SPANCO

Spanco Limited

Annual Report 2011-12

SPANCO

CORPORATE INFORMATION

Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

Sunil Sarin
Non-executive, Independent Director

Subroto Chaudhury
Non-executive, Independent Director

Vijay Kumar Gupta
Non-executive, Independent Director

Vijay Kumar Chopra (*w.e.f. July 01, 2012)*
Non-executive, Independent Director

Sanjay Kukreja
Non-executive Director

Pravin Kumar
Non-executive Director

Registered office

B-22, Krishna Bhuvan,
B.S. Deoshi Marg,
Deonar, Mumbai – 400 088

Registrar and Share Transfer Agents

Bigshare Services Pvt. Ltd.
E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka.
Andheri(E), Mumbai – 400 072

Auditors

M/s Khandelwal Jain & Co.,
Chartered Accountants,
Mumbai

Bankers

State Bank of India
Bank of India
Bank of Baroda
Punjab National Bank
ICICI Bank Limited
State Bank of Mysore
Indian Overseas Bank
United Bank of India
Karur Vysya Bank
Lakshmi Vilas Bank
State Bank of Hyderabad
Barclays Bank
IndusInd Bank
Central Bank of India

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LETTER FROM THE CMD

DEAR SHAREHOLDERS,

It is my pleasure to present to you the Twenty Ninth Annual Report for the 6 months period ended March 31, 2012. As you all are aware these 6 months follow the 18 months period wherein we had extended our financial year to cope up with the scale, size and diversity of our order book. Put together, these 24 months have demonstrated our power of committed focus on execution of our large order book and the smooth setting up of our Power Distribution business. We restructured and realigned our resources to match the new scale and dimension of growth we had set out to achieve and as we traversed this path which held several operational financial challenges, we pleasantly surprised our critics. Essentially during the past 6 months period we consolidated these gains and continued with our efforts on what we had set out to achieve in the past 24 months.

Operationally, we executed several Government contracts, including eGovernance projects, modernization of border check posts and power sector modernization projects across the country. Step-by-step and steadily we delivered projects in excess of ₹ 2000 Crores in the past 24 months – all in time and with flawless precision.

Landmark projects

We have successfully laid the foundation for our 15-year Power Distribution Franchise (DF) business in Nagpur. Spanco through this project is responsible for providing quality power to consumers in the franchisee area and reduce power distribution losses to the minimum. The strong foundation of our Power DF business in Nagpur supported by a leading US-based fund has further strengthened our strategy to forward integrate into the DF business. We created, Spanco Nagpur Discom Limited (SNDL) as a focused entity for successful execution of Nagpur DF. After stabilizing its operations for quality power in Nagpur, we took several initiatives to meet consumer expectations. Drive against power theft, Amnesty, Setting up a 24X7 helpline, Reduced resolution time for complaints, Timely information to consumers through mobile platform, Providing new service connections at door step, Awareness campaign including Know Your Bill and consumer safety, Bill payment facility on Sundays and non-working days are some services that have evoked overwhelming response and appreciation from the consumers.

After being awarded the Restructured Accelerated Power Development & Reforms Programme (R-APDRP) project for the entire state of Punjab, the Company also won the IT modernisation project of the state of Bihar, Maharashtra – 35 towns and Goa. With the execution of these orders, we further consolidated our position as one of the market leaders in the IT modernisation projects within the power distribution companies under the R-APDRP program.

Through a JV (MP Border Checkpost Development Company Ltd) we are executing the modernization of integrated border check post at 24 locations in Madhya Pradesh. Through this project, we have successfully made a major breakthrough in this space and expect to participate in similar large projects in the future.

We are also a part of the Government's modernization programme wherein we are delivering secured and robust technology infrastructure for several state governments. These projects involve supply, installation, management and maintenance of Infrastructure technology and providing services. Few projects under execution are modernization of 22 Airports, modernization of transport department of state of Punjab, common service centres, etc.

The period also saw us successfully foray into the African continent through a tie-up with Bharti Airtel. In a short span of time of less than 24 months, we have emerged as the number One 3rd party BPO in Africa and have been granted pioneer status and a 5 year tax holiday by Government of Nigeria.

Lateral and radical thinking

In many ways put together these 24 months are historic not only in term of the size, scale and diversity of the operations but also in terms of our strategic approach which combined both unconventional and traditional elements, both the top-down and bottom-up thinking. Our industry foresight even prior to the 24 months provided us a "top-down" perspective of our industry. Technology and its power to unleash rapid transformation across the country and the globe were humongous and complex yet very real and visible.

For us at Spanco, from the business stand-point there were multiple trends that were emerging yet they were converging to a core – the ability to flawlessly deliver and manage gigantic scale of diverse IT-infrastructure projects in the Government, Public and Private sector.

However, the competitive dynamics in the industry has increased becoming a ground for dislocation of the best in the business. It meant we also had to take a "bottom-up" perspective, we sought answers to the explicitly stated requirement of customers and yet it required us to comprehend what were their unstated and latent needs. In many ways, the answers to which path was to be selected from these diverse emerging trends was not easily apparent.

Foresight of seeing challenges early

As I look back in many ways the catalyst for seeking change and embracing the power sector required a professional organization to think differently and laterally. It demanded radical rethinking and completely challenging the status quo. It required us to embrace an entrepreneurial approach rooted in the adage of "all-things-possible" perspective while evaluating opportunities.

I go back to this one decision at length, as I see the enormous challenges that are hitting the pure Information Technology sector across the country today. While we have a long way to go in reaching the final goal post, our ability to foresee the need to identify and evolve a new business segment has cushioned us partially from the current tight situation faced by the IT industry.

Our domain presence in the power sector has a long term opportunity potential in India and overseas. Through our BPO operations we have already set our base in Africa. As we have done in the past in India, after foraying into one State, we ensured that we grow our bouquet of offerings in the other States, we aspire to expand our offerings and base in Africa.

A host of multinationals are pushing hard to get a foothold on the continent and it is no longer just the continent's mineral resources that are attracting attention, but also the burgeoning consumer sector. The African continent today is akin to the Indian economy of the early 1990s and will see the entire journey of telecom and IT revolution being replicated. A journey of transformation and modernization that we are confident will provide Spanco ample amount of opportunities to participate in a big way.

Through our well-thought business strategy, we have reduced our focus on sectors where growth opportunities appeared diminishing while expanding our footprints in newer sectors which hold the potential for growth. Our innovative approach and solid management practices driven by a stable leadership team, a balanced services portfolio across all our business lines viz. Government, Power, Telecom, Transport that aligns to market needs, coupled with a wide geographic spread and increased efficiencies; we have integrated long term sustainability into our businesses.

Challenges in the short-term

While I talk of the robust long term potential, the challenges posed by the global economy and the Indian economy, the high interest rate scenario and the slowdown in industry are a cause for abundant concern. Our business too faces the brunt of this adverse situation and while we work on strategies to cushion the blow, by virtue of being present in domain like power and a mix of private, public and geographic diversity we believe we are better placed to counter these short-term phase of external challenges.

A word of thanks

Our ability to galvanize the organization around our new strategies, goals and actions and go on to execute the large and historic order book has seen us mature as an entity. And we believe the invaluable experience that we have earned will enable us to expand our opportunity horizon in the long term and cross the hurdles posed in the near term.

As we look forward to the coming year, I take this opportunity to thank all the members of the Board, the key management team and our employees for their unstinted support which has enabled us cross the hurdles on the way. I also take this opportunity to place on record our gratitude to our banks and financial institutions for their encouragement and support. I also appreciate the continued support and confidence reposed in the Company's management by all stakeholders. We remain committed to Thinking Differently for sustained long term growth and delivering value to all.

Kapil Puri
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting this 29th Annual Report of your Company together with the Audited Accounts for the 6 months period ended on March 31, 2012 (Financial period from October 1, 2011 till March 31, 2012).

FINANCIAL RESULTS:

Your Company's financial performance during the period under review has been encouraging and is summarized below:

(₹ in Crores)

Particulars	Period ended	
	March 31, 2012 (6 months)	**September 30, 2011 (18 months)**
Income from operations and other income	976.47	2,423.67
Profit before Finance Cost, Depreciation & Amortization Exp. and Taxation	126.51	331.53
Less: Depreciation & Amortization Expenses	18.75	46.17
Less: Finance Cost	53.30	118.09
Profit before taxation	54.46	167.27
Less: Tax Expense	19.91	62.13
Profit after tax	34.55	105.14
Add: Balance of Statement of Profit and Loss brought forward	135.37	50.21
Amount available for appropriations	169.92	155.35
Proposed Dividend	-	3.14
Tax on Proposed Dividend	-	0.50
Transfer to Debenture Redemption Reserve	5.17	16.34
Balance carried to Balance Sheet	164.75	135.37

REVIEW OF OPERATIONS

During the 6 months period under review, the Company's income from operations including other income stood at ₹ 976.47 Crores as compared to ₹ 2,423.67 Crores in the previous period (18 months) registering a growth of about 20.86% on annualised basis. Profit before Finance Cost, Depreciation & Taxation for 6 months period stood at ₹ 126.51 Crores as against ₹ 331.53 Crores in the previous period (18 months), thereby registering a growth of about 14.49 % on annualised basis. Profit after tax declined marginally by 1.43% on annualised basis and stood at ₹ 34.55 Crores for 6 months period as compared to ₹ 105.14 Crores in the previous period (18 months).

DIVIDEND

Keeping in mind the capital requirement for future growth of the Company and to conserve resources for operations of the Company, your Directors do not recommend any dividend for the period ended on March 31, 2012.

PUBLIC DEPOSITS

During the period under review, the Company has not accepted/renewed any deposits from the Public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis, as stipulated under Clause 49 of the Listing Agreement is covered under separate section and forming part of the Annual Report.

DIRECTORS

During the period under review Mr. Prakash Desai resigned from Directorship of the Company on November 12, 2011. The Board places on record its appreciation for his valuable contribution during his tenure as a Director of the Company.

Mr. Vijay Kumar Chopra was appointed as an Additional Director of the Company by the Board w.e.f. July 1, 2012 and in terms of the provisions of the Section 260 of the Companies Act, 1956, he holds office upto the ensuing Annual General Meeting of the Company.

The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature for appointment as Director of the Company, along with the requisite deposit. The Board recommends his appointment as a Director of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Adarsh Bagaria, Whole time Director and Mr. Vijay Kumar Gupta, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board recommends their re-appointment.

Brief resume of the Directors proposed to be appointed/re-appointed as stipulated under clause 49 of the Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited are given in the Notice convening the 29th Annual General Meeting of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, your directors state that:

- in the preparation of the Annual Accounts for the 6 months period ended March 31, 2012 the applicable accounting standards have been followed and there are no material departures from the same;
- the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the period ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai, the Statutory Auditors of your Company holds office upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to audit financial accounts for the financial year ending on March 31, 2013.

AUDITORS' OBSERVATIONS

Observations of the Auditors, read together with the relevant Notes to the Accounts and Accounting Policies, are self-explanatory.

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of the Order no. 52/26/CAB-2010 dated May 2, 2011 issued by Central Government, the Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants, New Delhi as the Cost Auditors of the Company for Audit of the cost accounting records maintained by the Company relating to Electricity Industry for the financial year 2011-12, subject to the approval of the Central Government.

SUBSIDIARY COMPANIES/JOINT VENTURES AND CONSOLIDATED FINANCIAL STATEMENTS

Spanco BPO Ventures Limited (SBVL), a wholly owned subsidiary and BPO arm of Spanco Limited catering to global clients spread across four continents with operations in India, US, Europe and Africa. Spanco's expertise in BPO is not just restricted to call centre operations but also in building and managing call centre, data centre infrastructures and manpower outsourcing globally.

Spanco BPO Services Limited, Spanco Respondez BPO Private Limited, Spanco Holdings INC are subsidiaries of Spanco BPO Ventures Limited (SBVL).

Spanco BPO Ventures Limited (SBVL) has incorporated a joint venture / subsidiary company namely Spanco BPO Africa Limited in Mauritius with joint venture partner, Ison Infotel Network Limited, Mauritius with objective to make further downstream investments in companies across the African Countries namely Nigeria, Tanzania, Kenya, Uganda, Burkina Faso, Chad, Niger and Rwanda.

During the period under review, Spanco BPO Africa Limited has made investments in 8 companies namely Spanco Channel BPO Ltd. (Nigeria), Spanco RAPS Kenya Ltd. (Kenya), Spanco RAPS Uganda Ltd. (Uganda), Spanco RAPS Tanzania Ltd. (Tanzania), Spanco RAPS Niger Ltd. (Niger), Spanco RAPS Burkina Faso SARL (Burkina Faso), Spanco RAPS Tchad SARL (Chad), Spanco RAPS Rwanda Ltd. (Rwanda) duly incorporated in Africa. The main object of the companies incorporated in Africa is to carry the business of providing call centre services, business processing operations, communications, telecommunications, IT services etc.

A statement containing brief financial details of the Company's subsidiaries for the period ended March 31, 2012 is included in the Annual Report.

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated February 8, 2011 have granted general exemption from attaching the Balance Sheets of subsidiary companies with the holding company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing consolidated financial statements in the Annual Report, hence the Balance Sheets of subsidiary companies are not attached with the Company's Balance Sheet. Further, the annual accounts of the subsidiary companies and the related detailed information will be made available upon request to any member of the Company interested in obtaining the same during the Annual General Meeting and are also available for inspection during business hours at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include Financial Results of its subsidiary companies and Joint Ventures and are prepared in strict compliance with applicable Accounting Standards.

CREDIT RATING

Your Company's ratings has been reviewed to CARE C [Single C] by Credit Analysis and Research Limited (CARE) for Long–term bank facilities and Non-convertible debentures (NCD) and CARE C/CARE A4 (Single C/A four) by CARE for Long/Short-term Bank facilities.

SHARE CAPITAL

On May 10, 2012 the Company had issued and allotted 15,00,000 fully paid Equity Shares of ₹ 10/ – per share at a price of ₹ 155/ – per share (including premium of ₹ 145/ – per share) to Mrs. Kavita Puri, Promoter of the Company upon conversion of even number of warrants issued on preferential basis.

Consequent to this, the paid up share capital of the Company has increased from ₹ 31,35,00,000 (divided into 3,13,50,000 Equity Shares of ₹ 10/ – per share) to ₹ 32,85,00,000 (divided into 3,28,50,000 Equity Shares of ₹ 10/ – per share).

DEBENTURES

The Company had issued 20 secured redeemable non – convertible debentures of ₹ 1,000,000 each amounting to ₹ 2 Crores on a private placement basis during the year 2008-09 carrying an interest at 11% payable half yearly and the same are due for redemption in two equal installments on July 3, 2012 and 2013.

The Company had issued 200 secured redeemable non – convertible debentures of ₹ 1,000,000 each amounting to ₹ 20 Crores on a private placement basis during the year 2008-09 carrying an interest at 11.25% payable monthly and the same are due for redemption in two equal installments on July 3, 2012 and 2013.

The Company had issued 700 secured redeemable non – convertible debentures of ₹ 1,000,000 each amounting to ₹ 70 Crores on a private placement basis during the year 2008-09 carrying an interest at 11.25% payable half yearly and the same are due for redemption in two equal installments on July 10, 2012 and 2013.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the unpaid dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The details of amount lying in Unpaid Dividend Accounts due for transfer to the Investor Education and Protection Fund are given in the below table. The shareholders whose dividend remained unclaimed for these financial years are requested to claim it immediately from the Company. Further, the Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amount which remained unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.

The details of Unpaid / Unclaimed Dividend are as follows:

Year	Dividend Rate per share	Date of Declaration	Due Date for transfer to IEPF
2004-05	₹ 0.50	September 15, 2005	October 15, 2012
2005-06	₹ 1.80	September 29, 2006	October 29, 2013
2006-07	₹ 1.80	September 29, 2007	October 29, 2014
2007-08	₹ 2.00	September 19, 2008	October 19, 2015
2008-09	₹ 0.50	September 29, 2009	October 29, 2016
2009-10	₹ 1.00	September 24, 2010	October 24, 2017
2010-11	₹ 1.00	March 20, 2012	April 19, 2019

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, a detailed report on Corporate Governance duly certified by M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai is separately attached to this Annual Report.

PERSONNEL

The employer employee relations remained cordial throughout the period. The Board places on record its sincere appreciation for the valuable contribution made by the employees across all levels of the organization.

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the name and other particulars of employees are to be set out in the Director's Report as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as set out therein are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Assistant Company Secretary at the Registered Office.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY

The Company's operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and purchasing energy-efficient equipment. During the period, the Company has taken some measures for optimal utilization of electricity by stringent control by re-scheduling of working hours of air-conditioning and lighting during the off working hours. The Company constantly evaluates new technologies and invests to make its infrastructure more energy-efficient. Air-conditioners with energy-efficient screw compressors for central air-conditioning and with split air-conditioning for localized areas are used. As energy costs comprise a very small part of the total expenses, the financial impact of these measures is not material.

(B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

With an object to obtain and deliver the best, your Company successfully deployed a growing and diverse team of R&D specialists who have expertise in hardware, networking systems software, database and application software. This helped the Company to access to the latest technologies and deploy/absorb these latest technologies wherever feasible, relevant and appropriate. The Company has not maintained separate record of the expenditure incurred on R&D.

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

(₹ in Crores)

Particulars	March 31, 2012 (6 months)	September 30, 2011 (18 months)
Foreign exchange earned	1.62	3.63
CIF value of imports	-	3.53
Expenditure in foreign currency	0.47	2.42

ACKNOWLEDGEMENTS

Your Directors wish to express their sincere gratitude to the Union Government and the Government of various States, as also to all the Government agencies, banks, financial institutions, customers, vendors and other related organizations, who, through their continued support and co-operation, have contributed towards the Company's growth and progress during the period under review. Your Directors also wish to place on record their deep sense of appreciation for investors, shareholders and employees of the Company for their continued support towards conduct and operations of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 14, 2012

Kapil Puri
Chairman and Managing Director

Management Discussion and Analysis

A. TECHNOLOGY INFRASTRUCTURE

IA. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Information and Communication Technology (ICT) Industry has played a critical role in shaping the contours of the modern Indian economy and transforming its growth trajectory. The IT industry, alone, has played a pioneering and pivotal role in placing India on the world map as a major knowledge-based economy. The effective use of ICT services in Government administration (both state and central) has significantly enhanced existing efficiencies, driven down communication costs and increased transparency in the functioning of various departments.

IT has been recognized as the single most important enabler to effectively modernize India's power sector and also transform its distribution network using modern technology and also reduce the power transmission and distribution losses. To make power distribution more efficient, the government has attempted privatization with the franchise model.

As India progresses, a key concern for the Government is enforcing systems that streamline inefficiencies in the system which deprives the Government from valuable revenues at ground level. One of the mega IT infrastructure initiative addressing this key area of concern and also aiding security management is the state border check posts.

While the sector's growth trajectory is founded on strong fundamentals and sustained domestic demand, a significant portion of the sector's earning flow from the international and overseas market. Hence the IT sector and particularly the ITeS & BPO sector which are focused purely on international markets are not immune to the global economic challenging environments that prevailed in the past 24 months.

CRISIL Research expects the domestic IT services market to grow at a five-year Compounded Annual Growth Rate (CAGR) of 18% to ₹ 65,000 Crores in 2013-14. The Government is expected to be the largest end-user with a 30% share; demand for IT services is expected to grow at a CAGR of 23%.

IIA. OPPORTUNITIES AND THREATS

Government Business Unit: Mega eGovernance projects involve designing solutions for building gigantic e-infrastructure, necessitating large-scale system integration. The Indian Government plans to spend close to USD 10 billion for rolling out the NeGP, the opportunity for the ICT sector to radically transform modern governance and take the IT revolution to its next phase. The scale of the opportunities can be seen from the fact that the Centre and State will spend anywhere between ₹ 20,000 to ₹ 30,000 Crores over the next five years to roll out government related services.

PSU: The upgradation of legacy systems and overall IT-led modernisation presents large scale opportunities to the Indian IT sector. IT spending by India's Public Sector reached an estimated USD 3.1 billion in 2008, and is further expected to grow phenomenally. The estimated CAGR between 2007 – 2011 was nearly 19%.

Transport/ Integrated Check Posts: For the Indian economy to achieve accelerated economic growth, infrastructure will play a key role. The Government has increased the infrastructure allocation from USD 500 billion in the 11th Five Year plan to USD 1 trillion in the 12th plan (2012-17). Modernisation of ports, airports, roads and border check posts are key opportunity areas for the ICT sector as they will drive efficiency, enable better revenue collections and also provide greater control to monitor enforcements and adherence of laws.

Banking: The banking sector is at the forefront of adopting technology as financial inclusion gains momentum wherein efforts are made to ensure access of appropriate financial products and services needed by weaker sections and low-income groups at an affordable cost in a fair and transparent manner. As a step in this direction, Indian banks have geared up for the second wave of technological enhancement, their spending is likely to shoot, a little over 50%, to ₹ 10,000 Crores annually.

Healthcare: Healthcare in India is in the midst of a major transition and technology is making a tremendous impact on the way healthcare is delivered. One emerging trend in this area is telemedicine. ICT holds the potential to deliver modern healthcare guidance and facilitate faster access to urban doctors through focused technology related initiatives such as telemedicine.

Aviation: Airport security checks are essential for the safety of both the passengers and the country. Airport Authority of India (AAI) has taken up modernisation and upgradation of airports across the country and the market size for airport security in India is estimated to be USD 6 billion over the next 5 years. Transport department modernisation is an important initiative which will help the department add scale and efficiency and hence drive higher level of transparency in the ecosystem.

2. Power Business Unit

Technology Infrastructure and Services: India is presently positioned as the 11th largest manufacturer of energy. It is also the worlds' 6th largest energy user. In spite of its extensive yearly energy output, Indian power sector is a regular importer of energy because of huge disparity between production and demand. While some progress has been made at reducing the Transmission and Distribution (T&D) losses, these losses are still substantially higher than the global benchmarks. To tackle these challenges, the Government has proposed Restructured Accelerated Power Development Reforms Programme (R-APDRP) as a Central Sector

Scheme. R-APDRP is an initiative driven by the centre in collaboration with the state with a clear focus to bring in actual, demonstrable performance in terms of sustained energy loss reduction. The size for R-APDRP program is to the tune of ₹ 50,000 Crores.

Distribution Franchise (DF): The DF model is a PPP initiative that has emerged as a solution to the problems affecting the power distribution segment – high technical and commercial losses, poor infrastructure, weak financial position and lack of customer orientation. The key driver of franchising for utilities as well as consumers would be the ability of the DF to source additional power and provide uninterrupted supply in the franchise area. The DF model has emerged as a means of tying up with private players to bring on consumer management expertise, invest in infrastructure (thereby curtailing losses) and share financial benefits of the improvements with the licensee.

CRISIL Research expects power distribution in 20 circles to be bid out to the private sector over the next three years. This entails an investment opportunity of ₹ 140-170 billion. Of those, around six circles are expected in Maharashtra, six in Uttar Pradesh, three in Madhya Pradesh and three-four in other states. Shnglu committee constituted by the Central Government on power sector reforms have recommended 250 Distribution Franchisees across the country to reduce ATC losses.

3. Telecom

Telecom industry in India has undergone a revolution during the past few years with tremendous growth in the telecom subscriber base. The country's telecom industry is one of the fastest growing and one of the largest telecommunication networks in the world. A study by PwC indicates that the urban tele-density at 154% is far ahead of the rural tele-density of 34% per cent. While this spells opportunity for the industry, significant investments will be required in order to further increase reach in the rural areas. Introduction of 3G will not only lead to introduction of new Value Added Service (VAS) applications but will also give a boost to initiate new revenue streams such as m-education, m-governance, telemedicine and most importantly will become the backbone for the broadband penetration. There will be significant increase in the number of persons accessing the internet from their mobile platforms.

THREATS

Recessionary trends: While the global economic slowdown has arisen in the developed economies, the contagion is being witnessed in all major economies of the world. Several countries including India are experiencing contraction in their GDP. An overall slowdown in the pace of investment activity, the extremely challenging scenario in the financial markets has a dominos effect and also impacts other sectors of the world economy. This along with challenges of high inflation, tight credit policy further posses challenges for India and the India Inc.

Government Policy: The IT sector has witnessed tremendous boost from the Government's spending in building of modern IT infrastructure to implement its e-Governance initiatives. The scale of Government-led IT spending in the economy is today unmatched. It is the Government's thrust on areas like CSC, power, telemedicine, transport/integrated check post, Unique Identification Development Authority of India (UIDAI) – Aadhar, National Rural Employment Guarantee Act (NREGA) etc has opened large-scale and long term sustainability for the sector. Hence, any major reverse of policies in this direction or change in thrust can adversely impact the ICT sector.

Competition: While India is a well-acknowledged software superpower, traditionally most Indian IT & ITeS companies have concentrated on the opportunities available overseas. Also, due to the increasing opportunities, several global players have set up base in the country to garner a share in the opportunity pie.

IIIA. RISKS AND CONCERNS

Funding: The Company predominantly works in public sector space. Size of opportunities in this space is significantly large and requires quick access to funds for faster execution. Also, since Spanco participates in several tenders; each tender requires either a Bank Guarantee or an EMD. Spanco has always believed in having a judicious mix of small and medium term projects where the billing is on a time and material basis and the turnaround time is fast along with longer-term PPP projects. This ensures that funding requirements for any of the PPP projects are such as those that can be managed well. In addition, the Company has funding lines from banks and financial institutions open and has sufficient funds for developing ongoing projects. As the Company is building long-term assets through PPP projects and can showcase future revenue visibility, it is confident of raising adequate funds for these projects. Further, the Company has raised ₹ 800 million from Bessemer Venture Partners by way of subscription of equity shares on preferential basis.

Time and cost overruns: Time and cost overruns in project execution can impact the Company's revenue projections. Spanco's longstanding presence in executing enables it to foresee any upcoming hurdles resulting in solving them ahead of time. Besides, all projects have inbuilt cost and time related clause in contracts.

Manpower capabilities: As Spanco expands its operations across the country, enhancing manpower capabilities will be imperative to success. As the Company scales the growth curve, which is a part of its strategic planning, special initiatives are undertaken to ensure that adequate manpower resources, both at the pre-project and post-project levels, are allocated for each project. Special dedicated teams for each domain already exist.

IVA. OUTLOOK

As our industry moves towards exploring new frontiers, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the Government and emergence of business models that help provide IT to new customer segments would be the key drivers for increased technology adoption in India. Spanco has always delivered beyond expectations and projects have been delivered as per schedule. The ability to identify opportunities ahead of time, invest in continuously strengthening its business foundations and to take the learning's of the past projects to newer projects has played an invaluable role in tracing its success story.

By offering relevant futuristic solutions, today Spanco is confident of heralding a new era of change by empowering the common people of India through various landmark projects and now also exploring promising new countries and geographies. With its innovative approach and solid management practices driven by a stable leadership team, a balanced services portfolio across all our business lines viz. Government, power, telecom, transport that aligns to market needs, coupled with a wide geographic spread and increased efficiencies; Spanco has integrated long term sustainability into its businesses.

Spanco's entry into the power sector and specially the distribution side provides the business, long term stability and opportunity that offer consistent revenues. Spanco has the ability to replicate the success of diverse projects in one state to multiple states and now aims to take this domain expertise into a new continent of promise like Africa that holds immense long term opportunity and growth potential in the future.

Moving forward, Spanco is confident of growing and scaling its business further by exploring more visible opportunities on the horizon. More importantly, with deep market understanding, it has initiated several exciting and dynamic measures which will create important bridges that will translate into a new era of opportunities. Today, after over a decade of proven excellence and growth, Spanco, as an entity stands poised for a leap beyond all its previous benchmarks – a leap of growth and success that promises to provide its new position of eminence in the world of technology infrastructure and services.

B. BUSINESS PROCESS OUTSOURCING

IB. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Business Process Outsourcing (BPO) industry in India is considered one of the most significant growth catalysts for the economy. The Indian ITeS BPO industry has evolved considerably over the past two decades. Increasing competition from emerging nations in low-cost service offerings has made the Indian ITeS BPO industry shift their focus towards improving the value proposition especially in the established verticals such as BFSI. The sector has also expanded across several other emerging verticals such as retail, healthcare and knowledge services. New verticals such as climate change, mobile applications, healthcare, energy efficiency and sustainable energy are fast emerging as growth drivers.

As an experienced global outsourcing solutions provider, Spanco has established a formidable presence in the BPO space spread over three continents catering to India, US/Europe and African markets. It has operational centres in : India (Mumbai, Gurgaon, Kolkata, Dehradun, Coimbatore, Mohali, Hyderabad and Mysore), UK, US, Poland, Africa (Nigeria, Kenya, Tanzania, Burkino Faso, Chad, Niger, Uganda and Rwanda)

IIB. OPPORTUNITIES AND THREATS

Domestic BPO Business: Having grown manifold in size and matured in terms of service delivery capability and footprint over the past decade, India is one of the fastest-growing BPO market in Asia-Pacific. The industry is expected to build on its existing phase of evolution which would be characterised by greater breadth and depth of services; process re-engineering across the value chain; increased delivery of analytics and knowledge services across platforms and strong domestic market focus.

International BPO Business: The United States and Europe primarily dominate the global BPO market. The increasing size and scope of the BPO industry is largely attributed to the growing desire of global businesses to address primary issues such as shortage of skilled personnel and rising operational costs. Technological advancements, introduction of sophisticated platforms and software, and the emergence of newer media are also driving businesses to opt for services of specialist third-party service providers. Driven by the need to cut operating costs through outsourcing of non-core processes, the global market for BPO is forecast to reach USD 280.7 billion by the year 2017, as estimated in a report by Global Industry Analysts Inc in October, 2011.

African Business: Africa is home to more than one billion people. By 2050, the population is predicted to rise to two billion, some 22% of global population. While individual African economies face serious challenges such as poverty, diseases and high infant mortality, they collectively are now the world's most rapidly growing economic region. Over the past decade, political and economic conditions have improved. Significant armed conflicts have ended, giving way to political stability necessary for economic growth. Africa has started to get more positive coverage in the mainstream media. *Time* magazine recently dubbed Kenya as 'Silicon Savanna' due to the country's ICT revolution. Around 128 million households, says a McKinsey report, will have disposable income by 2020, when Africa's collective GDP will be USD 2.6 trillion.

THREATS

Recessionary trends: India's economy has been fuelled by the growth in the technology sector in the past and a slowdown in economic growth also impacts the IT sector. A large part of the IT sector's growth is dependent on the "outsourcing" or "offshoring" of key business processes and software development activity (and related services) by large global corporations and other organisations. This is also seen as a reason for job losses in developed countries and outsourcing itself is being questioned by global political power to appease their populations. If this scenario continues to deteriorate further, it possess a major threat to the industry as a whole.

Competition from other low-cost countries: India has managed to emerge as the biggest destination for outsourcing, but countries like Philippines, Brazil, China and Mexico are also eyeing the pie by leveraging their comfort with the English language. While Philippines is a major threat, China too seems to be entering this space in a big way but it also has various disadvantages such as lack of skilled manpower and quality measures.

III B. RISKS AND CONCERNS

Attrition rate: BPO companies suffer from the chronic problem of a high attrition rate, as a large number of people who enter the industry are those who intend to work only for a few months, without long term commitment and career plans. To address the problem the Company has been incorporating world class HR practices enabling it to attract, train and retain the best talent in the industry. The Company continuously creates and maintains a pool of world – class resources by recruiting best talents from leading colleges and from within the industry, imparting efficient and effective training and facilities, blending them into productive resources by creating challenging opportunities on projects.

Data security: With data processing units coming up in large numbers the need for proper data security and cyber laws continues to remain a key concern. The Company has invested in the correct technology to build a secure environment. At the same time, Spanco undertakes adequate security measures before recruiting employees; invests in training (and monitoring) to maintain data security and ensures compliance with security policies and procedures.

Rising Costs: Pricing pressure, both in the international and domestic segments, is high, making margins thin, especially in the short and medium term. Spanco, with its tight operational and cost efficiency aided by sophisticated MIS systems, is equipped to tide this risk. The Company's solutions combine domain knowledge, process management and technology to deliver increased operational efficiency, better customer management and improved quality through the ability to add significant value to clients in terms of functional excellence, on time and rapid transition and transformational benefits over the lifecycle of the engagement.

IVB. OUTLOOK

In the past couple of years, the BPO industry has moved away from transaction processing towards a driver of business value. Clients want BPO to help operate their businesses better and to deliver measurable business outcomes. They also are looking for more industry-specific BPO offerings, and services are moving from the back office to the mid and front office. Understanding these trends, going forward the Company aims to further add new fast moving business verticals and expand its service offerings. The Company also aims to expand its geographic presence and its foray into the fast moving African continent has expanded its growth horizons. The Company's strategy in Africa is based on bringing cost effective, scalable solutions to build world class contact centres. Spanco is looking at leveraging local capabilities and expects to partner with companies who have deep rooted understanding of local geography and customer needs. Driven by the unexploited potential in the BPO industry in the continent, Spanco foresees a considerable sum of its profits generating from Africa.

VA AND VB INTERNAL CONTROLS

The Company is equipped with adequate internal control systems for its business processes which determine the efficiency of its operation strengths in financial reporting and ensure compliance with applicable laws and regulations. The internal control systems are supplemented by extensive audits conducted by internal auditors. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. Moreover, regular internal audits and checks ensure that responsibilities are executed effectively across the organisation. The Audit Committee meets regularly, reviews and verifies the controls in accordance with the Terms of Reference given by the Board of Directors.

VIA AND VIB HUMAN RESOURCES

The total number of employees in the Company, including subsidiaries as on March 31, 2012 stands at 15000 (includes employees on roll as well as on contract). The Company understands that employees are vital and valuable assets. It believes in creating a favorable work environment which can lead to innovative ideas. The Company has a scalable recruitment and human resource process which leads to attraction and retention of highly qualified and productive individuals in the organization.

VIIA FINANCIALS IN BRIEF

Share capital

During the period under review, the Authorized Share Capital of the Company remains unchanged to ₹ 75 Crores divided into 75,000,000 (previous year 75,000,000) Equity Shares of ₹ 10/- each. Also, Paid up capital of the Company remains unchanged to ₹31.35 Crores.

Reserves and surplus

The Company's reserves and surplus increased to ₹ 601.39 Crores as at March 31, 2012 as compared to ₹ 566.84 Crores as at September 30, 2011. As a result, the Company's net worth increased to ₹ 632.74 Crores as at March 31, 2012 from ₹ 598.19 Crores as at September 30, 2011. The increase is mainly on account of the net profits earned during the period.

Secured loans

The Company's secured loans were at ₹ 776.38 Crores as at March 31, 2012 as compared to ₹ 658.60 Crores as at September 30, 2011. The increase is mainly due to increase in working capital loans from ₹ 530.81 Crores to ₹ 653.13 Crores on account of growth in the business.

Unsecured loans

Unsecured loans have decreased to ₹ 68.96 Crores as at March 31, 2012 as compared to ₹ 116.32 Crores as at September 30, 2011. The decrease is on account of loan repayments.

Long term provision

The Company's long term provision decreased to ₹ 0.97 Crores as at March 31, 2012 from ₹ 1.26 Crores as at September 30, 2011.

Current liabilities (Other than borrowings)

Current liabilities of the Company decreased to ₹ 686.02 Crores as at March 31, 2012 from ₹ 700.56 Crores as at September 30, 2011. This was mainly due to decrease in trade payables.

Fixed assets

The gross block decreased to ₹ 201.13 Crores as at March 31, 2012 as compared to ₹ 227.89 Crores as at September 30, 2011 due to slump sale of Power Distribution Franchisee division to its step down subsidiary Company.

Capital work-in-progress

The Capital WIP increased to ₹ 207.81 Crores as at March 31, 2012 as compared to ₹ 147.01 Crores as at September 30, 2011. This increase is mainly due to ongoing capital expenditure on various long term asset based projects.

Investments

The Company's investments stood at ₹ 78.56 Crores as at March 31, 2012 compared to ₹ 80.84 Crores as at September 30, 2011.

Loans and advances

The Company's loans and advances decreased to ₹ 451.17 Crores as at March 31, 2012 from ₹ 461.49 Crores as at September 30, 2011.

Other non current assets

Other non-current assets have decreased to ₹ 9.32 Crores as at March 31, 2012 from ₹ 10.86 Crores as at September 30, 2011.

Inventory

The Company's inventory stood at ₹ 481.03 Crores as at March 31, 2012 as compared to ₹ 391.98 Crores as at September 30, 2011. Increase was mainly due to the stock in hand for various milestone based projects, where billing is pending based on the contract terms.

Trade receivables

The Trade receivables (including long term) of the Company increased to ₹ 789.96 Crores as at March 31, 2012 from ₹ 764.74 Crores as at September 30, 2011. However, the receivables days have come down from 174 days in 2010-11 to 161 days in the period under review, which is mainly due to collection efforts made by the Company. The current receivable days correspond to the nature of the business, the Company operates into.

Other current assets

Other current assets have decreased to ₹ 34.34 Crores as at March 31, 2012 from ₹ 53.10 Crores as at September 30, 2011 on account of reduction in unbilled revenue.

Revenues

The total revenue of the Company stood at ₹ 971.41 Crores for six months ended March 31, 2012 as compared to ₹ 2,411.26 Crores for eighteen months ended September 30, 2011 thereby registering a growth of 20.86% on annualized basis. This is mostly due to the increase in revenues from Government (including PSU), Power, e-Governance verticals.

Personnel cost

Personnel cost of the Company stood at ₹ 22.34 Crores for six months ended March 31, 2012 as compared to ₹ 57.75 Crores for eighteen months ended September 30, 2011 thereby registering increase of 16.05% on annualized basis which is mainly due to manpower cost of DF business getting clubbed for substantial timeframe during current period as compared to previous period.

Interest and finance charges

The interest and finance charges of the Company stood at ₹ 53.30 Crores ended for six months ended March 31, 2012 as compared to ₹ 118.09 Crores for eighteen months ended September 30, 2011 thereby registering increase of 35.41% on annualized basis. This is mainly due to increased borrowings and overall increase in interest rates.

Depreciation

The depreciation for the year under review was ₹ 18.75 Crores for six months ended March 31, 2012 as compared to ₹ 46.17 Crores for eighteen months ended September 30, 2011 thereby registering increase of 21.83% on annualized basis. This is due to increase in amortization cost for various BOOT projects getting capitalized towards later part of the previous period.

Other expenses

The other expenses of the Company stood at ₹ 82.81 Crores for six months ended March 31, 2012 as compared to ₹ 173.21 Crores for eighteen months ended September 30, 2011 thereby registering an increase of 43.43% on annualized basis. It is mainly due to other expenses pertaining to DF business getting clubbed for substantial timeframe during current period as compared to previous period.

Profit before tax

Profit before tax of the Company stood at ₹ 54.46 Crores for six months ended March 31, 2012 as compared to ₹ 167.27 Crores for eighteen months ended September 30, 2011. It has declined by 2.33% on annualized basis.

Post tax profit

Profit after tax of the Company stood at ₹ 34.55 Crores for six months ended March 31, 2012 as compared to ₹ 105.14 Crores for eighteen months ended September 30, 2011 registering decline of 1.42% on annualized basis.

Cautionary Statement

In this Annual Report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expects, project, intends, plans, believes and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

Corporate Governance Report for the Financial Year 2011-12

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)
(Financial Period October 1, 2011 to March 31, 2012)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is not merely compliance – it involves leveraging the Company's resources and aligning its activities to consumer needs, shareholders' benefits and employees' growth, thereby delighting all its stakeholders with minimizing risk.

The Company believes that to succeed, an organization must maintain global standards of corporate conduct towards all its stakeholders. The Company believes that it is rewarding to be better managed and governed and to identify and align its activities with the national interest. To that end, we as a Company, have always focused on good corporate governance – a key driver of sustainable corporate growth and long-term value creation. The Company has and will continue to focus its resources, strength and strategies in order to achieve this commitment, while upholding the core values of transparency, integrity, honesty and accountability that are fundamental to the Company.

Our commitment to efficient Company management, protection of stakeholders' interests and the transparency of corporate communications is vital for gaining and retaining the trust of investors, partners, employees, customers and communities in which we work and do business.

2. BOARD OF DIRECTORS

Composition

The Company has a broad based Board. As on March 31, 2012, the Board of Directors of the Company consisted of seven directors, one of whom is Chairman and Managing Director and another is Whole Time Director. The remaining five directors were Non-Executive Directors, out of them, three are Independent Directors. The Directors possesses experience in various fields that encompasses telesystems, networking, communication, BPO call centre, accounts, finance, law and banking.

During the period under review, Mr. Prakash Desai, Independent Director resigned from the directorship of the Company w.e.f. November 12, 2011.

Board Procedure

In advance of each meeting, the Board members are provided with relevant information on various matters related to working of the Company. The agenda is prepared in consultation with the Chairman of the Board. The agenda for the meetings of the board together with the appropriate supporting documents are circulated well in advance of the meeting. Among other matters, the Board discussions generally relate to Company's business, financial results, review of the reports of the Audit Committee and compliance with their recommendation(s), suggestion(s), non compliance of any regulation, statutory or listing requirements etc.

Board Meetings

The Board of Directors met twice during the financial period on November 12, 2011 and February 14, 2012. As stipulated, the gap between two board meetings did not exceed four months.

The Board's composition, attendance and their directorship/ committee membership, chairmanship in other companies as on March 31, 2012 is given below:

Name of Director	Category	Attendance at		Directorship in Companies, Membership / Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships[1]	Committee Membership [2]	Committee Chairmanship [2]
Mr. Kapil Puri	Promoter, Chairman and Managing Director	2	Yes	6	-	-
Mr. Adarsh Bagaria	Executive, Whole-Time Director	2	Yes	5	-	-
Mr. Prakash Desai[3]	Non Executive, Independent Director	-	No	-	-	-
Mr. Sanjay Kukreja	Non Executive Director	1	No	2	-	-
Mr. Sunil Sarin	Non Executive, Independent Director	2	Yes	-	-	-
Mr. Subroto Chaudhury	Non Executive, Independent Director	2	No	1	-	-

Name of Director	Category	Attendance at		Directorship in Companies, Membership / Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships[1]	Committee Membership [2]	Committee Chairmanship [2]
Mr. Vijay Kumar Gupta	Non Executive, Independent Director	2	Yes	5	3	1
Mr. Pravin Kumar	Non Executive Director	2	N.A.	2	1	-

Notes:

1. Directorships in respect of private limited companies, Section 25 companies and foreign companies have not been included.
2. Position in Audit Committee and Shareholders'/ Investors' Grievance Committee are considered for the purpose.
3. Resigned w.e.f. November 12, 2011.

None of the Directors is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49) across all the Companies in which they are Directors.

3. AUDIT COMMITTEE

Composition and attendance:

The Audit Committee consists of four Directors, three of them are Non-Executive Independent Directors and one is Whole Time Director. The Assistant Company Secretary/Compliance officer acted as Secretary of the Audit Committee. The necessary quorum was present at all the meetings. During the period under review, the Audit Committee met twice on November 12, 2011 and February 14, 2012. As stipulated, the gap between two committee meetings did not exceed four months.

Name of Member	Designation	No. of Meeting	
		Held during their tenure	Attended
Mr. Prakash Desai[1]	Chairman	1	0
Mr. Sunil Sarin[2]	Chairman	2	2
Mr. Subroto Chaudhury	Member	2	1
Mr. V. K. Gupta[3]	Member	1	1
Mr. Adarsh Bagaria[4]	Member	1	1

Notes:

1. Upon resignation from directorship of the Company, ceased to be Chairman of Audit Committee w.e.f. November 12, 2011.
2. Appointed as Chairman of Audit Committee w.e.f. November 12, 2011.
3. Appointed as member of Audit Committee w.e.f. November 12, 2011.
4. Appointed as member of Audit Committee w.e.f. November 12, 2011.

Brief description of terms of reference

The terms of reference of Audit Committee includes the matters specified in section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and broadly comprise as under:

1. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommend the appointment/re-appointment /replacement or removal of the statutory auditor and the fixation of audit fees and payment for any other services to external auditors;
3. Reviewing with the management, the quarterly/half yearly and annual financial statements before submission to the Board focusing primarily on:
    a) Any change in the accounting policies and practices;
    b) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 217(2AA) of the Companies Act, 1956;

c) Major accounting entries involving estimates based on the exercise of judgment by management;

d) Significant adjustments made in the financial statements arising out of audit findings;

e) Compliance with accounting standards;

f) Compliance with listing and other legal requirements relating to financial statements;

g) Disclosure of any related party transactions;

h) Qualifications in the draft audit report;

4. Reviewing the Company's financial and risk management policies;

5. Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency about the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

6. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems;

7. Review of the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

8. Discussion with internal auditors any significant findings and follow up there on;

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

10. Discussion with statutory auditors about the scope of audit including observation of auditors (post-audit) to ascertain any area of concern;

11. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

12. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;

Powers of Audit Committee

The Audit Committee has the following powers:

i) To investigate any activity within its terms of reference;

ii) To seek any information from any employee;

iii) To obtain outside legal or other professional advice;

iv) To secure attendance of outsiders with relevant expertise, if it considers necessary;

4. REMUNERATION COMMITTEE

Composition

The Remuneration Committee has been constituted by the Board of Directors to review and determine the remuneration package of the Executive and Non Executive Directors in accordance with the guidelines laid out by statute and the Listing Agreement with the Stock Exchanges.

The present composition of Remuneration Committee is as follows:

Name of Member	Designation
Mr. Prakash Desai[1]	Chairman
Mr. Subroto Chaudhury [2]	Chairman
Mr. Sunil Sarin	Member
Mr. V.K. Gupta[3]	Member

Notes:

1. Upon resignation from directorship of the Company, ceased to be Chairman of Remuneration Committee w.e.f. November 12, 2011.
2. Appointed as a Chairman of Remuneration Committee w.e.f. November 12, 2011.
3. Appointed as a member of Remuneration Committee w.e.f. November 12, 2011.

No meeting of Remuneration Committee was held during the period.

The Assistant Company Secretary / Compliance officer acted as Secretary of the Remuneration Committee.

Remuneration Policy

The Remuneration policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them. The Company while deciding the remuneration package takes into consideration the following:

a. Financial position of the Company;
b. Trend in the industry;
c. Appointee's qualification, experience, past performance, past remuneration etc.;
d. Neutral view while determining the remuneration package;
e. Balance between interest of Company and shareholders.

Details of remuneration / sitting fees paid to Executive / Non Executive Directors / Independent Directors are as follows:

(Amount in ₹)

Name	Salary & Perquisites	Commission	Sitting Fees	Total
Mr. Kapil Puri	1,96,93,549	Nil	N.A	1,96,93,549
Mr. Adarsh Bagaria	53,76,041	Nil	N.A	53,76,041
Mr. Prakash Desai	N.A	Nil	N.A	N.A
Mr. Sunil Sarin	N.A	Nil	15,000	15,000
Mr. Subroto Chaudhury	N.A	Nil	12,500	12,500
Mr. V.K.Gupta	N.A	Nil	12,500	12,500

Note : The Company has not granted any stock options.

Number of Equity Shares held by the Directors as on March 31, 2012

Name	Designation	No. of shares held
Mr. Kapil Puri	Chairman and Managing Director	98,49,086
Mr. Adarsh Bagaria	Whole-Time Director	43,767

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders'/ Investors' Grievance Committee to look into among other functions, redressing shareholders complaints like transfer of shares, non-receipt of Annual Report, delay in transfer of shares, non-receipt of declared dividend etc.

During the financial period, the Shareholders'/ Investors' Grievance Committee met twice on November 12, 2011 and February 14, 2012. The Assistant Company Secretary / Compliance Officer acted as secretary of the Shareholders'/ Investors' Grievance Committee.

The present composition of Shareholders'/ Investors' Grievance Committee is as follows:

Name of Member	Designation	No. of Meeting	
		Held during their tenure	Attended
Mr. Prakash Desai [1]	Chairman	1	0
Mr. Kapil Puri	Member	2	2
Mr. Adarsh Bagaria	Member	2	2
Mr. Pravin Kumar[2]	Chairman	2	1

Notes:

1. Upon resignation from directorship of the Company, ceased to be Chairman of Shareholders'/ Investors' Grievance Committee w.e.f. November 12, 2011.
2. Appointed as a Chairman of Shareholders'/ Investors' Grievance Committee w.e.f. November 12, 2011

Status of Investors' Complaints

At the beginning of the period	Received during the period	Resolved during the period	Pending
Nil	2	2	Nil

Name and designation of Compliance officer:

Ms. Laxmi Kothari – Assistant Company Secretary

6. **GENERAL BODY MEETINGS**

a) The details of last three Annual General Meetings of the Company are as follows:

Date	Time	Meetings	Venue of Meeting
March 20, 2012	10.00 a.m	Annual General Meeting	M. C. Ghia Hall, 2nd floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.
September 24, 2010	9.30 a.m	Annual General Meeting	Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.
September 29, 2009	9.30 a.m.	Annual General Meeting	Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

b) Details of special resolutions passed in the previous three Annual General Meetings / Extra – ordinary General Meetings are as under:

Date	Purpose of Special Resolution
March 20, 2012 (AGM)	No Special Resolution was passed.
March 25, 2011 (EGM)	**1.** Authority to the Board to offer, issue and allot up to 75,00,000 Equity shares of ₹ 10/- each on preferential basis at a price of ₹ 155/- per share (including premium of ₹ 145/- per share). **2.** Authority to the Board to offer, issue and allot up to 15,00,000 warrants convertible into equivalent number of Equity shares, for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share) to promoter. **3.** Enabling resolution for raising of fund up to ₹ 500 Crores.
September 24, 2010 (AGM)	**1.** Payment of Commission to Non Executive Directors of the Company not exceeding 1% (one per cent) of the net profits of the Company in any year. **2.** Enabling resolution for raising of fund up to ₹ 250 Crores.
September 29, 2009 (AGM)	Alteration of Articles of Association.

(c) Postal Ballot conducted during the period:

During the period under review, the Company conducted one Postal Ballot process, detail of which is given below:

Result declared on October 21, 2011

An Ordinary resolution was passed on October 21, 2011 through postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956, ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 u/s 293(1)(a) of the Companies Act, 1956, for transfer of Company's Power Distribution Franchise Business of Nagpur ("DF Business") to its step down subsidiary, "Spanco Nagpur Discom Limited".

Mr. Manish L. Ghia, Practicing Company Secretary, Mumbai was appointed as the Scrutinizer to conduct the Postal Ballot process in fair and transparent manner.

The results of the Postal Ballot were declared on October 21, 2011 by the Chairman at the registered office of the Company.

The details of voting pattern are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In Favour	Against
1.	Ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956, for transfer of Company's Power Distribution Franchise Business of Nagpur ("DF Business")	65	57	13379746	13379740	6

The Resolution was passed with requisite majority.

(d) None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

7. DISCLOSURES:

- **Related Party Transactions**

  The Company did not have any material significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with related party are disclosed in the notes on accounts.

- **Disclosure of Accounting treatment**

  The Company has followed all relevant Accounting Standards while preparing the financial statements.

- **Code of Conduct**

  The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the Company's website www.spancotele.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration by the Chairman and Managing Director of the Company affirming the compliance of the same in respect of the financial period ended on March 31, 2012 by the members of the Board and senior management personnel, as applicable to them, is also annexed separately in this Annual Report.

- **Proceeds from Public Issues, Right Issues, Preferential Issues etc.**

  During the financial period, there was no public issue, right issue or preferential issue.

- **Disclosure of Risk Management**

  The Company has the risk assessment and mitigation procedures in place and the same has been laid before the Board members from time to time.

- **Details of Non-Compliance.**

  No penalties and strictures have been imposed by SEBI or the Stock Exchange or any Statutory Authorities on matters relating to capital markets during the last three years.

- **CEO/CFO Certification**

  A CEO/CFO certification in terms of Clause 49(v) of the Listing Agreement, from Mr. Kapil Puri, Chairman and Managing Director in respect of financial period was placed before the Board.

- **Details of Compliance with Mandatory Requirements and Adoption of the Non-Mandatory Requirements of this Clause.**

  The Company has complied with all the mandatory requirements of this clause. As regards the non-mandatory requirements the extent has been stated in this report against each such item.

8. MEANS OF COMMUNICATION

The Company's quarterly / half yearly / yearly results are published in news papers viz. Free Press Journal (English) and Nav Shakti (Marathi). Half yearly reports are not being sent to each household of shareholders. These results are displayed on the Company's website: www.spancotele.com under investor section. Presentations made to Analysts are also displayed on the website of the Company.

The Management Discussion and Analysis Report is a part of this Annual Report.

9.	GENERAL INFORMATION FOR SHAREHOLDERS	
A	**Annual General Meeting**	
	Date and Time	September 25, 2012 at 10.00 A.M
	Venue	Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.
B	Financial Calendar	April 1, 2012 to March 31, 2013
	Results for : First Quarter	By second week of August, 2012
	Second Quarter	By second week of November, 2012
	Third Quarter	By second week of February, 2013
	Fourth Quarter	By second week of May, 2013
C	Date of Book Closure	September 22, 2012 to September 25, 2012 (both days inclusive)
D	Dividend	Not Applicable
E	Listing on Stock Exchanges	BSE Limited, Mumbai National Stock Exchange of India Limited, Mumbai (Listing fees, as applicable, has been paid in time)
F	Registered Office	B-22, Krishna Bhuvan, B. S. Deoshi Marg, Deonar, Mumbai – 400 088
G	Registrar and Transfer Agent	Bigshare Services Pvt. Ltd. E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka. Andheri(East), Mumbai – 400 072. Tel: 91-22-2847 0652 I 40430200 I 2847 0653 Fax: 91-22-2847 5207 E-mail : investor@bigshareonline.com
H	Stock Code	BSE Scrip Code : 508976 NSE Symbol: SPANCO
I	ISIN for NSDL and CDSL	INE360B01026

J Market Price data

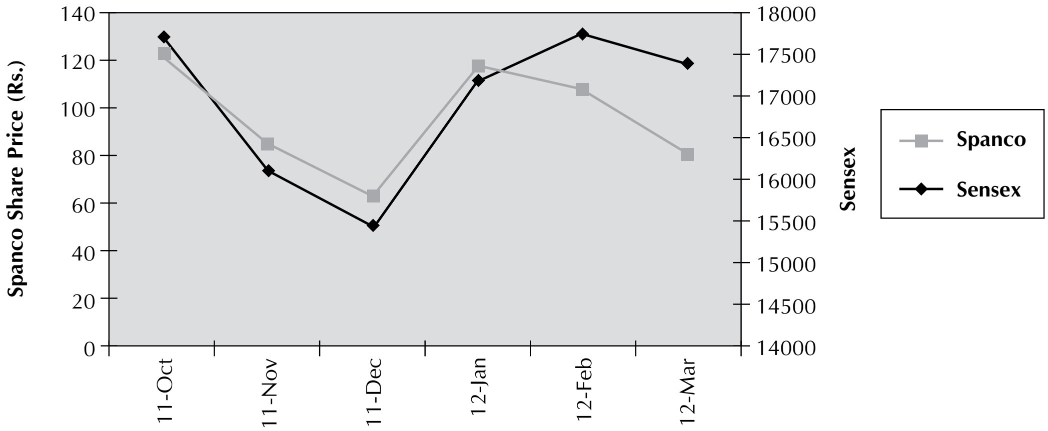
The Equity shares of the Company are listed on the BSE Ltd. and National Stock Exchange of India Ltd. The monthly high and low of the Company's share price is as follows*:

Stock Exchanges	BSE Ltd		Sensex		National Stock Exchange of India Ltd.		S&P CNX NIFTY	
Month	**High Price (₹)**	**Low Price (₹)**	**High (₹)**	**Low (₹)**	**High Price (₹)**	**Low Price (₹)**	**High (₹)**	**Low (₹)**
Oct-11	138.95	116.10	17,908.13	15,745.43	139.00	114.50	5399.70	4728.30
Nov-11	125.45	84.00	17,702.26	15,478.69	129.50	84.60	5326.45	4639.10
Dec-11	91.80	60.15	17,003.71	15,135.86	93.00	59.10	5099.25	4531.15
Jan-12	130.00	61.60	17,258.97	15,358.02	133.00	61.75	5217.00	4588.05
Feb-12	130.50	101.95	18,523.78	17,061.55	131.00	101.05	5629.95	5159.00
Mar-12	108.95	72.20	18,040.69	16,920.61	108.00	72.05	5499.40	5135.95

* Sources: www.bseindia.com and www.nseindia.com

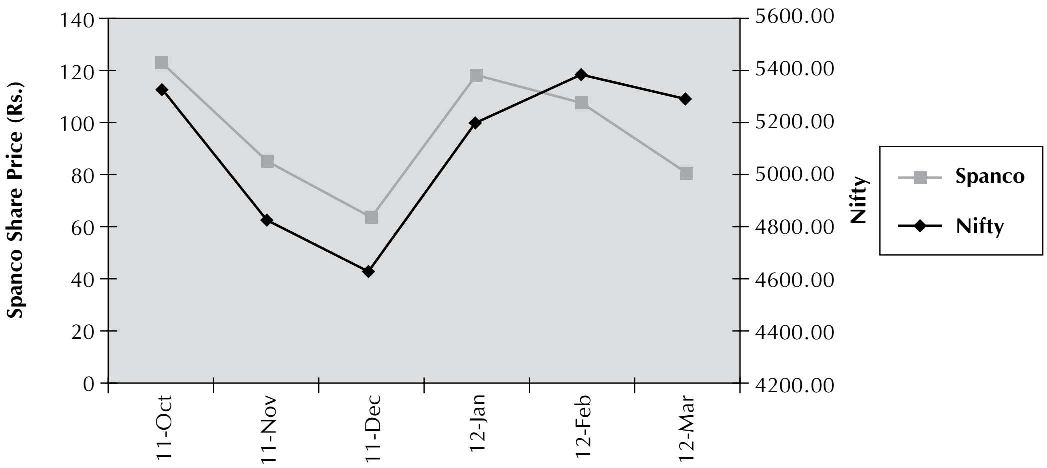
K. Performance of the share price of the Company

1. Performance of the share price of the Company in comparison to the BSE Sensex: *



* Source www.bseindia.com

2. Performance of the share price of the Company in comparison to the NSE Nifty**



** Source www.nseindia.com

L Shareholding Pattern as on March 31, 2012

a) Distribution of Equity shareholding as on March 31, 2012:

No. of Equity	No. of shareholders	% of shareholders	Holding of Shares	% of shareholding
1-5000	7029	98.3352	1725904	5.5053
5001 –10000	41	0.5736	299223	0.9545
10001-20000	22	0.3078	321211	1.0246
20001-30000	7	0.0980	168266	0.5367
30001-40000	6	0.0839	208928	0.6664
40001-50000	6	0.0839	271498	0.8660
50001-100000	8	0.1119	604862	1.9294
100001-and above	29	0.4057	27750108	88.5171
Total	**7148**	**100.0000**	**31350000**	**100.0000**

b) Category of Equity shareholders as on March 31, 2012

Sr. No.	Category	Shares	%
1	Govt. [Central & State(s)]	-	-
2	Govt. Companies	-	-
3	Public Financial Institutions	2130473	6.7957
4	Nationalised /Other Banks	-	-
5	Mutual Funds	-	-
6	Venture Capital	4186326	13.3535
7	Foreign Holdings(FIIs/FCs/FFIs/NRIs/OCBs)	3161425	10.0843
8	Bodies Corporate(Not mentioned above)	4122075	13.1486
9	Directors and Relatives	12677147	40.4375
10	Other top 50 Shareholders	3433800	10.9531
11	Public	1638754	5.2273
	Total	**31350000**	**100.0000**

M Share Transfer System

All matters pertaining to transfer of shares are being handled by Bigshare Services Private Limited, the Registrar and Share Transfer Agents of the Company. The share transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval by the Committee. The average time taken for processing share transfer requests including dispatch of share certificates is 15 days, while it takes a minimum of 10-12 days for processing dematerialization requests. The Company regularly monitors and supervises the functioning of the systems so as to ensure that there are no delays or lapses in the systems.

N Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form and 99.07% shares are in dematerialized form as on March 31, 2012.

O Outstanding ADR/ GDR/Warrants or any convertible instrument

As on March 31, 2012, 15,00,000 warrants convertible into even number of Equity Shares of Rs. 10/- each of the Company issued on preferential basis were outstanding for conversion. The Company has not issued any ADRs, GDRs or any other instruments convertible into Equity Shares.

P Investor Correspondence

Share Transfer Agents	For General Queries
Bigshare Services Pvt. Ltd. E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka. Andheri(E), Mumbai – 400 072. Tel: 91-22-2847 0652 | 40430200 | 2847 0653 Fax: 91-22-2847 5207 E-mail : investor@bigshareonline.com	The Assistant Company Secretary Spanco Limited B-22, Krishna Bhuvan, B. S. Deoshi Marg, Deonar, Mumbai – 400 088. Tel: 022-6797 5566 Fax: 022-2555 3535 Email : cs@spancotele.com

Declaration Regarding Compliance Of Code Of Conduct

I, Kapil Puri, Chairman and Managing Director of the Company, hereby declare that all Directors and Senior Management Personnel have confirmed compliance with Code of Conduct as adopted by the Company for the financial period ended March 31, 2012.

Kapil Puri
Chairman and Managing Director

Place: Mumbai
Date: August 14, 2012

Certificate on Corporate Governance

To
The members of
SPANCO LIMITED

We have examined the compliance of the conditions of Corporate Governance by **SPANCO LIMITED** ('the Company') for the financial period ended March 31, 2012 (from October 1, 2011 to March 31, 2012) as stipulated in clause 49 of the Listing Agreement of the said Company with the BSE Limited and National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and based on the information and explanations given to us and the representations made by management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of said Listing Agreement.

We state that in respect of Investors' Grievances received, generally no Investors' Grievances are pending for a period exceeding one month against the company as per records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner

Membership No.: FCS 6252
C.P. No.:3531

Place: Mumbai
Date: August 14, 2012

AUDITORS' REPORT

To

The Members of Spanco Limited

1. We have audited the attached Balance Sheet of Spanco Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the period ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
    i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    ii. 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;
    iii. 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;
    iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
    v. On the basis of the written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2012;
        b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
        c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place: Mumbai
Date : August 14, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Spanco Limited ('the Company')

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) Certain fixed assets were physically verified by the management during the period in accordance with a planned programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

c) During the period, the Company has disposed off a substantial part of the assets and liabilities which represented the transfer of its Power Distribution Franchisee Division. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of the fixed assets has not affected the going concern status of the Company.

(ii) a) The management has conducted physical verification of inventory at reasonable intervals during the period.

b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out during the period.

(iii) a) The Company has not granted loan to companies or firms covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clauses (b), (c), (d) of the clause (iii) of paragraph 4 of the order are not applicable.

b) The Company has taken interest free loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹ 4.69 Crores and the period end balance is ₹ 1.54 Crores.

c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are prima facie not prejudicial to the interest of the Company.

d) The loan taken is repayable on demand. As informed, the lender has not demanded repayment of such loan during the period, thus, there has been no default on the part of the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

b) According to the information and explanation provided by the management, we are of the opinion that the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to ₹ 5.00 lacs (Rupees Five Lacs only) or more in respect of a party has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) The Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the Company's power business. As per the information and explanations provided to us, we are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, value added tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities. *Delays in few cases are observed in the deposit of above said statutory dues except for investor education and protection fund and wealth tax.*

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.

c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the current and immediately preceding financial period/year.

(xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to domestic financial institutions, banks and debenture holders during the period to the extent of ₹ 175.09 Crores which includes ₹ 161.20 Crores towards working capital facilities (the delay in such repayments for more than 30 days being ₹ 109.60 Crores). Further ₹ 94.37 Crores of such dues were in arrears as on the balance sheet date (the delay for more than 30 days being ₹ 77.80 Crores) which has been subsequently repaid.*

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures during the period under audit. The Company has created security or charge in respect of debentures issued in previous years.

(xx) During the period the Company has not raised money by way of public issue.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place: Mumbai
Date : August 14, 2012.

BALANCE SHEET AS AT MARCH 31, 2012

(₹ in Crores)

	Note No	As At March 31, 2012	As At September 30, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	31.35	31.35
Reserves and Surplus	4	601.39	566.84
Money received against Convertible Share Warrants	5	23.25	5.81
Non-current Liabilities			
Long-term Borrowings	6	69.49	80.02
Long-term Provisions	7	0.97	1.26
Current Liabilities			
Short-term Borrowings	8	684.92	601.57
Trade Payables	9	514.96	535.71
Other Current Liabilities	10	222.10	209.18
Short-term Provisions	11	39.89	49.00
TOTAL		**2,188.32**	**2,080.74**
ASSETS			
Non-current Assets			
Fixed Assets	12		
Tangible Assets		108.19	151.03
Intangible Assets		2.59	3.21
Capital Work-in-Progress		207.81	147.01
Non-current Investments	13	78.43	80.71
Deferred Tax Assets (net)	14	4.01	1.25
Long-term Loans and Advances	15	56.91	67.86
Other Non-current Assets	16	9.32	10.86
Current Assets			
Current Investments	17	0.13	0.13
Inventories	18	481.03	391.98
Trade Receivables	19	783.97	758.04
Cash and Bank Balances	20	28.67	23.49
Short-term Loans and Advances	21	392.92	392.07
Other Current Assets	22	34.34	53.10
TOTAL		**2,188.32**	**2,080.74**
Significant Accounting Policies	2		
The accompanying notes form an integral part of the Financial Statements	1-47		

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	Note No	For the period ended March 31, 2012	For the period ended September 30, 2011
INCOME			
Revenue from Operations	23	971.41	2,411.26
Other Income	24	5.06	12.41
TOTAL REVENUE		**976.47**	**2,423.67**
EXPENDITURE			
Purchases	25	839.98	2,067.37
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(95.17)	(206.19)
Employee Benefits Expense	27	22.34	57.75
Finance Costs	28	53.30	118.09
Depreciation and Amortisation Expenses	29	18.75	46.17
Other Expenses	30	82.81	173.21
TOTAL EXPENSES		**922.01**	**2,256.40**
Profit Before Tax [including loss of ₹ 0.10 Crore (P.Y. Nil) from Discontinuing Operations] (Refer Note 37)		**54.46**	**167.27**
Tax Expenses [including tax of ₹ Nil (P.Y. Nil) from Discontinuing Operations] (Refer Note 37)			
Current Tax		22.66	67.32
Deferred Tax	14	(2.76)	(5.22)
Wealth Tax		0.01	0.03
Profit After Tax [including loss of ₹ 0.10 Crore (P.Y. Nil) from Discontinuing Operations] (Refer Note 37)		**34.55**	**105.14**
Earnings per Equity Share (₹) :	35		
(Nominal value ₹10/- each)			
Basic (₹)		11.02	36.15
Diluted (₹)		10.52	35.59
Significant Accounting Policies	2		
The accompanying notes form an integral part of the Financial Statements	1-47		

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

For and on behalf of the Board of Directors

Shivratan Agarwal
Partner
Membership No. 104180

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

Place : Mumbai
Date : August 14, 2012

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	For the period ended March 31, 2012		For the period ended September 30, 2011	
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit After Taxation and Extraordinary Items		**34.55**		**105.14**
Adjustments for :				
Depreciation / Amortisation	18.75		46.17	
Provision for Income Tax	22.66		67.32	
Provision for Deferred Tax	(2.76)		(5.22)	
Provision for Wealth Tax	0.01		0.03	
Interest Income	(18.98)		(55.35)	
Loss / (Profit) on Sale of Fixed Assets	(1.82)		7.92	
Interest and Finance Expense	72.28		173.44	
Amortisation of Foreign Exchange Loss	–		(0.03)	
Amortisation of Softwares Developed Cost	2.36		9.56	
Sundry Balances Written Off (net)	12.59		0.62	
		105.09		**244.46**
Operating Profit Before Working Capital Changes		**139.64**		**349.60**
(Increase) / Decrease in Margin Money kept against Letter of Credit	(7.21)		(8.69)	
(Increase) / Decrease in Inventories	(91.40)		(211.03)	
(Increase) / Decrease in Loans and Advances	7.16		110.20	
(Increase) / Decrease in Other Current Assets	20.02		15.00	
(Increase) / Decrease in Trade Receivables	(26.88)		(177.30)	
(Decrease) / Increase in Current Liabilities and Provisions	(2.42)		(62.13)	
		(100.73)		**(333.95)**
Cash Generated from Operations		**38.91**		**15.65**
Income Tax Paid (net)		(28.30)		(25.12)
Net Cash (Used) / Generated from Operating Activities		**10.61**		**(9.47)**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets including Capital Work-in-Progress	(79.54)		(168.05)	
Purchase of Investments	0.01		12.39	
Refund of Share Application Money	2.04		7.91	
Interest Received	19.01		52.08	
Proceeds from Sale of Fixed Assets	36.11		55.65	
Net Cash (Used) / Generated from Investing Activities		**(22.37)**		**(40.02)**

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	For the period ended March 31, 2012		For the period ended September 30, 2011	
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid (including Dividend Distribution Tax)	(3.64)		(3.27)	
Issue of Shares / Warrants	17.44		56.73	
Long Term Secured Loans Repaid	(5.29)		(183.87)	
Long Term Secured Loans Received	0.58		80.75	
Increase / (Decrease) in Short Term Secured Loans	122.51		177.69	
(Increase) / Decrease in Balance of Escrow Account	0.02		(0.01)	
Increase / (Decrease) in Short Term Unsecured Loans	(47.37)		56.94	
Interest Paid	(75.09)		(173.45)	
Net Cash (Used) / Generated from Financing Activities		**9.14**		**11.51**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(2.62)**		**(37.98)**
Cash and Equivalents at beginning of the period		**7.13**		**45.11**
Cash and Equivalents at end of the period		**4.51**		**7.13**
Components of Cash and Cash Equivalents				
Cash on Hand		1.12		0.50
Cash with Banks				
- in Current Accounts		3.42		6.68
- Margin Money in Fixed Deposits		26.01		18.80
- Other Fixed Deposits		0.01		0.01
Cash and Bank Balance as per Balance Sheet		**30.56**		**25.99**
Less: Balance kept in Escrow Account		0.04		0.06
Less: Margin Money in Fixed Deposits		26.01		18.80
Cash and Equivalents at end of the period		**4.51**		**7.13**

Note: Cash and cash equivalents include balance in Unpaid Dividend Account of ₹ 0.08 Crore (P.Y. ₹ 0.05 Crore) which is not available for use.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

NOTES TO ACCOUNTS

1) Nature of Operations

Spanco Limited ('Spanco' or 'the Company') is in the business of creating Technology Infrastructure to help drive governance efficiency across key sectors. Spanco is SEI CMM Level 3 and ISO 9001:2008 certified.

Spanco caters to large complex Technology Infrastructure projects across Government, Power, Transport and Telecom Service Provider's space. Spanco has been an active player in creation of Technology Infrastructure for over a decade and today ranks amongst the best in India. It has presence across India and provides high quality, cost effective scalable Technology Infrastructure solutions. Spanco has recently entered into business of Power Distribution. It already has a formidable presence over a decade in the BPO space catering to India, US / Europe, Middle East and African markets.

Spanco's Business Unit in Government, e-Governance and Transport are predominantly focused on building core infrastructure and providing services to help drive better and more effective governance.

Service Provider Business Unit of Spanco caters to carriers in India providing solutions to meet networking infrastructure requirements of its clients using cutting-edge technologies.

Spanco's offerings within the Power space revolve around utilizing information technology to increase the efficiency of power distribution. Spanco is empanelled as a System Integrator with Power Finance Corporation (PFC) and aggressively participating in modernization programs like RAPDRP and Distribution Franchise.

2) Statement of Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

b. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual result and estimate are recognised in the period in which results are known or materialised.

c. Fixed Assets and Capital Work-in-Progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of accounting periods commencing on or after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Capital Work-in-Progress is carried at cost comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Long-term loans and advances.

d. Depreciation / Amortisation

Depreciation is provided on fixed assets (other than assets for the Build-Own-Operate-Transfer (BOOT) project, leasehold improvements and intangible assets) on written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956, which is also in accordance with the management's estimates of useful life of the assets.

NOTES TO ACCOUNTS

Type of Assets	Rate of Depreciation as per Schedule XIV (WDV)
Building Guest House Investment Property	5.00%
Plant and Machinery Office Equipment Electrical Installation	13.91%
Furniture and Fittings	18.10%
Computers	40.00%
Motor Vehicles	25.89%

Plant and Machinery acquired for BOOT projects is amortised over the life of projects. Leasehold Improvements are amortised over the un-expired period of leasehold premises on a straight-line basis.

e. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f. Intangible Assets and Amortisation

Goodwill

Goodwill is amortised on a straight-line basis over a period of 10 (ten) years.

Patent

Costs relating to patents, which are acquired, are capitalised and amortised on a straight-line basis over a period of 5 (five) years (useful life as assessed by the management).

Software

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The management estimates the useful lives of intangible assets to be 5 (five) years and expects to derive economic benefits from such assets evenly over the period of its useful life. Accordingly, software is amortised over a period of 5 (five) years on a straight-line basis.

g. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Assets subject to operating leases have been included under the head 'Investment Property' and 'Fixed Assets'. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

h. Borrowing Cost

Borrowing Cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO ACCOUNTS

i. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Investment property is amortised at the rate of 5% p.a. on written down value.

j. Inventories

Inventories of Raw Materials and Consumables

Inventories are ascertained on First-in-First-out method, and are valued at lower of cost and net realisable value.

Inventories of Traded Goods

Inventories are ascertained on the specific identification of cost method and are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Software Developed and held for Sale

Software products developed / under development are stated at lower of cost and net realisable value.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Software development costs incurred on products ready for marketing are amortised equally over a period of 4 (four) years or earlier, based on Management's evaluation of expected sales volumes and duration of the products' life cycles.

Work-in-progress

The work in process in case of network engineering services and other projects is valued based on the percentage of completion of work under respective contracts.

k. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised on delivery / dispatch of goods when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT included in the amount of turnover are deducted from turnover (gross).

Supply of Power

Revenue from sale of electrical energy is accounted for on the basis of billing to consumers and is inclusive of energy charges, fixed charges, fuel adjustment charges (FAC), adjustment charges and additional charges as per the relevant Tariff Regulation / Tariff orders notified by MERC and DF agreement with MSEDCL. Generally, all consumers are billed on the basis of recording of energy consumption by installed meters. Where meters have stopped working or are faulty, the bills are generated on the basis of average of the consumption recorded by installed meters for past 12 months.

Interest on overdue receivables of energy bills is accounted for as and when recovered as PF penalty and incentive.

Income from Services

Revenues from maintenance contracts / network integration services are recognised pro-rata over the period of the contract as and when services are rendered. Revenue and costs associated with network engineering services are recognised as revenue and expenses respectively by reference to the stage of completion of the project at the balance sheet date.

Software Sales

Software sales are recognised on customers' acceptance of delivery.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

NOTES TO ACCOUNTS

l. Foreign Currency Translation

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing between the reporting currency and the foreign currency on the date of the transaction.

Conversion

Foreign currency monetary items are reported using the rate prevailing at the year end.

Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset / liability.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

The Company does not enter into forward exchange contracts for trading or speculation purposes.

m. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognised as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

Retirement Benefits

i. Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year. The gratuity liability is funded through group gratuity insurance scheme of Life Insurance Corporation of India.

iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each year.

iv. Actuarial gains / losses are immediately taken to Statement of Profit and Loss.

n. Accounting for Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

NOTES TO ACCOUNTS

At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

o. Expenditure on New Projects (including arrangements on BOOT basis)

Expenditure directly relating to setting up of projects is capitalised. Indirect expenditure incurred during setting-up period is capitalised as part of the indirect setting-up cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure incurred during the setting-up period which is not related to the setting-up activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during setting-up phase is deducted from the total of the indirect expenditure.

p. Earnings Per Share ('EPS')

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions / Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of Notes to Accounts. Contingent Assets are not recognised in the Financial Statements.

r. Prior Period Items

Prior Period Items are included in the respected heads of accounts and material items are disclosed by way of Notes to Accounts.

s. Other Accounting Policies

These are consistent with the Generally Accepted Accounting Principles (GAAP).

3) Share Capital

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Authorised		
75,000,000 (P.Y.75,000,000) Equity Shares of ₹10/- each	75.00	75.00
Issued		
31,350,000 (P.Y. 31,350,000) Equity Shares of ₹10/- each	31.35	31.35
Subscribed and Paid up		
31,350,000 (P.Y. 31,350,000) Equity Shares of ₹10/- each	31.35	31.35
Total	**31.35**	**31.35**

NOTES TO ACCOUNTS

3.1 Reconciliation of number of Shares

	As at March 31, 2012		As at September 30, 2011	
	Number of Shares	**Amount (₹ in Crores)**	**Number of Shares**	**Amount (₹ in Crores)**
Equity Shares				
Opening Balance	31,350,000	31.35	28,065,000	28.07
Add: Preferential Issue	-	-	3,285,000	3.28
Closing Balance	31,350,000	31.35	31,350,000	31.35

3.2 Rights, Preferences and Restrictions attached to Shares

The company has one class of equity shares having a par value of ₹ 10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

3.3 Detail of shares held by each shareholder holding more than 5% of the aggregate shares in the Company.

Name of Shareholder	As at March 31, 2012		As at September 30, 2011	
	Number of Shares	**% of Holding**	**Number of Shares**	**% of Holding**
Kapil Puri	9,849,086	31.42	9,707,729	30.97
Monet Limited	4,186,326	13.35	4,186,326	13.35
Kavita Puri	2,775,862	8.85	2,775,862	8.85

4) Reserves and Surplus

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Capital Reserve		
As per last Balance Sheet	**6.06**	**6.06**
Securities Premium Account		
Opening Balance	247.08	199.45
Add : On issue of Equity Shares	-	47.63
Closing Balance	**247.08**	**247.08**
Debenture Redemption Reserve		
Opening Balance	33.60	27.26
Add : Transfer from surplus in Statement of Profit and Loss	5.17	16.34
Less : Transfer to General Reserve	-	10.00
Closing Balance	**38.77**	**33.60**
Revaluation Reserve		
Opening Balance	-	31.98
Deduction on account of depreciation on revalued amount	-	0.79
Deduction on account of loss on sale of building	-	1.06
Less: Transfer to General Reserve	-	30.13
Closing Balance	-	-
General Reserve		
Opening Balance	144.73	104.60
Add :		
a) Transfer from Revaluation Reserve	-	30.13
b) Transfer from Debenture Redemption Reserve	-	10.00
Closing Balance	**144.73**	**144.73**

NOTES TO ACCOUNTS

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Surplus in Statement of Profit and Loss		
Opening balance	135.37	50.21
Add : Net Profit for the period	34.55	105.14
Less : Proposed Dividends	–	3.14
Less : Tax on Proposed Dividend	–	0.50
Less : Transfer to Debenture Redemption Reserves	5.17	16.34
Closing Balance	**164.75**	**135.37**
Total	**601.39**	**566.84**

5) **Money received against Convertible Share Warrants**

The Company has issued 1,500,000 warrants to Mrs. Kavita Puri (member of promoter group) carrying an option / entitlement to subscribe for equivalent number of equity shares on a future date, not exceeding 18 (Eighteen) months from the date of issue of such warrants, on preferential basis in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share). ₹ 5.81 Crores were received during FY 2010-11 and the balance consideration of ₹ 17.44 Crores was received during current period. The proceeds of convertible share warrants were fully utilised by the Company for the purpose for which the money was raised.

6) **Long-term Borrowings**

(₹ in Crores)

	As at March 31, 2012		As at September 30, 2011	
	Non-current	**Current**	**Non-current**	**Current**
Secured				
Non Convertible Debentures				
11% Redeemable in two equal installments on July, 2012 and 2013	1.00	1.00	1.00	1.00
11.25% Redeemable in two equal installments on July, 2012 and 2013	45.00	45.00	45.00	45.00
Term Loans				
from Lakshmi Vilas Bank (Payable ₹ 12.73 Crores in FY 2012-13 and ₹ 7.09 Crores in FY 2013-14)	7.09	12.73	12.07	9.05
from State Bank of Hyderabad (Payable ₹ 3.67 Crores in FY 2012-13 and ₹ 2.52 Crores in FY 2013-14)	2.52	3.67	4.36	3.46
from ICICI Bank	-	-	-	1.85
Vehicle Loans (from other parties) (Payable ₹ 0.41 Crore in FY 2012-13, ₹ 0.37 Crore in FY 2013-14, ₹ 0.17 Crore in FY 2014-15, ₹ 0.13 Crore in FY 2015-16 & ₹ 0.08 Crore in FY 2016-17)	0.75	0.41	0.46	0.14
Long Term Maturities of Finance Lease Obligations (Payable ₹ 1.31 Crores in FY 2012-13, ₹ 1.88 Crores in FY 2013-14 & ₹ 0.71 Crore in FY 2014-15)	2.59	1.31	3.17	1.23
	58.95	**64.12**	**66.06**	**61.73**
Unsecured				
Long Term Maturities of Finance Lease Obligations (Payable ₹ 26.81 Crores in FY 2012-13, ₹ 10.03 Crores in FY 2013-14 & ₹ 0.51 Crore in FY 2014-15)	10.54	26.81	13.96	31.60
	10.54	**26.81**	**13.96**	**31.60**
Total	**69.49**	**90.93**	**80.02**	**93.33**

NOTES TO ACCOUNTS

6.1 Particulars of Security:

a. The debentures are secured by a legal mortgage in English form in favour of the trustees on all the Company's properties situated at C01 / 5008, 5th Row, Ground Floor, A wing, City Mall situated at Plot No 4, Sector 19, Vashi Navi Mumbai, Maharashtra. The debentures are further secured by way of first charge, ranking pari passu, on all the fixed assets (movable and immoveable) except all assets having exclusive charge in favour of respective lenders.

b. Term loan from Lakshmi Vilas Bank is secured by first charge by way of hypothecation of the OSWAN project assets and further by personal guarantee of Mr. Kapil Puri. Term loan from State Bank of Hyderabad is secured by subservient charge on all the moveable fixed assets of the Company and also by way of personal guarantee of Mr. Kapil Puri.

c. Vehicle Loans are secured by way of hypothecation of vehicles acquired out of the said loans.

d. Finance Lease obligations are secured against leased assets.

6.2 The Company has created debenture redemption reserve in accordance with the provisions of section 117C (1) of the Companies Act, 1956.

6.3 Details of default in Loan Repayment:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Debenture	-	0.55	Jan-12 to Mar-12
Term Loan	2.23	0.39	Jan-12 to Mar-12
Finance Lease	7.60	0.81	Nov-11 to Mar-12

7) Long-term Provisions

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Provision for employee benefits		
Leave Encashment (unfunded)	0.97	1.26
Total	**0.97**	**1.26**

8) Short-term Borrowings

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
<u>Secured</u>		
Loans repayable on demand		
From Banks	653.31	530.81
	653.31	**530.81**
<u>Unsecured</u>		
Loans repayable on demand		
From Banks	15.92	34.91
From Other Parties	8.22	10.44
Loans from related parties (Refer Note 33)	0.51	0.38
Inter Corporate Deposits	6.96	25.03
	31.61	**70.76**
Total	**684.92**	**601.57**

8.1 Particulars of security provided are as given below:

a. Working capital facilities from banks (repayable on demand) are secured by way of first charge on all the movable fixed assets, stock, entire book debts, receivables and other current assets of the Company both present and future ranking pari passu with all banks and also by way of personal guarantee of Mr. Kapil Puri.

b. Personal guarantee of Mr. Kapil Puri has been given for unsecured loans from banks amounting to ₹ 15.92 Crores and from other parties amounting to ₹ 8.22 Crores.

c. Inter corporate deposits are secured by way of pledge of shares of the Company held by Mr. Kapil Puri.

NOTES TO ACCOUNTS

8.2 Details of default in Loan Repayment:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Working Capital Loans	89.44	1.76	Jan-12 to Mar-12
Inter Corporate Deposit	5.00	-	Nov-11 to Mar-12

9) Trade Payables

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Micro, Small and Medium Enterprises*	-	-
Others	514.96	535.71
Total	**514.96**	**535.71**

* The Company does not have any dues payable to any Micro and Small Enterprises as at the year end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The Company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid / payable as required under the said Act have not been given.

10) Other Current Liabilities

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Current maturities of long-term debt (Refer Note 6)	62.81	60.50
Current maturities of finance lease obligations (Refer Note 6)	28.12	32.83
Interest accrued but not due on borrowings	3.99	5.11
Interest accrued and due on borrowings	0.36	2.06
Income received in advance	1.97	2.68
Unpaid dividends	0.08	0.05
Application money received for allotment of securities and due for refund	0.04	0.04
Duties and taxes payable	17.29	7.57
Salary payable	3.45	3.95
Provision for expenses payable	33.49	40.22
Stale cheques	0.16	0.13
Book overdraft	7.83	7.07
Security deposits	-	0.98
Advance from customers	61.51	44.99
Other payables	1.00	1.00
Total	**222.10**	**209.18**

11) Short-term Provisions

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Provision for employee benefits		
Gratuity (Funded)	0.36	0.38
Leave Encashment (Unfunded)	0.18	-
Others		
Provision for Income Tax (net)	39.32	44.96
Provision for Wealth Tax	0.03	0.02
Proposed Dividend	-	3.14
Tax on Proposed Dividend	-	0.50
Total	**39.89**	**49.00**

NOTES TO ACCOUNTS

12) Fixed Assets

(₹ in Crores)

Asset Description	Gross block				Depreciation / Amortization				Net block	
Particulars	**As at October 1, 2011**	**Additions during the year**	**Deletions / Sale during the year**	**As at March 31, 2012**	**As at October 1, 2011**	**Depreciation for the year**	**Depreciation on deletions / sale**	**As at March 31, 2012**	**As at March 31, 2012**	**As at September 30, 2011**
Tangible Assets										
Own Assets										
Freehold Land	4.06	-	-	4.06	-	-	-	-	4.06	4.06
Guest House	0.21	-	-	0.21	0.08	0.01	-	0.09	0.12	0.13
Leasehold Improvements	2.57	0.30	-	2.87	1.22	0.39	-	1.61	1.26	1.35
Plant and Machinery (Refer Note below)	163.87	6.07	33.20	136.74	46.20	13.93	1.55	58.58	78.16	117.67
Electrical Installation	2.80	-	-	2.80	1.01	0.14	-	1.15	1.65	1.79
Furniture and Fixtures	5.86	0.16	0.22	5.80	2.63	0.33	0.02	2.94	2.86	3.23
Office Equipment	4.44	0.14	0.08	4.50	2.26	0.30	0.02	2.54	1.96	2.18
Computers	7.33	1.87	2.48	6.72	3.77	0.77	0.23	4.31	2.41	3.56
Motor Vehicles	4.67	0.81	-	5.48	2.78	0.36	-	3.14	2.34	1.89
Assets under Finance Lease										
Plant and Machinery (Refer Note below)	21.23	-	-	21.23	6.06	1.80	-	7.86	13.37	15.17
TOTAL	**217.04**	**9.35**	**35.98**	**190.41**	**66.01**	**18.03**	**1.82**	**82.22**	**108.19**	**151.03**
Intangible Assets										
Goodwill	0.50	-	-	0.50	0.50	-	-	0.50	-	-
Software	10.35	-	0.13	10.22	7.14	0.49	-	7.63	2.59	3.21
Patent	0.00	-	-	-	-	-	-	0.00	0.00	0.00
TOTAL	**10.85**	-	**0.13**	**10.72**	**7.64**	**0.49**	**0.00**	**8.13**	**2.59**	**3.21**
Capital Work In Progress									*207.81	147.01
GRAND TOTAL	**227.89**	**9.35**	**36.11**	**201.13**	**73.65**	**18.52**	**1.82**	**90.35**	**318.58**	**301.25**
Previous year	194.99	102.89	69.99	227.89	32.77	46.24	5.36	73.65	154.24	

Note : Plant and machinery given on Operating Lease and acquired for BOOT Projects

Plant and Machinery	Gross Book Value as at March 31, 2012	Gross Book Value as at September 30, 2011	Accumulated Depreciation as at March 31, 2012	Accumulated Depreciation as at September 30, 2011	Net Book Value as at March 31, 2012	Net Book Value as at September 30, 2011
Operating Lease	3.03	3.03	1.11	0.95	1.92	2.08
BOOT Projects	118.42	116.66	47.14	36.08	71.28	80.58

* Includes ₹ 0.60 Crore on account of capitalisation of borrowing cost.

NOTES TO ACCOUNTS

13) Non-current Investments

(₹ in Crores)

	Extent of holding		As at March 31, 2012		As at September 30, 2011	
	As at March 31, 2012	As at September 30, 2011				
Investment Properties:						
Gross Block				11.63		11.63
Opening Accumulated Depreciation			2.45		1.72	
Add : Depreciation for the period			0.23		0.73	
Less: Accumulated Depreciation				2.68		2.45
Net Block				**8.95**		**9.18**
[Mortgaged with State Bank of Mysore]						
Non Trade – Unquoted:						
In Subsidiary Companies:						
Spanco Power Distribution Limited	70.36%	99.95%				
2,086,000 (P.Y. 2,050,000) equity shares of ₹10/- each, fully paid up				2.09		2.05
Share application money pending allotment				-		0.04
Spanco Limited, Dubai UAE	100.00%	100.00%				
7,294,711 (P.Y. 7,294,711) equity shares of 1 AED each, fully paid up				8.54		8.54
Share application money pending allotment				5.22		7.27
Spanco Europe Limited, U.K.	100.00%	100.00%				
1,200,000 (P.Y. 1,200,000) equity shares of 1 GBP each, fully paid up				17.68		17.68
Spanco (S) Pte., Limited, Singapore	100.00%	100.00%				
156,508 (P.Y. 156,508) equity shares of 1 SGD each, fully paid up				2.21		2.21
Global Respondez Inc., U.S.A.	100.00%	100.00%				
2,040 (P.Y. 2,040) equity shares (without par value) fully paid up				0.02		0.02
Spanco BPO Ventures Limited	100.00%	100.00%				
50,000 (P.Y. 50,000) equity shares of ₹10/- each, fully paid up				0.05		0.05
New Delhi Teletech Private Limited	100.00%	100.00%				
10,000 (P.Y. 10,000) equity shares of ₹10/- each, fully paid up				0.01		0.01
Spanco CSC Limited	100.00%	100.00%				
50,000 (P.Y. 50,000) equity shares of ₹10/- each, fully paid up				0.05		0.05
Spanco Infratel Private Limited	100.00%	100.00%				
10,000 (P.Y. 10,000) equity shares of ₹10/- each , fully paid up				0.01		0.01
Spanco IT Infrastructure Private Limited	100.00%	100.00%				
10,000 (P.Y. 10,000) equity shares of ₹10/- each , fully paid up				0.01		0.01

NOTES TO ACCOUNTS

(₹ in Crores)

	Extent of holding		As at March 31, 2012		As at September 30, 2011	
	As at March 31, 2012	As at September 30, 2011				
In Joint Ventures:						
MP Border Checkpost Development Company Limited	49.00%	49.00%				
8,024,480 (P.Y. 24,480) equity shares of ₹10/- each, fully paid up				8.02		0.02
Share application money pending allotment				-		8.00
Bharat BPO Services Limited	49.75%	49.75%				
5,000,000 (P.Y. 5,000,000) equity shares of ₹10/- each, fully paid up				5.00		5.00
Share application money pending allotment				19.85		19.85
Others:						
Global Respondez Services Limited						
614,000 (P.Y.614,000) equity shares of ₹10/- each, fully paid up				0.61		0.61
CSC e-Governance Services India Limited						
Share application money pending allotment				0.11		0.11
Total Non Trade – Unquoted:				**69.48**		**71.53**
TOTAL INVESTMENTS				**78.43**		**80.71**
Aggregate amount of unquoted Investment				69.48		71.53
Aggregate amount of Investment Properties				8.95		9.18
Aggregate amount of quoted Investment				-		-
Aggregate market value of quoted Investment				-		-

14) Deferred Tax Assets (net)

(₹ In Crores)

	As at March 31, 2012	As at September 30, 2011
Fixed assets	3.57	0.56
Privilege Leave Provision	0.37	0.35
Disallowance u/s 43B	0.01	0.27
Others	0.06	0.07
Total	**4.01**	**1.25**

15) Long-term Loans and Advances

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Capital Advances	56.91	67.86
Total	**56.91**	**67.86**

16) Other Non-current Assets
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Long-term trade receivables	5.99	6.70
Margin Money	1.89	2.50
Interest accrued but not due on Bank deposits	0.10	0.10
Prepaid expenses	1.34	1.56
Total	**9.32**	**10.86**

NOTES TO ACCOUNTS

17) Current Investments
(at lower of cost and market value)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Non-trade – Unquoted:		
Mutual Funds		
UTI India Lifestyle Fund 100,000 units of ₹10/- each (P.Y. 100,000 units of ₹10/- each)	0.10	0.10
SBI SHF Ultra Short Term Fund 311.883 units of ₹ 1000/- each (P.Y. 30,142.851 units of ₹10/- each)	0.03	0.03
Total	**0.13**	**0.13**
Aggregate amount of unquoted Investment	0.13	0.13
Aggregate amount of quoted Investment	-	-
Aggregate market value of quoted Investment	-	-

18) Inventories

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Valued at lower of cost or net realisable value:		
Stock-in-Trade*	396.25	330.90
Others:		
Softwares	16.46	16.62
Consumables	0.02	8.03
Valued based on the percentage of work:		
Work-in-progress	68.30	36.43
Total	**481.03**	**391.98**

* Includes goods in bonded warehouse ₹ 0.85 Crore (P.Y. ₹ 0.85 Crore)

19) Trade Receivables
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Over six months from the due date	313.11	245.44
Others	470.86	512.60
Total	**783.97**	**758.04**

20) Cash and Bank Balances

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Balances with Banks		
Current Accounts*	3.34	6.63
Unpaid Dividend	0.08	0.05
Cash on hand	1.12	0.50
Others		
Margin Money**	24.12	16.30
Bank deposits with more than 12 months maturity	0.01	0.01
Total	**28.67**	**23.49**

* Balances in current accounts include Escrow accounts ₹ 0.04 Crore (P.Y. ₹ 0.06 Crore)

** Margin money with banks maturing after 12 months from balance sheet date are classified as Non-current. (Refer note 16)

NOTES TO ACCOUNTS

21) Short-term Loans and Advances
(Unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Loans and advances to related parties (net) (Refer Note 33)	100.97	80.40
Security deposits	4.93	7.24
Advances recoverable in cash or in kind or for the value to be received	284.83	300.00
Fringe benefit tax (net of provision)	0.14	0.14
Inter Corporate Deposits	2.05	4.29
Total	**392.92**	**392.07**

22) Other Current Assets
(Unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Unbilled revenue	9.97	28.38
Receivable against sale of investment	15.10	15.10
Interest accrued but not due on fixed deposits*	0.68	0.42
Share application money receivable	8.50	8.50
Others	0.09	0.70
Total	**34.34**	**53.10**

* Interest accrued on Margin money with banks maturing after 12 months from balance sheet date are classified as Non-current. (Refer note 16)

23) Revenue from Operations

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Sale of Products		
Network integration / other traded goods	709.28	1,782.28
Power distribution business	75.85	239.57
Developed software's / services	124.74	178.47
Income from Services		
Network integration and others	53.67	185.51
Network engineering services	7.87	25.43
Total	**971.41**	**2,411.26**

24) Other Income

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Rent Income		
On Lease of Properties / Premises [Tax Deducted at Source ₹ 0.04 Crore (P.Y.₹ 0.64 Crore)]	0.56	6.20
On Lease of Assets [Tax Deducted at Source ₹ 0.01 Crore (P.Y.₹ 0.22 Crore)]	0.31	1.97
Foreign exchange fluctuation (net)	0.87	1.54
Profit on sale of fixed assets (net)	1.82	-
Other non operating income	1.50	2.70
Total	**5.06**	**12.41**

NOTES TO ACCOUNTS

25) Purchases

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Purchases	824.69	2,038.08
On Conversion of Fixed Assets / CWIP into Inventory	14.10	27.46
Cost of Materials Consumed - Network Infra	1.19	1.83
Total	**839.98**	**2,067.37**

26) Changes in Inventories

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Inventories (Opening)		
Finished Goods	338.85	162.78
Work in Progress	36.43	6.31
	375.28	**169.09**
Inventories (Closing)		
Finished Goods	402.15	338.85
Work in Progress	68.30	36.43
	470.45	**375.28**
Total	**(95.17)**	**(206.19)**

27) Employee Benefit Expenses

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Salaries, Wages and Bonus	20.60	52.51
Company's Contribution to :		
- Provident Fund	0.64	1.90
- Other Funds	0.12	0.38
Gratuity	0.08	0.72
Privilege Leave	0.09	1.17
Placement and Training Cost	0.07	0.35
Staff Welfare Expenses	0.74	0.72
Total	**22.34**	**57.75**

NOTES TO ACCOUNTS

Maturity and other post employment plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

(₹ in Crores)

	Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
a)	The details of the Company's defined benefit plans for its employees are given below					
	Profit and Loss Account:					
i)	**Net employee benefit expense (recognized in employee cost) for the six months ended March 31, 2012:**					
	Current Service Cost	0.34	0.81	0.52	0.48	0.39
	Interest on Defined Benefit Obligations	0.07	0.15	0.12	0.09	0.07
	Expected Return on Plan Assets	(0.05)	(0.12)	(0.10)	(0.08)	(0.04)
	Net Actuarial (Gain) / Loss recognized in the year	(0.08)	(0.02)	(0.28)	(0.11)	(0.33)
	Net Gratuity and Other Cost	**0.27**	**0.82**	**0.26**	**0.38**	**0.09**
	Actual Return on Plan Assets	**0.05**	**0.10**	**0.07**	**0.07**	**0.04**
	Balance Sheet:					
	Detail of provision of Gratuity					
	Defined benefit obligation	1.69	1.64	1.20	1.04	0.65
	Fair value of the plan assets	1.33	1.27	0.93	0.67	0.55
ii)	**Changes in the present value of the defined obligation are as follows:**					
	Opening Defined Benefit Obligation	1.63	1.19	1.04	0.66	0.56
	Current Service Cost	0.34	0.81	0.52	0.48	0.39
	Interest Cost	0.07	0.15	0.12	0.09	0.07
	Past Service Cost - Vested Benefit	-	0.17	-	-	-
	Liability Transferred Out	(0.11)	-	-	-	-
	Actuarial (Gain) / Loss	(0.22)	(0.32)	(0.39)	(0.04)	(0.33)
	Benefits Paid	(0.02)	(0.36)	(0.09)	(0.15)	(0.04)
	Closing Defined Benefit Obligation	**1.69**	**1.64**	**1.20**	**1.04**	**0.65**
iii)	**Change in Fair Value of Plan Assets:**					
	Opening Fair Value of the Plan Assets	1.25	0.93	0.66	0.56	0.32
	Expected Return on Plan Assets	0.05	0.12	0.10	0.08	0.04
	Contributions by the Employer	-	0.60	0.38	0.10	0.23
	Transfer to Other Company	-	-	(0.38)	-	-
	Benefits Paid	(0.02)	(0.36)	(0.09)	(0.15)	(0.04)
	Actuarial Gain / (Loss)	0.05	(0.02)	0.26	0.08	(0.00)
	Closing Fair Value of Plan Assets	**1.33**	**1.27**	**0.93**	**0.67**	**0.55**
	Company's expected contribution to gratuity in 2012-13	(0.36)	0.38	0.26	0.38	0.10
	Excess of (Obligation over plan assets) / plan assets over obligation	(0.36)	(0.38)	(0.26)	(0.38)	(0.10)
	(Accrued Liability) / Prepaid benefit	**(0.36)**	**(0.38)**	**(0.26)**	**(0.38)**	**(0.10)**

NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
iv)	**Category of Plan Assets as a % of the fair value of the total plan assets as at March 31, 2012:**					
	Insurer Managed Funds	100%	100%	100%	100%	100%
	Total	**100%**	**100%**	**100%**	**100%**	**100%**
v)	**Assumptions used in accounting for the gratuity plan:**	%	%	%	%	%
	Discount rate	8.50	8.50	8	7.75	8
	Salary escalation rate	5	5	5	5	5
	Expected rate of return on plan assets	8.6	8	8	8	8
	Employee Attrition Rate	2	2	2	2	2

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

28) Finance Cost

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Interest Expenses		
- On Fixed Period Loans	7.67	31.69
- On Working Capital and Others	58.75	126.25
Less : Interest Income (Tax Deducted at Source ₹ 3.26 Crores [P.Y ₹ 3.61 Crores])	18.98	55.35
Other Borrowing Costs	5.86	15.50
Total	**53.30**	**118.09**

29) Depreciation and Amortisation Expenses

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Depreciation and Amortisation	18.75	46.96
Less: Transferred from revaluation reserve	-	0.79
Total	**18.75**	**46.17**

30) Other Expenses

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Direct Expenses		
Freight and Forwarding	0.40	1.08
Amortization of Software's Developed Cost	2.36	9.56
Operation and Maintenance	11.66	12.82
Project Expenses	18.11	42.23
Service / Installation charges	3.60	11.26
Sub Contract Cost	4.56	17.61
Other Direct Expenses	4.01	13.86
Total (A)	**44.70**	**108.42**

NOTES TO ACCOUNTS

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Indirect Expenses		
Electricity Charges	0.53	2.61
Vehicle Hire Charges	0.30	0.94
Lease Line Charges	0.01	0.04
Sales and Business Promotion	0.72	2.65
Repairs and Maintenance		
- On Building	0.06	0.03
- On Plant and Machinery	0.01	0.04
- On Others	1.21	2.46
Office Establishment Expenses	0.47	0.79
Payment to Auditor		
- Statutory Audit Fees	0.15	0.23
- Tax Audit Fees	0.06	0.06
- Limited Review	0.09	0.26
- Other Matters	-	0.01
	0.30	**0.56**
Rent Expenses		
- On Lease of Properties/Premises	3.62	9.77
- On Lease of Assets	0.25	4.52
Legal, Professional and Consultancy Charges	3.37	9.99
Travelling and Conveyance	2.84	6.01
Rates and Taxes	0.58	2.05
Communication Expenses	0.67	1.91
Insurance	0.86	1.72
Motor Car Expenses	0.28	0.93
Printing Charges	0.46	1.11
Advertisement Expenses	1.20	1.04
Amortization of Foreign Exchange Loss	-	(0.03)
Security Charges	0.21	0.86
Sundry Balances Written Off (net)	12.59	0.62
Loss on Sale of Fixed Assets (net)	-	7.92
Miscellaneous Expenses	7.57	6.25
Total (B)	**38.11**	**64.79**
Total (A + B)	**82.81**	**173.21**

31) During the period, borrowing costs of ₹ 0.60 Crore (P.Y. ₹ 8.96 Crores) were capitalised.

32) Segment Information

The Company is operating in two segments i.e. ‘Technology Infrastructure’ and ‘Power’. As stated in paragraph 4 of Accounting Standard 17- Segment Reporting, the Company has disclosed segment information in its Consolidated Financial Statements and hence it is not disclosed in these financial statements.

NOTES TO ACCOUNTS

33) Related party disclosures under Accounting Standard 18 issued by the Institute of Chartered Accountants of India

a) The following are the names of related parties and description of relationship:

i. Subsidiaries

a. Spanco BPO Ventures Limited

b. Spanco BPO Services Limited *

c. Spanco Respondez BPO Private Limited *

d. Spanco Global Solutions Private Limited ***

e. Spanco Great IT Private Limited ***

f. Skandsoft Technologies Private Limited ***

g. Spanco Infratel Private Limited

h. Spanco IT Infrastructure Private Limited

i. New Delhi Teletech Private Limited

j. Spanco CSC Limited

k. Spanco Power Distribution Limited

l. Spanco Nagpur Discom Limited **

m. Spanco Europe Limited, U.K.

n. Spanco Limited, Dubai, U.A.E.

o. Spanco (S) Pte. Limited, Singapore

p. Global Respondez Inc, U.S.A.

q. Spanco Holdings Inc.,U.S.A*

r. Spanco BPO Africa Limited (w.e.f. November 11, 2011) *

s. Spanco Channel BPO Limited (w.e.f. November 11, 2011) ****

t. Spanco Raps Uganda Limited (w.e.f. November 11, 2011) *****

u. Spanco Raps Tanzania Limited (w.e.f. November 11, 2011) *****

v. Spanco Raps Kenya Limited (w.e.f. November 11, 2011) *****

w. Spanco Raps Tchad SARL (w.e.f. November 11, 2011) *****

x. Spanco Raps Niger Limited (w.e.f. November 11, 2011) *****

y. Spanco Raps Burkina Faso (SARL) (w.e.f. November 11, 2011) *****

* These companies are subsidiaries of Spanco BPO Ventures Limited.

** This is the wholly owned subsidiary of Spanco Power Distribution Limited.

*** These companies are subsidiaries of Spanco CSC Limited.

**** This company is wholly owned subsidiary of Spanco BPO Africa Limited.

***** These companies are subsidiaries of Spanco BPO Africa Limited.

ii. Joint Ventures

a. Bharat BPO Services Limited

b. Spanco Golden Key Solutions LLC #

c. Spanco Golden Key Solutions WLL #

d. MP Border Checkpost Development Company Limited

\# These companies are the joint ventures of Spanco Limited, Dubai, U.A.E.

NOTES TO ACCOUNTS

iii. Key Management Personnel

a. Mr. Kapil Puri (Chairman and Managing Director)

b. Mr. Adarsh Bagaria (Whole Time Director)

iv. Relatives of Key Management Personnel

a. Mrs. Kavita Kapil Puri

b. Mrs. Sarika Adarsh Bagaria

v. Enterprise owned or significantly influenced by group of individuals or their relatives

a. Percept Trading Private Limited

b. Steady Growth Properties Private Limited

c. Global Respondez Services Limited

b) The following are the volume of transactions with related parties during the period and outstanding balances as at the period end disclosed in aggregate by type of related party:

(₹ in Crores)

Sr. No.	Nature of transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Joint Venture	Enterprises where KMP exercise sig. Influence	Total
1	Remunerations (inclusive of Perquisites)	2.51	-	-	-	-	2.51
		(8.68)	(-)	(-)	(-)	(-)	(8.68)
2	Loan received from Director	3.84	-	-	-	-	3.84
		(8.03)	(-)	(-)	(-)	(-)	(8.03)
3	Loan repaid to Director	3.70	-	-	-	-	3.70
		(7.65)	(-)	(-)	(-)	(-)	(7.65)
4	Inter Corporate Deposit Refund	-	-	0.11	-	-	0.11
		(-)	(-)	(0.31)	(-)	(-)	(0.31)
5	Inter Corporate Deposit Given	-	-	-	-	-	-
		(-)	(-)	(0.27)	(-)	(-)	(0.27)
6	Investments made in subsidiaries / Joint Ventures	-	-	0.04	8.00	-	8.04
		(-)	(-)	(2.05)	(0.02)	(-)	(2.07)
7	Investments made in subsidiaries / Joint Venture towards Share Application Money	-	-	-	-	-	-
		(-)	(-)	(0.04)	(8.00)	(-)	(8.04)
8	Sale of Investment in Subsidiaries / Joint Venture	-	-	-	-	-	-
		(-)	(-)	(22.65)	(-)	(-)	(22.65)
9	Refund of Share application money	-	-	2.04	-	-	2.04
		(-)	(-)	(7.91)	(-)	(-)	(7.91)
10	Sale of Traded Goods / Service / Software	-	-	238.02	30.08	-	268.10
		(-)	(-)	(0.67)	(114.96)	(-)	(115.63)
11	Rental Expense : Leased Plant and Machinery	-	-	8.29	-	-	8.29
		(-)	(-)	(-)	(-)	(-)	(-)
12	Rental Income : Leased Plant and Machinery	-	-	0.41	-	-	0.41
		(-)	(-)	(1.24)	(-)	(-)	(1.24)
13	Rental Income : Leased Property	-	-	-	-	-	-
		(-)	(-)	(0.01)	(-)	(-)	(0.01)

NOTES TO ACCOUNTS

(₹ in Crores)

Sr. No.	Nature of transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Joint Venture	Enterprises where KMP exercise sig. Influence	Total
14	Interest Income from Subsidiaries	-	-	14.95	-	-	14.95
		(-)	(-)	(49.56)	(-)	(-)	(49.56)
15	ICD Interest	-	-	1.05	-	-	1.05
		(-)	(-)	(3.15)	(-)	(-)	(3.15)
16	Purchase of Traded Goods / Software	-	-	-	-	-	-
		(-)	(-)	(137.81)	(-)	(-)	(137.81)
17	Loans / Advance given	-	-	15.14	0.01	-	15.15
		(-)	(-)	(168.67)	(0.97)	(-)	(169.64)
18	Loans / Advance refund	-	-	20.00	0.02	-	20.02
		(-)	(-)	(133.64)	(0.02)	(-)	(133.66)
19	Loans / Advance taken	-	-	200.44	-	-	200.44
		(-)	(-)	(369.39)	(-)	(0.54)	(369.93)
20	Loans / Advance repaid	-	-	138.26	-	-	138.26
		(-)	(-)	(18.14)	(-)	(-)	(18.14)
21	Receipt of Trade Receivables Collection	-	-	83.23	-	-	83.23
		(-)	(-)	(253.51)	(-)	(-)	(253.51)
22	Assets given on Lease (Net Book Value)	-	-	1.92	-	-	1.92
		(-)	(-)	(2.08)	(-)	(-)	(2.08)
23	Issue of Warrants on preferential basis	-	-	-	-	17.44	17.44
		(-)	(-)	(-)	(-)	(5.81)	(5.81)
24	Issue of equity shares on preferential basis	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(31.00)	(31.00)
25	Slump Sale	-	-	98.01	-	-	98.01
		(-)	(-)	(-)	(-)	(-)	(-)
26	Closing Trade Receivables	-	-	35.76	112.97	-	148.73
		(-)	(-)	(2.23)	(114.70)	(-)	(116.93)
27	Closing Trade Payables	-	-	0.03	-	-	0.03
		(-)	(-)	(0.03)	(-)	(-)	(0.03)
28	Closing Loan from Director	0.51	-	-	-	-	0.51
		(0.38)	(-)	(-)	(-)	(-)	(0.38)
29	Loans and Advance to related parties	-	-	99.58	1.39	-	100.97
		(-)	(-)	(79.00)	(1.40)	(-)	(80.40)
30	Outstanding credit balance Loans and Advance	-	-	-	-	1.03	1.03
		(-)	(-)	(-)	(-)	(1.02)	(1.02)
31	Investment closing balance	-	-	30.67	13.02	0.61	44.30
		(-)	(-)	(30.63)	(5.02)	(0.61)	(36.26)
32	Investment towards share application money closing balance	-	-	5.22	19.85	-	25.07
		(-)	(-)	(7.31)	(27.85)	(-)	(35.16)

Figures in brackets indicate previous year's figures.

1. Corporate guarantee of ₹ 52 Crores [P.Y. ₹ 52 Crores] given in favour of Cisco Systems Capital India Private Limited on behalf of wholly owned subsidiary New Delhi Teletech Private Limited.
2. Corporate guarantee and undertaking given to One North East, NY for making an offer of grant to wholly owned subsidiary Spanco Europe Limited of ₹ 0.74 Crore (90,000 pounds) [P.Y. ₹ 0.70 Crore (90,000 pounds)].

NOTES TO ACCOUNTS

3. Corporate guarantee of ₹ 0.95 Crore [P.Y. ₹ 0.95 Crore] given in favour of Rentworks India Private Limited for availing operating lease on behalf of subsidiary Spanco BPO Services Limited.
4. Corporate guarantee of ₹ 40 Crores [P.Y. ₹ 40 Crores] given in favour of IDBI Bank for providing cash credit facility on behalf of subsidiary Spanco BPO Services Limited.
5. Corporate guarantee of ₹ 12 Crores [P.Y. ₹ 12 Crores] given in favour of Bank of Maharashtra for obtaining cash credit facility on behalf of subsidiary Spanco Respondez BPO Private Limited.
6. Corporate guarantee of ₹ 37.46 Crores [P.Y. ₹ 37.46 Crores] given in favour of SREI Equipment Finance Private Limited for availing operating lease assistances / facilities on behalf of subsidiary Spanco BPO Services Limited.
7. Corporate guarantee of ₹ 25 Crores [P.Y. ₹ 25 Crores] given in favour of UCO Bank for availing short term loan on behalf of subsidiary Spanco BPO Services Limited.
8. Corporate guarantee of ₹ 9 Crores [P.Y. ₹ 9 Crores] given in favour of Indusind Bank for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.

Note: The following transactions constitute more than 10 % of the total related party transactions of the same type:

(₹ in Crores)

Type of Transaction	Party	Period Ended March 31, 2012	Period Ended September 30, 2011
Remunerations (inclusive of Perquisites)	Mr. Kapil Puri	1.97	5.81
	Mr. Adarsh Bagaria	0.54	1.29
	Mr. Deepak Bhagchandaney	-	1.59
Loan received from Director	Mr. Kapil Puri	3.84	8.03
Loan repaid to Director	Mr. Kapil Puri	3.70	7.65
Inter Corporate Deposit Refund	Skandsoft Technologies Private Limited	0.11	0.31
Inter Corporate Deposit Given	Skandsoft Technologies Private Limited	-	0.27
Interest on Inter-Corporate Deposits	Skandsoft Technologies Private Limited	1.05	3.15
Investment made in Subsidiaries / Joint ventures	Spanco Power Distribution Limited	-	2.05
	MP Border Checkpost Development Company Limited	8.00	-
Sale of Investment in Subsidiaries / Joint Venture	Skandsoft Technologies Private Limited	-	5.63
	Spanco Global Solutions Private Limited	-	5.01
	Spanco Great IT Private Limited	-	12.01
Towards Share Application Money	MP Border Checkpost Development Company Limited	-	8.00
Refund of share application money	Spanco Limited, Dubai	2.04	7.91
Sales of Traded Goods / Services / Software	New Delhi Teletech Private Limited	195.81	-
	MP Border Checkpost Development Company Limited	29.48	113.60
	Spanco Nagpur Discom Limited	41.37	-
Rental Expense : Lease Plant and Machinery	New Delhi Teletech Private Limited	8.29	-
Rental Income : Lease Plant and Machinery	Spanco BPO Services Limited	0.41	1.24
Rental Income : Lease Property	Spanco CSC Limited	-	0.01
Asset given on Lease (Net Book Value)	Spanco BPO Services Limited	1.92	2.08
Interest Income From Subsidiaries	Spanco BPO Services Limited	-	16.52
	Spanco BPO Ventures Limited	8.91	20.57
	Spanco CSC Limited	1.59	-
	Spanco (S) Pte. Limited	1.57	-
	New Delhi Teletech Private Limited	1.95	-
Purchase of Traded Goods / Software	Spanco Great IT Private Limited	-	20.81
	Spanco BPO Services Limited	-	117.00

NOTES TO ACCOUNTS

(₹ in Crores)

Type of Transaction	Party	Period Ended March 31, 2012	Period Ended September 30, 2011
Loan / Advance Given	Spanco BPO Services Limited	-	50.61
	Spanco BPO Ventures Limited	5.22	71.62
	Spanco CSC Limited	-	22.65
	Spanco (S) Pte. Limited	2.19	-
	New Delhi Teletech Private Limited	6.98	-
Loan / Advance Refund	Spanco BPO Services Limited	-	83.82
	Spanco BPO Ventures Limited	3.07	23.83
	New Delhi Teletech Private Limited	11.01	-
	Spanco Respondez BPO Private Limited	-	17.05
	Spanco Power Distribution Limited	4.65	-
Loan / Advance Taken	Spanco Nagpur Discom Limited	199.88	333.44
Loan / Advance Repaid	Spanco Respondez BPO Private Limited	-	14.53
	Spanco Nagpur Discom Limited	130.06	3.59
Receipt of Trade Receivables Collection	Spanco Nagpur Discom Limited	83.23	253.51
Slump Sale	Spanco Nagpur Discom Limited	98.01	-
Closing Trade Receivables Balance	New Delhi Teletech Private Limited	33.85	-
	MP Border Checkpost Development Company Limited	106.85	109.22
Closing Trade Payables Balance	Gloabal Respondez Inc USA	0.03	0.03
Closing Loan from Director	Mr. Kapil Puri	0.51	0.38
Loans and Advances to related parties	Spanco BPO Ventures Limited	144.23	124.59
	New Delhi Teletech Private Limited	24.17	24.86
	Spanco (S) Pte. Limited	25.61	21.40
	Spanco CSC Limited	24.07	22.64
	Skandsoft Technologies Private Limited	20.13	18.73
	Spanco Nagpur Discom Limited	(117.17)	(76.33)
	Spanco Respondez BPO Private Limited	(13.10)	(20.79)
	Spanco BPO Services Limited	(15.38)	(45.70)
	Others	8.41	11.00
Outstanding credit balance Loans and Advance	Global Respondez Services Ltd	1.03	1.02
Investments closing balance	Spanco Europe Limited	17.68	17.68
	Spanco Limited, Dubai	8.54	8.54
	Bharat BPO Services Limited	5.00	5.00
	MP Border Checkpost Development Company Limited	8.02	-
Investment towards Share Application Money closing balance	Bharat BPO Services Limited	19.85	19.85
	Spanco Limited, Dubai	5.22	7.27
	MP Border Checkpost Development Company Limited	-	8.00

NOTES TO ACCOUNTS

34) Particulars of assets acquired / given under lease

Operating leases

Premises for office / godown / flat are obtained on operating lease. The lease term for different agreements are from 11 months to 36 months and renewable for further period at the option of the Company. Out of these contracts, only one contract contains an escalation clause with 6% after every 11 months. There are no restrictions imposed by lease arrangements. There are no subleases.

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Operating lease payments recognised in the Statement of Profit and Loss during the period:	1.29	8.94
Minimum lease payments		
Total of future minimum lease payments payable by the Company:		
- Not later than 1 year	2.54	1.30
- Later than 1 year but not later than 5 years	0.92	0.55
- Later than 5 years	-	-
Total of future minimum lease payments under operating lease	**3.46**	**1.85**

Finance leases

Plant and Machinery and Capital Work-in-Progress includes machinery / equipments obtained on finance lease. Lease term is for 27 to 60 months after which legal title is passed to lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Finance lease payments recognised in the Statement of Profit and Loss during the period:	1.12	4.85
Total future minimum lease payments payable by the Company:	18.03	28.57
Less: Unamortised Finance Charges	1.85	3.19
Present Values	16.18	25.38

Particulars	For the period ended March 31, 2012		For the period ended September 30, 2011	
	Minimum Lease Payments	Present Values	Minimum Lease Payments	Present Values
Not later than 1 year	10.93	9.58	17.61	15.45
Later than 1 year but not later than 5 years	7.10	6.60	10.96	9.93
Later than 5 years	-	-	-	-

Operating leases - assets given on lease

The Company has leased out Premise and Plant and Machinery on operating lease. The lease term is 60 months. There are escalation clauses in one lease agreement and the lease is renewable at the option of the lessee. There are no restrictions imposed by lease arrangement.

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
There are no uncollectible minimum lease payment receivable as at balance sheet date (P.Y. Nil)	0.98	7.44
Operating lease Income recognised in the Statement of Profit and Loss during the period:		
Minimum lease receipts		
Total of future minimum lease receipts receivable by the Company:		
- Not later than 1 year	0.83	0.94
- Later than 1 year but not later than 5 years	0.79	-
- Later than 5 years	-	-
Total of future minimum lease receipts under operating lease	**1.62**	**0.94**

35) Earnings Per Share (EPS)

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Net profit available for equity shareholders	34.55	105.14
Weighted average number of equity shares for calculating basic EPS	31,350,000	29,078,075
Equity Shares on account of outstanding Convertible Warrants	1,500,000	462,592
Weighted average number of equity shares for calculating diluted EPS	32,850,000	29,540,667
Nominal value of shares (₹)	10	10
Earnings per share		
– Basic (₹)	11.02	36.15
– Diluted (₹)	10.52	35.59

36) Slump sale of division

During the current period, the Company has, pursuant to the provision of section 293(1)(a) of the Companies Act, 1956, and as approved by the Shareholders of the Company though postal ballot as per section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, transferred its Power Distribution Franchisee division on slump sale basis to its step down subsidiary Spanco Nagpur Discom Limited with effect from November 23, 2011. Hence, the financials include results of Nagpur DF division upto November 22, 2011.

Consequent upon the transfer of Power Distribution Franchisee division, the following assets and liabilities of the said division stand transferred effective from November 23, 2011:

(₹ in Crores)

Particulars	Amount
Assets	
Fixed Assets	36.08
Current Assets	86.59
Liabilities	
Current Liabilities	220.68
Net Assets / (Liabilities) transferred	**(98.01)**

37) Discontinuing Operations

As per slump sale arrangement, the assets and liabilities of the Power Distribution Franchisee division of the Company as of November 22, 2011 stands transferred to Spanco Nagpur Discom Limited with effect from November 23, 2011. Comparative information relating to discontinuing operations in accordance with AS 24 - Discontinuing Operations issued by the Institute of Chartered Accountants of India is as follows:

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Continuing Operations	Discontinuing Operations	Total
Income from operation	895.56	75.85	971.41
	(2,411.26)	-	(2,411.26)
less: Operating expenditure	796.11	72.60	868.71
	(2,138.31)	-	(2,138.31)
Profit before interest and tax	99.45	3.25	102.70
	(272.95)	-	(272.95)
less: Interest and financial cost	49.95	3.35	53.30
	(118.09)	-	(118.09)
Add: Other Income	5.06	-	5.06
	(12.41)	-	(12.41)
Profit before Tax	54.56	(0.10)	54.46
	(167.27)	-	(167.27)
Less: Current Tax expenses	19.91	-	19.91
	(62.13)	-	(62.13)
Profit After Tax	34.65	(0.10)	34.55
	(105.14)	-	(105.14)

Figures in bracket indicate previous year's figures.

The net cash flow of Power Distribution Franchisee division is as given below:

(₹ in Crores)

Cash generated from	For the period ended March 31, 2012
Operating Activities	3.41
Investing Activities	(0.11)
Financing Activities	(3.35)
Net Cash Inflows / (Outflows)	**(0.05)**

38) Interest in Joint Ventures

a) The Company has a 49.75% interest in assets, liabilities, expenses and income of Bharat BPO Services Limited, incorporated in India, which is involved in Domestic Call Centre Services.

b) The Company has a 49.00% interest in assets, liabilities, expenses and income of MP Border Checkpost Development Company Limited, incorporated in India. The said Company has entered into a Concession Agreement (CA) on November 10, 2010 with MP Road Development Corporation Limited (MPRDCL) for construction, operation and maintenance of the Border Checkpost at 24 locations in Madhya Pradesh on build, operate and transfer ("BOT") basis.

c) The aggregate of the Company's share of the assets, liabilities as at March 31, 2012 and expenses and income for the period ended March 31, 2012 of jointly controlled entity based on provisional financial statements is as follows :

(₹ in Crores)

Particulars	As at March 31, 2012	As at September 30, 2011
Net Fixed Assets including Capital Work in Progress	273.89	189.13
Investments	-	-
Net Current Assets	(84.78)	(105.95)
Loans / Borrowings	120.61	22.42
Deferred Tax Liability	7.42	5.05
Income	83.79	64.44
Expenses (including depreciation and taxation)	81.29	55.97
Loss After Tax	2.50	8.46
Capital Commitments	303.29	476.19
Contingent Liabilities	1.19	1.89

NOTES TO ACCOUNTS

39) Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 47.05 Crores [P.Y. ₹ 60.12 Crores].

40) Contingent Liabilities

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2012	As at September 30, 2011
1	Letters of Credit issued by bankers	24.86	34.54
2	Guarantees given by banks on behalf of the Company	207.09	250.56
3	Guarantees and counter guarantees given by the Company	177.14	177.23
4	Income Tax Demand	0.72	4.01

41) Unhedged Foreign Currency Exposure

Particulars	Currency	Amount in Foreign Currency	Equivalent (₹ in Crores)
Sundry Trade Receivables	USD	1,546,653 (1,546,653)	7.84 (7.50)
	OMR	180,500 (180,500)	2.42 (2.34)
	CHF	- (15,625)	- (0.09)
	GBP	35,765 (35,765)	0.29 (0.27)
Sundry Trade Payables	USD	2,984,065 (3,899,857)	15.38 (19.23)
Bank Balances (EEFC Account)	USD	3,559 (3,559)	0.02 (0.02)
Cash Balances	EURO	1 (1)	- (-)
	SGD	2 (2)	- (-)
	OMR	20 (20)	- (-)
	LKR	1,000 (1,000)	- (-)
	RIYAL	41 (41)	- (-)
Foreign Currency Loans	USD	- (375,000)	- (1.85)
Loans and Advances Given	USD	5,155,825 (4,506,930)	26.15 (21.85)
	AED	177,837 (157,198)	0.24 (0.20)
	QAR	3,68,225 (368,225)	0.49 (0.50)
Loans and Advances Taken	GBP	114,157 (114,157)	0.94 (0.88)

Figures in bracket indicate previous year's figures.

NOTES TO ACCOUNTS

42) Information pursuant to Clause 32 of the Listing Agreement with the Stock Exchange Loans and Advances given in the nature of loans

(₹ in Crores)

Particulars	As at March 31, 2012		As at September 30, 2011	
	Closing Balance	Maximum Balance	Closing Balance	Maximum Balance
Subsidiaries				
Spanco (S) Pte Limited	25.61	25.61	21.40	21.40
Spanco Global Solutions Private Limited	6.13	6.21	5.43	5.43
Spanco Great IT Private Limited	0.10	0.15	-	27.15
Spanco Limited, Dubai	0.24	0.24	0.20	0.20
Spanco Respondez BPO Private Limited	-	-	-	15.46
Spanco BPO Ventures Limited	144.23	145.97	124.59	124.59
Spanco IT Infrastructure Private Limited	0.01	0.01	0.01	0.01
Spanco Infratel Private Limited	0.01	0.01	0.01	0.01
New Delhi Teletech Private Limited	24.17	33.16	24.86	24.86
Spanco CSC Limited	24.07	24.23	22.64	22.64
Skandsoft Technologies Private Limited	2.35	2.37	18.73	18.84
Global Respondez Inc USA	0.53	0.53	0.45	0.45
Spanco BPO Services Limited	-	-	-	106.55
Spanco Power Distribution Limited	0.96	5.61	4.80	4.83
Joint Ventures				
Spanco Golden Key Solutions WLL	0.49	0.51	0.50	0.50
Bharat BPO Services Limited	0.90	0.90	0.90	0.90

None of the loanee has made investment in the shares of the Company.

43) Supplementary Information

a) Earnings in Foreign Currency (Accrual basis)

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Interest Income	1.62	3.63
Total	**1.62**	**3.63**

b) Expenditure in foreign currency (Accrual basis)

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Travelling Expenses	0.04	0.19
Other Expenses	-	0.32
Interest	0.43	1.91
Total	**0.47**	**2.42**

c) Value of Imports calculated on CIF basis

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Traded Goods	-	3.53

NOTES TO ACCOUNTS

44) Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

Particulars	Opening stock		Purchases		Sales		Closing stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Units	₹ in Crores	Units	₹ in Crores	Units	₹ in Crores	units	₹ in Crores
Communication Equipments	342	0.29	149	3.44	244	3.45	247	0.20
	(3,105)	(0.62)	(683)	(3.26)	(3446)	(20.54)	(342)	(0.29)
Multiplexor with Spares	2,533	21.38	7,905	86.22	7,671	89.26	2,767	22.38
	(15,568)	(46.25)	(150,241)	(292.86)	(163,276)	(321.65)	(2,533)	(21.38)
Computer with Accessories	4,133	72.10	19,381	268.60	19,655	264.35	3,859	75.88
	(1,935)	(60.84)	(1,250,662)	(719.13)	(1,248,464)	(733.99)	(4,133)	(72.10)
Networking Equipments	3,083	59.63	113,062	150.26	113,064	136.98	3,081	72.68
	(308,827)	(37.26)	(293,129)	(390.97)	(598,873)	(353.21)	(3,083)	(59.63)
Software Purchased	1,828	144.98	5,937	97.41	5,918	53.46	1,847	202.08
	(17,234)	(12.45)	(53,522)	(191.04)	(68,928)	(94.36)	(1,828)	(144.98)
Electricity	-	-	185,225,926	70.02	185,225,926	75.85	-	-
	-	-	(439,780,000)	(210.45)	(439,780,000)	(239.57)	-	-
Miscellaneous*	-	1.52	-	123.47	-	128.54	-	2.99
	-	(5.34)	-	(184.12)	-	(199.97)	-	(1.52)
Total	**11,919**	**299.90**	**185,372,360**	**799.42**	**185,372,478**	**751.89**	**11,801**	**376.21**
	(346,669)	**(162.76)**	**(441,528,237)**	**(1,991.83)**	**(441,862,987)**	**(1,963.29)**	**(11,919)**	**(299.90)**

*The relevant information regarding turnover, purchases, opening and closing stocks is given only in value terms and no detailed quantitative break-up is given, as either the items are too numerous to be conveniently grouped or quantification not feasible.

45) There are no amounts due and outstanding to be credited to investor education and protection fund.

46) The figures for current period are for 6 months as against 18 months in the previous period. Hence, the figures are not comparable with those of previous period.

47) For the period ended March 31, 2012 the Revised Schedule VI notified under the Companies Act 1956 has become applicable for preparation and presentation of financial statements. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has regrouped / reclassified the previous period figure in accordance with the requirements applicable in the current period.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No - 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

CONSOLIDATED FINANCIAL STATEMENTS

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AUDITORS' REPORT

AUDITORS' REPORT

To

The Board of Directors of Spanco Limited

1. We have audited the attached Consolidated Balance Sheet of Spanco Limited ("the Company") and its subsidiaries and joint ventures (together referred to as "the Group"), as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto together referred to as 'the financial statements'. These financial statements are the responsibility of the Company's management and have been prepared by the management 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. We did not audit the financial statements of the subsidiaries and joint ventures of the Company, whose financial statements reflect total assets of ₹ 1240.87 Crores as at March 31, 2012 total revenue of ₹ 602.28 Crores and net cash outflow amounting to ₹ 0.90 Crore for the period then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Based on our audit and on consideration of reports of other auditors on 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 Statement of Profit and Loss, of the profit for the period ended on that date; and
   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No.105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14,2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in Crores)

	Note No.	As at March 31, 2012	As at September 30, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	31.35	31.35
Reserves and Surplus	4	649.47	550.10
Money received against Convertible Share Warrants	5	23.25	5.81
Share Application Money Pending Allotment	6	45.89	136.89
Minority Interest		26.99	3.73
Non-current Liabilities			
Long-term Borrowings	7	216.64	174.27
Deferred Tax Liabilities (net)	8	–	0.43
Other Long term Liabilities	9	7.70	–
Long-term Provisions	10	2.10	2.28
Current Liabilities			
Short-term Borrowings	11	734.49	657.71
Trade Payables	12	828.91	651.50
Other Current Liabilities	13	395.00	344.30
Short-term Provisions	14	46.68	59.84
TOTAL		**3,008.47**	**2,618.21**
ASSETS			
Non-current Assets			
Fixed Assets	15		
Tangible Assets		387.88	279.72
Intangible Assets		42.07	47.01
Capital Work-in-Progress		297.94	274.39
Intangible Assets Under Development		259.69	173.49
Goodwill on Consolidation		31.35	16.50
Non-current Investments	16	16.92	29.82
Deferred Tax Assets (net)	8	8.47	–
Long-term Loans and Advances	17	100.89	128.98
Other Non-current Assets	18	24.53	18.88
Current Assets			
Current Investments	19	0.14	0.14
Inventories	20	494.01	404.03
Trade Receivables	21	856.27	759.02
Cash and Bank balances	22	45.00	40.71
Short-term Loans and Advances	23	372.77	388.28
Other Current Assets	24	70.54	57.24
TOTAL		**3,008.47**	**2,618.21**
Significant Accounting Policies	2		
The accompanying notes form an integral part of the Financial Statements	1-47		

As per our report of even date

For and on behalf of the Board of Directors

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

Place : Mumbai
Date : August 14, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	Note No.	For the period ended March 31, 2012	For the period ended September 30, 2011
INCOME			
Revenue from Operations	25	1,320.93	2,684.40
Other Income	26	13.35	16.95
TOTAL REVENUE		**1,334.28**	**2,701.35**
EXPENDITURE			
Purchases	27	1,008.95	2,057.77
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	(96.10)	(206.73)
Employee Benefits Expense	29	118.95	197.19
Finance Costs	30	90.28	153.25
Depreciation and Amortisation Expenses	31	40.51	80.98
Other Expenses	32	129.04	253.47
TOTAL EXPENSES		**1,291.63**	**2,535.93**
Profit Before Tax		**42.65**	**165.42**
Tax Expenses			
Current Tax		23.64	69.82
Deferred Tax	7	(8.90)	(4.99)
Wealth Tax		0.01	0.03
Profit After Tax before taxation of earlier year		**27.90**	**100.56**
Less : Taxation for earlier year		0.06	0.72
Profit After Tax		**27.84**	**99.84**
Minority Interest		(1.29)	0.09
Profit (Loss) for the period		**29.13**	**99.75**
Earnings per Equity Share (₹) :	37		
(Nominal value ₹10/ – each)			
Basic (₹)		9.29	34.31
Diluted (₹)		8.87	33.77
Significant Accounting Policies	2		
The accompanying notes form an integral part of the Financial Statements	1-47		

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	For the period ended March 31, 2012		For the period ended September 30, 2011	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit after Taxation and Extraordinary Items		**29.13**		**99.75**
Adjustments for:				
Depreciation / Amortisation	40.51		80.97	
Provision for Income Tax	23.64		67.47	
Provision for Minimum Alternative Tax	-		2.35	
Provision for Deferred Tax	(8.90)		(4.99)	
Provision for Wealth Tax	0.01		0.03	
Interest Income	(2.97)		(5.79)	
Sundry Balances Written Off (net)	13.25		1.98	
(Profit) / Loss on Sale of Assets (net)	0.16		7.93	
Interest and Finance Expense	93.25		159.42	
Amortisation of Softwares Developed Cost	2.36		9.56	
Amortisation of Foreign Exchange Loss	-		(0.03)	
Preliminary Expenses Written Off	0.13		0.01	
Bad Debts Written Off / Provisions for Doubtful Debts and Advances	0.17		0.18	
Foreign Currency Fluctuations	2.96		2.48	
		164.57		**321.57**
Operating Profit Before Working Capital Change		**193.70**		**421.32**
(Increase) / Decrease in Margin Money kept against Letter of Credits	(7.21)		(8.70)	
(Increase) / Decrease in Inventories	(92.34)		(211.69)	
(Increase) / Decrease in Loans and Advances	40.02		(74.22)	
(Increase) / Decrease in Other Current Assets	(19.44)		15.29	
(Increase) / Decrease in Trade Receivables	(98.37)		(124.32)	
(Decrease) / Increase in Current Liabilities and Provisions	239.30		96.48	
		61.96		**(307.16)**
Cash Generated from Operations		**255.66**		**114.16**
Income Taxes paid (net)		(28.70)		(31.68)
Net Cash (used) / Generated from Operating Activities		**226.96**		**82.48**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets including Capital Work-in-Progress	(296.50)		(359.61)	
Forex adjustment on Fixed Asset	(0.70)		(2.25)	
Increase in Goodwill on Consolidation	(14.85)		-	
Decrease / (Purchase) of Investments	12.68		(10.78)	
(Increase) / Decrease in Fixed Deposit	-		1.66	
Interest received	3.12		5.69	
(Increase) / Decrease in Miscellaneous Expenditure	-		(4.71)	
Proceeds from Sale of Fixed Asset and Capital Work-in-Progress	34.44		55.67	
Net Cash (used) / Generated in Investing Activities		**(261.81)**		**(314.33)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2012

(₹ in Crores)

	For the period ended March 31, 2012		For the period ended September 30, 2011	
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in Share Capital (Including Share Premium)	55.60		51.02	
Increase / (Decrease) in Share Application Money	(91.00)		136.89	
Issue of Convertible Share Warrants	17.44		5.81	
Dividend paid during the year	(3.64)		(3.27)	
Increase in Long Term Borrowing	48.96		131.68	
(Increase) / Decrease in Escrow Account	0.01		(0.01)	
Increase / (Decrease) in Minority Interest	23.26		2.07	
Increase / (Decrease) in Short Term Loans	76.76		42.61	
Interest paid	(96.06)		(161.51)	
Net Cash (used) / Generated in Financing Activities		**31.33**		**205.29**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(3.52)**		**(26.56)**
Cash and Cash Equivalents at beginning of the period		**24.27**		**50.83**
Cash and Cash Equivalents at end of the period		**20.75**		**24.27**
Component of Cash and Cash Equivalent				
Cash on hand		2.88		0.65
Cheques on hand		2.60		0.52
Cash with Banks				
- in Current Accounts		15.23		23.11
- Unpaid dividend		0.08		0.05
- as Margin Money in Fixed Deposits		26.07		18.85
- Other Fixed Deposits		0.03		0.03
Cash and Bank balance as per Balance Sheet		**46.89**		**43.21**
Less: Balance kept in Escrow Account		0.04		0.06
Less: Margin Money in Fixed Deposits		26.07		18.85
Less: Other Fixed Deposits		0.03		0.03
Cash and Cash Equivalents at end of the period		**20.75**		**24.27**

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

NOTES TO ACCOUNTS

These consolidated financial statements relate to Spanco Limited ("the Company") and its subsidiary companies and joint ventures. The Company along with its subsidiaries and joint venture constitutes "the Group".

1) Nature of Operations

Spanco Limited along with its subsidiaries, joint venture companies (collectively known as 'the Group') is one of the leading Technology Infrastructure Company with dedicated System Integration and BPO arms. Spanco is SEI CMM Level 3 and ISO 9001:2008 certified.

Spanco caters to large complex Technology Infrastructure projects across Government, Power, Transport and Telecom Service Provider's space. Spanco has been an active player in creation of Technology Infrastructure for over a decade and today ranks amongst the best in India. It has presence across India and provides high quality, cost effective scalable Technology Infrastructure solutions. Spanco has recently entered into business of Power Distribution. It already has a formidable presence over a decade in the BPO space catering to India, US/Europe, Middle East and African markets.

Spanco's Business Unit in Government, e-Governance and Transport are predominantly focused on building core infrastructure and providing services to help drive better and more effective governance.

Service Provider Business Unit of Spanco caters to carriers in India providing solutions to meet networking infrastructure requirements of its clients using cutting-edge technologies.

Spanco's offerings within the Power space revolve around utilizing information technology to increase the efficiency of power distribution. Spanco is empanelled as a System Integrator with Power Finance Corporation (PFC) and aggressively participating in modernization programs like RAPDRP and Distribution Franchisee.

In the Business Process Outsourcing services, the Group helps companies to achieve improved business performance. It brings together state-of-the art infrastructure, advanced technology, best people, and process excellence, to deliver services that create a real value impact on its clients' businesses. The service portfolio includes inbound and outbound call management and back office operations support.

2) Statement of Significant Accounting Policies

a. Basis of preparation and consolidation

These consolidated financials are prepared in accordance with accounting principles generally accepted in India under the historical cost convention on the accrual basis of accounting, and complying in all material respects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies applied by the Group are consistent with those used in the previous years except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. The financial statements of all the subsidiaries and joint ventures are drawn up to the same reporting date as of the Company i.e. March 31, 2012 except in case of two joint ventures i.e. Spanco Golden Key Solutions LLC, Oman and Spanco Golden Key Solutions WLL, Qatar where by the financials are drawn and considered up to December 31, 2011.

There are no material significant events between the period January 01, 2012 to March 31, 2012.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under AS 21, 'Consolidated Financials Statements', and AS 27, 'Financial Reporting of Interest in Joint Venture', issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. The financial statements of the joint ventures have been consolidated in accordance with the proportionate consolidation method prescribed in AS 27. Any excess of the cost to the parent company of its investment in a subsidiary or joint venture and the parent company's portion of equity of that entity at the date, at which such investment is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. When the cost to the parent of its investment in a subsidiary or joint venture is less than the parent's portion of equity of that entity at the date at which such investment in the entity is made, the difference is treated as a capital reserve and is netted off against the goodwill on consolidation to the extent possible. All significant inter-company transactions, related unrealised profits / losses, and balances between the entities included in the consolidated financial statements have been eliminated.

Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to minority shareholders at the dates on which the investments are made by the Company in subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above. If the losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has

NOTES TO ACCOUNTS

a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are set out below.

i. The following subsidiary companies are considered in the consolidated financial statements:

Name of Subsidiary	Country of Incorporation	Ownership Interest	
		March 31, 2012	September 30, 2011
Spanco BPO Ventures Limited	India	100.00%	100.00%
Spanco BPO Services Limited *	India	95.00%	95.00%
Spanco Respondez BPO Private Limited *	India	95.00%	95.00%
Spanco Holdings Inc.*	USA	100.00%	100.00%
Spanco Power Distribution Limited	India	70.36%	99.95%
Spanco Nagpur Distribution Limited **	India	100.00%	100.00%
Spanco CSC Limited	India	100.00%	100.00%
Spanco Global Solutions Private Limited ***	India	100.00%	100.00%
Spanco Great IT Private Limited ***	India	100.00%	100.00%
Skandsoft Technologies Private Limited ***	India	51.00%	51.00%
Spanco Infratel Private Limited	India	100.00%	100.00%
Spanco IT Infrastructure Private Limited	India	100.00%	100.00%
New Delhi Teletech Private Limited	India	100.00%	100.00%
Spanco Europe Limited	UK	100.00%	100.00%
Spanco Limited	UAE	100.00%	100.00%
Spanco (S) Pte. Limited	Singapore	100.00%	100.00%
Global Respondez Inc.	USA	100.00%	100.00%
Spanco BPO Africa Limited * (w.e.f. November 11, 2011)	Mauritius	50.10%	-
Spanco Channel BPO Limited **** (w.e.f. November 11, 2011)	Nigeria	100.00%	-
Spanco Raps Uganda Limited ***** (w.e.f. November 11, 2011)	Uganda	66.67%	-
Spanco Raps Tanzania Limited ***** (w.e.f. November 11, 2011)	Tanzania	66.67%	-
Spanco Raps Kenya Limited ***** (w.e.f. November 11, 2011)	Kenya	66.67%	-
Spanco Raps Tchad SARL ***** (w.e.f. November 11, 2011)	Chad	90.00%	-
Spanco Raps Niger Limited ***** (w.e.f. November 11, 2011)	Niger	90.00%	-
Spanco Raps Burkina Faso (SARL) ***** (w.e.f. November 11, 2011)	Burkina Faso	90.00%	-

* These companies are the subsidiaries of Spanco BPO Ventures Limited.

** This is the wholly owned subsidiary of Spanco Power Distribution Limited.

*** These companies are subsidiaries of Spanco CSC Limited.

**** This company is wholly owned subsidiary of Spanco BPO Africa Limited.

***** These companies are subsidiaries of Spanco BPO Africa Limited.

NOTES TO ACCOUNTS

ii. The joint ventures considered in the consolidated financial statements are:

Name of Joint Venture	Country of Incorporation	Ownership Interest	
		March 31, 2012	September 30, 2011
Spanco Golden Key Solutions LLC*	Oman	50.00%	50.00%
Spanco Golden Key Solutions WLL*	Qatar	40.00%	40.00%
Bharat BPO Services Limited	India	49.75%	49.75%
M.P. Border Checkpost Development Company Limited	India	49.00%	49.00%

* These companies are the joint ventures of Spanco Limited, Dubai, U.A.E

b. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual result and estimate are recognised in the period in which results are known or materialised.

c. Fixed Assets and Capital Work in Progress

Fixed assets including assets taken under finance lease arrangements are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Capital Work in Progress is carried at cost comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under long term loans and advances.

d. Depreciation / Amortisation

Depreciation is provided on fixed assets (other than assets for the Build-Own-Operate-Transfer (BOOT) project, leasehold improvements and intangible assets) on written down value method except in case of certain subsidiaries / joint ventures where depreciation is provided on straight line method. This exception constitutes 7.05% (P.Y. 5.41%) of the depreciation charge and 5.42% (P.Y. 5.55%) of the accumulated depreciation.

The rates of depreciation except in case of certain subsidiaries / joint ventures are as provided under Schedule XIV to the Companies Act, 1956. In case of foreign subsidiaries / joint ventures, depreciation has been provided based on the rates prescribed by the laws applicable in the respective countries. The rates being applied as specified above are also in accordance with the management's estimates of useful lives of the assets.

Type of Assets	Rate of Depreciation as per Schedule XIV (WDV)
Building Guest House Investment Property	5.00%
Plant and Machinery Office Equipment Electrical Installation	13.91%
Furniture and Fittings	18.10%
Computers	40.00%
Motor Vehicles	25.89%

Plant and Machinery acquired for BOOT projects has been amortised over the life of projects. Leasehold Improvements are amortised over the un-expired period of leasehold premises on a straight-line basis.

NOTES TO ACCOUNTS

e. Impairment

The carrying amount of Goodwill on consolidation is reviewed at each balance sheet date. The carrying amounts of other assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f. Intangible Assets and Amortisation

Goodwill

Goodwill (other than Goodwill on consolidation) is amortised on a straight-line basis over a period of 10 (ten) years.

Patent

Costs relating to patents, which are acquired, are capitalised and amortised on a straight-line basis over a period of 5 (five) years (useful life as assessed by the management).

Software

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The management estimates the useful lives of intangible assets to be 5 (five) years and expects to derive economic benefits from such assets evenly over the period of its useful life. Accordingly, software is amortised over a period of 5 (five) years on a straight-line basis.

Right under Service Concession Arrangements

The Group develops, operates and maintains Check-posts under public-to-private Service Concession Arrangements (SCA) which it operates and maintains for periods specified in the SCA. Under the SCA, where the Group has received the right to charge users of the public service, such right is recongnised and classified as "Intangible Assets". Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recongnised and classified as intangible assets. Such an intangible assets is recongnised by the Group at cost (which is the fair value of the consideration received or receivable for the construction service delivered). Consideration for various services (i.e construction or upgrade service, operation and maintenance service etc.) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of service to be delivered. The Group has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets the timing and amount of such cost is estimated and recognised on an undiscounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility. Over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts.

The intangible rights under Service Concession Arrangements are amortised on the units of usage method i.e. on the number of users expected to use the project facility over the concession period as estimated by the management.

g. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Assets subject to operating leases have been included under the head 'Investment Property' and 'Fixed Assets'. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

NOTES TO ACCOUNTS

h. Borrowing Cost

Borrowing Cost that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

i. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Investment property is amortised at the rate of 5% p.a. on written down value.

j. Inventories

Inventories of Raw Materials and Consumables:

Inventories are ascertained on First-in-First-out method, and are valued at lower of cost and net realizable value.

Inventories of Manufactured Finished Goods:

Inventories are valued at lower of cost and net realizable value. Cost includes cost of conversion of raw material into finished goods.

Inventories of Traded Goods:

Inventories are ascertained on the specific identification of cost method, and are valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Software Developed and held for Sale:

Software products developed / under development are stated at lower of cost and net realisable value.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Software development costs incurred on products ready for marketing are amortised equally over a period of four years or earlier, based on Management's evaluation of expected sales volumes and duration of the products life cycles.

Work-in-progress:

The work-in-progress in case of network engineering services and other projects is valued based on the percentage of completion of work completed under respective contracts.

k. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue recognised in excess of billing is classified as unbilled revenue.

Sale of Goods:

Revenue is recognised on delivery / dispatch of goods when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT included in the amount of turnover are deducted from turnover (gross).

Supply of Power:

Revenue from sale of electrical energy is accounted for on the basis of billing to consumers and is inclusive of energy charges, fixed charges, fuel adjustment charges (FAC), adjustment charges and additional charges as per the relevant Tariff Regulation / Tariff orders notified by MERC and DF agreement with MSEDCL. Generally all consumers are billed on the basis of recording of energy consumption by installed meters. Where meters have stopped working or are faulty, the bills are generated on the basis of average of the consumption recorded by installed meters for past 12 months.

Interest on overdue receivables of energy bills is accounted for as and when recovered as PF penalty and incentive.

NOTES TO ACCOUNTS

Income from Services:

Revenues from maintenance contracts / network integration services are recognised pro-rata over the period of the contract as and when services are rendered. Revenue and costs associated with network engineering services are recognised as revenue and expenses respectively by reference to the stage of completion of the project at the balance sheet date.

Revenue from call centre services rendered is recognised as the service is performed.

Revenue from rendering of services for facilitating 139 for IRCTC, Dial-a-Ticket, Dial-a-Package and Advertisement through jingles is recognised on accrual basis as per agreement with respective parties, where no significant uncertainty exists regarding realization of the revenue.

Software sales:

Software sales are recognised on customer's acceptance of delivery.

Revenue recognition under Service Concession Arrangements:

Revenue from construction services is recognized according to the stage of completion of the contract which depends on the proportion of cost incurred for the work performed till date to the total estimated contract costs provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is estimated to be profitable, revenue is recognized to the extent of recoverable costs. Any expected loss on a contract is recognized as an expense immediately. Revenue is not recongnised when the concerns about collection are significant.

Revenue from operating and maintenance services is recognized in the period in which such services are rendered.

Revenue from intangible assets is recongnised in the period of collection which is generally coincides with the usage of the public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

I. **Foreign Currency Translations**

(i) *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

(ii) *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) *Exchange Differences*

Exchange differences in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset / liability.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) *Forward Exchange Contracts not intended for trading or speculation purposes*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts other than those relating to long term foreign currency monetary items are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. The Group does not enter into forward exchange contracts for trading or speculation purposes.

NOTES TO ACCOUNTS

(v) *Translation of Integral and Non-integral foreign operation*

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classificatio.

m. Capital Receipt

Grant received / receivable from Maharashtra State Electricity Distribution Company Limited for Distribution of Power Business is treated as capital receipt and accounted as capital reserve.

n. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognised as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

Retirement Benefits

i. Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year. The gratuity liability is funded through group gratuity insurance scheme of Life Insurance Corporation of India.

iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each year.

iv. Actuarial gains / losses are immediately taken to Statement of Profit and Loss.

v. The Group has made all the payments including taxes, insurance and other social security schemes for employees' benefits in accordance with the relevant laws and regulations of the country of residence, applicable to the various companies in the Group. The same is charged to Statement of Profit and Loss on accrual basis. There are no obligations beyond the Company's contribution.

o. Accounting for taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

NOTES TO ACCOUNTS

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

p. Expenditure on New Projects (including arrangements on BOOT basis)

Expenditure directly relating to setting up of projects is capitalised. Indirect expenditure incurred during setting-up period is capitalised as part of the indirect setting-up cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure incurred during the setting-up period which is not related to the setting-up activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during setting-up phase is deducted from the total of the indirect expenditure.

q. Earnings Per Share ('EPS')

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r. Provisions / Contingent Liabilities and Contingent Asset

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of Notes to Accounts. Contingent Assets are not recognised in the Financial Statements.

s. Cash and Cash equivalents

Cash and cash equivalents in the cash flow comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

t. Prior Period Items

Prior Period Items are included in the respective heads of accounts and material items are disclosed by way of Notes to Accounts.

u. Pre-operative expenditure

Expenses incurred till the commencement of business are carried forward as preoperative expenditure and would be capitalised to the fixed assets in the year of commencement of business.

NOTES TO ACCOUNTS

v. **Preliminary expenditure**

Expenses incurred for formation of the companies would be charged off to Statement of Profit and Loss over the period of ten years starting from the year of commencement of business.

w. **Segment Reporting Policies**

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segments is based on the countries in which the markets for the major operating divisions / companies of the Group operate.

Inter segment Transfers:

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

It includes general corporate income and expense items which are not allocated to any business segment.

Segments Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

x. **Other Accounting Policies**

These are consistent with the Generally Accepted Accounting Principles (GAAP).

3) Share Capital

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Authorised		
75,000,000 (P.Y.75,000,000) Equity Shares of ₹10/ – each	75.00	75.00
Issued		
31,350,000 (P.Y. 31,350,000) Equity Shares of ₹10/ – each	31.35	31.35
Subscribed and Paid up		
31,350,000 (P.Y. 31,350,000) Equity Shares of ₹10/ – each	31.35	31.35
Total	**31.35**	**31.35**

3.1 Reconciliation of Number of Shares

	As at March 31, 2012		As at September 30, 2011	
	Number of Shares	Amount (₹ in Crores)	Number of Shares	Amount (₹ in Crores)
Equity Shares				
Opening Balance	31,350,000	31.35	28,065,000	28.07
Add: Preferential Issue	-	-	3,285,000	3.28
Closing Balance	31,350,000	31.35	31,350,000	31.35

NOTES TO ACCOUNTS

3.2 Rights, Preferences and Restrictions attached to Shares

The company has one class of equity shares having a par value of ₹ 10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

3.3 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the company.

Name of Shareholder	As at March 31, 2012		As at September 30, 2011	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Kapil Puri	9,849,086	31.42	9,707,729	30.97
Monet Limited	4,186,326	13.35	4,186,326	13.35
Kavita Puri	2,775,862	8.85	2,775,862	8.85

4) Reserve and Surplus

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Capital Reserves		
Opening Balance	6.06	6.06
Add : Receivable from MSEDCL	12.00	–
Less : Transferred to Statement of Profit and Loss	0.32	–
Closing Balance	**17.74**	**6.06**
Securities Premium Account		
Opening Balance	247.18	199.45
Add : On issue of Equity Shares by a subsidiary	55.60	47.73
Closing Balance	**302.78**	**247.18**
Debenture Redemption Reserve		
Opening Balance	33.60	27.26
Add : Transfer from surplus in Statement of Profit and Loss	5.17	16.34
Less : Transfer to General Reserve	–	10.00
Closing Balance	**38.77**	**33.60**
Revaluation Reserve		
Opening Balance	–	31.98
Deduction on account of depreciation on revalued amount	–	0.79
Deduction on account of loss on sale of building	–	1.06
Less: Transfer to General Reserve	–	30.13
Closing Balance	–	–
General Reserves		
Opening Balance	145.06	104.79
Add :		
a) Current Period Transfer	–	0.14
b) Transfer from Revaluation Reserve	–	30.13
c) Transfer from Debenture Redemption Reserve	–	10.00
Closing Balance	**145.06**	**145.06**
Foreign Currency Translation Reserve		
Opening Balance	1.62	(0.86)
Add : Current Period Adjustment	2.96	2.48
Closing Balance	**4.58**	**1.62**

NOTES TO ACCOUNTS

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	116.58	36.95
Add : Net Profit for the period	29.13	99.75
Less : Proposed Dividends	–	3.14
Less : Tax on Proposed Dividend	–	0.50
Less: Transfer to General Reserves	–	0.14
Less : Transfer to Debenture Redemption Reserves	5.17	16.34
Closing Balance	**140.54**	**116.58**
Total	**649.47**	**550.10**

5) **Money received against Convertible Shares warrants**

The Company has issued 1,500,000 warrants to Mrs. Kavita Puri member of promoter group carrying an option / entitlement to subscribe for equivalent number of equity shares on a future date, not exceeding 18 (Eighteen) months from the date of issue of such warrants, on preferential basis in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share). ₹ 5.81 Crores were received during FY 2010-11 and the balance consideration of ₹ 17.44 Crores was received during current period. The proceeds of convertible share warrants were fully utilised by the Company for the purpose for which the money was raised.

6) **Share Application Money Pending Allotment**

45,887,505 shares are to be issued by a joint venture company at par having face value of ₹ 10/- each. The shares are to be issued on or before March 31, 2013. The joint venture company have sufficient authorised share capital to cover the share capital amount resulting from allotment of shares from such share application money.

7) **Long term Borrowings**

(₹ in Crores)

	As at March 31, 2012		As at September 30, 2011	
	Non-current	Current	Non-current	Current
Secured				
Non Convertible Debentures				
11% Redeemable in two equal installments on July, 2012 and 2013	1.00	1.00	1.00	1.00
11.25% Redeemable in two equal installments on July, 2012 and 2013	45.00	45.00	45.00	45.00
Term Loans	101.83	42.51	49.66	29.35
Vehicle Loans (from other parties)	0.86	0.72	0.87	0.35
Long term Maturities of Finance Lease Obligations	10.68	5.35	14.79	2.25
	159.37	**94.58**	**111.32**	**77.95**
Unsecured				
Long term Maturities of Finance Lease Obligations	34.15	56.19	37.81	66.22
Inter Corporate Deposit	23.12	-	25.14	-
	57.27	**56.19**	**62.95**	**66.22**
Total	**216.64**	**150.77**	**174.27**	**144.17**

NOTES TO ACCOUNTS

7.1 Particulars of security:

a. The debentures are secured by a legal mortgage in English form in favour of the trustees on all the Company's properties situated at C01/5008, 5th Row, Ground Floor, A wing, City Mall situated at Plot No 4, Sector 19, Vashi Navi Mumbai, Maharashtra. The debentures are further secured by way of first charge, ranking pari passu, on all the fixed assets (movable and immoveable) except all assets having exclusive charge in favour of respective lenders. The Company has created debenture redemption reserve in accordance with the provisions of Section 117C (1) of the Companies Act, 1956.

b. Term loans from Lakshmi Vilas Bank is secured by first charge by way of hypothecation of the OSWAN project assets and further by personal guarantee of Mr. Kapil Puri. Term loan from State Bank of Hyderabad is secured by subservient charge on all the moveable fixed assets of the Company and also by way of personal guarantee of Mr. Kapil Puri.

c. Term loans from Eco Bank Kenya Ltd and IDBI Bank Ltd are secured by hypothecation and exclusive charge on specific asset acquired out of such loan.

d. Term loan from UCO Bank is secured by way of hypothecation and exclusive charge on assets other than charge and hypothecated to IDBI Bank.

e. Term Loans from consortium of Canara Bank, The Jammu and Kashmir Bank, Indian Bank, Vijaya Bank and Central Bank of India are secured by:

   i. First charge on all the accounts of a joint venture company, including the Escrow account, only to the extent permitted under the concession agreement.

   ii. Assignment of all the rights and interest of a joint venture company to or in favour of the Senior Lenders to the extent covered by an in accordance with substitution agreement.

   iii. Assignment of all rights of a joint venture company under any guarantees that may be provided by any counter-party under any contract / agreement / document related to the project, to the extent permissible under concession agreement.

f. Vehicle Loans are secured by way of hypothecation of vehicles acquired out of the said loans.

g. Finance Lease obligations are secured against leased assets.

7.2 The Term Loans are repayable in F.Y. 2012-13 ₹ 42.51 Crores, F.Y. 2013-14 ₹ 19.63 Crores, F.Y. 2014-15 ₹ 11.04 Crores, F.Y. 2015-16 ₹ 12.17 Crores, F.Y. 2016-17 ₹ 9.23 Crores, F.Y. 2017-18 ₹ 10.75 Crores, F.Y. 2018-19 ₹ 12.62 Crores, F.Y. 2019-20 ₹ 14.07 Crores and F.Y. 2020-21 ₹ 12.32 Crores.

7.3 The Vehicle Loans (from other parties) are repayable in F.Y. 2012-13 ₹ 0.72 Crores, F.Y. 2013-14 ₹ 0.49 Crores, F.Y. 2014-15 ₹ 0.17 Crores, F.Y. 2015-16 ₹ 0.13 Crores, F.Y. 2016-17 ₹ 0.07 Crores.

7.4 The Finance Lease Obligations (both secured and unsecured) are repayable in F.Y. 2012-13 ₹ 61.54 Crores, F.Y. 2013-14 ₹ 43.60 Crores, F.Y. 2014-15 ₹ 1.22 Crores.

7.5 Details of default in loan repayment:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Debenture	-	0.55	Jan-12 to Mar-12
Term Loan	2.23	0.39	Jan-12 to Mar-12
Finance Lease	7.60	0.81	Nov-11 to Mar-12

8) Following are the major component of deferred tax asset / (liability)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Fixed assets	1.61	(5.94)
Disallowance u/s 43B	0.67	1.02
Unabsorbed Depreciation	4.14	4.14
Carry forward business losses as per Income Tax	1.71	-
Others	0.34	0.35
Total	**8.47**	**(0.43)**

NOTES TO ACCOUNTS

9) Other Long-term Liabilities

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Due to Related Parties (Refer Note 35)	7.70	-
Total	**7.70**	**-**

10) Long-term Provision

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Provision for employee benefits		
Gratuity (unfunded)	0.34	0.32
Leave Encashment (unfunded)	1.76	1.96
Total	**2.10**	**2.28**

11) Short-term Borrowings

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Secured		
Loans repayable on demand		
From Banks	681.53	564.36
	681.53	**564.36**
Unsecured		
Loans repayable on demand		
From Banks	15.95	34.91
From Other Parties	9.77	10.43
Loans from Directors (Refer Note 35)	0.51	0.38
Inter Corporate Deposits	26.73	47.63
	52.96	**93.35**
Total	**734.49**	**657.71**

11.1 Particulars of security provided are as given below:

a. Working capital facilities from banks (repayable on demand) are secured by way of first pari passu charge on all the movable fixed assets, stock, entire book debts, receivables and other current assets of the Company both present and future ranking pari passu with all banks. Part of working capital facilities are further secured by way of personal guarantee of Mr. Kapil Puri.

b. Personal guarantee of Mr. Kapil Puri has been given for unsecured loans from banks amounting to ₹ 15.92 Crores and from other parties amounting to ₹ 8.22 Crores.

c. A part of Inter corporate deposits are secured by way of pledge of shares of the Company held by Mr. Kapil Puri.

11.2 Details of default in loan repayment:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Working Capital Loans	89.44	1.76	Jan-12 to Mar-12
Inter Corporate Deposit	5.00	-	Nov-11 to Mar-12

NOTES TO ACCOUNTS

12. Trade Payables

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Micro, Small and Medium Enterprises*	-	-
Due to Joint Ventures Partners	77.58	85.53
Others	751.33	565.97
Total	**828.91**	**651.50**

* The Group does not have any dues payable to any Micro and Small Enterprises as at the year end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The Company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid/ payable as required under the said Act have not been given.

13. Other Current Liabilities

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Current maturities of long-term debt (Refer Note 7)	89.23	75.71
Current maturities of finance lease obligations (Refer Note 7)	61.54	68.46
Interest accrued but not due on borrowings	3.99	5.11
Interest accrued and due on borrowings	0.36	2.06
Income received in advance	1.97	2.68
Unpaid dividends	0.08	0.05
Application money received for allotment of securities and due for refund	0.04	0.04
Duties and taxes payable	61.89	10.33
Salary payable	5.92	5.42
Provision for expenses payable	62.47	51.47
Stale cheque	0.16	0.13
Book overdraft	8.45	7.14
Security deposits	2.30	0.98
Advance from customers	61.51	44.99
Due to Related Party (Refer Note 35)	0.13	-
Other Payables	34.96	69.73
Total	**395.00**	**344.30**

14) Short-term Provisions

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Provision for employee benefits		
Gratuity (funded)	1.06	0.93
Leave Encashment (unfunded)	0.47	0.04
Others		
Provision for Income Tax (net)	43.95	49.01
Provision for Wealth Tax	0.03	0.02
Proposed Dividend	-	3.14
Tax on Proposed Dividend	-	0.51
Provision for Lease Rent	-	0.35
Provision for Expenses	1.17	5.84
Total	**46.68**	**59.84**

NOTES TO ACCOUNTS

15) Fixed Assets

(₹ in Crores)

Asset Description	Gross block					Depreciation / Amortisation					Net block	
Particulars	**As at October 1, 2011**	**Additions during the year**	**Deletions/ Sale during the year**	**Foreign Exchange**	**As at March 31, 2012**	**As at October 1, 2011**	**Depreciation for the year**	**Depreciation on deletions / sale**	**Foreign Exchange**	**As at March 31, 2012**	**As at March 31, 2012**	**As at September 30, 2011**
Tangible Assets												
Own Assets												
Freehold Land	4.06	–	–	–	4.06	–	–	–	–	–	4.06	4.06
Guest House	0.22	–	–	–	0.22	0.09	–	–	–	0.09	0.13	0.13
Leasehold Improvements	59.47	0.33	–	0.19	59.99	15.44	2.99	–	0.03	18.46	41.53	44.03
Plant and Machinery (Refer Note below)	180.69	97.40	33.64	0.13	244.58	56.43	16.42	1.85	0.07	71.07	173.51	124.26
Electrical Installation	2.94	–	–	–	2.94	1.06	0.15	–	–	1.21	1.73	1.88
Furniture and Fixtures	34.31	5.45	0.22	0.23	39.77	13.95	2.13	0.02	0.03	16.09	23.68	20.36
Office Equipment	36.56	3.27	0.10	0.02	39.75	13.20	2.26	0.03	0.01	15.44	24.31	23.36
Computers	61.49	8.53	2.75	0.09	67.36	35.04	5.88	0.41	0.05	40.56	26.80	26.45
Motor Vehicles	7.92	0.96	0.06	0.03	8.85	4.32	0.64	0.01	0.01	4.96	3.89	3.60
Assets under Finance Lease												
Leasehold Improvement	0.44	–	–	–	0.44	0.18	0.01	–	–	0.19	0.25	0.26
Plant and Machinery (Refer Note below)	36.00	67.98	–	–	103.98	12.04	10.00	–	–	22.04	81.94	23.96
Electrical Installation	0.27	–	–	–	0.27	0.12	0.01	–	–	0.13	0.14	0.15
Furniture and Fixtures	3.24	–	–	–	3.24	1.50	0.17	–	–	1.67	1.57	1.74
Computers	13.36	–	–	–	13.36	7.88	1.14	–	–	9.02	4.34	5.48
TOTAL	**440.97**	**183.92**	**36.77**	**0.69**	**588.81**	**161.25**	**41.80**	**2.32**	**0.20**	**200.93**	**387.88**	**279.72**
Intangible Assets												
Goodwill	0.50	–	–	–	0.50	0.50	–	–	–	0.50	–	–
Software	62.11	0.51	0.19	0.37	62.80	19.59	4.94	0.05	0.14	24.62	38.18	42.52
Assets under Lease												
Software / Database	9.14	–	–	–	9.14	4.65	0.60	–	–	5.25	3.89	4.49
Right Under Service Concession Arrangement	173.49	86.20	–	–	259.69	–	–	–	–	–	259.69	173.49
TOTAL	**245.24**	**86.71**	**0.19**	**0.37**	**332.13**	**24.74**	**5.54**	**0.05**	**0.14**	**30.37**	**301.76**	**220.50**
Capital Work In Progress											*297.94	274.39
GRAND TOTAL	**686.21**	**270.63**	**36.96**	**1.06**	**920.94**	**185.99**	**47.34**	**2.37**	**0.34**	**231.30**	**987.58**	**774.61**
Previous year	431.19	323.08	70.58	2.52	686.21	87.93	103.70	5.92	0.28	185.99	500.22	

Notes :

1) Plant and machinery given on Operating Lease and acquired for BOOT Projects.

(₹ in Crores)

Plant and Machinery	Gross Book Value as at March 31, 2012	Gross Book Value as at September 30, 2011	Accumulated Depreciation as at March 31, 2012	Accumulated Depreciation as at September 30, 2011	Net Book Value as at March 31, 2012	Net Book Value as at September 30, 2011
Operating Lease	3.03	3.03	1.11	0.95	1.92	2.08
BOOT Projects	118.42	116.66	47.14	36.08	71.28	80.58

* Includes ₹ 5.93 Crores on account of capitalisation of borrowing cost.

2) Depreciation and amortisation as per Statement of Profit and Loss:

(₹ in Crores)

	Current Period	Previous Period
Depreciation and amortisation on Fixed Assets shown above	47.34	103.70
Less : Depreciation capitalised in Capital Work In Progress	(6.74)	(22.66)
Less : Depreciation Adjusted in Capital Reserve	(0.32)	0.00
Less : Trasnsferred from Revaluation Reserve	-	(0.79)
Add : Amortisation of Investment Property	0.23	0.73
Total depreciation for the period as per Statement of Profit and Loss	**40.51**	**80.98**

NOTES TO ACCOUNTS

16) Non-Current Investments

(₹ in Crores)

	As at March 31, 2012		As at September 30, 2011	
Investment Properties:				
Gross Block		11.63		11.63
Opening Accumulated Depreciation	2.45		1.72	
Add : Depreciation for the period	0.23		0.73	
Less: Accumulated Depreciation		2.68		2.45
Net Block		**8.95**		**9.18**
[Mortgaged with State Bank of Mysore]				
Non Trade - Unquoted:				
In Joint Ventures:				
MP Border Checkpost Development Company Limited				
Share application money pending allotment		-		4.08
Bharat BPO Services Limited				
Share application money pending allotment		-		9.97
Others:				
Global Respondez Services Limited				
614,000 (P.Y.614,000) equity shares of ₹10/- each, fully paid up		0.61		0.61
CSC e-Governance Services India Ltd.				
Share application money pending allotment		0.11		0.11
One Touch India				
245 (P.Y.245) equity shares fully paid up		0.37		0.37
MRS BPO LLC, New Jersey				
50 (P.Y. 50) equity shares fully paid up		6.88		5.50
Total Non Trade - Unquoted:		**7.97**		**20.64**
TOTAL INVESTMENTS		**16.92**		**29.82**
Aggregate amount of unquoted Investment		7.97		20.64
Aggregate amount of Investment Properties		8.95		9.18
Aggregate amount of quoted Investment		-		-
Aggregate market value of quoted Investment		-		-

17) Long-term Loans and Advances

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Capital Advances	56.91	67.86
Security deposit	11.55	1.12
Loans and Advances to Joint Venture Partners	5.70	23.48
Advances to parties	26.73	36.52
Total	**100.89**	**128.98**

NOTES TO ACCOUNTS

18) Other Non-current Assets
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Long-term trade receivables	9.29	9.85
Margin money	1.89	2.50
Interest accrued but not due on bank deposits	0.10	0.10
Security deposits	1.43	-
Prepaid expenses	1.34	1.56
Pre-Operative expenses	10.25	4.68
Preliminary expenditure	0.23	0.19
Total	**24.53**	**18.88**

19) Current Investments
(at lower of cost and market value)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Non-trade – unquoted:		
Mutual Funds		
UTI India Lifestyle Fund	0.10	0.10
100,000 units of ₹10/- each (P.Y. 100,000 units of ₹ 10/- each)		
Reliance Mutual Fund	0.01	0.01
8,334 units of ₹ 10/- each (P.Y.8,053 units of ₹ 10/- each)		
SBI SHF Ultra Short Term Fund	0.03	0.03
311.883 Units of ₹ 1,000/- each (P.Y. 30,142.851 units of ₹ 10/- each)		
Total	**0.14**	**0.14**
Aggregate amount of unquoted Investment	0.14	0.14
Aggregate amount of quoted Investment	-	-
Aggregate market value of quoted Investment	-	-

20) Inventories

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Valued at lower of cost or net realisable value:		
Stock-in-Trade*	396.36	331.02
Others		
Softwares	16.46	16.62
Consumables	0.58	8.03
Valued based on the percentage of work:		
Work-in-progress	80.61	48.36
Total	**494.01**	**404.03**

* Includes goods in Bonded Warehouse ₹ 0.85 Crore (P.Y. ₹ 0.85 Crore)

NOTES TO ACCOUNTS

21) Trade Receivable
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Over six months from the due date	346.96	271.53
Others	509.31	487.49
Total	**856.27**	**759.02**

22) Cash and Bank Balances

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Balances with banks		
Current accounts*	15.23	23.11
Unpaid dividend	0.08	0.05
Cash on hand	2.88	0.65
Cheques, drafts on hand	2.60	0.52
Others		
Margin money**	24.18	16.35
Bank deposits with more than 12 months maturity	0.03	0.03
Total	**45.00**	**40.71**

* Balances in current accounts include Escrow accounts ₹ 0.04 Crore (P.Y. ₹ 0.06 Crore)

** Margin money with banks maturing after 12 months from balance sheet date are classified as Non-current. (Refer note 18)

23) Short term Loans and Advances
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Loans and advances to related parties (net) (Refer Note 35)	17.02	1.95
Security deposits	6.31	7.78
Advances recoverable in cash or in kind or for the value to be received	340.39	347.66
Fringe benefit tax (net of provision)	0.14	0.14
Inter Corporate Deposits	2.05	4.29
Other Advance	6.86	26.46
Total	**372.77**	**388.28**

24) Other Current Assets
(unsecured and considered good)

(₹ in Crores)

	As at March 31, 2012	As at September 30, 2011
Unbilled revenue	39.53	28.38
Receivable against sale of investment	15.10	15.10
Interest accrued but not due on fixed deposits*	0.68	0.43
Share application money receivable	8.50	8.50
Others	6.70	4.81
Preliminary Expenditure	0.03	0.02
Total	**70.54**	**57.24**

* Interest accrued on Margin money with banks maturing after 12 months from balance sheet date are classified as Non-current. (Refer Note 18)

NOTES TO ACCOUNTS

25) Revenue from Operations

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Sale of Products		
Network integration / other traded goods	692.04	1,780.62
Power distribution business	250.88	239.57
Developed softwares / services	99.98	178.47
Income from Services		
Network integration and others	38.93	130.22
Network engineering services	7.87	25.43
Service income - BPO Operations	150.65	268.60
Service income - Construction	80.58	61.49
Total	**1,320.93**	**2,684.40**

26) Other Income

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Rent Income		
On Lease of Properties / Premises	0.56	6.92
[Tax Deducted at Source ₹ 0.04 Crore (P.Y.₹ 0.64 Crore)]		
Foreign exchange fluctuation (net)	1.68	5.27
Profit on sale of fixed assets (net)	0.01	–
Profit on sale of Investment (net)	–	0.01
Other non operating income	11.10	4.75
Total	**13.35**	**16.95**

27) Purchases

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Purchases	934.86	1,982.54
On Conversion of Fixed Assets / CWIP into Inventory	14.10	27.46
Cost of Materials Consumed - Network Infra	1.19	1.83
Construction Contract Costs	58.80	45.94
Total	**1,008.95**	**2,057.77**

28) Changes in Inventories

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Inventories (Opening)		
Finished Goods	338.85	163.36
Work in Progress	46.86	15.62
	385.71	**178.98**
Inventories (Closing)		
Finished Goods	402.15	338.85
Work in Progress	79.66	46.86
	481.81	**385.71**
Total	**(96.10)**	**(206.73)**

NOTES TO ACCOUNTS

29) Employee Benefit Expenses

(₹. in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Salaries, Wages and Bonus	110.43	182.65
Company's Contribution to :		
- Provident Fund	3.46	7.94
- Other Funds	0.20	0.38
Gratuity	0.30	1.15
Privilege Leave	0.53	1.49
Placement and Training Cost	0.48	1.50
Staff Welfare Expenses	3.55	2.08
Total	**118.95**	**197.19**

Gratuity and other post employment plans:

The Group, except for foreign companies, has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company's scheme is funded with an insurance company in the form of a qualifying insurance policy.

(₹. in Crores)

Particulars		For the period ended March 31, 2012	For the period ended September 30, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
a)	The details of the Company's defined benefit plans for its employees are given below					
	Profit and Loss Account:					
i)	**Net employee benefit expense (recognised in employee cost) for the period ended March 31, 2012:**					
	Current Service Cost	0.66	1.67	0.97	0.85	0.45
	Interest on Defined Benefit Obligations	0.11	0.29	0.20	0.15	0.08
	Expected Return on Plan Assets	(0.05)	(0.17)	(0.11)	(0.08)	(0.04)
	Net Actuarial (Gain)/ Loss recognised in the period	(0.27)	(0.53)	(0.53)	(0.22)	(0.32)
	Net Gratuity and Other Cost	**0.45**	**1.26**	**0.53**	**0.70**	**0.17**
	Actual Return on Plan Assets	**0.08**	**0.14**	**0.09**	**0.07**	**0.04**
	Balance Sheet:					
	Detail of provision of Gratuity					
	Defined benefit obligation	2.87	2.65	2.23	1.83	1.11
	Fair value of the plan assets	1.47	1.40	1.40	1.05	0.56
ii)	**Changes in the present value of the defined obligation are as follows:**					
	Opening Defined Benefit Obligation	2.60	2.23	1.83	1.11	0.57
	Current Service Cost	0.66	1.65	0.97	0.85	0.45
	Interest Cost	0.11	0.29	0.20	0.16	0.08
	Liability Transfer in	-	0.17	-	-	0.38
	Actuarial (Gain) / Loss	(0.38)	(0.84)	(0.61)	(0.14)	(0.33)
	Benefits Paid	(0.11)	(0.85)	(0.16)	(0.15)	(0.04)
	Closing Defined Benefit Obligation	**2.87**	**2.65**	**2.23**	**1.83**	**1.11**

NOTES TO ACCOUNTS

(₹. in Crores)

	Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
iii)	**Change in Fair Value of Plan Assets:**					
	Opening Fair Value of the Plan Assets	1.36	1.40	1.05	0.56	0.32
	Expected Return on Plan Assets	0.05	0.17	0.11	0.08	0.05
	Contributions by the Employer	0.10	0.71	0.49	0.48	0.23
	Transfer to Other Company	-	-	(0.38)	-	-
	Benefits Paid	(0.11)	(0.85)	(0.16)	(0.15)	(0.04)
	Actuarial Gain/ (Loss)	0.07	(0.03)	0.29	0.08	-
	Closing Fair Value of Plan Assets	**1.47**	**1.40**	**1.40**	**1.05**	**0.56**
	Company's expected contribution to gratuity in 2012-13	0.16	0.88	0.46	0.51	0.10
	Excess of (Obligation over plan assets)/ plan assets over obligation	(0.73)	(0.62)	(0.83)	(0.78)	(0.55)
	(Accrued Liability)/ Prepaid benefit	**(1.40)**	**(1.25)**	**(0.83)**	**(0.78)**	**(0.55)**
iv)	**Category of Plan Assets as a % of the fair value of the total plan assets as at March 31, 2012:**					
	Insurer Managed Funds	100%	100%	100%	100%	100%
	Total	**100%**	**100%**	**100%**	**100%**	**100%**
v)	**Assumptions used in accounting for the gratuity plan:**	**%**	**%**	**%**	**%**	**%**
	Discount rate	8.5	8	8	7.75	8
	Salary escalation rate	5	5	5	5	5
	Expected rate of return on plan assets	8.6	8	8	8	8
	Employee Attrition Rate	2	2	2	2	2

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

30) Finance Cost

(₹. in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Interest Expenses		
- On Fixed Period Loans	12.70	34.56
- On Working Capital and Others	74.37	108.68
Less : Interest Income (Tax Deducted at Source ₹.0.28 Crore [P.Y ₹3.61 Crores])	2.97	5.79
Other borrowing costs	6.18	15.80
Total	**90.28**	**153.25**

NOTES TO ACCOUNTS

31) Depreciation and Amortisation Expenses

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Depreciation and Amortisation	40.83	81.77
Less: Transferred from revaluation reserve	-	0.79
Less: Transferred from capital reserve	0.32	-
Total	**40.51**	**80.98**

32) Other Expenses

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Direct Expenses		
Freight and Forwarding	1.74	3.67
Amortization of Softwares Developed Cost	2.36	9.56
Operation and Maintenance	3.36	12.82
Project Expenses	18.11	42.23
Service / Installation charges	4.20	12.66
Sub Contract Cost	4.56	17.61
Bill Processing Expenses	2.51	-
Other Direct Expenses	12.65	24.11
Total (A)	**49.49**	**122.66**
Indirect Expenses		
Electricity Charges	2.97	8.43
Vehicle Hire Charges	2.14	5.74
Lease Line Charges	2.15	5.03
Sales and Business Promotion	1.37	4.55
Repairs and Maintenance		
- On Building	0.11	0.03
- On Plant and Machinery	0.01	0.04
- On Others	1.98	4.27
Office Establishment Expenses	4.24	2.30
Payment to Auditor		
- Statutory Audit Fees	0.52	0.37
- Tax Audit Fees	0.06	0.06
- Limited Review	0.09	0.26
- Other Matters	-	0.02
	0.67	**0.71**
Rent Expenses		
- On Lease of Properties/Premises	6.05	14.61
- On Lease of Assets	0.25	3.27
Legal, Professional and Consultancy Charges	6.72	8.03
Travelling and Conveyance	7.64	12.76
Duties, Rates and Taxes	8.54	23.02
Communication Expenses	2.89	7.22
Insurance	2.21	1.89
Motor Car Expenses	0.28	1.06

NOTES TO ACCOUNTS

(₹ in Crores)

	For the period ended March 31, 2012	For the period ended September 30, 2011
Printing Charges	0.84	1.41
Advertisement Expenses	1.22	1.19
Amortization of Foreign Exchange Loss	–	(0.03)
Security Charges	1.04	1.27
Sundry Balances Written Off (net)	13.24	2.20
Loss on Sale of Fixed Assets (net)	0.16	7.93
Provision for Doubtful Debts	0.17	0.18
Foreign Exchange Fluctuation Net	0.36	–
Miscellaneous Expenses	11.82	13.40
Preliminary Expenses Written Off	0.13	0.01
Diminution in Current Assets	0.35	0.29
Total (B)	**79.55**	**130.81**
Total (A + B)	**129.04**	**253.47**

33) During the period, borrowing costs of ₹ 5.93 Crores (P.Y. ₹ 20.78 Crores) were capitalised.

34) Segment information

a. The Group's risks and returns are predominantly affected by its operations in different business areas. The Group's internal organizational and management structure and its system of financial reporting are also organized into different operating divisions. These divisions are the basis on which the Group is reporting its primary segment information. The dominant source of such risks and returns are categorized into four distinct business segments viz. Technology Infrastructure, Business Process Outsourcing ('BPO') services, Power and Service Concession Arrangements (SCA). The composition of these segments is given below:

Business segments	Type of products and services
Technology Infrastructure	Range of solutions in the telecom system integration domain including network engineering services and software sales.
BPO Services	International and Domestic call centre
Power	Purchase and Supply of Electricity
Service Concession Arrangements (SCA)	Construction, operation and maintenance contracts which include contract of Border Check-posts

b. i. Primary segment information

(₹ in Crores)

Particulars	IT Infra	BPO	Power	SCA	Total
REVENUE					
External Sales	853.57	150.35	250.88	66.13	1,320.93
	(2,114.73)	(268.61)	(239.57)	(61.49)	(2,684.40)
Total Revenue	853.57	150.35	250.88	66.13	1,320.93
	(2,114.73)	(268.61)	(239.57)	(61.49)	(2,684.40)
RESULT					
Segment Result	121.14	7.11	5.65	7.00	140.90
	(324.39)	(16.17)	(-0.37)	(15.33)	(355.52)
Unallocated corporate expenses					21.32
					(53.80)
Operating profit					119.58
					(301.72)
Interest expenses (net of interest income)					90.28
					(153.25)

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	IT Infra	BPO	Power	SCA	Total
Other income					13.35 (16.95)
Tax expenses [including expenses of earlier years (net)]					14.81 (65.58)
Net profit after tax but before extraordinary and prior period items					27.84 (99.84)
Less / (Add): Share of Minority Interest in Profit / (Loss) of Subsidiaries					(1.29) (0.09)
Net profit for the period					29.13 (99.75)
OTHER INFORMATION					
Segment assets	1502.96 (1,619.85)	399.36 (434.56)	199.33 (111.79)	275.05 (205.82)	2376.70 (2,372.02)
Unallocated corporate assets					631.77 (246.19)
Total assets					3008.47 (2,618.21)
Segment liabilities	599.48 (454.73)	237.50 (112.62)	226.81 (164.40)	48.02 (90.97)	1111.81 (822.72)
Unallocated corporate liabilities					1,119.71 (1,067.61)
Minority Interests					26.99 (3.73)
Total liabilities					2,258.51 (1,894.06)
Closing W.D.V. of Segment Fixed Assets (including Capital WIP)	425.21 (373.36)	201.91 (179.82)	92.17 (34.98)	259.87 (173.69)	979.16 (761.85)
Unallocated corporate fixed assets (including Capital WIP)					8.42 (12.76)
Total fixed assets					987.58 (774.61)
Segment Capital Expenditure	71.83 (131.23)	17.13 (51.67)	94.09 (35.97)	86.20 (173.74)	269.25 (392.61)
Unallocated Capital Expenditure					25.95 (0.18)
Total Capital Expenditure					295.20 (392.79)
Segment depreciation and amortization	24.72 (43.15)	12.73 (34.79)	2.32 (0.98)	- (-)	39.77 (78.92)
Unallocable depreciation and amortisation					0.74 (2.06)
Segment Non-cash expenses other than depreciation	14.29 (10.32)	1.01 (2.05)	- -	- -	15.30 (12.37)
Unallocated Non-cash expenses other than depreciation					1.29 (7.75)

NOTES TO ACCOUNTS

ii. Secondary segment information

(₹ in Crores)

Particulars	Revenue by geographical market	Carrying amount of segment assets	Capital expenditure
India	1,216.73	2,834.37	282.52
	(2,550.98)	(2,544.16)	(381.12)
USA	15.27	33.51	-
	(66.23)	(27.60)	(0.03)
UK	20.01	17.05	0.64
	(39.92)	(4.35)	(1.26)
Middle East	4.44	45.37	0.58
	(27.26)	(42.01)	(1.63)
Singapore	-	28.54	2.88
	(0.01)	(0.09)	(8.75)
Others	64.48	49.63	8.58
	(-)	(-)	(-)
Total	**1,320.93**	**3,008.47**	**295.20**
	(2,684.40)	**(2,618.21)**	**(392.79)**

c. Notes to segment information

i. Segment revenue and expenses

Common revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

ii. Segment assets and liabilities

Segment assets include all operating assets used by a segment comprising of fixed assets, trade receivables, inventories and loans and advances. While most assets can be directly attributable to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising of trade payables and other liabilities.

iii. Figures in bracket indicate previous year's figures.

35) Related party disclosures under Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

a. The following are the names of related parties and description of relationship:

i **Key management personnel**

a. Mr. Kapil Puri (Chairman and Managing Director)

b. Mr. Adarsh Bagaria (Whole Time Director)

ii **Relatives of Key Management Personnel**

a. Mrs. Kavita Kapil Puri

b. Mrs. Sarika Adarsh Bagaria

iii **Joint Ventures**

a. Bharat BPO Services Limited

b. Spanco Golden Key Solutions LLC **

c. Spanco Golden Key Solutions WLL **

d. M.P.Border Checkpost Development Company Limited

** These companies are the joint ventures of Spanco Limited, Dubai UAE

NOTES TO ACCOUNTS

iv **Enterprises owned or significantly influenced by Group of individuals or their relatives**

a. Percept Trading Private Limited

b. Steady Growth Properties Private Limited

c. Global Respondez Services Limited

b. The following are the volume of transactions with related parties during the period and outstanding balances as at the period end disclosed in aggregate by type of related party:

(₹ in Crores)

Sr No	Nature of transactions	Key Management Personnel	Joint Venture	Enterprises where KMP exercise sig. Influence	Total
1	Remuneration (inclusive of Perquisites)	2.51	-	-	2.51
		(8.68)	(-)	(-)	(8.68)
2	Loan received from Director	3.84	-	-	3.84
		(8.03)	(-)	(-)	(8.03)
3	Loan repaid to Director	3.70	-	-	3.70
		(7.65)	(-)	(-)	(7.65)
4	Sale of traded goods / Services	-	15.34	-	15.34
		(-)	(58.61)	(-)	(58.61)
5	Loans / Advance given	-	-	-	-
		(-)	(0.49)	(-)	(0.49)
6	Loans / Advance refund	-	0.01	-	0.01
		(-)	(0.01)	(-)	(0.01)
7	Loans / Advance taken	-	-	-	-
		(-)	(-)	(0.54)	(0.54)
8	Issue of Warrants on preferential basis	-	-	17.44	17.44
		(-)	(-)	(5.81)	(5.81)
9	Issue of equity shares on preferential basis	-	-	-	-
		(-)	(-)	(31.00)	(31.00)
10	Closing Loan from Director	0.51	-	-	0.51
		(0.38)	(-)	(-)	(0.38)
11	Closing Trade Receivables	-	57.60	-	57.60
		(-)	(58.48)	(-)	(58.48)
12	Outstanding credit balance-Loans and Advance	-	-	1.03	1.03
		(-)	(-)	(1.02)	(1.02)
13	Investment Closing Balance	-	-	0.61	0.61
		(-)	(-)	(0.61)	(0.61)
14	Short Term Borrowing from JV Partners	-	9.60	-	9.60
		(-)	(10.10)	(-)	(10.10)
15	Other Long Term Liability	-	7.70	-	7.70
		(-)	(-)	(-)	(-)
16	Other Current Liability	-	0.13	-	0.13
		(-)	(-)	(-)	(-)

Figures in brackets indicate previous year's figures.

NOTES TO ACCOUNTS

Note – The Following transactions constitute more than 10% of the total related party transactions of the same type:

(₹ in Crores)

Type of Transaction	Party	For the period ended March 31, 2012	For the period ended September 30, 2011
Remunerations (inclusive of Perquisites)	Mr. Kapil Puri	1.97	5.81
	Mr. Adarsh Bagaria	0.54	1.29
	Mr. Deepak Bhagchandaney	-	1.59
Loan received from Director	Mr. Kapil Puri	3.84	8.03
Loan repaid to Director	Mr. Kapil Puri	3.70	7.65
Sale of Traded Goods / Services	MP Border Checkpost Development Company Limited	15.04	57.93
Loans / Advance given	Bharat BPO Services Limited	-	0.45
Loans / Advance refund	Spanco Golden Key Solutions WLL	0.01	0.01
Loans / Advance taken	Global Respondez Services Limited	-	0.54
Issue of Warrants on preferential basis	Mrs. Kavita Kapil Puri	17.44	5.81
Issue of equity shares on preferential basis	Mrs. Kavita Kapil Puri	-	31.00
Closing Loan from Director	Mr. Kapil Puri	0.51	0.38
Closing Trade Receivables Balance	MP Border Checkpost Development Company Limited	54.50	55.70
Outstanding Credit Balance - Loans and Advance	Global Respondez Services Limited	1.03	1.02
Outstanding Debit Balance - Loans and Advance	Spanco Golden Key Solutions LLC	-	14.49
	Spanco Golden Key Solutions WLL	0.29	-
	Bharat BPO Services Limited	0.45	-
Investment Closing Balance	Global Respondez Services Limited	0.61	0.61
Short Term Borrowing from JV Partners	Spice Enfotainment Limited	9.60	10.10
Other Long Term Liability	Raps Outsourcing Limited	1.28	-
	ISON Infotel Networks Limited	2.57	-
	Raco Investment and Vgco Investments	3.45	-
	Mara-Ison Tech. Pvt. Limited	0.40	-
Other Current Liability	ISON Infotel Networks Limited	0.13	-

36) Particulars of assets acquired / given under lease

a) Operating leases

Office Premise and Plant and Machinery are obtained on operating lease. The lease term for different agreements are from 11 months to 60 months and renewable for further period at the option of the Group. Out of the several contracts two of the contracts contain an escalation clause. There are no restrictions imposed by lease arrangements. There are no subleases.

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Operating lease payments recognised in the Statement of Profit and Loss during the period:	16.06	57.91
Minimum lease payments		
Total of future minimum lease payments payable by the Group:		
- Not later than 1 year	27.82	31.57
- Later than 1 year but not later than 5 years	55.04	43.37
– Later than 5 years	-	-
Total of future minimum lease payments under operating lease	**82.86**	**74.94**

NOTES TO ACCOUNTS

b Finance leases

Plant and Machinery and Capital Work in Progress includes machinery / equipments obtained on finance lease. Lease term is for 27 to 60 months after which legal title is passed to lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Finance lease payments recognized in the Statement of Profit and Loss during the period:	8.27	5.67
Total of future minimum lease payments payable by the Group:	60.03	64.04
Less: Unamortised finance charges	7.75	6.52
Present value	52.28	57.52

Particulars	For the period ended March 31,2012		For the period ended September 30,2011	
	Minimum Lease Payments	Present Values	Minimum Lease Payments	Present Values
Not later than 1 year	35.68	32.42	37.28	32.60
Later than 1 year but not later than 5 years	24.35	19.86	26.76	24.92
Later than 5 years	-	-	-	-

Notes:

The following is the general description of significant clauses of above finance leasing arrangement by the Group:

a. During the period of lease the Group cannot create without prior written consent of the lender any other debt nor any mortgage, pledge, hypothecation, charge, lien or encumbrance upon or in respect of hypothecated assets or any part thereof in any manner whatsoever in favour of any person, firm, company or bank.

b. The assets would belong to the Group solely and absolutely and would be free from any and all charges and encumbrances save and except that created in favour of the lender.

The aggregate carrying amount of assets acquired under lease after April 1, 2001 is ₹102.50 Crores as at March 31, 2012 (September 30, 2011 ₹ 116.06 Crores). The details of asset category wise of which are given as below.

(₹ in Crores)

Asset Category	Gross book value as at March 31, 2012	Net book value as at March 31, 2012	Gross book value as at September 30, 2011	Net book value as at September 30, 2011
Tangible Asset				
Furniture and Fixtures	3.24	1.58	3.24	1.75
Plant and Machinery	103.98	81.94	36.00	23.95
Computers	13.36	4.34	12.54	5.71
Electrical installations	0.71	0.39	0.71	0.42
Intangible Assets				
Software/ Database	9.14	3.88	9.14	4.48
Capital Work-in-Progress	10.37	10.37	79.75	79.75
Total	**140.80**	**102.50**	**141.38**	**116.06**

NOTES TO ACCOUNTS

c) Operating leases – assets given on lease:

The Company has leased out Premise, Plant and Machinery and Equipments etc. on operating lease. The lease term is for 36 to 60 months. There are escalation clauses in the certain lease agreement and the lease is renewable at the option of the lessee. There are no restrictions imposed by lease arrangement.

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
There are no uncollectable minimum lease payments receivable as at balance sheet date (P.Y. Nil)		
Operating lease Income recognised in the Statement of Profit and Loss during the period.	0.56	6.20
Minimum lease receipts		
Total of future minimum lease receipts receivable by the Group:		
- Not later than 1 year	-	0.56
- Later than 1 year but not later than 5 years	-	-
- Later than 5 years	-	-
Total of future minimum lease receipts under operating lease	**-**	**0.56**

The aggregate carrying amount of investment property given on lease after April 1, 2001 is ₹ 8.95 Crores as at March 31, 2012 (September 30, 2011 ₹ 9.18 Crores).

37) Earnings Per Share (EPS):

(₹ in Crores)

Particulars	For the period ended March 31, 2012	For the period ended September 30, 2011
Net profit available for equity shareholders	29.13	99.75
Weighted average number of equity shares in calculating basic EPS	31,350,000	29,078,075
Equity Shares on account of outstanding Convertible Warrants	1,500,000	462,592
Weighted average number of equity shares in calculating diluted EPS	32,850,000	29,540,667
Nominal value of shares ₹	10	10
Earnings per share		
- Basic ₹	9.29	34.31
- Diluted ₹	8.87	33.77

38) Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 350.34 Crores (P.Y. ₹ 536.31 Crores).

39) Contingent Liabilities:

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2012	As at September 30, 2011
1	Letters of Credit issued by bankers	24.86	34.54
2	Guarantees given by banks on behalf of the Company	207.09	250.56
3	Guarantees and counter guarantees given by the Company	177.14	177.23
4	Income Tax Demand	0.72	4.01
5	Claims not acknowledge as debt	1.19	1.19

Notes:

1. Corporate guarantee of ₹ 52 Crores [P.Y. ₹ 52 Crores] given in favour of Cisco Systems Capital India Private Limited on behalf of wholly owned subsidiary New Delhi Teletech Private Limited.

NOTES TO ACCOUNTS

2. Corporate guarantee and undertaking given to One North East, NY for making an offer of grant to wholly owned subsidiary Spanco Europe Limited of ₹ 0.74 crore (90,000 pounds) [P.Y. ₹ 0.70 crore (90,000 pounds)].
3. Corporate guarantee of ₹ 0.95 crore [P.Y. ₹ 0.95 crore] given in favour of Rent works India Private Limited for availing operating lease on behalf of subsidiary Spanco BPO Services Limited.
4. Corporate guarantee of ₹ 40 Crores [P.Y. ₹ 40 Crores] given in favour of IDBI Bank for providing cash credit facility on behalf of subsidiary Spanco BPO Services Limited.
5. Corporate guarantee of ₹ 12 Crores [P.Y. ₹ 12 Crores] given in favour of Bank of Maharashtra for obtaining cash credit facility on behalf of subsidiary Spanco Respondez BPO Private Limited.
6. Corporate guarantee of ₹ 37.46 Crores [P.Y. ₹ 37.46 Crores] given in favour of SREI Equipment Finance Private Limited for availing operating lease assistances / facilities on behalf of subsidiary Spanco BPO Services Limited.
7. Corporate guarantee of ₹ 25 Crores [P.Y. ₹ 25 Crores] given in favour of UCO Bank for availing short term loan on behalf of subsidiary Spanco BPO Services Limited.
8. Corporate guarantee of ₹ 9 Crores [P.Y. ₹ 9 Crores] given in favour of Indusind Bank for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.

40) Unhedged Foreign Currency Exposure

Particulars	Currency	Amount in foreign currency	Equivalent Amount (₹ in Crores)
Sundry Trade Receivables	USD	8,619,463	44.18
		(5,655,837)	(27.96)
	GBP	346,765	2.84
		(257,958)	(2.00)
	OMR	90,250	1.21
		(90,250)	(1.17)
	CHF	-	-
		(15,625)	(0.09)
Sundry Trade payables	USD	4,374,689	22.55
		(3,910,370)	(19.28)
Bank balances EEFC A/C	USD	3,559	0.02
		(3,559)	(0.02)
	GBP	215	-
		(-)	(-)
	SGD	2	-
		(-)	(-)
Cash balances	USD	645,318	3.33
		(4)	(-)
	GBP	-	-
		(3)	(-)
	EURO	1	-
		(1)	(-)
	SGD	2	-
		(4)	(-)
	OMR	20	-
		(20)	(-)
	LKR	1000	-
		(1000)	(-)
	Riyal	41	-
		(41)	(-)

NOTES TO ACCOUNTS

Particulars	Currency	Amount in foreign currency	Equivalent Amount (₹ in Crores)
Loans Liability			
FCNRB	USD	631,500	3.25
Secured Loan		(375,000)	(1.85)
Other Liabilities	USD	5,958,432	30.70
		(-)	(-)
Loans and Advances Given	USD	1,387,363	7.15
		(-)	(-)
	QAR	220,935	0.29
		(184,112)	(0.25)

Figures in bracket indicate previous year's figures.

41) Information pursuant to Clause 32 of the Listing Agreement with the Stock Exchange

Loans and Advances given in the nature of loans

(₹ in Crores)

Particulars	As at March 31, 2012		As at September 30, 2011	
	Closing Balance	Maximum Balance	Closing Balance	Maximum Balance
Joint Ventures				
Spanco Golden Key Solutions WLL	0.29	0.49	0.30	0.50
Bharat BPO Services Limited	0.45	0.90	0.45	0.90
Spanco Golden Key Solutions LLC	-	-	14.49	28.99

42) Following is the share of our assets, liabilities, income and expenses in the Joint Venture included in this consolidated accounts:

(₹ in Crores)

Particulars	As at March 31, 2012	As at September 30, 2011
Balance Sheet Items		
Share Application Money Pending Allotment	65.66	70.78
Reserves and surplus	(21.79)	(25.23)
Non-current liabilities		
Long-term borrowings	99.52	1.40
Deferred tax liabilities (Net)	7.42	5.05
Current liabilities		
Short-term borrowings	33.39	36.29
Trade payables	117.04	148.68
Other current liabilities	16.87	26.05
Short-term provision	0.09	0.09
Non-current assets		
a) Fixed assets		
i) Tangible assets	16.02	17.70
ii) Intangible assets	6.02	6.78
iii) Intangible assets under development	259.68	173.49
b) Long-term loans and advances	8.15	25.61
Current assets		
Trade receivables	8.91	11.90
Cash and cash equivalents	0.36	8.90
Short-term loans and advances	32.93	24.54
Other current assets	0.08	0.15

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at March 31, 2012	As at September 30, 2011
Statement of Profit and Loss		
Revenue from operations	88.21	97.54
Other Income	0.37	0.02
Total	**88.58**	**97.56**
Purchase of Stock-in-Trade	73.37	54.64
Employee benefits expense	3.51	18.31
Finance costs	0.61	1.63
Depreciation and amortization expense	2.38	7.75
Other expenses	5.93	9.49
Total	**85.80**	**91.82**
Profit before tax	**2.78**	**5.74**
Less: Tax expense:		
- Current	-	0.72
- Deferred	2.38	5.05
Profit / (Loss) for the period	**0.40**	**(0.03)**

43) **Details of Pre-operative Expenditure:**

(₹ in Crores)

Particulars	As at October 1, 2011	Addition during the period	Charged off/ Deletion during the period	As at March 31, 2012
Legal Costs	4.57	0.01	4.51	0.07
	(0.07)	(4.51)	(0.01)	(4.57)
Salaries	-	1.72	-	1.72
	(0.03)	(-)	(0.03)	(-)
General Admin Expenses	0.05	7.87	0.11	7.81
	(-)	(0.11)	(0.06)	(0.05)
Travelling Expenses	0.03	0.11	-	0.14
	(0.03)	(-)	(-)	(0.03)
Interest and Finance Charges	0.01	0.48	-	0.49
	(0.02)	(-)	(0.01)	(0.01)
Addition on Acquisition of Subsidiary	0.02	-	-	0.02
	(0.02)	(-)	(-)	(0.02)
Total	**4.68**	**10.19**	**4.62**	**10.25**
	(0.17)	**(4.62)**	**(0.11)**	**(4.68)**

Figures in bracket represent previous year's figures.

NOTES TO ACCOUNTS

44) Goodwill arising on consolidation of subsidiary companies amounting to ₹ 31.35 Crores has been tested for impairment as at March 31, 2012 and management has assessed that there is no impairment of Goodwill as at March 31, 2012.

45) There are no amounts due and outstanding to be credited to investor education and protection fund.

46) The figures for current period are for 6 months as against 18 months in the previous period. Hence, the figures are not comparable with those of previous period.

47) For the period ended March 31, 2012 the Revised Schedule VI notified under the Companies Act 1956 has become applicable for preparation and presentation of financial statements. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Group has regrouped / reclassified the previous period figure in accordance with the requirements applicable in the current period.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W

Shivratan Agarwal
Partner
Membership No. 104180

Place : Mumbai
Date : August 14, 2012

For and on behalf of the Board of Directors

Kapil Puri
Chairman and Managing Director

Adarsh Bagaria
Whole Time Director

NOTES TO ACCOUNTS

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

Information as required under the General Circular No. 2/2011 No. 51/12/2007-CL-III dated February 08, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the period ended March 31, 2012

(₹ in Crores)

Sr. No.	Name of the Subsidiary Company	Global Respondez Inc., U.S.A.	Spanco (S) Pte. Ltd, Singapore	Spanco CSC Ltd.	Spanco Great IT Pvt. Ltd.	Spanco Global Solutions Pvt. Ltd.	Skandsoft Technologies Pvt. Ltd.	Spanco Limited., Dubai UAE	Spanco Europe Ltd.	Spanco BPO Ventures Ltd.	Spanco Respondez BPO Pvt. Ltd.	Spanco BPO Services Ltd.	Spanco Holding Inc.,U.S.A.	Spanco BPO Africa Ltd.	Spanco Infratel Pvt. Ltd.	Spanco IT Infrastructure Pvt. Ltd.	New Delhi Teletech Pvt. Ltd.	Spanco Power Distribution Ltd.	Spanco Nagpur Discom Ltd.
1	Financial Period ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2	Share Capital	0.02	0.44	0.05	3.01	5.01	0.02	8.54	10.27	0.05	1.05	9.00	4.82	0.01	0.01	0.01	0.01	2.96	0.95
3	Reserve & Surplus	0.78	4.00	(1.60)	8.28	(0.35)	0.34	(3.32)	(1.87)	(14.04)	16.44	43.14	1.70	5.53	–	–	(8.15)	78.45	87.48
4	Total Assets	2.90	32.92	22.69	12.50	10.87	21.17	44.76	14.86	149.90	67.18	224.34	6.89	49.63	0.02	0.02	98.85	82.43	316.14
5	Total Liabilities	2.10	28.47	24.24	1.20	6.21	20.81	39.54	6.45	163.89	49.68	172.20	0.36	44.10	0.01	0.01	106.99	1.02	227.71
6	Investments (excluding investments in subsidiary companies)	0.37	–	–	–	–	0.01	–	–	–	–	–	6.88	–	–	–	–	–	–
7	Turnover & Other Income	0.45	0.03	–	–	–	0.01	4.79	17.10	–	19.04	49.09	1.40	60.51	N.A*	N.A*	204.39	–	180.38
8	Profit / (Loss) before Taxation	(0.23)	(0.02)	(1.60)	(0.01)	(0.52)	(0.01)	(2.11)	0.25	(5.07)	(2.44)	1.33	1.34	6.21	N.A*	N.A*	(5.46)	(0.64)	(7.72)
9	Provision for Taxation	(0.08)	0.06	–	–	–	–	–	–	–	(1.91)	(3.20)	0.25	0.53	N.A*	N.A*	(0.73)	–	(2.40)
10	Profit / (Loss) after Taxation	(0.15)	(0.08)	(1.60)	(0.01)	(0.52)	(0.01)	(2.11)	0.25	(5.07)	(0.53)	4.53	1.09	5.68	N.A*	N.A*	(4.72)	(0.64)	(5.32)
11	Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–	–	–	N.A*	N.A*	–	–	–

* Since the above Subsidiary Companies have not commenced any business till March 31, 2012, all the pre operative expenses have been capitalised, hence no Statement of Profit and Loss are prepared.

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Spanco Limited will be held on Tuesday, September 25, 2012 at 10.00 A.M. at Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the period ended (6 months) on that date together with the reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Adarsh Bagaria, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Vijay Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** M/s Khandelwal Jain & Co., Chartered Accountants, Mumbai (having Firm Registration No. 105049W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company in consultation with them."

Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT Mr. Vijay Kumar Chopra (having DIN 02103940), who was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Article 85 of the Articles of Association of the Company w.e.f. July 1, 2012 and in terms of Section 260 of the Companies Act, 1956 ('the Act') holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite deposit from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and subject to provisions of the Listing Agreement entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any other necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance and/or any other appropriate authorities, including Banks, Financial Institutions or other creditors and subject to the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**"), as amended and all applicable regulations framed and notifications issued thereunder; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**ICDR Regulations**"), including the guidelines for Qualified Institutions Placement prescribed in Chapter VIII of the ICDR Regulations; subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (**"Board"**) and/or by duly authorised persons thereof for the time being exercising the powers conferred on the Board by this resolution, consent and approval of the members of the Company be and is hereby accorded to create, issue, offer and allot in the course of one or more domestic and / or international offering(s) to eligible investors including foreign residents (whether institutions, incorporated bodies, banks, insurance companies, mutual funds and / or individuals or otherwise) Qualified Institutional Buyers, Foreign Institutional Investors, Indian and / or multilateral Financial Institutions, Non Resident Indians or such investors whether they are members of the Company or not, by way of circulation of an offering circular or prospectus or by way of Private Placement, Qualified Institutional Placements (QIPs) / Foreign Currency Convertible Bonds (FCCBs) / Global Depositary Receipts (GDRs) / American Depositary Receipts (ADRs) (**"Securities"**), the aggregate principal amount not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) or equivalent amount in India or any other currency as the case may be, in one or more tranches to be subscribed in Indian / foreign currency, which, at the option of the holders of the securities may be converted into

Equity Shares of the Company and that such issue and allotment be made in one or more tranches, on such terms and conditions as may be decided and deemed appropriate by the Board and/or by the authorized persons of the Board at the time of issue and allotment.

RESOLVED FURTHER THAT the pricing of the securities shall be in compliance with the applicable laws, guidelines and regulations and further that securities that may be issued pursuant to a QIP shall be in accordance with the applicable ICDR Regulations which presently provide for a price not less than the average of the weekly high and low of the closing price of the related securities of the same class quoted on such stock exchanges, where the shares of the Company are listed, during the two weeks preceding the "relevant date".

RESOLVED FURTHER THAT the "relevant date" means the date of the meeting in which the Board decides to open the proposed issue or as may be determined in accordance with the applicable laws, rules, regulations, guidelines and approvals.

RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, pre-payment and any other debt service payments whatsoever and all such terms as may be provided in issue of securities of this nature internationally including terms for issue of Equity Shares upon conversion of the securities or variation of the conversion price of the securities during the term of the securities and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any Merchant Bankers, Lead Managers, Managers, Underwriters, Custodians, Advisors and all such agencies as may be involved or concerned in such offerings of securities and to remunerate all such agencies including the payment of commissions, brokerage, fees etc. and also to seek the listing of any or all of such securities or security representing the same in one or more stock exchange(s) outside India.

RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the securities in the international market and may be governed by foreign laws, as applicable.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for issue, upon conversion of the securities, of the Equity Shares of the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offerings and all such Equity Shares shall rank *paripassu* with the then existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of securities or securities representing the same or Equity Shares, as described herein above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

By Order of the Board of Directors

Kapil Puri
Chairman and Managing Director

Place : Mumbai
Date : August 14, 2012

Registered Office:
B-22, Krishna Bhuvan,
B. S. Deoshi Marg, Deonar,
Mumbai - 400088.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Additional information of the Directors being appointed/re-appointed at the 29th Annual General Meeting in terms of clause 49 of the Listing Agreement is annexed to the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2012 to Tuesday, September 25, 2012 (both days inclusive).
4. Members holding shares in physical form are requested to notify immediately any change in their address to the Company quoting their folio number. Members holding shares in electronic form may update such details with their respective Depository Participants.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report at the time of the Meeting.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Assistant Company Secretary at the Registered Office of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. Adarsh Bagaria	Mr. Vijay Kumar Gupta	Mr. Vijay Kumar Chopra
Date of Birth	December 30, 1974	December 21, 1947	March 6,1946
Brief profile and expertise in specific functional area	Mr. Adarsh Bagaria joined the Company in the year 2000 and has been sphere heading several projects across the group. He has been instrumental in the setting up of BPO business of the Company. He has worked extensively across various functions to provide Administrative Strategies and People support. He has more than 19 years of work experience spanning in various sectors including High Technology, Steel and Telecom. He has a keen sense for finance and led a cost effective administrative and people operations across various group companies. His strong relationship management has led several partnerships and acquisitions across the globe. He was instrumental in Spanco's acquisitions in UK and foray into Middle East. He holds a Bachelor's degree in Commerce from Mumbai University.	Mr. Vijay Kumar Gupta has done his M.A in English Literature from Punjab University and is a Certified Associate of Indian Institute of Bankers (CAIIB). He has rich and diverse exposure spread over 39 years in the area of Domestic and International, Merchant and Investment Banking and in Treasury Operations. Mr. Gupta's last assignment was with State Bank of India (SBI), where he worked from 1972 till April 2010 in various capacities. His last position in SBI was Deputy Managing Director.	Mr. Vijay Kumar Chopra is a veteran banker by profession having an overall experience of more than 40 years. Professionally he is a commerce graduate from the Sriram College of Commerce, New Delhi and a Fellow Chartered Accountant. He is an Ex-Whole Time Member of SEBI Board and has also served as Chairman of Corporation Bank Home Finance Limited and Corporation Bank Financial Services, Executive Director of Oriental Bank of Commerce, Director of IDBI Bank, Chairman and Managing Director of SIDBI and Punjab & Sind Bank. He is serving as an Independent Director on the Board of many reputed Companies.

Directorships held in other Public Companies (excluding Foreign Companies, Private Companies and Section 25 Companies).	1. Spanco BPO Ventures Limited. 2. Global Respondez Services Limited. 3. Bharat BPO Services Limited. 4. Spanco Power Distribution Limited 5. Spanco Nagpur Discom Limited	1. Best Foods Limited 2. Brescon Advisors & Holdings Limited (Formerly known as Brescon Corporate Advisors Limited) 3. Micromax Informatics Limited 4. Darcl Logistics Limited 5. Ushdev International Limited	1. Rolta India Limited 2. Dewan Housing Finance Corporation Limited 3. Pantaloon Retail (India) Limited 4. Havells India Limited 5. Jaiprakash Associates Limited 6. Responsive Industries Limited 7. Metlife India Insurance Company Limited 8. SIDBI Venture Capital Limited 9. Religare Asset Management Company Limited 10. Reliance Capital Pension Fund Limited 11. Milestone Capital Advisors Limited 12. First Blue Home Finance Limited 13. India Infoline Finance Limited
Memberships/ Chairmanships of committees (Audit Committee and Shareholders'/ Investors' Grievance Committee) across other Public Companies.	Nil	**Chairmanship:** Best Foods Limited – Audit Committee **Membership:** 1. Brescon Advisors & Holdings Limited (Formerly known as Brescon Corporate Advisors Limited) – Audit Committee 2. Micromax Informatics Limited – Audit Committee 3. Darcl Logistics Limited – Audit Committee	**Chairmanship:** 1. Metlife India Insurance Company Limited – Audit Committee 2. Religare Asset Management Company Limited – Audit Committee 3. Pantaloon Retail (India) Limited – Shareholders Grievance & Redressal Committee 4. Milestone Capital Advisors Limited – Audit Committee 5. First Blue Home Finance Limited – Audit Committee **Memberships**: 1. Rolta India Limited – Audit Committee 2. Dewan Housing Finance Corporation Limited – Audit Committee 3. Reliance Capital Pension Fund Limited – Audit Committee 4. Jaiprakash Associates Limited – Audit Committee 5. Havells India Limited – Audit Committee
Number of shares held in the Company	43,767	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :

Item No. 5

Mr. Vijay Kumar Chopra was appointed as an Additional Director of the Company with effect from July 1, 2012 and in terms of the provisions of Section 260 of the Companies Act, 1956, holds the office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Vijay Kumar Chopra for the office of Director of the Company.

The Board of Directors recommends the Ordinary Resolution as set out at item no. 5 of the notice for your approval.

Except Mr. Vijay Kumar Chopra none of the other Directors of the Company are concerned or interested in the resolution.

Item No. 6

Presently, the Company is engaged in the business of creating Technology Infrastructure to help the government in its drive to increase efficiency across key sectors. Spanco is SEI CMM Level 3 and ISO 9001: 2008 Certified Company. Spanco caters to large complex Technology Infrastructure projects across Government, Power and Telecom service provider's space. To accomplish its vision to be a leader in Technology Infrastructure space, the Company is expanding its business horizon. In order to meet the funds requirement for execution of various projects, repayments of loans and general corporate purpose and to strengthen the financial position of the Company by augmenting its long term resources, the Company would need access to external sources of funds at different points of time in future. The Company proposes to mobilize the funds by way of offer / issue and allot in the course of domestic and / or international offering(s) in one or more tranches to Indian / Foreign investors / entities, Equity shares of nominal value of ₹ 10/- each by way of QIPs / GDRs / ADRs / FCCBs and / or any other permitted instruments / securities convertible into Equity Shares (at a later date as may be determined by the Board of Directors from time to time) for an aggregate value not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) (inclusive of premium on Equity Shares). The detailed terms and conditions of the offer will be determined in consultation with Advisors, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The proposed resolution is an enabling resolution conferring authority on the Board of Directors to cover all the present and future contingencies and corporate requirements in terms of Section 81(1A) of the Companies Act, 1956 and the Listing Agreement entered into with Stock Exchange(s), which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the Company, unless the shareholders at a General Meeting decides otherwise by passing a Special Resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the Listing Agreement executed by the Company with the Stock Exchange(s), where its shares are listed.

The Board of Directors of the Company recommends the Special Resolution as set out at item no. 6 of the notice for your approval.

None of the Directors of the Company are concerned or interested in the resolution.

By Order of the Board of Directors

Kapil Puri
Chairman and Managing Director

Place : Mumbai
Date : August 14, 2012

Registered Office:
B-22, Krishna Bhuvan,
B. S. Deoshi Marg, Deonar,
Mumbai - 400088.

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SPANCO LIMITED

Regd. Office : B-22, Krishna Bhuvan, B. S. Deoshi Marg, Deonar, Mumbai 400 088.

PROXY FORM

29 TH ANNUAL GENERAL MEETING ON SEPTEMBER 25, 2012

Regd. Folio No. ....

DP ID / Client ID No. ....

No. of Shares held ....

I/We…………………………………………… of …………………………………………………....being a Member / Members of the above named Company hereby appoint Mr./Ms. …………………………………. of ………………………………………….. in the district of.. or failing him/her ………………………………………………….. of …………………….. in the district of .... as my / our proxy to vote for me/ us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Tuesday, September 25, 2012 at 10.00 a.m. at Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 and at any adjournment thereof.

Affix Revenue Stamp of ₹ 0.15

Signature of Member _________________________

Place:

Date:

Note: Duly filled and executed Proxy Form must reach the Company's Registered Office not less than 48 (Forty- Eight) hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

SPANCO LIMITED

Regd. Office : B-22, Krishna Bhuvan, B. S. Deoshi Marg, Deonar, Mumbai 400 088.

ATTENDANCE SLIP

(To be handed over at the entrance of Meeting Venue)

29TH ANNUAL GENERAL MEETING ON SEPTEMBER 25, 2012

Regd. Folio No. ....

DP ID / Client ID No. ....

No. of Shares held ....

Name of the attending Member (IN BLOCK LETTERS) ....

Name of the Proxy (IN BLOCK LETTERS) ....

(To be filled in by Proxy attending instead of the Member)

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company to be held on Tuesday, September 25, 2012 at 10.00 a.m. at Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

____

Member's / Proxy's Signature

Notes:

1. Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
2. Members / Joint Members / Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.

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