

Textual information (1)

Disclosure in board of directors report explanatory [Text Block]

DIRECTORS' REPORT

To, The Members of Patel Holdings Limited,

Mumbai

Your Directors are pleased to present the 32nd Annual Report of your Company for the year ended 31st March, 2017. **FINANCIAL RESULTS**
The financial results of the Company for the year under review are summarized below:

	Amount (Rs. in lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit/ (Loss) before Interest, Depreciation and Tax	101.02	92.30
Less: Interest	15.73	2.33
Profit / (Loss) before Depreciation and Tax	85.29	89.97
Less: Depreciation	8.32	9.09
Net Profit / (loss) before tax	76.97	80.88
Less: Provision for Tax	22.00	25.00
Add: Short/ (Excess) Provision of		
Income Tax for earlier years	(0.31)	-
Profit / (Loss) after Tax	55.28	55.88
Add: Balance of profit / (loss) brought forward	104.32	85.79
Profit available for appropriation	159.60	141.67
APPROPRIATIONS:		
Part Redemption of 10% Non-Cumulative Redeemable Preference Shares	2.86	-
Proposed Dividend	30.77	31.00
Tax on Proposed Dividend	6.27	6.35
Surplus carried to Balance Sheet	119.70	104.32

FINANCIAL PERFORMANCE REVIEW

Profit before Interest, Depreciation and Tax was Rs. 101.02 Lacs compared to previous year Rs. 92.30 lacs. The Company has earned operational income of Rs. 143.79 Lacs compared to previous year Rs. 142.46 Lacs.

DIVIDEND:

After due consideration of profitability of the Company, the Board of Directors have recommended a dividend of 2% on the Equity Capital of the Company after payment of dividend to 10% Non-Cumulative Redeemable Preference Shares. It is company's ninth consecutive year of declaring dividend which shows the stability and strength of the Company.

TRANSFER TO RESERVES:

No amount has been transferred to General Reserves during the year.

FUTURE PLANS:

Existing business activities:

Patel Holdings Limited (PHL) is currently engaged in:

Deploying of funds in Corporate Paper. Leasing of Premises. Investment in Shares.

The Company has extended finance to Corporates against security of property. Further the Company has leased out the immovable property held by it on lease and is deriving rental income for the same. The Company has also invested in shares of various listed companies on long term basis.

Application for NBFC License:

PHL has applied to the Reserve Bank of India for NBFC (Non-Deposit taking Company) license and is awaiting the approval. It proposes to re-model its business on receipt of NBFC (Non-deposit accepting) license and will concentrate on retail financing in tier II and tier III cities of India to mitigate the needs of small consumers deprived of easy access to cheap finance.

PHL will play a crucial role in broadening access to Real Estate services, enhancing competition and diversification of the sector. It will also provide access to basic financial services to poor people and attempt to fill the vacuum left between the mainstream commercial banks and money lenders.

Land Development at Bangalore:

The Company also intends to develop its land at Bangalore. The Company has applied with Bangalore Development Authority for obtaining necessary clearances prior to development of residential project thereon. PHL intends to enter into a JV Contract with a suitable local partner to enhance the value of the project and is currently in the process of evaluating the proposals from local developers.

The Company has reworked its growth plans for the upcoming years

FIXED DEPOSITS:

The Company has not received any deposits during the year under review.

SHARE CAPITAL

The Company has not issued any new shares during the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONEL:

Mr. Asgar Shakoor Patel retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as the Director of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the notes to the Financial Statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has not developed and implemented any Corporate Social Responsibility initiatives as provisions of Section 135 of the Companies Act, 2013 concerning Corporate Social Responsibility alongwith the Rules thereunder are not applicable to the Company during the year under review.

VIGIL MECHANISM:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company during the year under review.

RISK MANAGEMENT:

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size and the nature of its business with regards to purchase of fixed assets and sale of services.

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE:

The Company does not have any Subsidiary or Associate or Joint Venture Company as on date of this report. Therefore separate section for report on the performance and financial position of subsidiaries, associates and joint venture companies is not required to present.

BOARD MEETINGS:

The Company had seven Board meetings during the financial year under review. The meetings were held on 04.04.2016, 03.06.2016, 10.06.2016, 11.07.2016, 12.09.2016, 11.11.2016, and 28.02.2017. The maximum gap between two meetings did not exceed 120 days.

INDEPENDENT DIRECTORS MEETING:

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013, a meeting of the Independent Directors of the Company was held on 28.02.2017, without the attendance of Non-Independent Directors and members of the management.

PERFORMANCE EVALUATION:

The Nomination and Remuneration Committee has laid down criteria for Performance evaluation of Board of Directors. Accordingly the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its other Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as Ethics and Values, Knowledge and Proficiency, Diligence at meetings, Behavioral and strategic traits etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors after taking into views of executive director. The Directors expressed their satisfaction with the evaluation process.

COMMITTEES OF THE BOARD OF DIRECTORS:**(A) AUDIT COMMITTEE:**

The Company has an Audit Committee as required under the provisions of section 177 of the Companies Act, 2013. The Committee is headed by Mr. Umesh Gosar as the Chairman and has Mrs. Aprajita Singh and Mr. Prafulla Kumar Shrivastava as the other members.

The Audit Committee met three times during the financial year ended 31st March, 2017 on 03.06.2016, 11.07.2016 and 11.11.2016. Following are the members of the Audit Committee as on 31st March, 2017:

Mr. Umesh Gosar Chairman

Mrs. Aprajita Singh Member

Mr. Prafulla Kumar Shrivastava Member

The terms of reference of the Audit Committee pursuant to Section 177 of the Companies Act, 2013, includes:

- i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii) Review and monitor the auditors independence and performance, and effectiveness of audit process;
- iii) Examination of the financial statement and the auditors report thereon;
- iv) Approval or any subsequent modification of transactions of the company with related parties scrutiny of inter-corporate loans and investments;
- v) Valuation of undertakings or assets of the company, wherever it is necessary;
- vi) Evaluation of internal financial controls and risk management systems;
- vii) Monitoring the end use of funds raised through public offers and related matters

(B) NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee is headed by Mr. Umesh Gosar as the Chairman and has Mrs. Aprajita Singh and Mr. Prafulla Kumar Shrivastava as the other members.

During the year, the Remuneration Committee met one time on 11.11.2016. The role of the Committee includes monitoring:

1. Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks
3. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

AUDITORS AND AUDITORS REPORT:

At the 29th AGM of your Company, M/s M S P & Co., Chartered Accountants, Mumbai, (Firm Registration No. 107565W) were appointed as the Auditors to hold office till the conclusion of the 32nd AGM of your Company.

The Board of Directors have, at their meeting held on 12th July, 2017, recommended the appointment of M/s. N H S & Associates, Chartered Accountants, Mumbai (Reg. No. 112429W) as the Statutory Auditor of the Company in place of M/s. M S P & Co. to hold office from the conclusion of this AGM until the conclusion of the 37th AGM of the Company, subject to ratification by the Members at every AGM till the 37th AGM.

Your Company has received written consent and a certificate stating that M/s. N H S & Associates satisfy the criteria provided under Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules issued thereunder.

The Auditors Report for the financial year 2016-17, does not contain any qualification, reservation or adverse remark.

RELATED PARTY TRANSACTIONS:

All related party transactions referred to in section 188(1) of the Companies Act 2013 that were entered into during the financial year were on an arms length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Hence there is no information to be provided in Form No. AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

Apart from receiving remuneration by executive directors and sitting fees by Non executive directors, none of the Directors has any pecuniary relationships or transactions vis-?is the Company.

Your Directors draw attention of the members to Note 24 to the financial statement which sets out related party disclosure.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure [I] to this Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

During the year ended 31st March, 2017, there were no cases filed/ reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or Outflow during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors would like to inform the Members that the Audited Accounts for the financial year ended 31st March, 2017 are in full conformity with the requirement of the Companies Act, 2013.

In terms of Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representation received from the Operating Management, confirm that:

(A) in the preparation of the annual accounts, for the year ended March 31, 2017, the applicable accounting standards and Schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;

(B) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2017 and of the profits of the Company for the financial year ended 31st March 2017;

(C) the proper and sufficient care has 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) the Directors have prepared the Annual Accounts of the Company on a going concern basis;
- (E) the Company has proper internal financial controls in place;
- (F) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DISCLOSURES:

- a) Corporate Governance: The Company, being not a listed company, is not required to attach the Corporate Governance Report to the Annual Report of the Company as required under Listing Obligations and Disclosure Requirements.
- b) No material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year of the Company i.e. 31st March, 2017 and the date of this report.
- c) No significant and material orders were passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.

APPRECIATION: Your Directors wish to place on record their warm appreciation, for the timely assistance and support extended to your Company by the Bankers and employees.

For and on behalf of the Board

For PATEL HOLDINGS LIMITED



SYED K. HUSAIN

PRAFULLA KUMAR SHRIVASTAVA

WHOLE-TIME DIRECTOR

DIRECTOR

DIN: 03010306

DIN: 02100748

Registered Office

'Natasha', 52 Hill Road,

Bandra (West),

Mumbai 400 050