

## **SSPDL INTERSERVE PRIVATE LIMITED**

### **DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting the Fourth Annual Report on the business and operations of the Company together with the Audited Financial Accounts for the period ended 31st March, 2014.

#### **FINANCIAL RESULTS**

The financial highlights for the current year are mentioned below:

<b>PARTICULARS</b>	<b>(Rupees in Lakhs)</b>	
	<b>2013-14</b>	<b>2012-13</b>
Profit / (Loss) before Depreciation and Amortization	<b>488.24</b>	(522.68)
Expenses, Finance Costs and Tax Expenses		
Less : Finance Costs	<b>(33.59)</b>	(71.32)
Less : Depreciation and Amortization Expenses	<b>(319.19)</b>	(320.44)
Profit / (Loss) before Tax	<b>135.46</b>	(914.44)
Less : Current Tax	-	-
Less : Deferred Tax	-	-
Profit/(Loss) for the year	<b>135.46</b>	(914.44)
Add : Balance in Profit & Loss Account	<b>(1911.58)</b>	(997.14)
Profit available for appropriation	<b>(1776.12)</b>	(1911.58)
	-	-
<b>APPROPRIATIONS:</b>	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	<b>(1776.12)</b>	(1911.58)

#### **REVIEW OF OPERATIONS**

The total income of your Company for the year under review is ` 4069.54 Lakhs as compared to ` 6380.49 lakhs for the previous year ended 31st March, 2013. Profit/(Loss) after tax was ` 135.46 lakhs as against ` (914.43) lakhs in the previous year.

Various projects undertaken by the Company are under different stages of execution, and expected to complete and hand over them as per agreed dates with the clients.

Company is executing the Construction works of M/s. SSPDL Limited and other clients. The details of the projects executed by the Company are mentioned below in detail.

#### **CURRENT PROJECTS**

##### **Lakewood Enclave & Mayfair Apartments, Chennai**

A Residential Villa/Apartment project situated at Thalambur Village of Old Mahabalipuram, (IT Express Highway), Chennai. The total work value is ` 28 Crores for an area of about 1,57,000 sft. and the expected completion is in December 2014. This project is for SSPDL Limited. Construction of Villas in Lakewood is in progress and Apartments in Mayfair the structural work has been completed. The structure comprises of Stilt plus four floors an area of about 1,05,000 sft.

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### **Novotel/IBIS Hotels, Chennai**

A Hotel construction project was awarded by SSPDL Infrastructure Developers Pvt Ltd. The original estimated value of this project was ` 28 Crores. Subsequently the project scope has been extended and its value is revised to ` 38.25 Crores considering the variations, escalations, etc. Construction work is completed and handed over in Sept, 2013.

### **Frangipani, Pudupakkam**

Construction of Residential Building at Pudupakkam inside Siruseri IT park, Chennai, for building 3,41,440 sft. for M/s. Arihant Foundations & Housing Ltd. The value of the order is ` 22.26 crores additional work of ` 7.79 Crores has been awarded, and Value of the work completed up to 31st March 2014 is ` 29.05 crores. Construction work is nearing completion and expected to be completed in Sept 2014.

### **Meeting House/Service Centre, Bangalore**

A Meeting House building project for LDS with a value of ` 15.00 Crores is awarded by M/s. Indian Society of Church of Latter day Saints in the year 2010. This project has been completed and handed over to the client in December, 2012. The architects for the project are M/s. Sundara Sundaram Architects, Coimbatore.

Further orders for construction of Service Centre Building in the same premises were received for ` 14 crores and work is completed in February 2014.

### **Fairfield & Marriot Hotel**

Originally the value of the Project is ` 30.24 Crores from M/s. SAMHI, this is scaled down to ` 21 crores. The Project Management Consultant is M/s Archetype. Construction work is under progress and 90% is approximately completed and total work is expected to be completed in Sept, 2014.

**Projects completed during the year 2013-14:** - 1. Service Centre, Bangalore and 2. Novotel/IBIS, Chennai.

### **DIVIDEND**

Your Directors do not recommend any dividend for the financial year ended 31.03.2014.

### **DEPOSITS**

During the year under review, the Company has not accepted any deposit from the public.

### **DIRECTORS**

Mr.Andrew George Franks, Mr.Thomas Scally and Mr.Timothy Capper, Directors representing M/s. Interserve Holdings Limited, UK has resigned as Directors of the Company on 16.05.2014.

Mr. Suresh Challa (DIN 01473171) who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

## **SSPDL INTERSERVE PRIVATE LIMITED**

### **AUDITORS AND AUDITORS' REPORT**

During the year under review, M/s. B S R and Associates, Chartered Accountants, Chennai the Company's Statutory Auditors have resigned. M/s. Karvy & Co., Chartered Accountants, Hyderabad has been appointed as Statutory Auditors of the Company who hold office till the conclusion of the forthcoming Annual General Meeting.

Pursuant to the provisions of section 139 of the Companies Act, 2013 (the Act) and the Rules framed thereunder, it is proposed to appoint M/s. Karvy & Co., Chartered Accountants, Hyderabad, as the statutory auditor of the Company from the conclusion of the forthcoming AGM till the conclusion of the ninth AGM to be held in the year 2019, subject to ratification of their appointment at every AGM. M/s. Karvy & Co., Chartered Accountants, have, under Section 139 given a written consent and under section 141 of the Act, furnished a certificate of its eligibility for re-appointment. The Members, year on year will be requested, to ratify their appointment as Auditors and to authorize the Board of Directors to fix their remuneration.

### **THE AUDITORS HAD MADE CERTAIN OBSERVATIONS IN ANNEXURE TO THE AUDITORS' REPORT AND THE BOARD DEEMS IT EXPEDIENT TO ADDRESS THE SAME AS FOLLOWS:**

Point ii (c)

The appropriate steps were taken to further strengthen the internal control procedures with regard to issue and consumption at the stores.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of Section 383A of the Companies Act, 1956, the Company has obtained Secretarial Compliance Certificate from Practising Company Secretary. The said compliance Certificate forms part of this report.

### **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary Company.

### **MATERIAL CHANGES, IF ANY BETWEEN BALANCE SHEET DATE AND DATE OF DIRECTORS REPORT**

Consequent to the decision taken by M/s. Interserve Holdings Limited, UK ("Interserve") to exit from construction business in India (as better opportunities are available internationally to them), it has transferred its entire stake to M/s. SSPDL Limited. Accordingly, with effect from 16.05.2014 our Company has become a wholly owned subsidiary to M/s. SSPDL Limited.

Since, Interserve exited from the Company, Mr. Andrew George Franks, Mr. Thomas Scally and Mr. Timothy Capper, Directors representing M/s. Interserve Holdings Limited, UK has resigned as Directors of the Company on 16.05.2014.

## **SSPDL INTERSERVE PRIVATE LIMITED**

On 12.05.2014, Company has closed the Bank Guarantee limit availed from State Bank of India, Chennai. Accordingly, the Charge created on receivables, stocks, movable fixed assets of the company is released.

### **INSURANCE**

The properties and insurable interest of the Company, wherever considered necessary and to the extent required have been adequately insured.

### **INFORMATION UNDER SECTION 217(1) (e)**

Information required to be furnished under The Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is furnished below:

<b>A. CONSERVATION OF ENERGY</b>	:	The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information in Form A (Rule 2) of the Companies (Disclosure of Particulars in Reporting Board of Directors) Rules, 1988. However, Company is making every effort to conserve the usage of power.
<b>B. TECHNOLOGY ABSORPTION</b>	:	NIL
<b>C. FOREIGN EXCHANGE EARNINGS</b>	:	NIL
<b>FOREIGN EXCHANGE OUTGO</b>	:	Rs.39,89,379/-.

### **INFORMATION UNDER SECTION 217 (2A)**

As per the provisions of Section 217 (2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the particulars are **NIL**.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been applied consistently. Judgments and estimates, which are reasonable and prudent, have been made so far as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profit of the Company for the period.

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3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the assistance and co-operation extended to the Company by the bankers, staff and management of the parent company and Government and Semi-Government Departments.

**For and on behalf of the Board of Directors  
of SSPDL INTERSERVE PRIVATE LIMITED**

**Place : Hyderabad  
Date : 20.05.2014**

**PRAKASH CHALLA  
DIRECTOR**

**SURESH CHALLA  
DIRECTOR**

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of SSPDL Interserve Private Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of SSPDL Interserve Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **KARVY & CO.**

Chartered Accountants

Firm registration number: 001757S

(K. AJAY KUMAR)

P A R T N E R

Membership No. 021989

Place: Hyderabad

Date : 02.05.2014

## Annexure to the Auditors' Report

The Annexure referred to in our report to the members of SSPDL Interserve Private Limited ('the Company') for the year ended March 31, 2014. We report that:

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, substantial fixed assets were physically verified by management during the year and no material discrepancies were identified during such verification.
  - (c) In our opinion, fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. In respect of its inventories:
  - (a) In our opinion and according to the explanations given to us, the physical verification of inventory has been conducted by the management during the current financial year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the records maintained by the Company are proper. ***The Company needs to strengthen the inventory control procedures followed at the stores, with regards to issue and consumption.*** The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of accounts.
- iii. In respect of loans granted by the Company
  - (a) The Company has not granted any loans to companies covered in the register maintained under Section 301 of the Companies Act, 1956.

In respect of loans taken by the Company;

- (b) The Company has taken unsecured loans from 2 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year-end balance was Rs.694.00 lakhs.
- (c) In our opinion and according to the information and explanations given to us, the interest rate and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (d) In respect of the above loans, the Company was regular in payment of interest,



- iv. In our opinion and according to the information and explanations given to us, internal controls in respect of purchase of inventories and sale of services are commensurate with the size of the Company and nature of its business. In our opinion and according to the explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. According to the information and explanations given to us, contracts or arrangements which need to be entered, during the period, in the register to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of the financial year ended March 31, 2014 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- ix. In respect of Statutory dues:
  - (a) According to the books and records as produced and examined by us and also based on the Management representations, it was found that there were no undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable to be deposited with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2014 for a period of more than six months from the date on which they became payable.
  - (b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess, which have not been deposited on account of any dispute.
- x. The Company has been registered for a period of less than 5 years. Accordingly, clause 4 (x) of the Order is not applicable to the Company.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, the Company did not have any outstanding dues to any banks and financial institutions. The Company has not defaulted in repayment of dues to Debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.

- xiii. In our opinion, the Company is not a Chit fund or a Nidhi/ Mutual Benefit fund/ Society. Accordingly, Clause 4 (xiii) of the Order is not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in Shares, Securities, debentures and other investments. Accordingly, Clause 4 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act, during the year.
- xix. According to the information and explanations given to us and the records examined by us, the Company has not created any security in respect of debentures issued by the Company.
- xx. The Company has not raised any money by public issues during the year.
- xxi. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

(K. AJAY KUMAR)  
P A R T N E R  
Membership No: 021989

Place: Hyderabad  
Date : 02.05.2014

**SSPDL Interserve Private Limited****Balance Sheet as at 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Note	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	10,00,000	10,00,000
Reserves and surplus	4	16,48,98,439	15,13,52,438
		<b>16,58,98,439</b>	<b>15,23,52,438</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	10,01,01,999	10,07,99,241
Long-term provisions	6	3,04,319	8,08,350
		<b>10,04,06,318</b>	<b>10,16,07,591</b>
<b>Current liabilities</b>			
Trade payables	7	4,30,05,636	11,79,26,863
Other current liabilities	8	2,52,42,954	6,93,45,562
Short-term provisions	6	2,50,579	77,16,045
		<b>6,84,99,169</b>	<b>19,49,88,470</b>
<b>TOTAL</b>		<b>33,48,03,926</b>	<b>44,89,48,499</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	5,04,51,835	7,71,68,094
Intangible assets	10	3,85,28,704	4,49,74,357
Long-term loans and advances	11	2,12,22,994	2,76,23,718
Other non-current assets	12	-	31,43,755
		<b>11,02,03,533</b>	<b>15,29,09,924</b>
<b>Current assets</b>			
Inventories	13	-	1,15,72,544
Trade receivables	14	9,85,64,187	10,61,40,386
Cash and bank balances	15	1,66,90,242	32,09,079
Short term loans and advances	16	4,92,55,447	7,24,21,338
Other current assets	17	6,00,90,517	10,26,95,228
		<b>22,46,00,393</b>	<b>29,60,38,575</b>
<b>TOTAL</b>		<b>33,48,03,926</b>	<b>44,89,48,499</b>

*for* **KARVY & CO***Chartered Accountants*

Firm Registration No. : 001757S

**For and on behalf of the Board of directors****K Ajay Kumar***Partner*

Membership No. 021989

**Prakash Challa**

Director

**Thomas Scally**

Director

Place: Hyderabad

Date: 02nd May 2014

Place: Chennai

Date: 02nd May 2014

**SSPDL Interserve Private Limited****Statement of profit and loss for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Note	Year ended 31 Mar 2014	Year ended 31 March 2013
<b>REVENUE</b>			
Revenue from operations	18	39,79,94,258	63,43,76,444
Other operating revenues		15,98,066	21,42,859
		<b>39,95,92,324</b>	<b>63,65,19,303</b>
Other income	19	73,61,959	15,29,340
<b>Total</b>		<b>40,69,54,283</b>	<b>63,80,48,643</b>
<b>EXPENSES</b>			
Employee benefits expenses	20	3,57,18,808	6,52,66,499
Site and administrative/selling costs	21	32,24,11,453	62,50,50,040
Depreciation and amortisation	9 & 10	3,19,18,830	3,20,43,704
Finance costs	22	33,59,191	71,31,911
<b>Total expenses</b>		<b>39,34,08,282</b>	<b>72,94,92,154</b>
<b>Profit / (Loss) before tax</b>		<b>1,35,46,001</b>	<b>(9,14,43,511)</b>
Tax expense		-	-
<b>Profit / (Loss) for the year</b>		<b>1,35,46,001</b>	<b>(9,14,43,511)</b>
<b>Earnings per equity share:</b>			
Basic		13.55	(91.44)
Diluted		11.12	(91.44)
Nominal value of equity shares (Rs.)		1	1

*for* **KARVY & CO***Chartered Accountants*

Firm Registration No. : 001757S

**For and on behalf of the Board of directors****K Ajay Kumar***Partner*

Membership No. 021989

**Prakash Challa**

Director

**Thomas Scally**

Director

Place: Hyderabad

Date: 02nd May 2014

Place: Chennai

Date: 02nd May 2014

**SSPDL Interserve Private Limited****Cash flow statement for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Year ended 31 March 2014	Year ended 31 March 2013
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	1,35,46,001	(9,14,43,511)
<i>Adjustments for:</i>		
Depreciation and amortisation	3,19,18,830	3,20,43,704
Interest income	(10,92,158)	(8,73,153)
Finance costs	30,98,217	63,67,280
Loss on sale / write off of fixed assets, net	4,20,106	14,30,662
Provision for doubtful debts	-	88,76,678
Reversal of Provision for doubtful advances	-	34,84,791
<b>Operating profits/(losses) before working capital changes</b>	<b>4,78,90,996</b>	<b>(4,01,13,549)</b>
Decrease / (increase) in inventories	1,15,72,544	7,59,165
Decrease / (increase) in trade receivables	75,76,199	1,55,05,555
Decrease / (increase) in other current and non-current assets	3,88,72,855	(2,74,30,444)
Increase / (decrease) in loans and advances	2,95,66,615	(2,56,17,794)
Increase / (decrease) in trade payables, provisions and other current liabilities	(12,87,67,691)	(1,21,55,712)
<b>Cash flow from operations</b>	<b>67,11,518</b>	<b>(8,90,52,779)</b>
Income taxes (paid)/ received, net	33,42,444	(22,05,634)
<b>Net cash generated from operating activities - (A)</b>	<b>1,00,53,962</b>	<b>(9,12,58,413)</b>
<b>Cash flow from investing activities</b>		
Purchase or construction of fixed assets	-	(1,37,45,572)
Movement in investments in bank deposits having original maturity of more than 3 months	28,44,600	46,75,748
Proceeds on disposal of fixed assets	8,16,824	8,24,715
Interest income received	6,88,567	7,84,589
<b>Net cash used in investing activities - (B)</b>	<b>43,49,991</b>	<b>(74,60,520)</b>
<b>Cash flow from financing activities</b>		
Received towards compulsorily convertible debentures	-	10,00,00,000
Repayments made towards finance lease	(9,17,235)	(4,62,566)
Finance costs paid	(5,555)	(23,39,141)
<b>Net cash used in financing activities - (C)</b>	<b>(9,22,790)</b>	<b>9,71,98,293</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)</b>	<b>1,34,81,163</b>	<b>(15,20,640)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32,09,079</b>	<b>47,29,719</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,66,90,242</b>	<b>32,09,079</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents		
- Cash on hand	1,15,528	67,275
- Balances with banks		
On current accounts	46,74,714	17,41,804
On deposit accounts (with original maturity of 3 months or less)	1,19,00,000	14,00,000
	<b>1,66,90,242</b>	<b>32,09,079</b>

for **KARVY & CO**

Chartered Accountants

Firm Registration No. : 001757S

For and on behalf of the Board of directors

**K Ajay Kumar**

Partner

Membership No. 021989

**Prakash Challa**

Director

**Thomas Scally**

Director

Place: Hyderabad

Date: 02nd May 2014

Place: Chennai

Date: 02nd May 2014

## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### 1. Background of the Company

SSPDL Interserve Private Limited ('SIPL' or 'the Company') was incorporated on 26 May 2010. The Company is engaged in the business of construction of residential houses, commercial buildings, industrial, institutional and infrastructure sectors in India. On 7 August 2010, Interserve Holdings Limited, UK formed a joint venture with the company and acquired 49% stake in the company.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956, to the extent applicable.

##### 2.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company's Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Any revision to accounting estimate is recognised prospectively.

##### 2.3 Fixed assets and depreciation

###### Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on the Straight Line Method (SLM). The rates of depreciation prescribed in Schedule XIV of the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a tangible asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

Individual assets costing less than Rs 5,000/- are depreciated at 100% in the year of purchase.

Pursuant to the above policy, depreciation is provided as below:

Tangible asset category	Rate
Plant and machinery, office equipments and computers	20%
Furniture and fittings and vehicles	10%-12.5%
Computers	20%
Temporary structure (included in plant and machinery)	Over the estimated contract tenure

Leasehold improvements are amortized over the period of the lease.

## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### Intangible assets and amortisation

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are amortized over their economic useful lives. Managements' estimate of useful life of intangible assets:

Asset category	Amortisation period
Non-compete fee	10 years
Software	5 years

#### 2.4 Impairment of assets

The management assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. 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 statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories are determined using the first in first out method and include cost of purchase and cost incurred in bringing the inventories to their present location and condition.

#### 2.6 Revenue recognition

When the outcome of the construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as revenue and expense respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of the contract is the proportion that the contract cost incurred for the work performed up to the reporting date bears to the estimated total contract cost.

Determination of revenue under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

A variation is included in contract revenue when it is probable that the customer will approve the variation and the amount can be reliably measured.

A claim is included in contract revenue when negotiations with customer have reached an advance stage such that it is probable that the customer will accept the claim and amount can be reliably measured.

An expected loss on a construction contract is recognised as an expense immediately.

Contract revenue earned in excess of billing has been reflected under other current assets as unbilled revenue and billing in excess of contract revenue is reflected under other current liabilities in the balance sheet.

## **SSPDL Interserve Private Limited**

### **Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

Interest income is recognized on the time proportion basis taking into account the amount outstanding and the applicable rate of interest.

#### **2.7 Employee benefits expenses**

##### **i. Provident fund:**

Eligible employees receive benefits from the provident fund, which is a defined benefit contribution. Contributions to provident fund are made to the Regional Provident Fund Commissioner and are charged to the statement of profit and loss on accrual basis. The Company has no further obligations under the plan beyond its monthly contributions.

##### **ii. Gratuity:**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this scheme the settlement obligation remains with the Company although the LIC administers the scheme. Liabilities related to the gratuity plan are determined by actuarial valuation performed using projected unit credit method by an independent actuary as at the balance sheet date.

##### **iii. Compensated absences:**

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

#### **2.8 Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss of the year.

#### **2.9 Leases**

Assets acquired under leases where substantially all the risks and rewards of ownership are retained by the Company are classified as finance leases.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on a straight line basis over the lease term.



## **SSPDL Interserve Private Limited**

### **Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### **2.10 Taxation**

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

#### **2.11 Earnings per share**

Basic earnings per share amounts are computed by dividing net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year. There are no dilutive potential equity shares outstanding.

#### **2.12 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **2.13 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

# SSPDL Interserve Private Limited

## Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

<b>3 Share capital</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Authorised</b>		
1,000,000 (31 March 2013: 1,000,000) equity shares of Rs.1/- each	10,00,000	10,00,000
<b>Issued, subscribed and paid-up</b>		
1,000,000 (31 March 2013: 1,000,000) equity shares of Rs.1/- each fully paid-up	10,00,000	10,00,000
	<b>10,00,000</b>	<b>10,00,000</b>
<b>(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Equity shares</b>		
	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>Number</b>	<b>Amount</b>
At the commencement of the year	10,00,000	10,00,000
Shares issued during the year	-	-
<b>At the end of the year</b>	<b>10,00,000</b>	<b>10,00,000</b>
<b>(b) Rights, preferences and restrictions attached to equity shares</b>		
The Company has only one class of equity shares referred to as equity shares having a par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the board.		
The Company shall have a first and paramount lien on every share (including a fully paid share) registered in the name of a member (whether solely or jointly with others) for all moneys (whether presently payable or not) due by him or his estate, either alone or jointly with any other person, to the Company. However the directors may at any time declare any share to be wholly or in part exempt from the provisions of the Articles. The Company's lien, if any, on a share shall extend to all dividends payable thereon.		
<b>(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates</b>		
	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>Number</b>	<b>Amount</b>
Equity shares of Rs 1/- each fully paid-up held by SSPDL Limited, the holding company	5,10,000	5,10,000
Interserve Holding Limited, United Kingdom	4,90,000	4,90,000
<b>(d) Particulars of shareholders holding more than 5% shares of a class of shares</b>		
	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>Number</b>	<b>% Held</b>
<b>Equity shares of Rs 1/- each fully paid up held by</b>		
SSPDL Limited	5,10,000	51%
Interserve Holding Limited, United Kingdom	4,90,000	49%
<b>(e) Aggregate number and class of shares allotted as fully paid-up pursuant to contracts without payment being received in cash</b>		
	<b>31 March 2014</b>	<b>31 March 2013</b>
SSPDL Limited	4,10,000	4,10,000
<b>4 Reserves and surplus</b>		
<b>Securities premium account</b>		
At the commencement and end of the year	34,25,10,000	34,25,10,000
<b>Deficit in the statement of profit and loss</b>		
Opening balance	(19,11,57,562)	(9,97,14,051)
Add : Profit / (Loss) for the year	1,35,46,001	(9,14,43,511)
<b>At the end of the year</b>	<b>(17,76,11,561)</b>	<b>(19,11,57,562)</b>
	<b>16,48,98,439</b>	<b>15,13,52,438</b>

# SSPDL Interserve Private Limited

## Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

### 5 Long-term borrowings

	Non-current portion		Current portion *	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Secured</b>				
Assets acquired under finance lease(refer note (a) below)	1,01,999	7,99,241	2,96,684	5,16,677
<b>Unsecured</b>				
100,000 (31 March 2013: 100,000)	10,00,00,000	10,00,00,000	-	-
12% Compulsorily convertible debentures of Rs. 1,000/- each fully paid up (refer note (b) below)				
	<b>10,01,01,999</b>	<b>10,07,99,241</b>	<b>2,96,684</b>	<b>5,16,677</b>

\*Amount disclosed under 'other current liabilities'

#### Nature of Security and terms of repayment for long-term borrowings

(a) Vehicle loans taken from Kotak Mahindra Prime Limited are secured by hypothecation of respective vehicles and are payable in equal monthly installments as stipulated in the agreements with the lenders.

(b) The Company has allotted 100,000 unsecured fully paid up compulsorily convertible debentures ('CCDs') of Rs. 1,000 each aggregating to Rs. 100,000,000 in accordance with Debenture Subscription Agreement('DSA') dated 27 June 2012 and amendment to DSA dated 22 January 2013. As per the terms of the agreement, the said debentures have conversion period falling at the end of 10 years from the completion of allotment of first tranche CCDs by the issuers to the investors, in accordance with the agreement or such earlier date as may be mutually agreed in writing between the investors subject to applicable laws and approval from the regulatory authorities. As per the terms of the agreement, each CCD shall be converted into four fully paid up equity shares of the Company at a value of Rs. 250/- each subject to applicable laws. As per the terms of the agreement, the Company shall pay 12% interest per anum within 15 days from the date of quarter end on which the Company is required to pay interest.

© The CCD debenture holders have given waiver letters in the SIPL Board Meeting held on 28th January 2014 to waiveoff the interest on CCD payable with effect from 1st July 2013 onwards.

### 6 Provisions

	Long - term		Short - term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Provision for employee benefits</b>				
Gratuity (refer note 29)	-	-	-	-
Compensated absences	3,04,319	8,08,350	1,02,797	2,80,003
<b>Other provisions</b>				
Provision for contract loss	-	-	1,47,782	74,36,042
	<b>3,04,319</b>	<b>8,08,350</b>	<b>2,50,579</b>	<b>77,16,045</b>

### 7 Trade payables

Trade payables		4,30,05,636	11,79,26,863
		<b>4,30,05,636</b>	<b>11,79,26,863</b>
For dues to micro and small enterprises, refer note 33			

### 8 Other current liabilities

Current maturities of long term borrowings (refer note 5)		2,96,684	5,16,677
Interest accrued and due on compulsorily convertible debentures		-	40,28,139
Advance received from customers		30,73,477	2,73,57,882
Retention money due to suppliers		1,80,17,900	1,59,16,042
Billing in excess of revenue		16,64,196	1,22,07,220
Employee benefits payable		15,90,904	56,95,337
Statutory dues payable		5,99,793	36,24,265
		<b>2,52,42,954</b>	<b>6,93,45,562</b>

**SSPDL Interserve Private Limited**
**Notes to financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**9 Tangible assets**

<b>Particulars</b>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Computers</b>	<b>Furniture and fittings</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Gross Block</b>							
Balance as at 1 April 2012	59,39,662	11,03,46,522	25,65,937	18,15,731	7,70,022	62,73,565	12,77,11,439
Additions	-	30,69,773	11,36,935	52,15,748	11,56,941	60,410	1,06,39,807
Disposals / write off	-	15,17,413	65,388	1,41,015	1,47,082	6,78,859	25,49,757
<b>Balance as at 31 March 2013</b>	<b>59,39,662</b>	<b>11,18,98,882</b>	<b>36,37,484</b>	<b>68,90,464</b>	<b>17,79,881</b>	<b>56,55,116</b>	<b>13,58,01,489</b>
Additions							-
Disposals / write off			3,18,370			16,86,282	20,04,652
<b>Balance as at 31 March 2014</b>	<b>59,39,662</b>	<b>11,18,98,882</b>	<b>33,19,114</b>	<b>68,90,464</b>	<b>17,79,881</b>	<b>39,68,834</b>	<b>13,37,96,837</b>
<b>Accumulated depreciation</b>							
Balance as at 1 April 2012	7,12,759	3,01,79,255	6,43,011	2,14,623	2,46,609	10,71,391	3,30,67,648
Depreciation for the year	28,51,038	2,06,59,179	6,72,250	7,37,789	2,11,750	7,28,121	2,58,60,127
Accumulated depreciation on Disposals	-	3,339	24,058	39,014	59,882	1,68,087	2,94,380
<b>Balance as at 31 March 2013</b>	<b>35,63,797</b>	<b>5,08,35,095</b>	<b>12,91,203</b>	<b>9,13,398</b>	<b>3,98,477</b>	<b>16,31,425</b>	<b>5,86,33,395</b>
Depreciation for the year	23,75,865	2,08,17,659	6,96,275	6,39,572	3,25,981	6,17,825	2,54,73,177
Accumulated depreciation on Disposals			1,90,996			5,70,574	7,61,570
<b>Balance as at 31 March 2014</b>	<b>59,39,662</b>	<b>7,16,52,754</b>	<b>17,96,482</b>	<b>15,52,970</b>	<b>7,24,458</b>	<b>16,78,676</b>	<b>8,33,45,002</b>
<b>Net Block</b>							
<b>As at 31 March 2013</b>	<b>23,75,865</b>	<b>6,10,63,787</b>	<b>23,46,281</b>	<b>59,77,066</b>	<b>13,81,404</b>	<b>40,23,691</b>	<b>7,71,68,094</b>
<b>As at 31 March 2014</b>	<b>-</b>	<b>4,02,46,128</b>	<b>15,22,632</b>	<b>53,37,494</b>	<b>10,55,423</b>	<b>22,90,158</b>	<b>5,04,51,835</b>

# SSPDL Interserve Private Limited

## Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

### 10 Intangible assets

Particulars	Software	Non-compete fee	Total
<b>Gross Block</b>			
Balance as at 1 April 2012	31,05,765	5,82,45,045	6,13,50,810
Additions	-	-	-
Disposals / write off	-	-	-
<b>Balance as at 31 March 2013</b>	<b>31,05,765</b>	<b>5,82,45,045</b>	<b>6,13,50,810</b>
Additions	-	-	-
Disposals / write off	-	-	-
<b>Balance as at 31 March 2014</b>	<b>31,05,765</b>	<b>5,82,45,045</b>	<b>6,13,50,810</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2012	-	1,01,92,876	1,01,92,876
Amortisation for the year	3,59,077	58,24,500	61,83,577
Accumulated amortisation on Disposals	-	-	-
<b>Balance as at 31 March 2013</b>	<b>3,59,077</b>	<b>1,60,17,376</b>	<b>1,63,76,453</b>
Amortisation for the year	6,21,153	58,24,500	64,45,653
Accumulated amortisation on Disposals	-	-	-
<b>Balance as at 31 March 2014</b>	<b>9,80,230</b>	<b>2,18,41,876</b>	<b>2,28,22,106</b>
<b>Net Block</b>			
As at 31 March 2013	27,46,688	4,22,27,669	4,49,74,357
As at 31 Mar 2014	21,25,535	3,64,03,169	3,85,28,704

### 11 Long-term loans and advances

Unsecured, considered good

	Non-current portion		Current portion *	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Security deposits	20,00,000	50,58,280	31,43,685	22,92,000
Tax deducted at source	1,92,22,994	2,25,65,438	-	-
	<b>2,12,22,994</b>	<b>2,76,23,718</b>	<b>31,43,685</b>	<b>22,92,000</b>

\* Amounts disclosed under "Short-term loans and advances"

### 12 Other non-current assets

Unsecured, considered good

Bank deposits (due to mature after 12 months from the reporting date) (refer note 15)	-	28,44,600
Interest accrued on fixed deposits	-	2,99,155
	<b>-</b>	<b>31,43,755</b>

### 13 Inventories

Construction materials	-	1,15,72,544
	<b>-</b>	<b>1,15,72,544</b>

#### Break-up of major construction materials

Steel	-	1,10,26,190
Sand	-	1,79,292
Bricks	-	97,200
Cement	-	85,572

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**14 Trade receivables**

Receivables outstanding for a period exceeding six months from the date they became due for payment

-Unsecured, considered good  
-Doubtful

Other receivables

-Unsecured, considered good  
-Doubtful

Less: Provision for doubtful debts

**Trade receivables include:**

Due from Sri Sathya Sai Constructions in which the Company's director is a partner

Due from SSPDL Limited in which the Company's director is a director

**15 Cash and bank balances**

Cash and cash equivalents

- Cash on hand

- Balances with banks

On current accounts

On deposit accounts (with original maturity of 3 months or less)

Other bank balances

**Details of bank balances/deposits**

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'

Margin money deposits due to mature within 12 months of the reporting date included under 'Other bank balances'

Margin money deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'

**16 Short-term loans and advances**

(unsecured, considered good)

**Current portion of long-term loans and advances (refer note 11)**

To parties other than related parties

**Other short-term loans and advances**

(unsecured, considered good)

To parties other than related parties

Retention money

Works contract tax receivable

Advances for supply of goods

Prepaid expenses

Staff advances

- Doubtful

Advances for supply of goods

Retention money

	<u>31 March 2014</u>	<u>31 March 2013</u>
	-	-
	44,42,380	80,82,990
	9,85,64,187	10,61,40,386
	-	7,93,688
	44,42,380	88,76,678
	<u>9,85,64,187</u>	<u>10,61,40,386</u>
	3,20,82,565	6,60,72,943
	6,18,56,249	2,37,80,302
	1,15,528	67,275
	46,74,714	17,41,804
	-	14,00,000
	1,19,00,000	-
	<u>1,66,90,242</u>	<u>32,09,079</u>
	46,74,714	31,41,804
	1,19,00,000	-
	-	28,44,600
	<u>1,65,74,714</u>	<u>59,86,404</u>
	31,43,685	22,92,000
	3,45,37,085	3,09,30,185
	20,94,516	18,37,434
	76,78,998	1,40,64,570
	16,44,796	13,86,056
	1,56,367	1,73,888
	31,39,431	38,17,470
	34,84,791	34,84,791

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

To related parties		
Retention money	-	1,53,97,271
Works contract tax receivable	-	63,39,934
Less: Provision for doubtful advances	66,24,222	73,02,261
	<b>4,92,55,447</b>	<b>7,24,21,338</b>

**Short-term loans and advances include:**

	<b>31 March 2014</b>	<b>31 March 2013</b>
Due from SSPDL Limited in which the Company's director is a director	-	19,03,884
Due from SSPDL Infrastructure Development Private Limited in which the Company's director is a director	-	3,30,89,755

**17 Other current assets**

<i>Unsecured, considered good</i>		
Unbilled revenue	5,93,86,735	10,26,94,192
Interest accrued on fixed deposits	7,03,782	1,036
	<b>6,00,90,517</b>	<b>10,26,95,228</b>

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

<b>18 Revenue from operations</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Contract revenue	39,79,94,258	63,43,76,444
Revenue from project management consultancy services	-	-
	<b>39,79,94,258</b>	<b>63,43,76,444</b>
Other operating revenues	15,98,066	21,42,859
	<b>15,98,066</b>	<b>21,42,859</b>
	<b>39,95,92,324</b>	<b>63,65,19,303</b>
<b>19 Other income</b>		
Interest income on fixed deposits	10,92,158	8,73,153
Provisions no longer required written back	47,34,752	-
Other non-operating income	15,35,049	6,56,187
	<b>73,61,959</b>	<b>15,29,340</b>
<b>20 Employee benefits expenses</b>		
Salaries, wages and bonus	3,18,20,702	5,58,15,778
Contribution to provident fund and other funds	8,58,250	32,73,941
Staff welfare expenses	30,39,856	61,76,780
	<b>3,57,18,808</b>	<b>6,52,66,499</b>
<b>21 Site and administrative / selling costs</b>		
Construction materials	15,28,85,546	32,01,58,065
Direct contract costs	14,87,24,631	26,23,25,492
Legal and professional charges	10,10,536	17,92,501
Auditors remuneration		
- Statutory audit	2,00,000	9,00,000
- Tax audit	50,000	1,00,000
- Reimbursement of expenses	1,36,605	49,309
Rent	70,64,796	89,64,117
Rates and taxes	9,48,717	6,22,477
Travelling and conveyance	23,53,945	42,47,444
Security charges	26,87,869	29,77,544
Repairs and maintenance		
- Buildings	1,72,746	5,54,365
- Machinery	12,22,864	13,91,362
- Others	1,69,445	2,97,554
Insurance	18,24,593	31,94,783
Communication expenses	7,12,393	10,95,481
Business promotion expenses	-	3,65,855
Power and fuel	9,36,904	7,48,508
Printing and stationery	2,84,041	6,28,502
Provision for doubtful advances	-	34,84,791
Provision for doubtful debts	-	88,76,678
Advances written off	2,25,764	-
Fixed assets written off	-	15,09,853
Loss on sale of fixed assets	4,20,106	13,287
Miscellaneous expenses	3,79,952	7,52,072
	<b>32,24,11,453</b>	<b>62,50,50,040</b>
<b>22 Finance costs</b>		
Interest on loan	1,06,437	1,73,374
Other borrowing costs		
Guarantee commission and other charges	2,60,974	7,64,631
Interest on compulsorily convertible debentures	29,91,780	61,93,906
	<b>33,59,191</b>	<b>71,31,911</b>



## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### 23 Contingent liabilities

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Bank guarantees	-	1,42,23,000

#### 24 Disclosure in accordance with Accounting Standard 7 (Revised)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
a. Contract revenue recognized as revenue in the period	39,79,94,258	63,43,76,444
b. Disclosure for contracts in progress:		
Contract cost incurred and recognised profits (less recognised losses)	39,49,47,999	55,09,41,343
Advances received	30,73,477	2,37,11,505
Retention money	3,06,43,845	2,96,29,896
c. Gross amount due from customers towards contract work	6,38,48,694	4,70,52,379
d. Gross amount due to customers for contract work	-	1,95,62,467

#### 25 CIF value of imports

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Capital goods	-	-

#### 26 Expenditure in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Travelling expenses	-	6,52,738
Interest on Compulsory Convertible Debentures	39,89,379	-
Others	-	96,011
<b>Total</b>	<b>39,89,379</b>	<b>7,48,749</b>

#### 27 Segment Reporting

The Company has only one business segment i.e., construction and project management services. Secondary segment reporting is performed on the basis of geographical location of the customers. During the current period, the Company's business has been carried out only in India. Accordingly, the amounts appearing in these financial statements related to the primary business and secondary geographic segment.

#### 28 Related party disclosures

The management has identified the following as related parties:

<b>Entities which exercise control on the Company</b> SSPDL Limited, India
<b>Enterprises having significant influence</b> Interserve Holding Limited, United Kingdom
<b>Firms / companies where directors are interested</b> Sri Sathya Sai Constructions SSPDL Infrastructure Development Private Limited

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**Key Management Personnel (KMP):**

Mr. Prakash Challa, Managing Director (From May 26, 2010)

Mr. Suresh Challa, Director (From May 26, 2010)

**(a) Transactions with related parties are as follows:**

Particulars	31 March 2014	31 March 2013
<b>SSPDL Limited</b>		
Sale of Tangible assets	-	53,523
Income from construction contracts	9,30,75,846	6,48,82,337
Reimbursement of expenses	-	19,03,884
Issue of 12% compulsorily convertible debentures	-	2,04,00,000
Interest on compulsorily convertible debentures	6,10,323	7,91,408
<b>Sri Sathya Sai Constructions</b>		
Income from construction contracts	23,23,599	23,23,599
<b>SSPDL Infrastructure Development Private Limited</b>		
Income from construction contracts	3,39,30,418	3,34,37,326
<b>Interserve Holding Limited</b>		
Issue of 12% compulsorily convertible debentures	-	4,90,00,000
Interest on compulsorily convertible debentures	14,65,973	31,18,816
<b>Prakash Challa</b>		
Rent paid	-	5,53,646
Issue of 12% compulsorily convertible debentures	-	1,53,00,000
Interest on compulsorily convertible debentures	4,57,742	12,27,353

**(b) Year end balances**

Particulars	31 March 2014	31 March 2013
<b>SSPDL Limited</b>		
Trade receivables	6,18,56,249	3,73,24,910
Reimbursement of expenses recoverable	-	-
Interest accrued and due on compulsorily convertible debentures	-	5,43,254
<b>Sri Sathya Sai Constructions</b>		
Trade receivables	3,20,82,565	3,53,22,964
<b>SSPDL Infrastructure Development Private Limited</b>		
Works contract tax receivable	-	76,15,781
Retention money	-	8,66,154
Unbilled revenue	-	1,33,32,062
<b>Interserve Holding Limited</b>		
Interest accrued and due on compulsorily convertible debentures	-	26,70,003
<b>Prakash Challa</b>		
Interest accrued and due on compulsorily convertible debentures	-	4,07,441

## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### 29 Finance lease obligations

Particulars	As at 31 March 2014	As at 31 March 2013
<i>Future minimum lease payments</i>		
Not later than one year	2,96,687	5,16,677
Later than one year & not later than five years	1,01,999	7,99,241
<b>Total</b>	<b>3,98,686</b>	<b>13,15,918</b>

#### 30 Deferred taxes

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax assets</b>		
Carry forward loss	5,72,43,642	6,53,69,287
On account of depreciation	34,82,184	-
Employee benefits	2,60,311	6,96,625
	<b>6,09,86,137</b>	<b>6,60,65,912</b>
<b>Deferred tax liabilities</b>		
On account of depreciation	-	3,77,795
	-	3,77,795
<b>Net Deferred tax assets *</b>	<b>6,09,86,137</b>	<b>6,56,88,117</b>

\* In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS-22), the Deferred tax assets arising from timing differences are recognized and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date. In view of this, deferred tax asset to the extent of Rs.5,94,49,947/- (Previous year Rs.6,56,88,117/-) is not recognized.

#### 31 Employee benefits

The following table set out the status of the gratuity plan as required under AS-15 (Revised) and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Change in projected benefit obligation</b>		
Defined benefit obligation at beginning of the period	14,67,698	6,74,842
Current service cost	2,01,707	10,67,195
Interest cost	1,27,690	52,638
Benefits settled	-	-
Actuarial (gain)/loss	(11,39,775)	(3,26,977)
<b>Defined benefit obligation at period end</b>	<b>6,57,320</b>	<b>14,67,698</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	14,97,202	13,86,298
Expected return on plan assets	1,19,776	1,10,904
Employer contributions	-	-
Actuarial gain / (loss)	-	-
Benefits paid	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>16,16,978</b>	<b>14,97,202</b>

## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Amount recognised in the balance sheet</b>		
Present value of projected benefit obligation at the end of the year	6,57,320	14,67,698
Fair value of the plan assets at the end of the year	16,16,978	14,97,202
<b>Funded status amount of liability recognized in the balance sheet</b>	<b>(9,59,658)</b>	<b>(29,504)</b>
<b>Expense recognised during the period (included in note 20 under contribution to provident fund and other funds)</b>		
Current service cost	2,01,707	10,67,195
Interest cost	1,27,690	52,638
Expected return on plan assets	(1,19,776)	(1,10,904)
Actuarial (gain)/loss	(11,39,775)	(3,26,977)
<b>Net cost</b>	<b>(9,30,154)</b>	<b>6,81,952</b>

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Principal actuarial assumptions</b>		
Discount rate	8.70%	7.80%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	10.00%	10.00%
Attrition Rate	25.00%	25.00%
Retirement expectancy	58 years	58 years

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### 32 Unhedged foreign currency

The year end foreign currency exposure that has not been hedged by a derivative instrument or otherwise, are given below

Particulars	Foreign currency	As at 31 March 2014		As at 31 March 2013	
		Equivalent		Equivalent	
		FC	INR	FC	INR
Payables	GBP	-	-	6,999	5,21,740

### 33 Micro, small and medium enterprises

The management identified enterprises which have provided goods and services to the Company which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act 2006. Based on the information available with the Company, there are no dues to micro and small enterprises who have registered with the competent authorities.

## **SSPDL Interserve Private Limited**

### **Notes to the financial statements for the year ended 31 March 2014**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### **34 Comparatives**

Previous period comparatives have been reclassified / regrouped wherever necessary to conform to the current year's classification and presentation.

*for* **KARVY & CO**

*Chartered Accountants*

Firm Registration No. : 001757S

**For and on behalf of the Board of directors**

**K Ajay Kumar**

*Partner*

Membership No. 021989

**Prakash Challa**

Director

**Thomas Scally**

Director

Place: Hyderabad

Date: 02nd May 2014

Place: Chennai

Date: 02nd May 2014