

- AIRPORTS
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28th Annual Report 2012-13





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
Mr. Chandrakant Sanghavi	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 400703
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 28th Annual General Meeting of the Members of Tarmat Limited will be held on Monday, 30th September 2013 at 11.00 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 2013, Balance Sheet as on that date, Auditors' Report, and the Director's report thereon
- 2 To appoint a director in place of Mrs. Saramma Varghese, who retires by rotation and being eligible, offers herself for reappointment.
- 3 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.

Special business:

- 4 To consider and if thought fit, pass with or without modification, the following resolution:
RESOLVED THAT Mr. C S Sanghavi, who was appointed as casual Director on Board of the company in terms of section 262 of the Companies Act, 1956 with effect from November 07, 2012, by the Board of Directors in place of Mr A B Karweer who expired, who was due to retire at this annual General Meeting and is eligible for reappointment as a Director of the Company and in respect of whom, a notice has been received in writing under section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation.

Explanatory Statement

Pursuant to the provisions of section 173(2) of the Companies Act, 1956

Item No.4

Mr. C S Sanghavi, was appointed as casual Director on Board of the company in terms of section 262 of the Companies Act, 1956 with effect from November 07, 2012, by the Board of Directors in place of Mr A B Karweer, Director who expired. He holds office in such capacity till this Annual General Meeting. Mr. Sanghavi is BE and FIE and has 38 years of experience out of which 26 years was with CIDCO and retired as a Chief Engineer & GM (Tech) , GM (SEZ) CIDCO. Mr. Sanghavi is eligible for reappointment as a Director of the Company. A notice has been received in writing from a member under section 257 of the Companies Act, 1956 for his appointment.

None of the Director is interested in the aforesaid resolution except Mr. Sanghavi.

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 (DP s) 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 25.09.2013 to 30.09.2013 (both days inclusive).

By Order of the Board of Directors
For Tarmat Limited

Date : 12.08.2013
Place : Mumbai

Sd/-
SREEKUMAR K
COMPANY SECRETARY

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

Particulars	Mr. Chandrakant Sanghavi	Mrs. Saramma Varghese
Date of Birth	12.05.1949	01.12.1955
Date of Appointment	07.11.2012	03.01.1986
Qualification and Experience	B E (Civil Engg.) Over 38 years experience. Retd. as Chief Engineer City Industrial Development Corporation (CIDCO) Maharashtra	Bachelor of Science (Management) & Bachelor of Science (Marketing), SAP Certification Exp. 6years
Directorships in other public companies	Horizon Infrastructure Limited - Director	NIL
Director's shareholdings	Nil	1063463
Relationship with other directors	Nil	Mrs.Saramma Varghese is the wife of Mr. Jerry Varghese Chairman & Managing Director & mother of Mr.Dilip Varghese, Director

Directors' Report

To,
The Members
Tarmat Limited

Your directors are pleased to present the 28th Annual Report of the Company and the audited accounts for the year ended 31st March, 2013

Financial Results :

(₹ in Lacs)

Particulars	31st March, 2013	31st March, 2012
Total Income	15738.57	19514.44
Total Expenditure	16676.17	19080.48
Profit Before Tax & Exceptional items	(937.60)	433.96
Exceptional items	(1044.15)	(500.97)
Provision for Taxation	(700.00)	(388.24)
Provision for Deferred Tax	54.42	72.77
Profit/(Loss) for the year after Tax and exceptional items	(2627.33)	(382.48)
Balance Brought Forward	2845.79	3228.27
Balance Carried Forward	218.46	2845.79

Performance of the Company:

The turnover during the year reduced to to Rs.15738.57 lacs as compared to Rs.19514.44 lacs for the year ended 31st March 2012.

The infrastructure sector in India presents a pitiable picture. Every infra company is finding the going tough in India. Getting sanctions and clearances from statutory authorities is cumbersome. Receiving payments against bills is delayed. High interest coupled with higher overheads has eaten away into the profits. Your company is no exception to this scenario. There was operational loss as the management decided to write off the stock in Chennai as the works have been foreclosed. Apart from this, there was an exceptional loss by way of fraudulent invocation of bank guarantee of one project in Chennai. The company has filed both civil and criminal case against this party and the matter is subjudice. However, since the money was already paid by the bank, the management decided to write it off on principles of conservatism. Such write off will be reversed and income booked if the court award is favourable.

Future prospects

The management is of the opinion that unless the interest burden is reduced, the company will find it difficult to make profits. Hence some of the properties owned by the company is proposed to be sold and the bank liability paid off. Based on the orders in hand, your directors are optimistic about the performance in the coming year.

Capital and Finance:

Due to severe liquidity problems, the company was not able to pay the monthly interest charged to by Vijaya Bank. Our account with Vijaya Bank was classified as Non Performing Asset by the bank. The company has surplus non operating assets which can be disposed off subject to obtaining legal clearances and pay off the debt of Vjaya Bank completely. The company has filed an appeal with Debt Recovery Tribunal to give us reasonable time to dispose the assets. This transaction will not affect the current operations of the company. Apart from Vijaya Bank, facilities have been availed from Kotak Mahindra Bank Limited and equipment finance loan from Srei Equipment Finance Ltd. Both these accounts are standard and no dues are pending as on date.

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

Dividend:

As you are aware, during the year 2012-13, the performance did not match expectation. Cash flow has not substantially improved as the company did not receive disbursements 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:

Mr Chandrakant S Sanghavi was appointed as casual director on 07.11.2012 in place of Mr. A B Karweer who expired on 1.12.2011. He retires at the ensuing Annual General Meeting and is eligible for reappointment. In terms of the provisions of section 255 and 256 of the Companies Act, 1956, and Articles of Association of the company, Mrs. Saramma Varghese, retires at the ensuing Annual General Meeting and being eligible, has offered herself for reappointment.

Fixed Deposit:

During the year under review, the company has taken unsecured loan from one of the promoter directors as it needed funds urgently. This comes within the purview of deposit under section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975. The procedures for compliance of the rules is being acted upon.

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 Auditor's Report to the shareholders contains qualifications. The Company has not received the service tax from the customers. However, as a matter of abundant caution, the liability of Rs. 54.05 lacs created in our books during the years 2006- 2009 has been retained.

The Company has taken unsecured loan from one of the promoter directors as it needed funds urgently. The procedure for compliance with Companies (Acceptance of Deposit) Rules, 1975 is being acted upon.

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 Director's Report.

Social responsibility

Your company has been in the forefront in assisting the poor financially and provide medical aid to the ailing.

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, 2013, 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, 2013 and of the loss of the company for the year ended on that date:
3. The Directors 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: 27.06.2013

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 are made to improve quality services offered by the company.

(c) Foreign Exchange Earning and Outgo

Foreign Exchange earnings: Rs. 27.14lacs/- (Previous Year Rs.51.51lacs)

Foreign Exchange outgo: Rs. Nil (Previous Year Rs. Nil)

For and on behalf of the Board of Directors

Sd/-
CHAIRMAN

Date: 27.06.2013

REGISTERED OFFICE

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

Management Discussion and Analysis Report

1. Industry Structure and Development and Outlook

Indians have higher expectations of their future today compared to what was in store 20 years ago. The economy growth at 7.9% per annum has been fastest in the last 10 years. During this period the economy was growing robustly with the global economic developments supportive. Today's situation is more difficult with global economy slow down and Indian economy facing internal constraints. Uncertainty among investors, inflation, and implementation problems have slowed down the economy. The World bank projects the global economy growth at 2.2% in 2013.

The Indian economy had in 2012-13 recorded growth of five per cent, the slowest pace since 2003 when the 10-year average is eight per cent. The achievement in the road sector in 2012-13 was dismal. Project awarded was just 879 km compared to a budget target of 8,800 km. For the financial year 2013-14, Infrastructure Development Funds are being encouraged by the Government of India to issue tax free bonds to the tune of Rs.50,000 Crores.

The World Bank sees India's economic growth rising to 5.7 per cent in 2013-14, buoyed by gradual strengthening of external demand. Growth is projected to accelerate to 6.5 per cent in 2014-15 and 6.7 per cent in 2015-16.

The government has planned an expenditure of Re 1 trillion in the 12th plan. Funds will be sought from multilateral agencies like World bank and ADB for building roads in the North East. A regulator mechanism will be created to address the bottlenecks faced by investors. Tax rate will be cut down from 20 percent to 5 per cent on interest paid to non-resident investor in long-term infrastructure bonds. Two industrial corridors are planned, one in Bangalore-Chennai & the other in Mumbai-Bangalore sector which will create a fillip to the infrastructure sector.

2. Opportunities & Threats

Tarmat has been the pioneers in airport runway works and airside works. We have also been executing highways and roads.

India has about 33lacs km of roads the second largest in the world. Of this, 80,000 km are National Highways. The ministry of road transport and highways has decided to adopt the Engineering Procurement and Construction (EPC) mode for National Highways which are not viable on PPP basis. The 12th Five Year Plan envisages construction of 20,000 km of 2-lane National Highways projects through EPC mode.

In spite of this, the future is not bright as we foresee. Inflation at an alarming rate has created a situation where there is no margin on the projects. Inordinate delay occurs in obtaining clearance from the various government agencies. We are aware that some reputed infrastructure companies withdrew from National Highway projects due to delay in getting all clearances.

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

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