

32,280.60

28,945.28



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

3 Long-term borrowings

	31 March 2012	31 March 2011
	₹	₹
a Term loans		
Indian rupee loan from banks (secured)	24,419.30	14,569.14
From other parties (Unsecured)	10,859.73	10,872.03
From other parties (secured)	9,309.33	8,163.60
b Deferred payment liabilities	-	
Deferred sales tax loan (unsecured)	-	
c Deposits	-	
Deposits (secured)	-	
Deposits from Client	1,216.27	1,017.67
Deposits from public	-	
d Loans and advances from related parties (Unsecured)	-	-
SMS Envoclean Pvt. Ltd.	-	
SMS Watergrace BMW Pvt Ltd	3.81	
Anand Sancheti	-	0.10
SMS Infrastructure Limited	3.92	73.30
SMS Envocare Ltd	0.19	
San Finance Corporation	-	29.45
Vishwanath Infrastructure	22.10	229.57
Amit Nilawar	13.94	13.94
Nilawar Agro	15.83	15.83
Solar Industries India Ltd.	7.23	
S N Nowal	5.11	
Loans from related party	-	
e Long term maturities of finance lease obligations	-	
Finance lease obligation (secured)	-	
f Other loans and advances	-	
Mobilisation Advance from bill	11,661.44	12,688.62
Karnex Microsystems Pvt. Ltd.	-	150.00
g Share in Joint venture Borrowing	4,416.13	3,234.53
Total Long-term Borrowing	61,954.34	51,057.78



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

4 Deferred Tax

	31 March 2012		31 March 2011	
	₹		₹	
	Assets	Liabilities	Assets	Liabilities
SMS Infrastructure Limited	-	182.37	-	142.46
Patwardhan Infrastructure Private Limited	-	70.40	-	94.86
SMS Taxi Cabs Pvt. Ltd.		224.44	-	-
SMS Mineral International Pvt. Ltd.	-	1.86	-	1.95
SMS Water Grace BMW Private limited	132.19	-	-	-
Maharashtra Enviro Power Limited	241.03	-	325.34	-
Vidharbha Enviro Protection Limited	1,021.09		815.24	-
Sanbro Spares Pvt. Ltd.			5.95	
SMS Envoclean Private Limited		0.20		0.25
SMS Vidhyut Pvt. Ltd.	1.38	-	-	-
	1,395.68	479.27	1,146.53	239.52



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

5 Other long-term borrowings	31 March 2012 ₹	31 March 2011 ₹
a Trade payable		
Trade payable	-	0.49
Security deposits from sub contractor	1,506.86	1,582.31
b Other	-	
Other liabilities	57.90	10.14
Advance from customers	-	-
Balance Due to related party	-	72.19
Bhatgaon Extension Mines Pvt. Ltd.	0.42	
	-	
Unearned revenue	-	-
Total Other Long-term Borrowing	1,565.18	1,665.13



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

6 Long-term Provisions

	31 March 2012	31 March 2011
	₹	₹
a Provision for employee benefits		
Salary & Reimbursements	-	-
Contribution to PF	-	-
Provision for post-employment medical benefits	-	-
Provision for gratuity	163.87	110.95
Provision for leave benefits	-	-
	163.87	110.95
b Other provisions		
Provision for taxation	-	-
Provision for Landfill Covering	95.70	37.93
	95.70	37.93
	259.57	148.88



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

7 Short-term borrowings

	31 March 2012	31 March 2011
	₹	₹
a Loans repayable on demand from banks(Secured)		
Cash Credit from Banks	27,555.71	(1.29)
Corporate Loan	1,000.00	-
Loans repayable on demand from banks(Unsecured)	-	
Cash Credit from Banks	19.08	15,935.76
Corporate Loan	-	1,411.43
b Deferred payment liabilities	-	
Deferred sales tax loan (unsecured)	-	-
c Deposits	-	
Deposits (unsecured)	-	-
d Loans and advances from related parties (Unsecured)	-	
M/s SMS Infrastructure Limited	-	1,930.52
M/s Percinct Private Limited	5,100.00	
Interest free loan and advances from related parties repayable on demand (unsecured)	1.63	-
e Long term maturities of finance lease obligations	-	
Finance lease obligation (secured)	-	-
f Other loans and advances	-	
Mobilisation Advance from bill	-	-
	33,676.43	19,276.42



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

8 Trade Payable

	31 March 2012	31 March 2011
	₹	₹
SMS Infrastructure Ltd.	2,912.24	3,098.42
Patwardhan Infrastructure Private Limited	3.83	3.99
SMS Parking Solutions Pvt. Ltd.	251.92	93.44
SMS Vidhyut Pvt. Ltd.	0.93	-
SMS Taxi Cabs Pvt. Ltd.	695.32	-
SMS Mineral International PVt. Ltd.	28.18	615.88
SMS Water Grace BMW Pvt. Ltd.	9.98	9.54
Vidharbha Enviro Protection Limited	5.39	12.82
SMS Mine Developers Private Limited	0.19	-
Maharashtra Enviro Power Limited	299.32	151.55
SMS Envoclean Private Limited	58.47	90.46
SMS Anamklean Greentech Private Limited	-	0.49
Sanbr Spares Pvt. Ltd.	-	5.08
	4,265.77	4,081.66



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

9 Other current liabilities	31 March 2012	31 March 2011
	₹	₹
Current maturities of long-term borrowings	10,234.56	7,316.53
Bank current account overdrawn	39.97	
Other Deposits from Sub-contractors	8,818.26	9,491.60
Interest free deposits from customers	-	-
Statutory remittances	-	
ESIC Payable	0.79	(2.51)
Professional Tax Payable	2.22	10.24
Provident Fund Payable	30.32	28.75
Maharashtra labour welfare fund	0.00	
TDS Payable	1,082.75	784.58
WCT payable	7.35	4.00
Duties and taxes payable	3.69	37.79
Service tax payable	139.95	414.78
Advances from debtor	89.64	80.49
Bonus Payable	-	0.28
Other	-	
Salary and Consultancy Payable	203.12	192.11
Expenses payable	3.56	2.34
Audit fess payable	2.30	2.14
Misc. liabilities	0.74	3.06
Creditors for Capital Goods	151.36	20.19
Current Liabilities & Provision of Joint Venture	9,101.86	13,031.90
Related party accounts		
BCPL	1.00	-
Envoclean	0.09	-
VEPL	3.00	-
Envocare	11.71	0.63
Bhatgaon Extension Mines Private Limite	-	0.42
Bhatgaon Mines Private Limited	0.68	2.09
Anand sancheti	0.00	-
	29,928.92	31,421.41



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

10 Short-term Provisions

	31 March 2012	31 March 2011
	₹	₹
a Provision for employee benefits		
Salary & Reimbursements	83.83	36.30
Contribution to PF	5.97	4.58
Provision for post-employment medical benefits	-	1.52
Provision for gratuity	13.53	16.31
Provision for leave benefits	-	-
	103.32	58.71

b Other provisions

Provision for taxation	2,007.57	1,533.29
Audit Fees Payable	0.44	0.15
Statutory Dues Payable	25.59	92.16
Proposed equity dividend	-	953.71
Provision for tax on proposed equity dividend	255.51	154.71
Security deposits	932.60	-
Expenses Payable	278.60	217.24
Service Tax Payable	-	0.03
Wealth Tax Provision	3.96	6.51
Provision for Capital good	249.40	-
Other provisions	36.75	52.96
	3,790.42	3,010.76
	3,893.74	3,069.47



SMS Infrastructure Limited
Tangible assets
Note-11

Particular	Sum of Gross Block Opening	Sum of Gross Block Addition	Sum of Gross Block Disposal	Sum of Gross Block Closing	Sum of Accumulation Opening	Sum of Deprication for the year	Sum of Adjustments	Sum of closing	Sum of 31.03.2012	Sum of 31.03.2011
Building	2,271.61	303.44	42.66	2,532.39	451.94	172.95	-	624.90	1,907.49	1,819.67
Computer	714.51	318.80		1,033.31	531.03	117.60	-	648.63	384.68	183.48
Furniture and fixture	314.48	119.47	8.58	425.37	122.57	29.48	3.99	148.06	277.31	191.90
Land and Building	2,197.67	1,728.32		3,925.99	133.84	18.02		151.86	3,774.13	2,063.83
Landfill	1,031.54	135.61	30.33	1,136.81	413.47	128.95	-	542.42	594.40	618.07
Leasehold Land	4.38	0.71	-	5.09	1.22	0.40	-	1.62	3.47	3.16
Office equipment	408.48	179.10	3.44	584.13	127.68	33.30	2.97	158.01	426.12	280.80
Plant and Machinery	34,483.93	4,483.58	182.20	38,785.31	11,093.95	4,008.35	9.28	15,093.02	23,692.29	23,389.98
Vehicle	3,019.93	593.72	67.27	3,546.39	1,328.92	395.92	44.51	1,680.33	1,866.06	1,691.01
Computer Software	17.03	-	-	17.03	15.43	0.64	-	16.07	0.96	1.60
Land	78.82	-		78.82	-	-	-	-	78.82	78.82
Computer	20.61	1.10	-	21.71	14.38	3.60	2.38	15.60	6.11	9.75
(blank)										
Motor Cars (Use in business of Running on Hire)	-	3,758.04		3,758.04	-	53.67	-	53.67	3,704.37	-
Grand Total		11,621.90	334.49			4,962.89			36,716.20	30,332.08



SMS Infrastructure Limited
Intangible assets
Note-12

Particular	Gross Block Opening	Gross Block Addition	Gross Block Disposal	Gross Block Closing	Accumalation Opening	Depriceation for the year	Adjustments	closing	31.03.2012	31.03.2011
Computer Software	-	26.34	-	26.34	-	4.25	-	4.25	22.09	-
Right to collect Toll	1,490.42	-	-	1,490.42	1,135.25	97.66	-	1,232.91	257.51	355.17
Computer Software	1.36	125.41	-	126.77	0.83	2.29	-	3.12	123.65	0.54
Motor Car Licensee		4,176.00	-	4,176.00	-	305.78	-	305.78	3,870.22	-
Grand Total		4,327.75							4,273.47	355.71



SMS Infrastructure Limited
Capital work-in-progress
Note-13

Name Of Company	31 March 2012	31 March 2011
	₹	₹
Maharashtra Enviro Power Limited	53.65	1.40
SMS Infrastructure Limited	175.36	134.74
SMS Parking Solutions Private Limited	10,357.89	6,343.83
SMS Envoclean Private Limited	0.67	31.53
SMS Taxicab Private Limited	7,641.45	-
SMS Vidhyut Private Limited	2,500.19	2,597.76
SMS Water Grace BMW Private Limited	-	383.95
Total Capital Work In Process	20,729.21	9,493.22



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

14 Non-current Investments	31 March 2012	31 March 2011
	₹	₹
Investment property (at cost less accumulated depreciation)	-	
Cost of land and building given on operating lease	-	
Less: accumulated depreciation	-	
a Net block	<u>-</u>	<u>-</u>
 b Trade investments (valued at cost unless stated otherwise)		
Investment in Equity Instruments (quoted)	310.87	11,248.99
Investment in Equity Instruments (Unquoted)	5.00	-
Investment in Mutual fund	-	-
Other Non-current Investments	-	1.17
Investment in Subsidiaries (Unquoted)	0.99	1.02
Investments in Joint Venture	334.04	4,341.16
Investment in associates (Unquoted)	12,581.53	1,337.96
	<u>13,232.43</u>	<u>16,930.30</u>
 c Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Quoted)	89.24	69.24
Preference shares (unquoted)	-	
Government and trust securities (unquoted)	0.10	
Investment in government securities	-	
Debentures (quoted)		
 d Investment of Joint Venture	6.02	3.49
	-	
	<u>95.36</u>	<u>72.73</u>
	<u>13,327.79</u>	<u>17,003.03</u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

15 Long-term Loans and Advances	31 March 2012	31 March 2011
	₹	₹
a Capital advances		
Secured, considered good	-	59.30
Unsecured, considered good	68.09	-
	68.09	59.30
b Security deposit		
Secured, considered good	7,057.03	5,388.56
Unsecured, considered good	88.33	4.58
Doubtful	-	-
	7,145.36	5,393.14
Provision for doubtful security deposit	-	-
	7,145.36	5,393.14
c Loan and advances to related parties		
Unsecured, considered good	-	-
San Finance Corporation	939.12	2,329.09
SMS Water Grace BMW Pvt. Ltd.	0.09	-
Water Grace BMW Pvt. Ltd.	9.05	7.88
SMS Water Grace Mediwest Management Pvt. Ltd.	-	-
Anamkline Envirotech Private Limited	-	0.18
Vidharbha Enviro Protection Limited	-	63.70
SMS Vidhyut Pvt. Ltd.	-	(2,090.02)
SMS Water Grace Enviro Protection Pvt. Ltd.	44.00	0.55
SMS Tolls and developers Ltd.	-	-
SMS Infrastructure Ltd.	-	(0.00)
Bhatgaon Mines Pvt. Ltd.	122.10	-
Other	0.18	-
	1,114.55	311.38
d Advances recoverable in cash or Kind		
Secured, considered good	1,183.83	32.49
Unsecured, considered good	354.63	807.53
Doubtful	-	-
	1,538.46	840.02
Provision for doubtful security deposit	-	-
	1,538.46	840.02



Advance income-tax	302.01	143.78
Prepaid expenses	2.05	0.81
Loans to employees	-	-
Service tax receivable	471.09	599.50
Cenvate credit	157.52	-
Other advances (mobilisation advance to sub contractor)	200.94	871.82
Retention Money	5,799.06	7,038.06
Withheld Amount	870.29	637.86
Earnest Money Deposits	847.97	536.89
Balance with statutory authorities	0.26	0.21
Other deposits	-	-
	<u>8,651.19</u>	<u>9,828.93</u>
	<u>18,517.65</u>	<u>16,432.76</u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

		31 March 2012	31 March 2011
		₹	₹
16 Non- current Trade receivables			
a Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good		-	-
Unsecured, considered good		1,112.82	1,112.82
Doubtful		-	-
		1,112.82	1,112.82
Provision for doubtful receivables		-	-
	(A)	1,112.82	1,112.82
b Other receivables			
Secured, considered good (Less than Six Months)		-	-
Unsecured, considered good		-	-
Doubtful		-	-
		-	-
Provision for doubtful receivables		-	-
	(B)	-	-
Total (A + B)		1,112.82	1,112.82



Notes to financial statements for the year ended 31 March 2012

17 Other Non-current Assets	31 March 2012	31 March 2011
	₹	₹
a Long-term Trade Receivable		
Secured considered good	191.53	69.53
Unsecured considered good	2.22	150.39
Doubtful	-	-
	<u>193.74</u>	<u>219.92</u>
b Unamortized expenditure		
Unamortized premium on forward contract	-	-
Ancillary cost of arranging the borrowings	-	-
	<u>-</u>	<u>-</u>
c Others		
TDS Receivable	0.38	
Deposits with banks	-	5.70
Miscellaneous expenditure to the extent not written off	3,081.74	2,150.86
	<u>3,082.12</u>	<u>2,156.56</u>
Total Other Non-current Assets	<u><u>3,275.86</u></u>	<u><u>2,376.48</u></u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

18 Inventories (Valued at lower of cost and net realizable value)	31 March 2012	31 March 2011
	₹	₹
Raw materials and components	56.55	1.22
Work-in-progress		
Construction	22,840.31	16,041.87
Toll activity	-	-
Work-in-progress in Joint Venture	6,537.73	10,591.97
Finished goods	-	21.51
Stock in trade	4.27	439.97
Loose Tools	-	1.24
Stores and spares	8.42	4.25
Goods in transit	1.09	58.35
	<u>29,448.37</u>	<u>27,160.38</u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

19 Trade receivables	31 March 2012	31 March 2011
	₹	₹
a Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	1,988.08	0.13
Unsecured, considered good	233.95	7,143.83
Doubtful	-	-
	<u>2,222.03</u>	<u>7,143.96</u>
Provision for doubtful receivables	-	-
(A)	<u>2,222.03</u>	<u>7,143.96</u>
b Other receivables		
Secured, considered good (Less than Six Months)	13,091.68	137.04
Unsecured, considered good	165.50	6,299.05
Doubtful	-	-
	<u>13,257.19</u>	<u>6,436.09</u>
Provision for doubtful receivables	-	-
(B)	<u>13,257.19</u>	<u>6,436.09</u>
Total (A + B)	<u><u>15,479.22</u></u>	<u><u>13,580.05</u></u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

20 Cash and bank balances	31 March 2012	31 March 2011
	₹	₹
a Balances with banks:		
On current accounts	1,730.26	2,041.27
Deposits with original maturity of less than three months	-	167.06
Cash on hand	1,058.70	394.19
	2,788.95	2,602.52
b Other bank balances		
Deposits with original maturity for more than 12 months	1,982.92	3,638.67
Deposits with original maturity for more than 3 months but less than 12 months	3,332.93	939.98
	8,104.80	7,181.17
c Cash & Bank balance of Joint Venture	42.65	158.25
	8,147.45	7,339.42



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

21 Short-term Loans and Advances	31 March 2012	31 March 2011
	₹	₹
a Capital advances		
Secured, considered good	3.81	-
Unsecured, considered good	-	-
	3.81	-
b Security deposit		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Provision for doubtful security deposit	-	-
c Loan and advances to related parties		
Unsecured, considered good		
Maharashtra Enviro Power Limited	35.74	-
Vidharbha Enviro Protection Limited	(35.74)	-
SMS Envocare Private Limited	127.87	-
SMS Vidhyut Private Limited	3.00	-
SMS Waluj CETP Private Limited	9.21	-
SMS Infrastructure Ltd.	-	20.07
Bhatgaon Mines Pvt. Ltd.	-	106.57
Butibori CEPT Private Limited	5.75	15.49
SMS Envoprotect	0.07	0.07
	145.90	142.20
d Share in Loans & advances in Joint Venture	7,349.27	5,885.17
e Other loans and advances		
Advance income-tax (net of provision for taxation)	3,388.74	2,847.35
VAT Receivable	1,191.06	1,347.71
Excise duty & service tax	305.89	-
Prepaid expenses	371.95	236.03
Loans to employees	129.90	53.37
Other debit balance	35.33	36.57
Tax deducted at source	233.21	219.94
Advance to suppliers	113.80	107.73
Prepaid taxes & other	2.23	-
Staff advance & Imprest	14.36	16.34
Loans & advances of Joint venture	-	-
Other deposits	4.96	14.26
	5,791.43	4,879.30
	13,290.41	10,906.67



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

22 Other assets	31 March 2012	31 March 2011
	₹	₹
a Unsecured, considered good unless stated otherwise		
Work in progress for contract	-	-
Work in progress for Toll activity	-	-
	-	-
b Unamortized expenditure		
Unamortized premium on forward contract	-	-
Ancillary cost of arranging the borrowings	-	-
	-	-
c Others		
Deposits	6.00	95.83
Prepaid Taxes	27.07	24.30
MAT Credit Receivable	4.09	-
Others	103.69	128.94
TDS	0.08	2.07
Prepaid Insurance	0.94	62.19
VAT Refund	29.76	-
MSEDCI	230.02	-
Miscellaneous expenditure to the extent not written off	-	0.23
	401.64	313.56
Total Other assets	401.64	313.56



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

23 Revenue from operation	31 March 2012	31 March 2011
	₹	₹
a Revenue from operations		
Road Development	11,306.23	91,109.60
Irrigation	25,690.26	-
Electrical / Power work	14,675.54	-
Environmental	1,585.45	-
Sales	-	5,344.41
Parking Solution	4,300.31	-
Railways	3,900.12	-
Taxi Cab Operation	157.98	-
Mining receipts	29,710.99	-
Bio Medical waste treatment	719.09	803.22
Hazardous Industrial waste treatment	5,107.16	4,030.53
Toll Collection	35,270.10	14,876.70
b Revenue from Joint Venture	7,746.47	22,674.86
c Other operating revenue		
Scrap sales	7.66	-
Other	55.00	-
d Revenue from operations (gross)	140,232.38	138,839.32
Less: Service Tax	422.81	119.27
Revenue from operations (net)	139,809.57	138,720.05



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

24 Other income	31 March 2012	31 March 2011
	₹	₹
a Interest income on		
Bank deposits	443.28	237.96
Long-term investments	25.10	59.51
Current investments	-	-
Others	821.10	154.41
b Dividend income on		
Investment in subsidiaries	1,574.85	58.07
Current investments	-	-
Long-term investments	5.59	9.62
Share of Joint Venture	4.18	
Other non-operating income (net of expenses directly attributable to such income	131.81	184.45
c Share of Joint Venture	24.43	14.68
	3,030.34	718.70



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

25 a Site Work Expenses	31 March 2012	31 March 2011
	₹	₹
Work Expenses	60,668.25	54,000.12
Material Purchase	29,860.39	26,724.37
Transporting Charges	1,289.71	1,377.29
Sales Tax & VAT	1,592.32	1,399.08
Hire Charges	1,413.58	997.54
Royalty	371.07	233.79
RTO Taxes	34.81	43.56
Service Tax	1,420.51	1,706.50
Power Plant Expenses	-	106.97
Repair and Maintenance	434.92	237.49
Insurance	331.49	354.69
Exchange Variation	12.41	(22.04)
Diesel & petrol expenses	25.40	43.88
Miscellaneous Expenses	2.87	0.51
Labour charges	1,011.83	106.56
Lab Expense	28.27	16.07
Water Charges for Plant	18.59	49.05
Diesel for plant	6.14	8.73
Safety & medical exp.	3.59	1.97
Electricity Charges incineration	-	144.91
Testing & certification expense	3.93	3.42
Stores & Consumable	-	5.39
Analysis Charges	-	0.71
Loading & unloading charges	-	3.56
Toll Tax Charges	-	2.01
Vehicle Repairing & Maintenance	-	12.30
Vehicle traking Exp.	-	1.15
Repair fo ETP	1.89	
Landfilling Charges	1.18	(7.10)
Canteen expense at site	-	-
Waste treatment expenses	558.44	132.93
Waste collection expenses	300.29	209.25
Cost of Sales	-	2,770.87
Power & Light	198.35	-
Prior Period Expenses	7.87	29.92
b Share of Joint Venture	7,622.79	22,303.89
	107,220.88	112,999.34



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

26	Employee benefit expense	31 March 2012 ₹	31 March 2011 ₹
a	Salaries, wages and bonus	4,876.62	3,790.18
	Contribution to provident and other fund	127.46	108.33
	Employee stock option scheme	-	-
	Gratuity expense	51.28	(8.55)
	Post employment medical benefits	-	-
	Staff welfare expenses	25.92	17.71
b	Share of Joint Venture	14.91	-
		<u>5,096.18</u>	<u>3,907.67</u>



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

27 a Other expense	31 March 2012	31 March 2011
	₹	₹
Power and fuel	410.81	234.75
Water charges	2.68	2.62
Freight and forwarding charges	1.47	0.60
Rent	12.18	3.92
Rates and taxes	234.74	32.04
Profession Tax	0.06	0.48
Insurance	2.24	1.51
Repairs and maintenance		
Plant and machinery	1.69	44.50
Buildings	35.76	12.67
Road	27.03	12.65
Others	1.85	2.54
Advertising and sales promotion	54.47	15.42
Brokerage and discounts	7.49	-
Books & periodicals	2.51	4.43
Canteen & refreshment	0.90	1.00
Membership & Subscription	0.69	5.79
Computer expenses	1.95	0.78
Conference Fees	0.25	-
Medical expenses	3.28	0.03
Office expenses	577.21	366.41
Toll supervision charges	6.00	6.00
Tender Fees	0.05	-
ROC Charges	2.60	0.06
Refreshment expenses	7.46	0.08
MPCB Renewal charges	0.18	0.18
Security charges	405.55	369.12
Donation	18.55	28.21
Tender expense	47.59	36.89
Car hire charges	3.02	4.59
Guest Entertainment Expense	0.19	-
Motor car expenses	34.51	-
Guest House Expense	2.06	2.36
Insurance	3.74	1.66
Interest on TDS	0.03	0.62
Recruitment expenses	12.79	-
Share Issue expenses	18.61	-
Uniform Expenses	16.62	-
Car Expenses	0.44	0.39



Lodging & Boarding	2.45	0.86
Consultancy & Professional Charges	3,211.56	825.49
Incentive	4.80	1.67
Bag Commission	1.95	4.56
Pantry & house keeping	-	4.75
Mess Expenses	0.17	5.83
Toll & Parking Charges of Admin Vehicle	0.25	0.19
Travelling and conveyance	443.96	474.44
Amortisation of Pre-operating Expenses	0.71	
Business Promotion	11.60	0.02
Account Written off	9.67	0.32
Manpower Charges	-	653.36
Stipend	-	0.44
Communication costs	138.28	141.25
Printing and stationery	107.41	92.35
Loss on Sale of Assets	-	9.79
Legal and professional fees	614.34	519.11
Maharashtra Lebor Welfair Fund	-	0.02
PF & ESIC Contribution for Contractor		7.73
Payment to auditor :-	20.00	26.40
As an auditor	7.34	-
For tax audit	0.55	-
For Other	0.34	0.51
Wealth Tax	3.96	6.51
Sales Commission	-	4.34
Allowance for employee benefits	-	7.73
Employee Insurance	-	1.15
Service Tax	-	0.33
VAT/CST	-	6.42
Administartion Expense of JV	-	
Prior Period Expenses	0.23	3.25
Miscellaneous expenses	492.56	449.18
b Share of Joint Venture	-	10.71
	7,031.37	4,451.01



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

28 Depreciation and amortization expenses	31 March 2012	31 March 2011
	₹	₹
Depreciation of tangible assets	4,960.64	3,911.14
Amortization of intangible assets	540.56	97.39
Depreciation of investment property	-	-
	5,501.20	4,008.53
Less: recoupment from revaluation reserve	-	-
	5,501.20	4,008.53



SMS Infrastructure Limited

Notes to financial statements for the year ended 31 March 2012

29 a Finance costs	31 March 2012	31 March 2011
	₹	₹
Interest	10,628.34	7,643.31
Other borrowing Cost	5.00	35.98
Bank charges	202.10	40.09
Amortization of ancillary borrowing costs	-	5.78
Interest on self assessment tax & FBT	0.33	-
Exchange difference to the extent considered as an adjustment to borrowing costs	0.01	5.81
b Share of Joint Venture	23.78	108.11
	<u>10,859.57</u>	<u>7,839.08</u>



SMS Infrastructure Limited
NOTE-30

A Criteria For Preparation of Consolidated Financial Statements

The Company, M/s SMS Infrastructure Limited, is engaged in the business of construction and commissioning and Lump Sum Turn Key facilities in various infrastructure projects like Road Bridges, Water Supply, Power Transmission, underground Mining Work etc., for Central/State Governments, other local bodies and Private Sector in Country.

The consolidated financial statements have been prepared on the following basis:

- a) Consolidating its accounts with financial statements of its Subsidiaries and Joint Venture.
- b) Applying the equity method of accounting for its investee companies in which it holds between 20 and 50 percent of the equity share capita.
- c) Financial statements of Joint venture to the extent of SMS share in joint venture.

B Method of Consolidation

- a) The financial statements of the company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting standards 21 "Consolidated Financial statements" notified by Companies (Accounting Standards) Rules 2006.
- b) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve and taken to the Profit and Loss account.
- c) The difference between the cost of investment in the subsidiaries and the company's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital reserve as the case may be.
- d) Minority interest in the net assets of consolidated subsidiaries and joint ventures is identified and presented in the consolidated balance sheet separately from liabilities and equity of the company's shareholders
- e) Minority interest in the net assets of consolidated subsidiaries consists of:
 - a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
 - b) The minority share of movements in equity since the date the parent subsidiary relationship came to existence.
- f) Minority interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- g) Interest in Joint venture have been accounted by using the proportionate consolidation method as per Accounting standard 27 "Financial Reporting of Interests in Joint Venture" notified by Companies (Accounting Standards) Rules 2006.
- h) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up on the same reporting date as that of the company i.e. 31st March 2012.



Name of Ventures	Name of the Ventures Partners	Share of Interest
Shaktikumar M. Sancheti Ltd & S. N. Thakkar Construction Pvt Ltd	S. N. Thakkar Construction Pvt Ltd	65.00%
SMS Infrastructure Ltd & D. Thakkar Construction Pvt Ltd JV	D. Thakkar Construction Pvt Ltd	70.00%
SMS Infrastructure Ltd & Brahmaputra Infrastructure Ltd JV	Brahmaputra Infrastructure Ltd	51.00%
SMS Infrastructure Ltd & Brahmaputra Consortium Ltd JV	Brahmaputra Consortium Ltd	51.00%
Khare Tarkunde Infrastructure Pvt Ltd A/c Parwana	Khare Tarkunde Infrastructure Pvt Ltd	50.00%
SMS Infrastructure Ltd Aarti Infra Projects Pvt Ltd JV	Aarti Infra Projects Pvt Ltd	51.00%
SMS Infrastructure Ltd Shreenath Enterprises JV	Shreenath Enterprises	63.50%

b. The details of Subsidiaries and Associates Companies included in Consolidation is given hereunder:

Name of the Subsidiary	Country of Incorporation	% of Holding	Nature of Relationship
Maharashtra Enviro Power Limited	India	91.36%	Subsidiary
Vidarbha Enviro Protection Limited	India	98.63%	Subsidiary
SMS Parking Solutions Limited	India	99.99%	Subsidiary
Patwardhan Infrastructure Private Limited	India	99.99%	Subsidiary
SMS Vidhyut Private Limited	India	99.99%	Subsidiary
SMS Envoclean Private Limited	India	56.02%	Subsidiary
SMS Mine Developers Private Limited	India	51%	Subsidiary
SMS Tolls and Developers Limited	India	98%	Subsidiary
SMS Watergrace BMW Private Limited	India	56.03%	Subsidiary
SMS Bhatgaon Mines Extension Private Limited	India	51%	Subsidiary
Solar Bhatgaon Extension Mines Private Limited	India	51%	Subsidiary
SMS Anamklean Greentech Private	India	90%	Subsidiary
Pt. SMS Mineral International	Indonesia	80%	Subsidiary
SMS Taxi Cabs Pvt. Ltd.	India	59.90%	Subsidiary
SMS Water Grace Mediweste Management Pvt. Ltd.	India	51%	Subsidiary
SMS Shivanath Infrastructure Pvt. Ltd.	India	26.59%	Associates
RCCL Infrastructure Ltd.	India	34%	Associates
SMS AAMW Tollways Pvt. Ltd.	India	26%	Associates
Sanbro Spares Pvt. Ltd.	India	40%	Associates



- D The Companies Proportionate share in assets, liabilities, income and expenses of its joint venture included in this consolidated financial statements in accordance with AS-27.

Balance Sheet	As at 31.03.2012	As at 31.03.2011
I EQUITY AND LIABILITIES		
Partner Capital Account	417.66	372.46
Secured Loans	4,416.13	3,234.53
Current liabilities and provision	9,101.86	13,031.90
	13,935.66	16,638.89
II ASSETS		
Investments	6.02	3.49
Loans and advances	7,349.27	5,885.17
Work in Progress	6,537.73	10,591.97
Cash & Bank Balance	42.65	158.25
	13,935.66	16,638.89
Statement of Profit and Loss		
	As at 31.03.2012	As at 31.03.2011
Income		
Revenue from operations	7,746.47	22,674.86
Other Income	24.43	14.68
Total Revenue	7,770.90	22,689.54
Expenses		
Work Direct Expenses	7,622.79	22,303.89
Administrative Expenses	14.91	10.71
Financial Expenses	23.78	108.11
	7,661.48	22,422.71
Profit/ (Loss) before Tax	109.42	266.84
Tax Provision	37.41	88.34
Profit/ (Loss) after Tax	72.01	178.50
E Contingent liabilities		
	31 March 2012	31 March 2011
	₹	₹
Claims against the company not acknowledged as debts		
Service Tax	3,899.11	6.06
Custom Duty	40.00	-
Other	1,967.05	-
Corporate Guarantees to associate and jo	36,502.59	16,112.00
Bills of exchange discounted with banks	4,347.21	5,154.63
	46,755.96	21,272.69



a) Other Related Parties

1. SMS Infrastructure PTE Ltd.
2. M/s Sanbro Corporation
3. Rishik Motors (India) Pvt. Ltd.
4. Butibori CETP Pvt. Ltd.
5. SMS Envocare Ltd.
6. SMS AAMW Tollways Pvt. Ltd.
7. SMS Shivnath Infrastructure Limited.
8. Valencia Construction Pvt. Ltd.
9. Veetrag Homes Private Ltd.
10. Veetrag Developers Private Ltd.
11. San Commercials Private Ltd.

b) Key Management Personal

1. Abhay H. Sancheti - Chairman
2. Ajay S. Sancheti - Vice Chairman - Managing Director
3. Anand S. Sancheti - Jt. Managing Director
4. Anil H. Sancheti - Director
5. Dilip B Surana - Director

2 Transaction carried out with related parties referred to above:

Related Parties		₹ in lacs
Nature of Transaction	Referred in (1a) above	Referred in (1b) above
Investments		
Interest Receivd		
Interest Paid		
Purchase		
Sale		
Managerial Remuneration		739.25 (604.55)
Services Given		
Services Taken		



Work Bill		
Loan Granted	123,970.00	
Loan Repayment	360,294.00	
Loan Taken		
Advances Received		
Advances Paid		
Outstanding balances included in Current Assets and Liabilities		

G	Construction contract disclosure	31 March 2012	31 March 2011
		₹	₹
		<hr/>	
	Contract Revenue	86,332.36	91,109.60
	Contract Costs incurred	79,409.76	88,404.80
	Recognised profits/Losses	6,922.60	2,704.80
	Advances received	11,010.75	12,565.20
	Retention money/SD/Withheld	14,549.35	14,085.19
	Gross amount due from customer for	16,423.38	12,370.28

H	Payment to Auditor	31 March 2012	31 March 2011
		₹	₹
		<hr/>	
	As Auditor:		
	Audit fee	19.72	18.41
	Tax audit fee	3.55	3.00
	In other capacity:		
	Taxation matters	2.00	2.00
		25.27	23.41
		<hr/> <hr/>	



I	Particulars	Civil Construction	Toll Activity	Environment	Total operations
		₹ (in lacs)	₹ (in lacs)	₹ (in lacs)	₹ (in lacs)
	Revenue				
	External sales)	94,078.83	27,897.48	5,551.24	127,527.55
	Add: Inter segment sales				
	Total Segment revenue	94,078.83	27,897.48	5,551.24	127,527.55
	Less: Elimination				
	Total	94,078.83	27,897.48	5,551.24	127,527.55
	Results (Profit before interest)	12,073.28	2,597.01	499.40	15,169.69
	Less: Finance costs	8,063.64	1,041.69	1,237.21	10,342.54
	Add: Other income	2,938.09	1.39	15.99	2,955.47
	Current Tax	1,739.22	403.38	59.29	2,201.89
	Deferred Tax	39.91	(24.46)	(255.16)	(239.71)
	MAT credit entitlement	-	-	(4.09)	(4.09)
	Earlier Period Tax	-	-	(6.68)	(6.68)
	Net profit	5,168.60	1,177.79	(515.18)	5,831.21
	As at 31 March 2012				
	Segment assets	99,668.53	7,856.78	18,097.79	125,623.10
	Unallocated assets				
	Total assets	99,668.53	7,856.78	18,097.79	144,644.25
	Segment liabilities	99,668.53	7,856.78	18,097.79	125,623.10
	Unallocated liabilities				
	Total liabilities	99,668.53	7,856.78	18,097.79	144,644.25
	Other segment information				
	Capital expenditure	175.36	-	2,554.51	2,729.87
	Tangible assets	22,098.15	13.81	9,985.00	32,096.96
	Intangible assets	22.09	257.51	0.32	279.92
	Depreciation/Amortization	2,964.14	100.62	1,859.34	4,924.10
	Impairment losses recognized	-	-	-	-
	Other non-cash expenses	-	-	-	-
J	Earning per share (EPS)	31 March 2012	31 March 2011		
		₹	₹		
	Profit/(loss) after tax	574,322,804.55	639,453,327.39		
	Less : dividends on convertible preference shares & tax thereon		-		
	Net profit for calculation of basic EPS	574,322,804.55	639,453,327.39		
	Net profit as above	574,322,804.55	639,453,327.39		
	Add : dividends on convertible preference shares & tax thereon		-		
	Add : interest on bonds convertible into equity shares (net of tax)		-		
	Net profit/(loss) for calculation of diluted EPS	574,322,804.55	639,453,327.39		



Weighted average number of equity shares in calculating basic EPS	9,537,051.00	9,537,051.00
Effect of dilution:		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
	9,537,051.00	9,537,051.00

Weighted average number of equity shares in calculating diluted EPS


Basic EPS	60.22	67.05
Diluted EPS	60.22	67.05

As per our report of even date
For C. R. Sagdeo & co.
Chartered Accountants
Firm Registration No. :108959W

For and on behalf of the Board of Directors of
SMS Infrastructure Limited




CA. SUMAN BOSE
PARTNER
Membership No. 045239
Place : Nagpur
Dated : 12/09/2012



ABHAY H. SANCHETI
Chairman



ANAND S. SANCHETI
Managing Director

NOTE-31

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2012

1. Significant Accounting Policies

a Basis of Accounting:

The financial statements are prepared in accordance with the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards notified under Section 211(3C) of the Companies Act 1956 and the relevant provisions thereof.

During the year ended March 31, 2012 the revised Schedule VI notified under the companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statement. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for the preparation of financial statement. However, it has significant impact on presentation and discloser made in the financial statement. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Fixed Assets and Intangible Assets

Fixed assets are stated at cost of acquisition including attributable interest & financial cost till the date of acquisition/ installation of the assets, less accumulated depreciation thereon. Where the acquisition of fixed assets are financed through long term foreign currency loans (having a tenor of 12 months or more at the time of their origination) the exchange difference on such loans are added to or subtracted from the cost of such fixed assets.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Profit and Loss Account.

Direct cost as well as related incidental and identifiable expenses incurred on acquisition of fixed assets that are not yet ready for their intended use or put to use at the Balance Sheet date are stated as Capital Work in Progress.

Subsidy received from government agencies meant for the purpose of creation of fixed assets as per the terms of subsidy is deducted from the respective asset or bunch of assets on pro rata basis.



c. Depreciation / Amortisation

I. Tangible Assets:

Depreciation has been calculated in accordance with Section 205(2) (b) of the Companies Act 1956 as under:

- The depreciation is provided from the date the assets are put to use, on Straight line value method but some companies follow Written down value method, at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- The company provides 100% depreciation on fixed assets with values less than or equal to Rs 5,000 as per the provision of Schedule XIV of the Companies Act 1956.

II. Intangible Assets:

Intangible assets are stated at cost of acquisition less accumulated amortization.

III. Leasehold Land:

Leasehold land is amortized over the period of lease.

IV. Depreciation on Land fill:

Leasehold land has been depreciated over the lease period of 20 years. Depreciation on landfill has been charged at the rate of ₹ 350/- per M.T. dumped on the landfill.

V. Depreciation on assets in Indonesia:

Fixed assets are depreciated using the straight line method over the lesser of the estimated useful lives of the assets, the life of the mine or KP terms as follows:

	<u>Depreciated years</u>
Machinery and Factory equipment	8
Laboratory equipment	4
Vehicles	4-8
Office equipment	4-8



d. Investments

Investments that are readily realizable and are intended to be held for not more than 12 (twelve) months are classified as Current Investments. All other investments are classified as Long Term Investments.

- I. The Long Term Investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments.
- II. Current Investments are carried at lower of cost and fair value.

e. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

- I. The stock of construction material, stores spares and embedded goods and fuel is valued at lower of cost and net realizable value.
- II. Work-in-Progress is valued at the contract rates and site mobilization expenditure of incomplete contracts stated at cost.

f. Construction Contracts:

- I. The Company follows the percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done.
- II. The site mobilization expenditure for site installation is treated as deferred revenue expenditure and is apportioned over the period of contract in proportion to the value of work done.
- III. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.
- IV. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account. Claims generally are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client.



g. Revenue Recognition:

Revenue from construction contracts is recognized by reference to the percentage of completion of the contract activity.

- I. In case of item rate contracts on the basis of physical measurement of work actually completed at the balance sheet date.
- II. In case of lump-sum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.
- III. Claims are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received.
- IV. Dividend Income is recognized when the right to receive dividend is established. Interest income is recognized on time proportion basis.

V. Revenue recognition in Hazardous Waste Treatment companies:

I. Direct Landfill:

Revenue has been recognized under direct landfill on accrual basis at the time of receipt of waste and billing. Provision for the covering charges at the rate ₹ 35/- per MT (Previous year ₹ 35/- per MT) are made.

II. Landfill After Treatment:

Revenue has been recognized under landfill after treatment on accrual basis at the time of receipt of waste and billing. Further, a provision for expenses at ₹ 1,000/- per MT (As calculated from the reference data by technical team) has been provided in the books on waste quantity lying in the storage shed under this category as on the last day of financial year. Stock for Landfill after treatment as on 31.03.2011 was Nil. Provision for covering charges in this category are made on actual quantity plus 40% bulking factor at the rate ₹ 35/- per MT (Previous year ₹ 135/- per MT).

III. Incineration (Plasma based):

The service of disposal by incineration Facility consists of (1) Collection of Hazardous waste (waste from generators), (2) Transportation of waste from generator's premises to waste disposal facility (common facility), (3) Analysis of the waste at common facility, (4) Storage of the waste at common facility and (5) Burning of it in incineration (plasma based) plant. The activities with regard to this facility get completed from process (1) to (4) on receipt of waste material. Only burning in incineration plant is deferred up to the stage of collection of sufficient quantity of waste material so as to efficiently run the



activity. Hence, revenue has been recognized in full under Incineration as a substantial activity of this service is completed. And substantial revenue from the billed amount has been realized. However, pursuant to the matching concept a provision of ₹ 5,000 (P. Y. ₹ 5,000/-per MT) (As calculated from the reference data by technical team) of waste has been provided in the books on the waste quantity under this head.

Note:- The word waste used in this note shall mean "Hazardous waste" as defined in hazardous waste (Handling and Management) rules.

IV. Membership Fees:

A membership fee is collected from customers to let them use the facility of waste disposal. Fees collected is non refundable in nature and provides customer the rights to use our services for the period for which membership fees is collected. Therefore, Membership fee is recognized as income over the period of membership on pro rata basis.

V. Service charges:

Service charges are charged to customer for provision of service for a year with a right to adjust the same against billing, if any, in a year. Hence Service charges are recognized as income after expiry of the one calendar year if the same does not get adjusted against the billing done during that period.

VI. Container Maintenance Charges:

Container Maintenance Charges are being booked to income on receipt basis, which is as and when charges are collected from customers.(Previously accounted on accrual basis.)

Revenue recognition in bio medical waste treatment company:

Revenue has been recognized on accrual basis at the time of receipt of bio medical waste from Animal Veterinary and Research Centre. For clinics, BMC dispensary, BMC health post, BMC hospital, Private hospital, Blood banks, Government hospitals and Pathology labs billing is done on monthly basis. Bag sale is booked separately when waste is received in the bags. Membership income is booked on receipt basis.

h. Foreign Currency Transaction:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Gains or losses resulting from settlement of such transactions are recognized in the profit and loss account.

- I. Foreign branches and foreign sister concerns are classified as non-integral foreign operations. Assets and liabilities (both monetary and non-monetary) are translated at the closing rate at the year end.
- II. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are recognized in profit and loss account.



i. Employee Benefits:

Liabilities for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) rules, 2006.

- I. **Provident Fund:** Contribution to provident fund and superannuation fund is accounted on accrual basis. In accordance with applicable local laws, eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's basic salary.) The Company has no further obligation beyond this contribution.
- II. **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon five years of service. Contributions to Gratuity fund are made to recognized funds managed by the Life insurance Corporation of India. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

The actuarial valuation is done as per projected unit credit method.

j. Borrowing Cost

Interest and other costs in connection with the borrowing of funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for their intended use. All other borrowing costs are charged to Profit & Loss Account.

k. Leases

Assets acquired under lease where the Company has substantially all the risks & rewards are classified as financial lease. Such leases are capitalized at the inception at the lower of the fair value and present value of minimum lease payments. Assets taken on finance lease are depreciated over estimated useful life or term of lease whichever is lower.

Assets acquired under the lease where the significant portion of risks and rewards of ownership are retained by the lesser are classified as operating lease. Lease rentals are charged to Profit & Loss Account on accrual basis.

l. Taxes on Income

- i. **Current Taxation:** Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961.
- ii. **Deferred Tax:** Deferred Tax resulting from the timing difference between book profit and taxable profit for the year is accounted, using the tax laws and rates that have been enacted



if there is a reasonable certainty that deferred tax asset will be realized in future.

m. Deferred Revenue Expenses

Deferred revenue expenses have to be amortized over a period of Five years.

n. Joint Ventures:

- i. Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.
- ii. In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.
- iii. Contingent Liability: It is the policy of the company to disclose separate from its own contingent liability, the contingent liability in joint venture.
- iv. Capital Commitment: separate from its own capital commitment which it incurred for joint venture.

o. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset, including intangible asset, may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

p. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified by the companies (Accounting Standards) Rules, 2006. Basic earnings per equity share are computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year.

q. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the company has the present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When a company expects provision to be reimbursed, the reimbursement is recognized as a separate asset only when reimbursement is virtually certain.



A disclosure of contingent liabilities is made where there is possible obligation or present obligation that may probably not require an outflow of resources. When there is possible or a present obligation where there is likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent Assets are not recognized in the financial statements.

As per our report of even date

For C. R. Sagdeo & co.

Chartered Accountants

Firm Registration No. :108959W

CA. SUMAN BOSE
PARTNER

Membership No. 045239

Place : Nagpur

Dated : 12/09/2012



ABHAY H. SANCHETI
Chairman

For and on behalf of the Board of Directors of
SMS Infrastructure Limited

ANAND S. SANCHETI
Managing Director

SMS Infrastructure Limited

Consolidated Cash flow statement for the year ended 31 March 2012

31 March 2012

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Cash flow from operating activities

Profit before tax from continuing operations	7,130.70
Minority	551.31
Profit of Associate	324.79
Profit before tax	<u>8,006.80</u>
Non-cash adjustment to reconcile profit before tax to net cash flows	
Share of (profit)/loss from investment in partnership firm	(4.18)
Depreciation/amortization on continuing operation	5,501.20
Interest expense	10,859.57
Interest income	(443.28)
Dividend income	(1,569.26)
Operating profit before working capital changes	<u>22,350.84</u>
Movements in working capital :	
Increase/(decrease) in trade payables	184.11
Increase / (decrease) in long-term provisions	110.69
Increase / (decrease) in short-term provisions	(1,438.87)
Increase/(decrease) in other current liabilities	(1,492.49)
Increase/ (decrease) in other long-term liabilities	(99.95)
Decrease/(increase) in trade receivables	(1,899.17)
Deferred Tax (Net)	9.40
Decrease/(increase) in inventories	(2,287.99)
Decrease / (increase) in long-term loans and advances	(2,084.84)
Decrease / (increase) in short-term loans and advances	(2,383.74)
Decrease/(increase) in other current assets	(88.08)
Decrease / (increase) in other non-current assets	(899.38)
Cash generated from /(used in) operations	9,980.53
Direct taxes paid (net of refunds)	(2,263.13)
Net cash flow from/ (used in) operating activities (A)	<u><u>7,717.40</u></u>

Cash flow from investing activities

Purchase of fixed assets, including intangible assets, CWIP and capital advances	(27,373.57)
Proceeds from sale of fixed assets	334.49
Proceeds of non-current investments	3,675.25
Share of (profit)/loss from investment in partnership firm	4.18
Change in Goodwill	0.65
Interest received	443.28
Dividends received from subsidiary company	1,569.26
Dividends received	
Net cash flow from/(used in) investing activities (B)	<u><u>(21,346.46)</u></u>

Cash flow from financing activities

Proceeds from issuance of share capital	0.10
Proceeds from long-term borrowings	10,896.56
Proceeds from short-term borrowings	14,400.01



Interest paid	(10,859.57)
Net cash flow from/(used in) in financing activities (C)	<u>14,437.10</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	808.04
Effect of exchange differences on cash & cash equivalents held in foreign currency	-
Cash and cash equivalents at the beginning of the year	<u>7,339.42</u>
Cash and cash equivalents at the end of the year	<u><u>8,147.46</u></u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For C. R. Sagdeo & co.

Chartered Accountants

Firm Registration No. :108959W



CA. SUMAN BOSE
PARTNER

Memembership No. 045239

Place : Nagpur

Dated : 12/09/2012

For and on behalf of the Board of Directors of
SMS Infrastructure Limited

ABHAY H. SANCHETI
Chairman

ANAND S. SANCHETI
Managing Director