

TEXMACO INFRASTRUCTURE & HOLDINGS LTD.

Annual Report 2011-12





Contents

Corporate information	1
Report of the Directors	2
Report on Corporate Governance	7
Auditors' Report	19
Balance Sheet	22
Statement of Profit and Loss	23
Cash Flow Statement	24
Notes to Accounts	25
Consolidated Financial Statements	46



Corporate Information

Directors

Shri S. K. Poddar, Chairman
Shri Utsav Parekh
Shri Dipankar Chatterji
Shri Gautam Khaitan
Shri Akshay Poddar
Shri Hemant Kumar, Executive Director

Secretary

Shri Amit Dhanuka

Auditors

M/s. K. N. Gutgutia & Co., Kolkata

Bankers

State Bank of India

Registered Office

Belgharia, Kolkata 700 056

Corporate Office

Birla Lines,
G. T. Karnal Road,
Delhi - 110 007

Regional Offices

New Delhi
Mumbai
Chennai

Report of the Directors

Your Directors have pleasure in presenting the Seventy Second Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31st March, 2012.

Financial Results

Rs. in Lakhs

	2011-2012	2010-2011
Operating Profit (PBITD)	2,210.79	1,340.63
Less: Interest (Net)	(200.69)	(33.62)
Gross Profit (PBDT)	2,411.48	1,374.25
Less: Depreciation	299.21	312.98
Profit before Taxation	2,112.27	1,061.27
Provision for Taxation:		
Current Tax	270.00	210.00
Deferred Tax Liability/(Asset)	(50.33)	87.11
Income Tax for earlier years	–	3.36
Profit after Taxation	1,892.60	760.80
Add: Balance brought forward from previous year	6,098.15	5,785.16
	7,990.75	6,545.96
Appropriations		
Proposed Dividend on Equity Shares (Incl.Tax)	222.15	147.81
General Reserve	1,000.00	300.00
Balance Carried Forward	6,768.60	6,098.15
	7,990.75	6,545.96

Dividend

The Directors have pleasure in recommending payment of a dividend of 15% (Rs.0.15 per share) for the year ended 31st March, 2012.



THE MANAGEMENT DISCUSSION AND ANALYSIS

Renaming of the Company

Following the restructuring of Texmaco Limited post demerger of the Heavy Engineering and Steel Foundry businesses to Texmaco Rail & Engineering Ltd, the company is focussed on its core business of Real Estate Development, Hydro Power & other Infrastructure Development and Investments decided to re-name itself as “Texmaco Infrastructure & Holdings Ltd”. Govt. of India- Ministry of Corporate Affairs, Registrar of Companies, West Bengal has approved the change of name of the company and has issued Fresh Certificate of Incorporation consequent with change of Name dated 20th Feb, 2012.

Real Estate

In terms of the order of the Hon'ble Supreme Court of India, consequent upon the closure of erstwhile Birla Textiles, the company was required to surrender about 60% of its Industrial Land to DDA to keep it green. DDA at the meeting of its Screening Committee held on Feb 27, 2012 has decided the matter and has submitted the Area map showing the area to be surrendered and that to be retained in the Court of the Distt. Judge, Delhi who is nominated by the Hon'ble Supreme Court for executing its Order. It is expected that the process of land surrender will be completed shortly and thereafter the company can commence its efforts for development of its land in Delhi.

Mini Hydro Power Project

The company's 3 MW Mini Hydel Power Project located at Neora, District Darjeeling in the State of West Bengal evacuated 55.47 Lakh units of power in the year 2011 – 2012 against

48.95 Lakh units in the year 2010-11. The entire power generated was sold to the West Bengal State Electricity Board in terms of Power Selling Agreement entered into with them. The generation was lower than expected due to low availability of water in the lean season and excessive deposition of silt in the desilting chamber. The continued problem of high voltage transmission line of SEB and breakdown of MIV of Unit #3 were other bottlenecks. Adequate measures have been taken this year so as to achieve a higher generation.

The company has also started preliminary work on the development of Neora Stage II (6 MW) which is located a few kilometers upstream of the current plant.

New Hydro Power Project

Based on the experience gained in successfully implementing Neora Hydro Power Project, the Company is expanding its activities in Hydro Power Sector. The Company has participated in pre-qualification tender for projects namely ANS Stage-1 Hydro Electric Project (40MW) & Bichlari Hydro Electric Project (45MW) on 'BOOT' basis in Jammu Region of J & K. The pre-qualification bids are presently under evaluation and the Company is hopeful to qualify to submit the price bids.

The Company is also considering participation in tenders for setting up of Hydro Power Projects in Meghalaya and is exploring opportunities in other States also.

Human Relations

The Company continues to maintain its excellent record of human relations over the decades. Your Directors appreciate the commitment and dedication of its staff and officers.



Consolidated Financial Statements

In accordance with Accounting Standard 21 (Consolidated Financial Statements), the Group Accounts form part of this Report & Accounts. The Group Accounts also incorporate Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India. The Group Accounts have been prepared on the basis of audited financial statements received from the subsidiaries, as approved by their respective Boards.

Employees Stock Option Scheme (ESOS)

Details of Employees Stock Option granted pursuant to Employees Stock Option Scheme 2007 (ESOS 2007), as also the disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure 'A' to this Report. During the year, the Committee of Directors of the Company at its Meeting held on 21st October, 2011 has allotted 2,43,500 Equity Shares of the Company to its eligible employees, pursuant to exercise of 2,43,500 Options by the eligible employees under Texmaco Employees Stock Option Scheme, 2007 and consequently the Paid up Share Capital of the Company stands increased from Rs. 12,71,83,090/- to Rs. 12,74,26,590/- w.e.f 21st October, 2011. Under ESOS 2007, 3,75,000 Options were granted to the employees of the Company, out of which employees had exercised 2,43,500 Options and the Scheme thereafter, stands closed on the balance options having not exercised and surrendered by certain eligible employees.

Corporate Governance

A separate report on Corporate Governance pursuant to

Clause 49 of the Listing Agreement with the Stock Exchanges is attached as a separate Annexure and forms a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217(2AA) OF THE COMPANIES ACT, 1956

Your Directors state:

- (i) That in the preparation of the annual accounts, applicable accounting standards have been followed, along with proper explanations relating to material departures, and the Notes in the Auditors' Report in this regard are self-explanatory;
- (ii) That such accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- (iv) That the annual accounts have been prepared on a 'going concern' basis.

The SEBI's guidelines regarding Corporate Governance have been implemented by the Company. An Audit Committee of the Board and Shareholders' / Investors' Grievance and Share Transfer Committee have been constituted and are functioning in keeping with the given guidelines.

Green Initiative

Your Company has started a sustainability initiative with the aim of going green and minimizing the impact on environment. The Company has issued a notice dated 20th December, 2011 in respect of the same to the Shareholders to opt for paperless compliances i.e. receipt of Annual Reports, Notices and communications etc. through e-mails.

In order to conserve paper and minimize the impact in our environment, your Company is publishing only the Statutory disclosures in the print version of the Annual Report, prepared in compliance with the Section 219 of the Companies Act, 1956 and Clause 32 of the Listing Agreement. However full Annual Report is available on our website www.texinfra.in.

Particulars of Employees

The number of employees as at 31st March, 2012 was 28. There was no employee who was in receipt of remuneration

as required to be disclosed under Section 217(2A) of the Companies Act, 1956.

Directors

Shri Hemant Kumar, was appointed as an Additional Director w.e.f. 2nd September, 2011 by the Board.

Shri S. K. Poddar and Shri Akshay Poddar, Directors, retires by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Auditors

The Auditors, M/s. K.N. Gutgutia & Co. retire and are eligible for re-appointment.

For and on behalf of the Board

Place: Kolkata

Dated: 25th May, 2012

S.K. Poddar

Chairman

Enclosure to the Report of the Directors

Annexure – A Employees Stock Option Scheme (ESOS)

Disclosure in Compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

Sl. No	Nature of Disclosure	Particulars
a)	Option Granted	3,75,000
b)	The Pricing Formula	The exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceeding the date of grant and discounted it by 30%. Exercise Price : Rs 22.59 per option
c)	Option Vested	3,75,000
d)	Option exercised	2,43,500
e)	The total number of share arising as a result of excise of option	2,43,500
f)	Option lapsed	1,31,500
g)	Variation of terms of options	Nil
h)	Money realised by exercise of option	Rs. 55,00,665
i)	Total number of option in force	Nil
j)	Employee - wise details of option in force	N.A.
	i) Senior Management Personnel	
	ii) Any other employee who receives a grant in any one year of option amounting to 5 % or more of the option granted during the year	
	iii) Identified employees who were granted option, during any one year, equals to or exceeding 1% of the issued capital of the Company at the time of grant	
k)	Diluted Earning Per Share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Rs. 1.49
l)	Difference between the employees compensation cost computed using the intrinsic value of the stock options and the employees compensation cost that would have been recognised if the fair value of the option has been used. The impact of the difference on the profit and on the EPS of the Company	N.A.
m)	Weighted average exercise price and weighted average fair values of the option granted for option whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
n)	A description of the method and significant assumption used during the year to estimate the fair value of option, including the following weighted - average information	N.A.
	i) Risk free Interest rate (%)	
	ii) Expected life (No. of Years)	
	iii) Expected volatility (%)	
	iv) Dividend yield (%)	
	v) The price of the underlying share in market at the time of option granted	

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's philosophy on Code of Governance

The core values of the Company's Corporate Governance are transparency, professionalism, accountability, customer focus, teamwork, quality, fairness and social responsibility. Your Company is committed to fulfill these objectives and enhance the wealth generating capacity, keeping in mind long-term interest of the shareholders, employees and the society. The Company believes in adopting and adhering to the best Corporate Governance practices and continuously

benchmarking itself against the best practice in the industry.

2. Board of Directors

The Company's Board comprises Six Directors, represents the optimum mix of professionalism, knowledge, and experience. Half of the current strength of the Board is Independent Directors. The category of Directorship, number of meetings attended, attendance at the last AGM, Directorships in other Companies, number of Committees in which such Director is a member, are mentioned below :-

Name of Directors	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other Companies #	No. of Chairmanship/ Membership of Board/ Committees in other Companies	Chairman	Member
Shri S.K. Poddar	Chairman	4	Yes	12	1		1
Shri Hemant Kumar*	Executive Director	3	N.A.	0	0		0
Shri Akshay Poddar+	Non- Executive & Non-Independent	4	Yes	11	3		3
Shri Gautam Khaitan	Independent	1	No	11	3		3
Shri Utsav Parekh	Independent	3	No	6	0		4
Shri Dipankar Chatterji	Independent	3	Yes	6	2		2

* Appointed w.e.f. 2nd September, 2011.

+ Shri Akshay Poddar is the son of Shri S. K. Poddar.

excluding Private companies, Companies under Section 25 of the Companies Act, 1956 and Foreign Companies.

The Chairman does not have a separate office in the Company, and the Corporate Office of the Company supports the Chairman for discharging his responsibilities. None of the Directors of the Company is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he is a Director.

Five Board Meetings were held during the year 2011-2012 on the following dates:-

16th April, 2011 23rd May, 2011 22nd July, 2011 21st October, 2011 6th February, 2012

3. Audit Committee / Sub-committee

(a) Audit Committee

Terms of Reference and Composition

The terms of reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee comprises the following four Directors, and their attendance in the Committee Meetings is given alongside.

Name of Directors	No. of Meetings attended
Shri Utsav Parekh, Chairman	3
Shri Dipankar Chatterji, Member	2
Shri Gautam Khaitan, Member	2
Shri Akshay Poddar, Member	3

Four Audit Committee Meetings were held during the year 2011-2012 on the following dates:-

22nd May, 2011, 20th July, 2011, 21st October, 2011, 6th February, 2012

(b) Sub-Committee

The Sub-Committee comprises the following four Directors and

their attendance in the Committee Meeting is given alongside.

Name of Directors	No. of Meetings attended
Shri S. K. Poddar, Member	1
Shri Utsav Parekh, Member	1
Shri Dipankar Chatterji, Member	0
Shri Akshay Poddar, Member	0

Committee met for one time during the year on 21st October, 2011.

4. Remuneration of Directors

The Company has not set up a Remuneration Committee. The Remuneration of Executive Director is fixed by the Board of Directors / Sub-Committee of Directors. Non-Executive Directors are eligible for sitting fee and a commission not exceeding 1% of the net profit of the Company for each year, with a present ceiling of Rs.1,00,000/- each per annum. Directors are paid a sitting fee of Rs.20,000/- each for attending Board Meeting and Rs.10,000/- each for attending Committee / Sub-committee Meeting. The details of the payment made during the year 2011-12 are as follows.

i) Non- Executive Directors

Name of the Directors	Sitting fee for the year (Rs.)	Commission for the year (Rs.)	Total (Rs.)	No. of Shares held in the Company
Shri S. K. Poddar	90,000	1,00,000	1,90,000	27,39,257
Shri Utsav Parekh	1,10,000	1,00,000	2,10,000	Nil
Shri Dipankar Chatterji	80,000	1,00,000	1,80,000	Nil
Shri Gautam Khaitan	40,000	1,00,000	1,40,000	Nil
Shri Akshay Poddar	1,20,000	1,00,000	2,20,000	1,39,820