



TARMAT

Infra Engineering Empire

*Construction of Heavy Duty Parking Bays at Bangalore International Airport

27TH ANNUAL REPORT 2011-2012

Runways

Aprons/Parking Bays

National Highways

Express Ways

Test Tracks

Superior Quality Ready Mix Concrete



Bangalore International Airport



Cochin International Airport

COMPANY INFORMATION

Board of Directors

| | |
|--------------------------|--------------------------------|
| Mr. Jerry Varghese | Chairman cum Managing Director |
| Mrs. Saramma Varghese | Executive Director |
| Mr. Dilip Varghese | Executive Director |
| Mr. Anil Gopal Joshi | Independent Director |
| Mr. Ramesh Chander Gupta | Independent Director |

Chief Financial Officer

Mr. Anindya Mitra

Company Secretary

Mr. Sreekumar K

Statutory Auditors

M/s Hegde and Associates
Chartered Accountants
61/2695, Gandhi Nagar
Bandra (E), Mumbai 400 051

Bankers

Vijaya Bank
Kotak Mahindra Bank Ltd.

Registered Office

Tank Road, Off Gen Vaidya Marg,
Goregaon (East), Mumbai 400 063
Tel: +91-22-2840 2130/ 1180
Website: www.tarmat.in

Corporate Office

Tarmat Chambers, Sector 24,
Plot No. 19, Sanpada
Navi Mumbai 400705
Tel: +91-22-27831328/1334
Fax: +91-22-27833872
Email: contact@tarmat.in

Registrars & Transfer Agents

Bigshare Services Private Limited
E/2, Ansa Industrial Estate, Saki Vihar Road,
Andheri (E), Mumbai- 400 072
Phones +91-22-28470652/0653
Fax: +91-22-28475207
Email: bigshare@sify.com
Website: www.bigshareonline.com

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NOTICE

Notice is hereby given that 27th Annual General Meeting of the Members of Tarmat Limited will be held on Thursday, 27th September 2012 at 10.00 AM at Hotel Sea Princess, Juhu Tara Road, Juhu Beach, Mumbai 400 049 to transact the following business:

Ordinary business:

- 1 To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2012, Balance Sheet as on that date, Auditors' Report, and the Director's report thereon
- 2 To appoint director in place of Mr. Ramesh Gupta, who retires by rotation and being eligible, offers himself for reappointment.
- 3 To appoint director in place of Mr. Dilip Varghese, who retires by rotation and being eligible, offers himself for reappointment.
- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
4. Member who hold shares in dematerialised form are requested to write their client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. Members seeking any further information about the accounts are requested to send their queries to the Company at its registered office at least ten days in advance so as to enable the Company to collect the relevant information.
6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 076 ,Maharashtra in respect of their physical share folios, if any.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 21.09.2012 to 27.09.2012 (both days inclusive.)

By Order of the Board of Directors
For **Tarmat Limited**

Date : 13.08.2012

Place : Mumbai

SREEKUMAR K
COMPANY SECRETARY

Brief profile of Directors seeking reappointment at the Annual General Meeting:

| Particulars | Mr. Ramesh Chander Gupta | Mr. Dilip Varghese |
|---|--|--|
| Date of Birth | 01.01.1945 | 12.2.1984 |
| Date of Appointment | 31.07.2006 | 17.06.2006 |
| Qualification and Experience | B E (Civil Engg.) Over 38 years experience. Retd. As Executive Director (Engineering) from Airport Authority of India | Bachelor of Science (Management) & Bachelor of Science (Marketing), SAP Certification Exp. 6years |
| Directorships in other public companies | Nil | NIL |
| Director's shareholdings | Nil | 1062463 |
| Relationship with other directors | Nil | Mr. Dilip Varghese is the son of Mr. Jerry Varghese, Chairman & Managing Director & Mrs. Saramma Varghese, Director |

Directors' Report

To,
The Members
Tarmat Limited

Your directors are pleased to present the 27th Annual Report of the Company and the audited accounts for the year ended 31st March, 2012

Financial Results :

(₹ in Lacs)

| Particulars | 31st March, 2012 | 31st March, 2011 |
|---|------------------|------------------|
| Total Income | 19,514.44 | 9,234.80 |
| Total Expenditure | 19,080.48 | 9,209.74 |
| Profit Before Tax & Exceptional items | 433.96 | 25.06 |
| Exceptional items | (500.97) | - |
| Provision for Taxation | (388.24) | (78.59) |
| Provision for Deferred Tax | 72.77 | 78.47 |
| Profit/(Loss) for the year after Tax and exceptional items | (382.48) | 24.95 |
| Balance Brought Forward | 3,228.27 | 3,203.32 |
| Balance Carried Forward | 2,845.79 | 3,228.27 |

Performance of the Company:

After three years of slowdown, your Company started the turnaround in 2011-12. The turnover during the year shot up to ₹ 19,514.44 lacs as compared to ₹ 9,234.80 lacs for the year ended 31st March 2011.

The profit did not go up as expected because of high interest and fixed overheads. The Profit before tax went up to ₹ 433.96 lacs from ₹ 25.07 lacs for the year ended 31st March 2011. However, there was an exceptional loss by way of invocation of bank guarantee payments aggregating to ₹ 500.97 lacs of some projects in Chennai. The Company has filed appeal and the matter is under arbitration. However, the management decided to write it off on principles of conservatism. Such write-off will be reversed and income booked if the arbitration award is favourable.

Like last year, the work with Shirdi Sai Sansthan Trust did not progress at the scheduled pace since all the roads have not been handed over till date.

Future prospects

The management expects to sustain the growth achieved during 2011-12. Based on the new works started and orders received, your directors are optimistic about the performance in the coming year. The Company has adequate orders to be executed for the next twenty four months.

Capital and Finance:

The Company retained the borrowing facilities with our lead bankers, i.e. Vijaya Bank. Apart from this, facilities have been availed from Kotak Mahindra Bank Limited and equipment finance loan from Srei Equipment Finance Ltd.

The company's shares are being traded in the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE).

Dividend:

As you are aware, during the year 2010-11, the performance did not match expectation. Even though there has been increase in turnover in 2011-12, cash flow has not substantially improved as the Company did not received disbursement from customers on timely basis. To regularise the funds flow, your directors decided to retain the resources and hence do not recommend any dividend for this year too.

Directors:

In terms of the provisions of section 255 and 256 of the Companies Act, 1956, and Articles of Association of the company, Mr. R C Gupta, and Mr. Dilip Varghese, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Fixed Deposit:

During the year under review, the Company has not accepted any deposit under section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of Employees:

There are no employees in the Company who are drawing prescribed salary under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

Auditors & Their Report:

M/s Hegde & Associates, Chartered Accountants, Mumbai, the auditors of the Company, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. They have furnished a certificate to the effect that their proposed appointment, if made will be in accordance with the limit prescribed under Section 224 (1-B) of the Companies Act, 1956 and they are not disqualified for such appointment, within the meaning of subsections (3) and (4) of section 226 of the Companies Act, 1956. Your directors recommend their reappointment.

The Auditors' Report to the shareholders does not contain any qualification. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any comments.

Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and outgo:

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of the particulars in the report of the Board of Directors) Rules, 1988 is given by way of Annexure to this report.

Corporate Governance

A report on corporate governance is attached to this report as Annexure. Certificate from the Auditors of the Company regarding compliance of clause 49 of Listing Agreement is also annexed herewith.

The Management Discussion and Analysis Report as required under the code of Corporate Governance are given in the Annexure attached to the Directors' Report.

Social responsibility

Your Company has been in the forefront in assisting the poor financially and provide medical aid to the ailing. Rupees Ten Lacs was donated during the year to the Navjeevan Centre, Kalyan, a Non Government Organisation initiated in 1994 with the aim of reaching out to commercially sexually exploited women and their children, to motivate and support them to give up their demeaning occupation and work towards integrating them in society.

The construction activities of Tarmat Ltd. are spread all over India, many of them in rural areas. The pollution arising from construction sites is strictly kept under control. Help is always provided to the locals in times of need by way of finance or by vehicles for transportation. Cordial relation is always maintained with the locals, wherever Tarmat is working, hard core support of the locals is available.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the directors based on the representations received from the operating management confirm that:

1. In the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed and that there are no material departures from the same.
2. The Directors have, selected such accounting policies and applied them consistently and made judgements 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 year ended on that date:
3. The Director have taken proper and sufficient care, to the best of their knowledge and ability, for maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. They have prepared the annual accounts on a going concern basis.

Personnel and Industrial Relations:

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company.

Acknowledgements:

The Board of Directors wishes to express its appreciation for the outstanding contribution made by the employees of the Company to the operations of the Company during the year. The Board of Directors would like to place on record their appreciation of the assistance, guidance and support extended by the Government at the Centre, States, Banks and other Financial Institutions. Your directors also place on record their sincere appreciation of the total commitment and hard work put in by all the sub contractors, consultants and clients of the Company.

For and on behalf of the Board of Directors:

Sd/-
CHAIRMAN

Date: 13.08.2012

Place: Mumbai

Annexure to the Directors' Report

Statement Pursuant to Section 217(1) (e) of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(a) Conservation of Energy

The Company is taking all steps necessary to minimize energy consumption.

(b) Technology Absorption

Efforts are made towards technology up gradation with constant efforts made to improve quality services offered by the Company.

(c) Foreign Exchange Earning and Outgo

Foreign Exchange earnings: ₹ 51.51 lacs (previous year ₹ 58.54 lacs)

Foreign Exchange outgo: ₹ Nil (previous year ₹ Nil)

For and on behalf of the Board of Directors

Sd/-
CHAIRMAN

REGISTERED OFFICE

Tank Road, Off Gen Vaidya Marg,
Goregaon (East),
Mumbai 400 063.
Date: 13.08.2012

Management Discussion and Analysis Report

1. Industry Structure and Development and Outlook

The Indian economy is characterised by strong macro fundamentals and good performance over the 11th Five year plan period though clouded by some slowdown in growth in the last year with concern about inflation and uncertainty in the global economy. The objective of the 11th plan was faster and inclusive growth and substantial progress in these directions have been made, but areas of weakness have to be addressed and challenges faced. Some of the challenges emanate from the economy's transition to a higher growth path, the structural changes and the expectations generated. The global economic environment was much less favourable than it was at the start of the 11th plan. The 11th Plan had targeted a GDP growth of 9% p.a, but the actual average for the first four years was 8.2% and in 2011-12, the economy slowed down to about 6.5% with the last quarter achieving a meagre 5.3%.

Inadequate infrastructure was recognised in the Eleventh Plan as a major constraint on economic growth. The plan had emphasised the need for expansion in investment in infrastructure based on the PPP model. The total investment in infrastructure is estimated to have raised from 5.7% of GDP in 2006-07 to 8% in 2011-12. Investment in telecommunications, oil and pipelines boomed whereas roads, railways, ports and power fell short of target. A large number of PPP projects have taken off.

India has 4.2 million km roads which is the second largest road network in the world, but the quality is poor. Half the network is not paved. National Highways form only 2% of the total length, of these 20,000km is single lane. Bulk of the NHDP-I(Golden quadrilateral) and NHDP – II (North-South & East West links) were built during the Eleventh plan, but portions remain to be completed. NHDP III, IV & V will ensure connectivity of the districts whereas NHDP VI will envisage conversion of heavy traffic networks to six lane roads.

The Eleventh Plan saw the modernisation of airport infrastructure. Air connectivity is vital for bringing mid sized towns to the business network.

Projects which are not viable to be taken up on PPP basis, is being proposed to be taken up on EPC (turnkey) mode.

2. Opportunities & Threats

The activities our Company mainly concentrates are:

Airside works and work associated with runways etc.

Highways and roads

Requirement of transport services are likely to grow at a faster rate than the GDP. Civil aviation has grown by around 20% during the last five years. Appropriate linkages between ports, railway and road network has to be completed. The resources needed for this are much larger than the public sector can provide and hence has to be in the PPP mode. Over 1000 PPP projects accounting for an investment of about ₹ 5 lac crores has been initiated. PPP model had been successfully implemented in Delhi, Mumbai, Hyderabad, Bengaluru, Cochin airports and in about 300 National and State Highway projects. Institutional changes like corporatisation of ports, restructuring of NHAI and setting up the National Expressway Authority are envisaged.

The global economic scenario specifically the Eurozone crisis, is not conducive to a healthy growth environment. The bank rates already on the higher side does not show much signs of downslide. Cost of borrowed funds has reached an unbearable proportion. Rupee exchange rate has reached an all time high This coupled with the reduction in oil import from Iran will naturally raise the petroleum prices to an all time high.

3. Internal Control

The Company has a proper and adequate system of internal controls covering all operational and financial functions commensurate with the size of the Company. The Company's internal control is designed in such a way that it ensures corporate strategy is implemented, achieve effective and efficient corporate processes, safeguard the value of corporate assets, reliability and integrity of accounting and management data, and operations comply with all existing rules and regulations.

All the financial and audit control systems are also reviewed by the Audit Committee of the board of Directors of the Company.

4. Operations

Company's operational income has increased to ₹ 19,514.44 lacs as against ₹ 9,234.80 lacs in 2010-11. The Company continued its focus on cost reduction and cost control at all levels.

5. Human Resources and Industrial Relations

The Company understands the value of acquiring the highly intellectual human capital which the Company believes is a crucial asset of the Company. For this purpose, Company follows the strategy "to attract, to retain and to motivate" the personnel through providing the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. We have focused on to build positive attitude in the employees while working with Tarmat Limited. Tarmat Limited follows the principle - "good performance should be appreciated by good rewarding."

For and on behalf of the Board Of Directors:

Sd/-
CHAIRMAN

Date: 13.08.2012
Place: Mumbai.