TEXMACO INFRASTRUCTURE & HOLDINGS LTD.

Annual Report 2016-17

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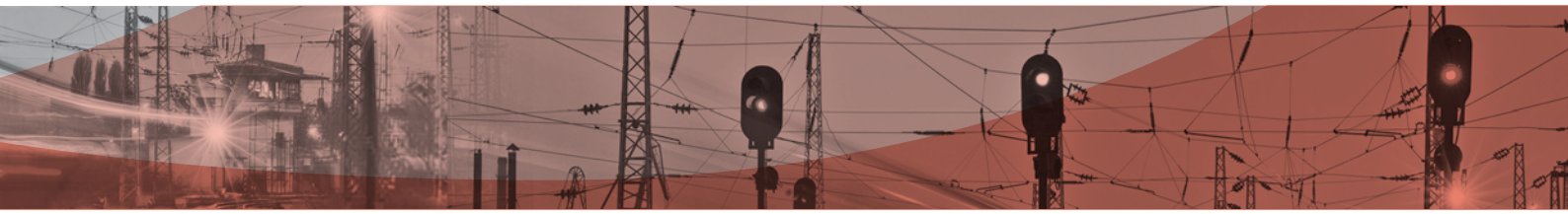

Corporate Information

Directors
Mr S. K. Poddar, *Chairman*
Mr Utsav Parekh
Mr Dipankar Chatterji
Mr S. K. Rungta
Mr D. R. Kaarthikeyan*
Mr Akshay Poddar
Ms Jyotsna Poddar
Mr N. Suresh Krishnan^
Mr Hemant Kumar$

Manager
Mr Akshay Tandon^

CFO
Mr Kishor Kumar Rajgaria

Company Secretary
Mr Pratik Modi

Auditors
Messrs K. N. Gutgutia & Co.
Kolkata

Bankers
State Bank of India

Registered Office
Belgharia, Kolkata 700 056
Phone: (033) 2569 1500
Fax: (033) 2541 2448
Website: www.texinfra.in
Email: texinfra_cs@texmaco.in

Corporate Office
Birla Lines, G. T. Karnal Road,
Delhi - 110 007
Phone: (011) 2382 0205

CIN: L70101WB1939PLC009800

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* *Appointed w.e.f. 25th July 2016.*
^ *Appointed w.e.f. 1st October 2016.*
$ *Retired w.e.f. 30th September 2016.*

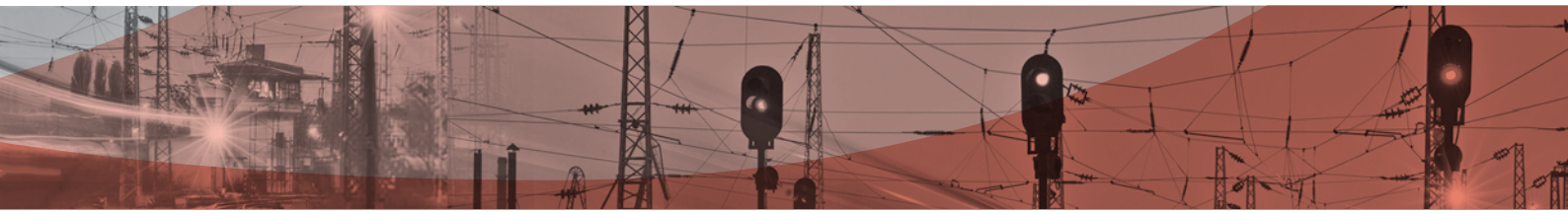
Report of the Directors

Your Directors have pleasure in presenting the 77th Annual Report along with the Audited Financial Statements of the Company for the year ended 31st March 2017.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	2016-17	2015-16
Operating Profit (PBIDT)	**1,173.05**	**1,489.34**
Less: Interest (Net)	(687.04)	(509.72)
Gross Profit (PBDT)	**1,860.09**	**1,891.36**
Less: Depreciation	253.44	250.40
Profit before Taxation	**1,606.65**	**1,748.66**
Less: Provision for Taxation:		
Current Tax	335.00	375.00
Deferred Tax Liability / (Asset)	196.97	(344.82)
Income Tax for earlier year	-	-
Profit after Taxation	**1,468.62**	**1,718.48**
Add: Balance brought forward from previous year	14,510.94	13,222.51
	15,979.56	**14,940.99**
Appropriations		
Proposed Dividend on Equity Shares (Incl. Tax)	306.73	230.05
General Reserve	200.00	200.00
Balance Carried Forward	15,472.83	14,510.94



Dividend

Your Directors have pleasure in recommending payment of dividend of 20% i.e. ₹0.20 per Equity Shares of the face value of ₹1 each for the year ended 31st March 2017.

THE MANAGEMENT DISCUSSION AND ANALYSIS

Your Company continues to derive its major income from the leased properties, income from strategic investments and operations of a Mini Hydro Power Unit in District Darjeeling, West Bengal.

Real Estate

Following surrender of land to DDA as per the orders of the Delhi District Judge and physical demarcation of the land retained by DDA, the Company had commenced planning for development of the retained land parcel.

Your Company has also finalised the appointment of International firm of repute as the Concept Architect and a reputed Local Architect of Delhi NCR, as the Project Architect for the project in Delhi.

Your Company has since initiated the process of appointment of Project Management Consultants (PMC) and Environment Impact Assessment (EIA) Consultants

The conversion of land use (CLU) from Industrial to Residential is yet to be notified by the regulator and the same is awaited.

Mini Hydro Power Project

Your Company's 3 MW Mini Hydel Power Project located on the river Neora, District Darjeeling in the State of West Bengal has recorded an evacuation of 9.56 MU units (Net) lakhs units of power for the period April 2016 - March 2017, highest since inception of the plant. For the previous year, it had evacuated 89.8 MU units. The gross generation for the year 10.5 million units.

In view of continued uncertainty regarding clearance of forest land, the Management has kept the project in abeyance. It will be reconsidered in case clear indication from the Government regarding clearance of forest land is received.

Your Company is also looking for other potential Mini Hydro Power Projects ranging 5 to 10 MW.

Others

Your Company's property at Gurgaon has yielded satisfactory returns, though for a part of the year, it was not fully leased out. The Company's dividend income was lower during the year due to general poor performance of the corporates.

Human Relations

Your 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.

Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, a Corporate Social Responsibility Committee has been constituted in the year 2014 by the Board of Directors of the Company. The composition of the Corporate Social Responsibility Committee is provided in the Report on Corporate Governance as attached to the Directors' Report.

The Company places utmost importance to CSR activities and have initiated a series of CSR programmes specially on education and general well-being of society at large. It however, could not spend the requisite amount as prescribed under Section 135 of the Companies Act, 2013 towards CSR activities as the projects undertaken by the Company were in the process of being stabilised. The Company had spent ₹15.63 lakhs out of ₹26.96 lakhs towards CSR expenditure. The Annual Report on CSR activities is enclosed as **Annexure A**.

As required under Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the report on CSR is enclosed as **Annexure A**.

Consolidated Financial Statements

In accordance with the Accounting Standard 21 (Consolidated Financial Statement), the Group Accounts forms part of this Report & Accounts. The Group Accounts also incorporates 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.

Green Initiative

Your Company has started a sustainability initiative with the aim of going green and minimising the impact on environment.

Your Company has already started sending Annual Report, Notices, etc., through e-mails to the Shareholders, whose e-mail IDs are registered with their Depository Participants. In case Shareholder wishes to receive a printed copy, they may please send a request to the Company, after which a printed copy of the Annual Report will be sent. Members are requested to support this initiative by registering / updating their e-mail IDs for receiving Annual Report, Notices, etc., through e-mail.

Particulars of Employees

The number of employees as at 31st March 2017 was 33. In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided as **Annexure B**.

The disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure C.**

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Meetings of the Board:

During the year under review, five Board Meetings were held on 30th May 2016, 25th July 2016, 3rd September 2016, 27th October 2016 and 30th January 2017.

Change in Directors and Key Managerial Personnel:

Mr Akshay Poddar, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. The Board has recommended his re-appointment.

Messrs D. R. Kaarthikeyan and N. Suresh Krishnan were appointed as an Additional Independent Director w.e.f. 25th July 2016 and Non - executive Director w.e.f. 1st October 2016, respectively.

During the year, Mr Akshay Tandon was appointed as a Manager, Chief Executive Officer (RE-Division) of the Company w.e.f. 1st October 2016.

During the year, Mr Hemant Kumar, Executive Director retired from the services of the Company w.e.f. 30th September 2016.

Board Evaluation

Your Company has formulated a Policy for performance evaluation of Independent Directors, Board, Committees and other Directors by fixing certain criteria which was approved by the Nomination and Remuneration Committee and adopted by the Board. The criteria for the evaluation include their functioning as Members of Board or Committees of the Directors. A structured questionnaire, evolved through discussions within the Board, has been used for this purpose. Further on the basis of recommendations of the Nomination and Remuneration Committee and the performance review by Independent Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

Appointment of Directors and Remuneration Policy

The Nomination and Remuneration Committee has approved the criteria to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, governance, education and public service.

Based on the recommendations of the Nomination and Remuneration Committee, the Board has approved the Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company.

The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against set of objectives. A copy of the policy is enclosed as **Annexure D.**

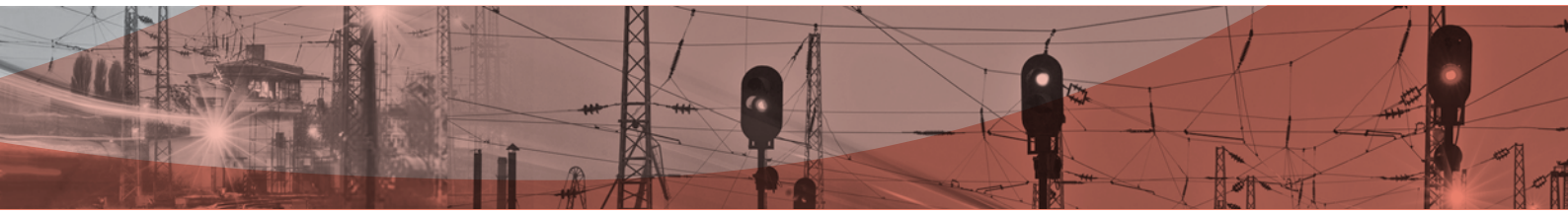
Declaration by Independent Directors

All Independent Directors of your Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE AND AUDITORS

Composition of Audit Committee

The composition of the Audit Committee is provided in the Report on Corporate Governance as attached to the Directors' Report.



Statutory Auditors

Messrs K. N. Gutgutia & Co., Chartered Accountants, the present Statutory Auditors of the Company, have completed their tenure and also an additional period of 3 years as stipulated under Section 139 of the Companies Act, 2013. Messrs K. N. Gugutia & Co. will thus be holding the office of the Statutory Auditors up to the conclusion of the forthcoming Annual General Meeting. The Board of Directors of the Company is therefore proposing to appoint Messrs G.P. Agarwal & Co., Chartered Accountants, as Statutory Auditors for a period of 5 years commencing from the conclusion of the 77th Annual General Meeting till the conclusion of the 82nd Annual General Meeting. Messrs G.P. Agarwal & Co. have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. The Audit Committee and the Board of Directors recommend the appointment of Messrs G.P. Agarwal & Co., Chartered Accountants as Statutory Auditors of the Company.

The Board places on record its appreciation for the contribution of Messrs K. N. Gugutia & Co., Chartered Accountants, during their tenure as the Statutory Auditors of your Company.

Cost Auditors

Your Company has appointed Messrs DGM & Associates, Cost Accountants, for conducting the Cost Audit for FY 2017-18 in terms of the provisions of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014 issued by the Ministry of Corporate Affairs.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Messrs S. R. & Associates, Company Secretaries, as Secretarial Auditor, to conduct the Secretarial Audit of the Company for the FY 2016-17.

The Secretarial Audit Report is enclosed as **Annexure E**.

Whistle Blower Policy

The details of the Whistle Blower Policy are provided in the Report on Corporate Governance as attached to the Directors' Report.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

Your Company has a proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly, and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. The system is commensurate with the size and the nature of operations of the Company.

The Audit Committee regularly reviews the internal control system to ensure that it remains effective and aligned with the business requirements.

The Risk Policy document, as approved by the Board of Directors has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external, and a detailed process for evaluation and treatment of risks.

The Audit Committee also evaluates the risk management system. The objectives of the Audit Committee pertaining to the Risk Management is to monitor and review the risk management plan for the Company including identification therein of elements of risks, if any, and such other related functions.

DISCLOSURES

(a) There has been no change in the nature of business of the Company during the year under review.

(b) There are no significant and material orders passed by the Regulators/ Courts that would impact the going concern status of the Company and its future operations.

(c) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year and the date of this Report.

(d) **Deposits:**

During the year, the Company has not accepted any Deposits under the Companies Act , 2013.

(e) **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013.**

No complaints pertaining to sexual harassment were received during FY 2016-17.

OTHER INFORMATION

Corporate Governance

A separate report on Corporate Governance pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges is attached as **Annexure - F** and forms a part of this Report.

Particulars of Loans, Guarantees and Investments

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the Note nos. 1.03, 1.08, 1.02 and 1.32 respectively to the Financial Statements of the Company.

Extract of Annual Return

The extract of Annual Return in Form no. MGT - 9 as on the financial year ended 31st March 2017 is enclosed as **Annexure - G.**

Related Party Transactions

All related party transactions during the financial year were entered in the ordinary course of business and on arm's length basis. All related party transactions are approved by the Audit Committee and Board of Directors. There were no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel which may have a potential conflict of interest with the Company at large and as such disclosure in Form AOC-2 is not required.

Your Company has also formulated a policy on dealing with Related Party transactions and the same is disclosed on the Company's website. The web link for accessing such policy is http://texinfra.in/related_party_transactions_policy.pdf

DIRECTORS' RESPONSIBILITY STATEMENT U/S 134 (5) OF THE COMPANIES ACT, 2013

Your Directors state:

(a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) that such accounting policies are applied consistently and the judgments and estimates made 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 and loss of the company for that period;

(c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts of the Company have been prepared on a going concern basis;

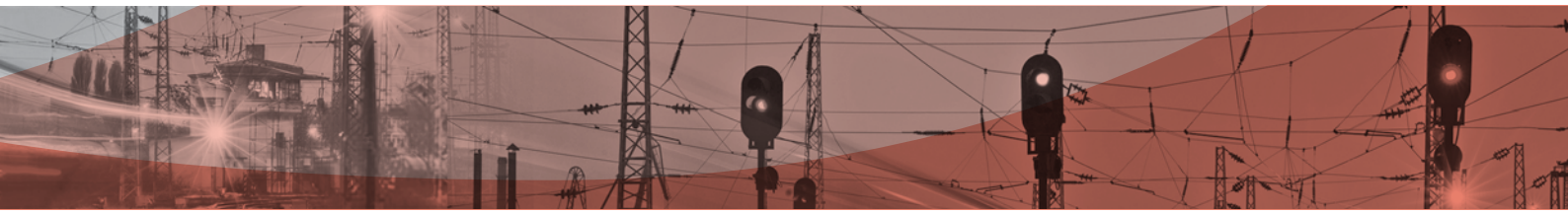
(e) that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

For and on behalf of the Board

Place: Kolkata
Dated: 22nd May 2017

S. K. Poddar
Chairman



ANNEXURE - A

Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   Our projects and initiatives are guided by our CSR Policy, and reviewed closely by the CSR Committee institutionalized and adopted by the Board of Directors as per the Section 135 of Companies Act, 2013. The policy is available on the website of the Company www.texinfra.in

   Driven by passion to make a difference to the society, the Company is committed to upholding the highest standards of corporate social responsibility. The Company has continued its progress on community initiatives with renewed vigour and devotion.

2. **The Composition of the CSR committee**

   a) Mr N. Suresh Krishnan Chairman

   b) Mr Utsav Parekh Member

   c) Mr Dipankar Chatterji Member

3. **Average net Profits of the Company for the last three financial years**

   Average profit (₹ in lakhs) ₹ 1,347.83

4. **Prescribed CSR expenditure**

   2% of the net profit (₹ in lakhs) ₹ 26.96

5. **Details of CSR spent during the year :**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakhs)	Amount spent on the projects or programs		Amount spent: Direct or through implementing agency
					1) Direct expenditure on projects or Programs (₹ In Lakhs)	2) Overheads	
1	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects	Education	Local Area	26.96	15.63	-	Direct

6. **In case the Company has failed to spend the 2% of the average net profit of the last 3 years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's Report:**

   The reason for not spending towards CSR activities have been provided in the Directors' Report.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and the Policy of the Company:**

   The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in line with the CSR objectives and Policy of the Company.

S. K. Poddar
Chairman

N. Suresh Krishnan
Chairman of the Committee

ANNEXURE-B

Particulars of employees under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report

Name	Designation	Age (Years)	Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Top Ten Employees in terms of the Remuneration drawn during the year including the employees who were in receipt of remuneration aggregating ₹1,02,00,000 or more for the year/₹8,50,000 or more per month for the part of the year.							
1. Kumar Hemant	Executive Director	78	51,61,065	B. Sc Engg., PG Diploma	55	01-06-1991	Texmaco Limited
2. Tandon Akshay	CEO	41	30,44,000	MBA	20	01-10-2016	Zuari Investment Limited
3. Rajgaria Kishore Kumar	CFO	49	30,44,000	FCA, FCS & FCMA	24	01-08-2015	Hindustan Engineering & Industries Limited
4. Jain Lokendra Kumar	AVP	64	16,12,828	Msc, MBA	40	18-05-2011	Ruia Group
5. Singh Mahipal	Security – Manager	67	7,15,107	LLB	50	15-04-2013	Retired from Delhi Police
6. Singh Garima	DY Project Architect	29	9,90,139	B.ARCH, MBEM	5	18-01-2016	Cushman & Wakefield India Pvt. Ltd.
7. Gupta Ratan Lal	Manager - Commercial	79	11,19,398	MBA	54	01-06-1962	N.A.
8. Shyam Radhe	GM Legal	59	13,95,547	LLB	35	25-10-1995	Usha Martin
9. Samavedan Giri	AVP Projects	37	20,09,847	Ms in Civil Engineering	11	27-06-2016	AECOM India
10. Gambhir Raj Kumar	Chief Manager – Account & Finance	42	12,44,981	CA	15	08-08-2016	Ansal Properties & Infrastructure

***Notes*:**

1. *Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund, Superannuation Fund, etc., as per the Company's rules;*
2. *Employees named above are Wholetime/ contractual employees of the Company;*
3. *Other terms and conditions are as per the Company's rules.*