

**3rd** ANNUAL REPORT  
**2010-2011**



## CORPORATE INFORMATION

<b>Board of Directors</b> 1. Mr. Sanjay Agrawal – Chairman and Managing Director 2. Mr. Vijay Prasad Pappu – Whole Time Director 3. Mr. Shanti Lal Badera – Non Executive Independent Director 4. Mr. Sunil Kumar Maheshwari – Non Executive Independent Director 5. Mr. Chakradhar Bharat Chhaya– Non Executive Independent Director	<b>Committees of Directors</b> <b>Audit Committee</b> 1. Mr. Sunil Kumar Maheshwari – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Chakradhar Bharat Chhaya – Member 4. Mr. Vijay Prasad Pappu – Member  <b>Remuneration Committee</b> 1. Mr. Chakradhar Bharat Chhaya – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Sunil Kumar Maheshwari – Member  <b>Shareholders' / Investors' Grievance Committee</b> 1. Mr. Chakradhar Bharat Chhaya – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Sanjay Agrawal – Member
<b>Company Secretary &amp; Compliance Officer</b> Mr. Akhilesh Gupta	<b>Corporate Identification Number :</b> L25200MP2008PLC020852
<b>Registered Office</b> 98, Bahadarpur Road, Burhanpur (M.P.)	<b>Corporate Office</b> 98, Bahadarpur Road, Burhanpur (M.P.)
<b>Bankers</b> State Bank of India IDBI Bank Axis Bank HDFC Bank Bank of India	<b>Auditors</b>  Pankaj Somaiya & Associates  Chartered Accountants
<b>Share transfer agent</b> Karvy Computershare private limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500034	

# INDEX

S. No.	PARTICULARS	PAGE
1	Chairman Message	1
2	Notice of AGM	2
3	Directors' Report	6
4	Corporate Governance Report	13
5	Management Discussion and Analysis	30
6	Auditors' Report	33
7	Balance Sheet	37
8	Profit and Loss Account	38
9	Cash Flow	39
10	Schedules	41
11	Notes to Accounts	50
12	Balance Sheet Abstracts	57
13	Proxy form & Admission Slip	58

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## CHAIRMAN'S MESSAGE



Dear Share Holders,

First of all, I express my sincere gratitude to all the members of this organisation for their co-operation and having faith & trust in me. I am happy to inform you that your company has achieved the growth of 63 % over the previous year and will continue this trend with all sincerity in the current year as well. The company's turnover has increased to the tune of 134 crores which shows that the market has well accepted our quality products. our mission is to expand geographical reach by introducing new & innovative products.

Dear Friends, a year has passed very rapidly, leaving a great impact on the activities of your company. You will be happy to observe that after the successful launch of public issue, the company has come up with G.D.R (Global Depositary Receipt) issue by listing at Luxembourg Stock Exchange. During the year 2010-11 company has also started manufacturing Plumbing, Agri & SWR moulded fittings with the Brand name "TEXMO".

You will appreciate that company is shortly going to manufacture CPVC Pipes & Fittings. This product i.e. Chlorinated Polyvinyl Chlorine Pipe and its accessories are manufactured with a very special type of chemical/material which are used for special applications mostly in industries, in transportation of chemical and gases and residential building/office complexes. This product is having a speciality that it sustains at + - temperature of 100<sup>o</sup> c and pipes are disinfected, non toxic & bacteria free. Thus it has very excellent scope in the market.

It is very unfortunate to inform you that a miserable accident of severe fire occurred during the year that has caused a great loss to the company but the stock & building were fully insured, So the company will overcome this grave hardship.

Last but not the least, I sincerely thank you on behalf of the company for your support. None of the above would have been possible without the enthusiastic efforts & support of all my Board members, Suppliers, Customers, Bankers, various Governments - semi government organisations, employees & Fellow shareholders.

I assure you that the company will witness a tremendous growth with a positive financial impact in near future. Once again, I express my gratitude towards all for imposing great deal of faith & confidence in me and hope the same will be continued in future also.

With Best Wishes  
**Sanjay Agrawal**  
(Chairman)

## CORRIGENDUM TO ERRATA

Corrigendum to Errata in the Notice calling the Third Annual General Meeting of the company to be held dated 28th September, 2011 for the year ended 2010-2011

Dear Shareholders,

Due to some inadvertent printing omissions in the Notice calling the Third Annual General Meeting this corrigendum Notice has been re circulated to all the Members concerned you requested to consider this revised notice of the Third Annual General Meeting instead of the original notice attached with the Annual report 2010-2011 of the Company.

Place : Burhanpur  
Date : 30.08.2011

For : Texmo Pipes and Products Limited  
Sd/-  
**Sanjay Agrawal**  
Chairman

## REVISED NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the members of the Company will be held on Wednesday 28th September, 2011 at 98, Bahadarpur Road, Burhanpur (M.P.) at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss account for the period ended 31st March, 2011 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Chakradhar Bharat Chhaya** who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration. The retiring auditor M/s Pankaj Somaiya and Associates are eligible for reappointment.

### SPECIAL BUSINESS:

#### 4. CONFIRMATION AS A REGULAR DIRECTOR OF MR. SUNIL KUMAR MAHESHWARI

To consider and if thought fit to pass with or without modification (s) the following resolution as an Ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, and subject to the approval of shareholders in general meeting, Mr. Sunil Kumar Maheshwari who was appointed as an Additional Director w.e.f. 22th November 2010 in the meeting of the Board of Directors held on 12th November 2010 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation."

**"RESOLVED FURTHER THAT** Shri Sanjay Agrawal, Managing Director be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

#### 5. APPROVAL UNDER SECTION 293(1)(a)

To consider and if thought fit to pass with or without modification (s) the following resolution as an Ordinary resolution:

**"RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for



the time being in force), to the Board of Directors to mortgage and/or charge to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any of the movable and/or immovable, tangible and/or intangible properties of the Company, both present and future and/or the whole or any part of the undertaking (s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender (s), agent (s), trustee (s) for securing the borrowings of the Company to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued /to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on pre-payment, remuneration of agent(s)/ trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/ fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed(s) or any other document entered into/to be entered into between the Company and the lender(s)/agent(s)/trustee(s), in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/ agent(s)/trustee(s)."

**6. RECOMMENDATION FOR REVISION AND INCREASE OF REMUNERATION PAYABLE TO MR. SANJAY AGRAWAL, MANAGING DIRECTOR**

To consider and if thought fit to pass with or without modification (s) the following resolution as a special resolution:

**"RESOLVED THAT** in terms of provisions of Sections 198, 269, 302, 309, 310, 311 read with provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force) be and is hereby accorded for revision and increase in the remuneration of Mr. Sanjay Agrawal, Managing Director of the Company to Rs. 6.00 Lacs per month w.e.f. 1st October 2011 for the remaining tenure of his appointment and other term and conditions recommended by the Board of Director in their meeting held on **11, August, 2011** and set out in the draft agreement to be entered into by the Company with him, and submitted to this meeting and initialled for the purpose of identification by the chairman.

**RESOLVED FURTHER THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Mr. Sanjay Agrawal shall be the remuneration payable to him in terms of provisions of Schedule XIII to the Companies Act, 1956;

**"RESOLVED FURTHER THAT** Mr. Vijay Prasad Pappu, Director be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

Place: Burhanpur  
Date: 16th August, 2011

**BY ORDER OF THE BOARD**  
**Sanjay Agrawal**  
Chairman

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR THE HOLDING THE MEETING.
2. Members/ Proxies are requested to bring along with then Annual Reports being sent to them and should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
3. The Share Transfer Book and Register of Members of the Company will remain closed from 24th September 2011 to 28th September, 2011.
4. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
5. The Register of Director's Shareholding maintained under section 307 of the Companies Act, 1956, will be available for inspection at the venue to the Annual General Meeting of the company during the Annual

General Meeting. The Register of Director's Share Holding is also available for inspection of the members at the registered office of the company, fourteen days before and three days after, the date of the Annual General Meeting of the Company.

6. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/investors having their depository account. The ISIN No. For the Equity Shares of the Company is INE141K01013. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

Item No. 1 and 3 –are self explanatory and do not require any explanation.

**Item No. 2 - Brief profile of director, who retires by rotation and offers himself for reappointment.**

**Mr. Chakradhar Bharat Chhaya**

Mr. Chakradhar Bharat Chhaya, aged 67 years is Non Executive Independent Director of the company and has more than 44 years experience in the field of Banking and Finance.

He completed his Bachelor of Commerce from University of Bombay in the year 1963. He is Fellow of Institute of Cost and Work Accountants of India. He is also a CAIIB (Certified Associate of Banker).

He began his career in the year 1964 with Bank of Baroda. He worked at various positions before retiring as Managing Director of BOBCARDS Limited, a subsidiary of Bank of Baroda in 2003.

At present, he is practising Cost Accountant and undertakes cooperates and NBFC advisory assignment.

He is a member of Audit Committee, Remuneration Committee and Shareholder' / Investors' Grievance Handling Committee of the Company.

Directorship / Committee membership in other public companies (excluding foreign companies and section 25 companies) : Directorship : 3 Committee membership : 3

Mr. Chhaya does not hold any share of the company.

The Board commends at the item no. 2 of the Notice for approval of the members.

None of the Directors except Mr. Chhaya, is interested in the above resolution.

**As Special Business**

**ITEM NO. 4 –**

Mr. Sunil Maheshwari was appointed by the Board at their meeting held on 12.11.2010 as an additional Director of the Company w.e.f. 22.11.2010 and categorised as an Independent Director pursuant to clause 49 of the Listing Agreement and holds the office upto the date of the ensuing Annual General Meeting, pursuant to the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

Shri Sunil Maheshwari is a Chartered Accountant in practice and has independently handled audit and tax work of corporate assesses, firms and individuals. He has rich experience in all financial matters concerning corporate and non-corporate entities.

Notice under Section 257 of the said Act has been received from a member along with the require fee of Rs.500/- by way of cash signifying his intention to propose the name of Mr. Sunil Maheshwari, for appointment as a Director of the Company.

None of the Directors except Shri Sunil Maheshwari is interested in the resolution.

The Board of Directors recommends the resolution for approval of the shareholders.

**ITEM NO. 5-**

The future borrowings by the Company may, in general, be required to be secured by suitable mortgage or charge on all or any of the movable and/or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The proposed borrowings of the Company may, if necessary, be secured by way of charge/mortgage/hypothecation on the Company's movable and/or immovable properties in favour of the lender(s)/agent(s)/trustee(s) as mentioned in the Resolution at Item No.5. As the documents to be executed between the lender(s)/agent(s)/trustee(s) for securing the borrowings by the Company may contain the power to take over the management of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of charges/mortgages/hypothecations for an amount not exceeding the borrowing limit approved under Section 293(1)(d) of the Companies Act, 1956 as approved by the shareholders at their Extra-ordinary General Meeting held on 28th October, 2010.

The Board of Directors recommend passing of the Ordinary Resolution set out in Item No.5 of the accompanying Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**ITEM NO. 6-**

Having regards to the increasing complexities in the business and whole time devotion towards the growth of the company, the Board is of the view that the remuneration of Mr. Sanjay Agrawal, Managing Director of the Company, should be increased and revised.

In consideration of the recommendation of the Remuneration Committee of the Board of Directors had by a resolution passed on 11.08.2011 increase remuneration payable to Mr. Sanjay Agrawal, Managing Director of the Company with effect from 01.10.2011. In terms of the provision of the Companies Act, 1956, approval of the members is being required to increase and revise the remuneration by way of Special Resolution.

Particulars of Mr. Sanjay Agrawal is as under -

Name	Mr. Sanjay Agrawal
Age	47 yrs
Education/ University (Main Degree)	B. Com, LL.B., MBA Marketing.
Experience	More than 21 years
Present service/occupation	Business

The terms of remuneration of Mr. Sanjay Agrawal inter alia contain the following principal terms and conditions:

**SALARY:** Rs. 6,00,000/- (Rupees Six Lac) per month.

And other term and conditions set out in the draft agreement to be entered into by the company with him.

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites, subject to the Schedule XIII of the Companies, Act and any other provisions of Companies, Act.

None of the Directors except Mr. Sanjay Agrawal is interested in the resolution.

The Board of Directors recommends the resolution for approval of the shareholders.

**Place: Burhanpur**  
**Date: 16th August, 2011**

**BY ORDER OF THE BOARD**

**Sanjay Agrawal**  
**Chairman**



## NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the members of the Company will be held on Wednesday 28<sup>th</sup> September, 2011 at 98, Bahadarpur Road, Burhanpur (M.P.) at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 and the Profit and Loss account for the period ended 31<sup>st</sup> March, 2011 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Chakradhar Bharat Chhaya** who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration. The retiring auditor M/s Pankaj Somaiya and Associates are eligible for reappointment.

### SPECIAL BUSINESS:

#### 4. CONFIRMATION AS A REGULAR DIRECTOR OF MR. SUNIL KUMAR MAHESHWARI

To consider and if thought fit to pass with or without modification (s) the following resolution as an Ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, and subject to the approval of shareholders in general meeting, Mr. Sunil Kumar Maheshwari who was appointed as an Additional Director w.e.f. 22<sup>th</sup> November 2010 in the meeting of the Board of Directors held on 12<sup>th</sup> November 2010 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation."

**"RESOLVED FURTHER THAT** Shri Sanjay Agrawal, Managing Director be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

#### 5. RECOMMENDATION FOR REVISION AND INCREASE OF REMUNERATION PAYABLE TO MR. SANJAY AGRAWAL, MANAGING DIRECTOR

To consider and if thought fit to pass with or without modification (s) the following resolution as a special resolution:

**"RESOLVED THAT** in terms of provisions of Sections 198, 269, 302, 309, 310, 311 read with provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force) be and is hereby accorded for revision and increase in the remuneration of Mr. Sanjay Agrawal, Managing Director of the Company to Rs. 6.00 Lacs per month w.e.f. 1<sup>st</sup>

October 2011 for the remaining tenure of his appointment and other term and conditions recommended by the Board of Director in their meeting held on **11, August, 2011** and set out in the draft agreement to be entered into by the Company with him, and submitted to this meeting and initialled for the purpose of identification by the chairman.

**RESOLVED FURTHER THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Mr. Sanjay Agrawal shall be the remuneration payable to him in terms of provisions of Schedule XIII to the Companies Act, 1956;

**"RESOLVED FURTHER THAT** Mr. Vijay Prasad Pappu, Director be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

**Place: Burhanpur**  
**Date: 16<sup>th</sup> August, 2011**

**BY ORDER OF THE BOARD**

**Sanjay Agrawal**  
**Chairman**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR THE HOLDING THE MEETING.
2. Members/ Proxies are requested to bring along with then Annual Reports being sent to them and should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
3. The Share Transfer Book and Register of Members of the Company will remain closed from 24<sup>th</sup> September 2011 to 28<sup>th</sup> September, 2011.
4. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
5. The Register of Director's Shareholding maintained under section 307 of the Companies Act, 1956, will be available for inspection at the venue to the Annual General Meeting of the company during the Annual General Meeting. The Register of Director's Share Holding is also available for inspection of the members at the registered office of the company, fourteen days before and three days after, the date of the Annual General Meeting of the Company.
6. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN No. For the Equity Shares of the Company is INE141K01013. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

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**Item No. 2 - Brief profile of director, who retires by rotation and offers himself for reappointment.**

**Mr. Chakradhar Bharat Chhaya**

7 Mr. Chakradhar Bharat Chhaya, aged 67 years is Non Executive Independent Director of the company and has more than 44 years experience in the field of Banking and Finance.

He completed his Bachelor of Commerce from University of Bombay in the year 1963. He is Fellow of Institute of Cost and Work Accountants of India. He is also a CAIIB (Certified Associate of Banker).

He began his career in the year 1964 with Bank of Baroda. He worked at various positions before retiring as Managing Director of BOBCARDS Limited, a subsidiary of Bank of Baroda in 2003.

At present, he is practising Cost Accountant and undertakes cooperates and NBFC advisory assignment.

He is a member of Audit Committee, Remuneration Committee and Shareholder' / Investors' Grievance Handling Committee of the Company.

Directorship / Committee membership in other public companies (excluding foreign companies and section 25 companies) : Directorship : 3 Committee membership : 3

Mr. Chhaya does not hold any share of the company.

The Board commends at the item no. 2 of the Notice for approval of the members.

None of the Directors excluding Mr. Chhaya, are interested in the above resolution.

**As Special Business****ITEM NO. 4 –**

Mr. Sunil Maheshwari was appointed by the Board at their meeting held on 12.11.2010 as an additional Director of the Company w.e.f. 22.11.2010 and categorised as an Independent Director pursuant to clause 49 of the Listing Agreement and holds the office upto the date of the ensuing Annual General Meeting, pursuant to the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

Shri Sunil Maheshwari is a Chartered Accountant in practice and has independently handled audit and tax work of corporate assesses, firms and individuals. He has rich experience in all financial matters concerning corporate and non-corporate entities.

Notice under Section 257 of the said Act has been received from a member along with the require fee of Rs.500/- by way of cash signifying his intention to propose the name of Mr. Sunil Maheshwari, for appointment as a Director of the Company.

None of the Directors except Shri Sunil Maheshwari is interested in the resolution.

The Board of Directors recommends the resolution for approval of the shareholders.

**ITEM NO. 5 –**

Having regards to the increasing complexities in the business and whole time devotion towards the growth of the company, the Board is of the view that the remuneration of Mr. Sanjay Agrawal, Managing Director of the Company, should be increased and revised.

In consideration of the recommendation of the Remuneration Committee of the Board of Directors had by a resolution passed on 11.08.2011 increase remuneration payable to Mr. Sanjay Agrawal, Managing Director of the Company with effect from 01.10.2011. In terms of the provision of the Companies Act, 1956, approval of the members is being required to increase and revise the remuneration by way of Special Resolution.

Particulars of Mr. Sanjay Agrawal is as under

Name	Mr. Sanjay Agrawal
Age	47 yrs
Education/ University (Main Degree)	B. Com, LL.B., MBA Marketing.
Experience	More than 21 years
Present service/occupation	Business

The terms of remuneration of Mr. Sanjay Agrawal inter alia contain the following principal terms and conditions:

**SALARY:** Rs. 6,00,000/- (Rupees Six Lac) per month.

And other term and conditions set out in the draft agreement to be entered into by the company with him.

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites, subject to the Schedule XIII of the Companies, Act and any other provisions of Companies, Act.

None of the Directors except Mr. Sanjay Agrawal is interested in the resolution.

The Board of Directors recommends the resolution for approval of the shareholders.

**BY ORDER OF THE BOARD**

**Place: Burhanpur**  
**Date: 16<sup>th</sup> August, 2011**

**Sanjay Agrawal**  
**Chairman**

## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting to you the Third Annual Report of the Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2011.

### Performance Highlights

Your directors hereby report that the company recorded a turnover of Rs.13376.20 Lacs for the year ended 31<sup>st</sup> March, 2011 as against Rs.8213.79 Lacs as the previous year of the Company which shows 63% increase from the previous year.

The highlights of the financial results of the Company are as follows:

(Rupees in Lacs)

Particulars	2010-11	2009-10
Profit before Depreciation and Interest	1,759.63	1,060.56
Interest	603.50	353.63
Depreciation	179.66	82.00
Profit before tax	976.47	624.93
Provision for tax		
- Current tax	207.42	167.86
- Deferred tax	101.47	44.55
Profit after tax	667.58	412.52
Prior year adjustment	-11.85	12.31
Profit after tax & prior year adjustments	679.43	400.21
Balance of profit brought forward from earlier years	842.71	442.50
Profit available for appropriation		
Appreciations:	1,522.14	842.71
Proposed dividend:	-----	-----
- Equity	-----	-----
- Preference	-----	-----
Balance of profit	1,522.14	842.71

During the year under review, the profit before depreciation and interest for the year at Rs.1,759.63 lacs was against Rs.1060.56 lacs in the previous year. The profit after depreciation for the year at Rs.1,579.97 lacs as against Rs.978.56 lacs in the previous year. The profit after tax, before exceptional item for the year at Rs. 679.43 lacs was higher compared to Rs.400.21 lacs of the previous year signifying a growth of 69.77%.

### Dividend

With a vision of augmenting financial resourced for generating stable growth, the Board of Directors has decided to carry forward the profit for the business of the company and hence did not propose any dividend on equity shares for the year under review.



### **Changes in share capital**

During the year the Company has increased its Authorized Share Capital from Rs. 15.00 Crores to Rs. 30.00 Crores.

Company allotted 1,25,50,000 equity shares of the face value of Rs. 10/- each on the exercise of Global Depository Receipts dated on 11<sup>th</sup> April 2011 and consequently the number of issued, subscribed and paid up equity shares has increased from 1,12,70,000 equity shares to 2,38,20,000 equity shares of Rs. 10/- each.

### **Industrial relations**

The Board of Directors is happy to report that the industrial relations have been extremely cordial at all levels throughout the year.

### **Directors**

Mr. Rajesh Selot resigned as Director of the company with effect from 12.11.2010. Your Directors place on record their appreciation for guidance given by him during his period.

During the year, Mr. Sunil Kumar Maheshwari was appointed as Additional Director w.e.f. 22.11.2010 of the Company by the Board in terms of Section 260 of the Companies Act, 1956. He holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956 for appointment of Shri Sunil Kumar Maheshwari as Director liable to retire by rotation.

Mr. Chakradhar Bharat Chhaya is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Your Directors recommend their appointment/ reappointment for your approval.

All the appointments of the Directors of the Company are in compliance with the provisions of Section 274 (1)(g) of The Companies Act, 1956.

### **Deposits**

During the year under review, the Company neither accepted nor invited any deposits from the public in terms of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Therefore the information relating thereto is NIL.

### **Global Depository Receipts (GDRs)**

The Global Depository Receipts (GDRs) issued by the Company are listed and traded at Luxembourg Stock Exchange. As on date total outstanding GDRs is 6,27,500 representing 1,25,50,000 number of equity shares of Rs.10/- each.

Proceedings of GDRs are not repatriated to India. The Company has arised total fund of USD \$ 99,96,075 and fund are invested in money market transaction in overseas.

### **Subsidiary Company**

Company has incorporated its Wholly Owned Subsidiary Company (WOS) viz. Tapti Pipes and Products Limited FZE at Sharjah on 13<sup>th</sup> March 2011.

As on date of this report the Tapti Pipes and Products Limited FZE has not started any business activity. Statement as per section 212 is enclosed herewith in Annexure-1 Part of this report.

### **Directors' Responsibility Statement**

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, as amended, with respect to the directors' responsibility statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the year ended 31<sup>st</sup> March 2011, the applicable accounting standards have been followed along with a proper explanation relating to material departures;
- (ii) that our Directors have selected such accounting policies and applied them consistently and made judgments 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 the end of the financial year and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts on a 'going concern' basis.

### **Code of conduct**

The Board has laid down a code of conduct for all Board members and Senior Management personnel of the Company. Board members and senior management personnel have affirmed compliance with the said code of conduct for the financial year 2010-11.

### **Auditors & Auditors Report**

The Company's Statutory Auditors, M/s Pankaj Somaiya and Associates, Chartered Accountants, Burhanpur will retire at the ensuing Annual General Meeting of the company and being eligible offers themselves for re-appointment.

The Company has received certificates from M/s. Pankaj Somaiya & Associates to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of The Companies Act, 1956.

The Board of Directors recommends to the shareholders the appointment of M/s. Pankaj Somaiya & Associated as Statutory Auditors of the Company.

The comments on the statement of account referred in the report of the Auditors are self explanatory and are explained in the notes to accounts.

### **Particulars of Employees**

Company does not have any employee who was in receipt of remuneration of Rs. 5.00 lacs per month or Rs. 60.00 lacs per year during the year under review. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 as amended upto date is not required to be circulated as part of this report.

**Human Resource Management**

The key resource for the company is its employees. The company has been able to create a favorable work environment that encourages innovation and meritocracy. The efforts of the company in the area of employee management and HR practices have been proved effective in Human Resource Management.

**Dematerialization of Shares**

The company's shares have been made available for dematerialization through the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

**Conservation of Energy, Research and Development, Technology Absorption, Foreign exchange Earning and outgo**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earning and outgo as required by 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 are given in Annexure-1 and forms part of this report.

**Corporate Governance**

The Company has been practicing the principles of good Corporate Governance during the year. A detailed report on Corporate Governance Practices followed by the Company is provided separately with this Report.

**Acknowledgement**

Your Directors place on record their sincere appreciation for significant contribution made by employees through their dedication, hard work and commitment.

Your Directors also acknowledge the support extended by the bankers, government agencies, shareholders and investors at large and look forward to having the same support for our endeavour to grow consistently.

**Date: 11<sup>th</sup> August 2011**

**Place: Burhanpur**

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-  
Sanjay Agrawal  
Chairman cum Managing Director**

## ANNEXURE -1

Statement under section 212 of Companies Act, 1956 relating to subsidiary Companies

Name of the Subsidiary : Tapti Pipes and Products Limited FZE  
Country of Incorporation : United Arab Emirates  
Register office : E-LOB office No. P. O Box – 49509,  
Hamriyah Free Zone- Shj  
United Arab Emirates

### Subsidiary (held directly) 100%

Particulars	Details
Date from which they became subsidiary	13.03.2011
Financial year of the subsidiary ended on	31.03.2011
Shares of the subsidiary held by Texmo Pipes and Products Limited on the above date	
1. Number of shares	1
2. Face value	35000 UAE Dirham
3. Extent of holding	100%
Net aggregate Profit/ (Loss) for the current year (in Rs.)	Nil
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	2010-11
2. for the previous financial years of the subsidiary since it became its subsidiary	----
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	2010-11
2. for the previous financial years of the subsidiary since it became its subsidiary	----

**Financial details of Subsidiary Companies**

<b>Particulars</b>	<b>Amount in Rs.</b>
Current Assets, Loans & Advances	---
Net Fixed Assets	---
Investment	---
Profit & Loss Account	---
Miscellaneous Expenditure	7,58,413.00
<b>Total Assets</b>	<b>7,58,413.00</b>
Current Liabilities & Provisions	---
Capital	4,34,342.00
Loans	3,24,071.00
Reserve & Surplus	---
Deferred Tax Liability	---
<b>Total Liabilities</b>	<b>7,58,413.00</b>
Turnover (Including other income)	---
Provision for Tax	---
Profit / (Loss) after Tax	---
Proposed Dividend	---

## ANNEXURE - 2

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.**

Information as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is set out hereunder.

#### **A. CONSERVATION OF ENERGY**

##### **(a) Energy Conservation Measures taken:**

The following measures have been taken by the Company for conservation of energy.

1. Improving power factor by proper choice of capacitors from time to time depending upon the load.
2. Utilizing proper load of plant and equipments, electronic motors etc.
3. Reducing the maximum demand by properly distribution of load.

**(b) Additional Investment and proposal for reduction of consumption of energy : NIL**

**(c) Impact of the above measures:** The impact of the measures taken has positive.

**(d) Total energy consumption and energy consumption per unit of production:**



<b>A. Power and fuel consumption</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
1. (a) Electricity		
(i) Purchase Unit	7527150	4883564
(ii) Total Amount (Rs.)	3,62,32,515.00	2,38,41,399.00
(iii) Rate/Unit (Rs.)	4.81	4.88
(b) Own Generation		
(i) Through Diesel Generator (Kwh)160 KVA X2		
Units (Ltrs)	3,720	2,098.80
Amount	1,54,674.00	78,153.00
Unit per Litre of Diesel Oil	41.58	37.24
(Unit / Ltr.)	41.58	37.24
Cost / (Per Ltr. Of Diesel)	41.58	37.24
(ii) Through Steam turbine Generator		
Unit	NIL	NIL
Unit per Ltr. Of fuel	NIL	NIL
Oil /Gas cost per unit	NIL	NIL
2. Coal and Lignite		
(i) Quantity (tons)	NIL	NIL
(ii) Total Cost (Rs.)	NIL	NIL
(iii) Average Rate (Rs./Tones)	NIL	NIL
3. Furnished Oil		
(i) Quantity (Ltrs.)	NIL	NIL
(ii) Total Cost (Rs.)	NIL	NIL
(iii) Average Rate (Rs./Ltr.)	NIL	NIL
4. Other internal Generation	NIL	NIL
<b>B. FOREIGN EXCHANGE EARNING AND OUTGO</b>		
C.I.F. Value of Imports, Expenditure and Earning in Foreign Currency		
<b>(a) C.I.F. Value of Imports</b>		
Raw material consumption	16,17,45,168.00	6,54,49,507.00
Stores and Spares	1,30,885.00	6,14,577.00
Capital goods	5,49,315.00	2,31,69,281.00
<b>Total</b>	<b>16,24,25,368.00</b>	<b>8,92,33,365.00</b>
<b>(b) Expenditure in Foreign Currency</b>		
GDR Issue Expenses	1,56,16,597.00	
Subsidiary Incorporation Expenses (Tapti Pipes & Products Limited FZE)	6,84,709.00	
<b>Total</b>	<b>1,63,01,306.00</b>	
<b>C. Earning in Foreign Currency</b>		
FOB value of Export	NIL	NIL
<b>Total</b>		

Date: 11th August 2011  
Place: Burhanpur (MP)

**FOR AND ON BEHALF OF THE BOARD**  
Sd/-  
**Sanjay Agrawal**  
Chairman cum Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance for the company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our workforce is committed towards the protection of the interest of the stakeholder's viz. shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal of maximisation of value of all the stakeholders.

**The goal is achieved through:**

- Infusion of best expertise in the Board
- Consistent monitoring and improvement of the human and physical resources
- Introducing regular checks and audits and continuous improvements in already welldefined systems and procedures.
- Board / Committee meetings at short intervals to keep the Board informed of the recent happenings.

### 2. BOARD OF DIRECTORS

The Company functions under the supervision and control of the Board of Directors ('the Board'). The Board formulates the overall strategy and periodically reviews the implementation of the same. The Board comprises of a fair number of independent, professionally competent and acclaimed non-executive Directors.

#### 2.1 CONSTITUTION OF THE BOARD AS ON 31<sup>ST</sup> MARCH 2011 AND THE RELATED INFORMATION

Name of Director	Category	No. of Board Meeting Attended	Attendance at last AGM
Mr. Sanjay Agrawal	Managing Director & Chairman	8	YES
Mr. Vijay Prasad Pappu	Whole Time Director	8	YES
Mr. Shanti Lal Badera	Non-Executive & Independent Director	5	YES
Mr. Chakradhar Bharat Chhaya	Non-Executive & Independent Director	5	YES
Mr. Sunil Kumar Maheshwari	Non-Executive & Independent Director	3	NO
*Mr. Rajesh Selot	Non-Executive & Independent Director	3	YES

\*Mr. Rajesh Selot has resigned from the office of Directorship w.e.f 12<sup>th</sup> November 2010.

None of the Directors on the Board hold the office of Director in more than 15 Companies or Memberships of the Committees of the Board in more than 10 Companies or Chairmanship of than 5 Committees across all companies.

## 2.2 BOARD MEETINGS HELD DURING THE YEAR :

Eight Board Meeting were held during the year 2010-11, on 27<sup>th</sup> April, 2010, 10<sup>th</sup> August 2010, 20<sup>th</sup> August 2010, 04<sup>th</sup> October 2010, 12<sup>th</sup> November 2010, 16<sup>th</sup> December 2010, 12<sup>th</sup> February 2011 and 28<sup>th</sup> February 2011.

The last Annual General Meeting of the Company held on September 25, 2010 was attended by all the members of the Board of Directors as on that date.

## 2.3 REMUNERATION TO EXECUTIVE DIRECTORS:

During the year 2010-11 Mr. Sanjay Agrawal, Managing Director got Rs. 45.66 Lacs as salary and allowance and Mr. Vijay Prasad Pappu, Whole time director got Rs. 13.04 Lacs.

### Notes:

There was no scheme of 'Employee Stock Options' during the year.

In all the cases, the service contract is for a period of five years from the date of appointment.

Performance is evaluated by the Remuneration Committee. The recommendations of the Committee are further considered by the Board and a collective decision taken without participation of interested directors.

## 2.4 REMUNERATION TO NON-EXECUTIVE DIRECTORS:

No.	Name of Non Executive Directors	Sitting fees (Rs.)	Commission (Rs.)	Total
1.	Mr. S. L. Badera	80000	Nil	80000
2.	Mr. C.B. Chhaya	80000	Nil	80000
3.	Mr. S.K Maheshwari	45000	Nil	45000
4.	Mr. Rajesh Selot	30000	Nil	30000

Sitting fees are uniform for all meetings of the Board and are paid to each nonexecutive Director for attending Board Meetings. During the year sitting fees was increased w.e.f. 4<sup>th</sup> October,2010

## 2.5 DETAILS OF OTHER DIRECTORSHIP AND COMMITTEE MEMBERSHIP

No.	Name of Directors	Directorship in Public Companies	Other Companies	Committee positions held
1	Mr. Sanjay Agrawal	0	2	0
2	Mr. Vijay Prasad Pappu	0	0	0
3	Mr. S.L. Badera	0	0	0
4	Mr. Sunil Kumar Maheshwari	0	0	0
5	Mr. C.B. Chhaya	3	1	3

In accordance with Clause 49 of the listing agreement with the stock exchanges, memberships/ chairmanships of only the Audit Committee and Shareholders'/ Investors' Grievance Committee of all public Limited Companies (excluding those of the company) have been considered.

## **2.6 INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS:**

The information placed before the board of Directors is as follows:

- a) Annual operating plans and budgets, revisions and updates, if any.
- b) Capital budgets with revisions and updates if any.
- c) Quarterly (including periodic) results of the company and its operating divisions/ business segments.
- d) Minutes of the meetings of Audit and other committees of the Board.
- e) The information on recruitment and remuneration of senior officers below the board level, including appointment or cessation of office by CFO and Company Secretary.
- f) Show cause, demand and prosecution notices which are materially important.
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h) Details of any joint venture or collaboration agreement.
- i) Industrial relationship issues of material nature and proposed remedial actions. All significant development in Human Resources/ industrial relations.
- j) Transactions of material nature of buying and selling of investments, or undertaking/ assets, which are not in normal course of business.
- k) Status on compliance with all regulatory, statutory and material contract requirements.
- l) Details of delegation of authorities to executives and power of attorney.

## **BOARD SUPPORT**

The Company Secretary of the company attends all the meetings of Board and advises / assures the Board on Compliance and Governance principles.

## **BOARD INDEPENDENCE**

Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures from the Directors and on evaluation of relationships disclosed, all Non-Executive Directors are independent in terms of Clause 49 of the Listing Agreement.

## 2.7. DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT

During the year, Shri Sunil Kumar Maheshwari was appointed as Additional Director of the Company w.e.f. 22th November, 2010.

Mr. Chakradhar Bharat Chhaya, retire by rotation and being eligible, has offered himself for re-appointment.

### **Brief profile of directors seeking Appointment / Re-appointment:**

#### **Mr. Sunil Kumar Maheshwari**

Mr. Sunil Kumar Maheshwari, aged 47 year is Non Executive Independent Director of the company and has more than 23 years experience in the field of Audit and Direct Tax. He completed his Bachelor of Commerce from Doctor Harisingh Gour Vishwavidyalaya Sagar, Madhya Pradesh in the year 1984. He is a Fellow member of Institute of Chartered Accountants of India.

He began his career in the year 1988 as practicing Chartered Accountant at Burhanpur. He is mainly practice in Direct tax and management consultancy. He also has specialisation in fund management and investment planning.

He is a member of Audit Committee, Remuneration Committee and Shareholder' / Investors' Grievance Handling Committee of the Company.

Directorship / Committee membership in other public companies (excluding foreign companies and section 25 companies): Nil

Mr. Maheshwari does not hold any share of the company.

#### **Mr. Chakradhar Bharat Chhaya**

Mr. Chakradhar Bharat Chhaya, aged 67 years is Non Executive Independent Director of the company and has more than 44 years experience in the field of Banking and Finance. He completed his Bachelor of Commerce from University of Bombay in the year 1963. He is Fellow of Institute of Cost and Work Accountants of India. He is also a CAIIB (Certified Associate of Banker).

He began his career in the year 1964 with Bank of Baroda. He worked at various positions before retiring as Managing Director of BOBCARDS Limited, a subsidiary of Bank of Baroda in 2003. At present, he is practising Cost Accountant and undertakes cooperates and NBFC advisory assignment.

He is a member of Audit Committee, Remuneration Committee and Shareholder' / Investors' Grievance Handling Committee of the Company. Directorship / Committee membership in other public companies (excluding foreign companies and section 25 companies) : Directorship : 3 Committee membership : 3  
Mr. Chhaya does not hold any share of the company.

## 2.8. CEO/CFO CERTIFICATE

As required under clause 49 V of the Listing Agreement with the Stock Exchanges, the Shri Sanjay Agrawal, Managing Director Cum Chief Executive Officer of the Company have certified to the Board regarding financial statements for the year ended 31<sup>st</sup> March, 2011.



## 2.9. CODE OF CONDUCT

All the directors and senior management personnel have affirmed compliance with the code of conduct/ethics as approved and adopted by the Board of Directors and a declaration to that effect signed by Managing Director is attached and form part of this report. These codes have been posted on the company's website [www.texmopipe.com](http://www.texmopipe.com).

## 2.10. POLICY FOR PROHIBITION OF INSIDER TRADING

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the company has adopted a policy for prohibition of insider trading for Directors and specified employees of the company, relating to dealing in the shares of the company. This policy also provides for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons.

## 3. AUDIT COMMITTEE:

The Audit Committee formed in pursuance of Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956 is instrumental in overseeing the financial reporting besides reviewing the quarterly, half yearly, annual financial results of the company; it reviews company's financial and risk management policies and the internal control systems, internal audit systems, etc. through discussions with internal and external auditors and the following matters:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  2. Changes, if any, in accounting policies and practices and reasons for the same;
  3. Major accounting entries involving estimates based on the exercise of judgment by management;
  4. Significant adjustments made in the financial statements arising out of audit findings;
  5. Compliance with listing and other legal requirements relating to the financial statements;
  6. Disclosure of any related party transactions;
  7. Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Monitoring the use of the proceeds of the proposed initial public offering of the Company.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing internal audit reports and adequacy of the internal control systems.
- Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
- Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

During the year 2010-2011 Four Meetings of the committee were held i.e. on 27<sup>th</sup> April 2010, 10<sup>th</sup> August 2010, 12<sup>th</sup> November 2010 and 12<sup>th</sup> February 2011. The attendance in the committee is as under:

<b>Name of director</b>	<b>Position held in Committee</b>	<b>No of meetings attended</b>
Mr. Sunil Kumar Maheshwari (with effect from 22.11.2010)	Chairman	1
Mr. Shanti Lal Badera	Member	4
Mr. Chakradhar Bharat Chhaya	Member	4
Mr. Vijay Prasad Pappu	Member	1
Mr. Rajesh Selot (Up to 12.11.2010)	Ex-Chairman	2

Mr. Rajesh Selot has resigned from the office of Directorship w.e.f 12<sup>th</sup> November 2010.

Mr. Rishabh Kumar Jain, Company Secretary and Compliance Officer acts as the secretary to the committee.

Mr. Rishabh Kumar Jain has resigned from the post of Company Secretary and Compliance Officer w.e.f 15<sup>th</sup> May 2011 and Mr. Akhilesh Gupta has been appointed as Company Secretary with effect from 10<sup>th</sup> June 2011 and Compliance officer with effect from 30<sup>th</sup> June 2011.

#### 4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The company attends to investor grievances/correspondence expeditiously and usually reply is sent within a period of 07 days of receipt, except in the cases that are constrained by disputes or legal impediments. All the complaints have been redressed to the satisfaction of the complainants. During the year 2010-2011 Four Meetings of the committee were held i.e. on 27<sup>th</sup> April 2010, 10<sup>th</sup> August 2010, 12<sup>th</sup> November 2010 and 12<sup>th</sup> February 2011. The attendance in the committee is as under:

Name of Director	Position Held	No. of meetings attended
Mr. Chakradhar Bharat Chhaya	Chairman	4
Mr. Shanti Lal Badera	Member	4
Mr. Sanjay Agrawal	Member	4

Mr. Rishabh Kumar Jain, Company Secretary and Compliance Officer acts as the secretary to the committee.

Mr. Rishabh Kumar Jain has resigned from the post of Company Secretary and Compliance Officer w.e.f 15<sup>th</sup> May 2011 and Mr. Akhilesh Gupta has been appointed as Company Secretary with effect from 10<sup>th</sup> June 2011 and Compliance officer with effect from 30<sup>th</sup> June 2011.

#### NAME AND DESIGNATION OF COMPLIANCE OFFICER

**Mr. Akhilesh Gupta**

Company Secretary & Compliance Officer  
Texmo Pipes and Products Limited  
98, Bahadarpur Road, Burhanpur (M.P.)  
Phone- 07325-255122  
Email- akhilesh.gupta@texmopipe.com

#### 5. REMUNERATION COMMITTEE

The Remuneration Committee which was formed in August, 2008 presently comprises of three independent non executive directors, namely Mr. S.K. Maheshwari, Mr. S.L. Badera and Mr. C.B. Chhaya. During the year 2010-2011 Four Meetings of the committee were held i.e. on 27<sup>th</sup> April 2010, 10<sup>th</sup> August 2010, 12<sup>th</sup> November 2010 and 12<sup>th</sup> February 2011. The attendance in the committee is as under:

Name of Director	Position Held in committee	No. of meetings attended
Mr. Chakradhar Bharat Chhaya	Chairman	4
Mr. Shanti Lal Badera	Member	4
Mr. Sunil Kumar Maheshwari	Member	1
Mr. Rajesh Selot (Up to 12.11.2010)	Ex- Chairman	2

The Remuneration Committee recommends remunerations, promotions, increments etc. for the Managing Director and Executive Director to the Board for approval.

Mr. Rajesh Selot has resigned from the office of Directorship w.e.f 12<sup>th</sup> November 2010.

### **Details of Extra-ordinary General Meeting**

During the year 2010-11 one Extra-ordinary meeting was held on 28<sup>th</sup> October 2010 at the Registered Office of the company.

### **6. SUBSIDIARY COMPANIES**

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company.

### **7. DISCLOSURES**

- a) Disclosure regarding materially significant related party transaction : For details please refer schedule 22 (Note No. 9) on notes forming part of the accounts.
- b) There were no instances of non compliance or penalty, strictures imposed on the company by the stock exchange or SEBI or any other statutory Authority on any matter related to capital markets during the last year.
- c) The company has complied with the mandatory requirements of corporate governance clause 49 of the Listing Agreements with the Stock Exchanges.
- d) The non mandatory requirements have not been adopted as a formal policy except for Remuneration committee as set out in item 5 above.
- e) During the year Registrar of Companies, Gwalior, Madhya Pradesh imposed penalty on Company, Directors and Company Secretary for the non compliance of certain provisions of the Companies Act.

### **Management discussion and analysis report shall form part of the Annual Report to the shareholders**

Sent separately as an annexure to the Annual Report.

### **8. RISK MANAGEMENT**

The Company has well laid down procedures to inform Board Members about the risk assessment and minimisation procedures.

### **9. MEANS OF COMMUNICATIONS**

The Quarterly, Half yearly and The Annual Financial result are faxed to the Stock exchange at Mumbai in the prescribed format within 15 minutes of the conclusion of the Board Meeting at which the result are taken on record. The quarterly financial Result of the Company is also published in the Free Press and Choutha Sansar and Dainik Bhaskar. A report on the Limited Review of the financial result for all quarter were obtained from the Auditors of the company and filed with Stock Exchange. Annual Report is

circulated to members and others entitles thereto. However, there is no provision for dispatching half yearly Unaudited Financial Results to the shareholders as the result are published in news papers and posted on the website (<http://www.texmopipe.com>) of the company.

## 10. SHAREHOLDER INFORMATION

### A. Details of last Annual General Meeting

Financial year ended	Date and time	Venue	Special Resolution passed
31 <sup>st</sup> March, 2010	September 25, 2010 12.30 PM	98, Bahadarpur Road, Burhanpur (M.P.)	Special Resolution was passed at this meeting.

### B. Financial Calendar:

01<sup>st</sup> April to 31<sup>st</sup> March

### C. Annual General Meeting 2011

Date	Wednesday, 28 September, 2011
Venue	98, Bahadarpur Road, Burhanpur (M.P.)
Time	11.30 A.M.
Book closure date	Saturday, 24 <sup>th</sup> September, 2011 to Wednesday, 28 <sup>th</sup> September, 2011 (both days inclusive)
Last date of receipt of Proxy forms	Thursday, 26 <sup>th</sup> September, 2011 before 11.30 A.M. at the Registered Office of the company.

The Annual Report includes financial statements, key financial data and detailed information in the management discussion and analysis and shareholders' information sections.

#### D. Listing Details

Name of the stock Exchange	Stock Code
Bombay Stock Exchange Limited	533164
National Stock Exchange of India Limited	TEXMOPIPES
ISIN	INE141K01013
Luxembourg Stock Exchange	TEXMO-LX

GDR issued by the Company has been listed at Luxembourg Stock Exchange w.e.f. 12<sup>th</sup> April 2011.

The listing fees for the financial year ended 31<sup>st</sup> March, 2011 has been paid to the above stock exchanges.

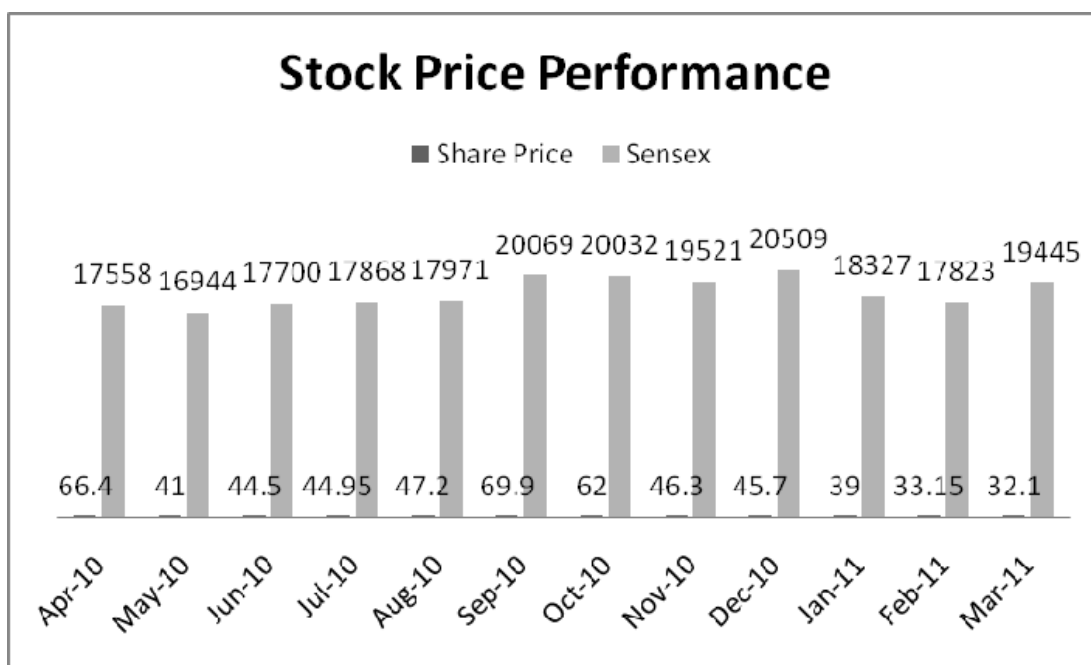
#### E. Share price data

Our company had listed on stock exchanges on 10<sup>th</sup> March, 2010. The details of high and low prices of shares of the company at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31<sup>st</sup> March, 2011 are as under:

Period – from 01<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011

Months	BSE		NSE	
	High (Rs.)	Low(Rs.)	High (Rs.)	Low(Rs.)
April 2010	94.8	66.05	93.75	66.05
May 2010	66.95	39.00	66.95	39.80
June 2010	49.4	39.30	50.00	39.25
July 2010	53.35	43.50	52.85	43.65
August 2010	53.20	44.45	53.40	44.55
September 2010	72.40	47.50	72.40	47.60
October 2010	73.00	60.00	72.90	61.10
November 2010	66.30	43.10	66.25	42.10
December 2010	54.60	40.10	53.90	40.85
January 2011	47.50	36.55	48.00	35.20
February 2011	39.95	31.15	40.45	31.00
March 2011	36.00	30.00	35.65	27.10





**F. Investor Services**

**Web based query redressal system**

Members may utilise the new facility extended by the Registrar & Transfer Agents for redressal of their queries. Please visit <http://karisma.karvy.com> and click on “INVESTOR” option for query registration through free identity registration. Investor can submit their query in the “QUERIES” option provided on the website, which would give the grievance registration number. For accessing the status/ response to your query the same number can be used at the option “VIEW REPLY” after 24 hours. The investor can continue to put an additional query relating to the case till they get satisfactory reply.

The status on the total number of complaints received during the FY 2010-11, is as follows:-

Particulars	No. of Complaints
Investor Complaint received during the year	50
Investor Complaint disposed off during the year	50
Investor Complaint lying unresolved at the end of year	0

**G. Email Address**

Ministry of Corporate Affairs (MCA) has permitted the delivery of documents viz. notices of meetings, annual reports etc. to the Shareholders through electronic mode vide its Circular No.17/2011 dated 21 April 2011. The shareholders holding shares in physical form are requested to register their email address with the Company/Registrar & Share Transfer Agent (With Depository Participants in case of shares held in dematerialised form). This paperless compliance is a part of Green Initiative in the Corporate Governance as introduced by MCA.

**11. REGISTRAR AND TRANSFER AGENTS:**

Share transfer, dividend payment and all other shareholders’ correspondence are attended to and processed by our Registrar and Transfer Agents, i.e. Karvy Computershare Private Limited having their office at:

**Karvy Computershare Private Limited**

Karvy House, 46, Avenue 4,  
 Street No. 1, Banjara Hills,  
 Hyderabad – 500 034  
 Tel: +91-40-2342 0815-28  
 Fax: +91-40-2331 1551

**12. SHARE TRANSFER SYSTEM:**

The company's shares are covered under the compulsory dematerialisation list and are transferable through the depository system. Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

**13. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2011**

No. Of equity shares held	Shareholders		Equity shares held	
	No. Of shareholders	% of total	Amount	% amount
001 - 5000	11348	88.07	15436160.00	13.70
5001-10000	842	6.53	6766490.00	6.00
10001-20000	391	3.03	5915850.00	5.25
20001-30000	103	0.80	2641400.00	2.34
30001-40000	50	0.39	1821960.00	1.62
40001-50000	47	0.36	2226430.00	1.98
50001-100000	57	0.44	4307100.00	3.82
100001 & above	47	0.36	75584610.00	65.29
Total	12885	100.00	112700000.00	100.00

**14. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2011**

Category	No. Of shareholders	No. Of share held	% of equity
Promoters holding	9	6162469	54.68
Public shareholdings			
Clearing member	50	23491	0.21
Indian Financial Institutional Investor	1	5580	0.05
HUF	183	113306	1.01
Body Corporate	467	1393311	12.36
Non Resident Indians	90	70582	0.63
Resident Individual	12085	3501261	31.06
Total	12885	11270000	100.00

**15. DEMATERIALIZATION OF SHARES AND LIQUIDITY**

97.73 % of the total equity share capital of the company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31<sup>st</sup> March, 2011. The market lot is one share as the trading in equity shares of the company is permitted only in dematerialized form. The stock is highly liquid.

**16. PLANT LOCATIONS**

The company's plant is located at registered office, i.e. 98, Bahadarpur Road, Burhanpur (M.P.).

**17. ADDRESS FOR CORRESPONDENCE**

**Shareholder's correspondence:** Shareholders may correspond with:

1. Registrar & Transfer Agents for all matters relating to transfer / dematerialization of shares, payment of dividend, IPO refunds / demat credits at:

Karvy Computershare Private Limited  
 Karvy House, 46, Avenue 4,  
 Street No. 1, Banjara Hills,  
 Hyderabad – 500 034  
 Tel: +91-40-2342 0815-28  
 Fax: +91-40-2331 1551

2. Shareholder may also contact:  
Mr. Akhilesh Gupta  
Company Secretary & Compliance Officer  
Texmo Pipes and Products Limited  
98, Bahadarpur Road, Burhanpur (M.P.)  
Tel. No. 07325-255122  
Email id- akhilesh.gupta@texmopipe.com

**18. DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT:**

The disclosure under clause 5A of the Listing Agreement is as under:

Sr. No.	Particulars	No. Of shareholder	No. Of shares
01	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	04	377
02	Number of shareholders who approached the company for transfer of share from suspense account during the year.	02	227
03	Number of shareholders to whom shares were transferred from suspense account during the year.	02	227
04	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	02	150
05	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

**19. COMPLIANCE WITH THE CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES, 2009**

In December, 2009, the Government of India, Ministry of Corporate Affairs (“MCA”) has issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by corporate and may be voluntarily adopted by public companies with the objective to enhance not only the enterprise and set a global benchmark for good corporate governance. MCA after taking into account the experience of adoption of these guidelines by corporate and after consideration of the feedback received from them would review these guidelines for further improvements after a period of one year.

The company has been a strong believes in good corporate governance and has been adopting the best practices that have evolved over the years.

The company is in substantial compliance with the voluntary guidelines and it will always be the company’s endeavour to attain the best practices in corporate governance.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

As required by clause 49 I (D) (ii) of the Listing Agreement, this is to confirm that the company has adopted a code of conduct for all Board Members and Senior Management of the company. The code is available on the company's web site.

I confirm that the company has in respect of the financial year ended 31<sup>st</sup> March, 2011, received from the senior management team of the company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, senior management team comprises of employees in the Key Managerial Personnel cadre as on 31<sup>st</sup> March, 2011 of the company.

Date: 11<sup>th</sup> August, 2011  
Place: Burhanpur

**For Texmo Pipes and Products Limited**  
Sanjay Agrawal  
(Managing Director)

## **CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Board of Directors  
Texmo Pipes and Products Limited

I the undersigned, in our respective capacities as Managing Director & Chief Executive Officer (CEO) of Texmo Pipes and Products Limited, ("the Company") to the best of my knowledge and belief certify that:

- a) I have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2011 and based on my knowledge and belief, I state that:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- c) I hereby declare that all the members of the Board of Directors and senior management have confirmed compliance with the code of conduct as adopted by the company.
- d) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps have been taken or proposed to be taken to rectify these deficiencies.
- e) I have indicated, based on my most recent evaluation, whether applicable, to the Auditors and Audit Committee:
  - i. Significant changes, if any, in the internal control over financial reporting during the year;
  - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Burhanpur  
August 11, 2011

**Sanjay Agrawal**  
Managing Director



## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To  
The members of  
Texmo Pipes and Products Limited  
Burhanpur (M.P.)

We have examined the compliance of corporate governance by Texmo Pipes and Products Limited for the year ended on 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the company with the stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing agreements.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and on behalf of  
**Pankaj Somaiya & Associates**  
**Chartered Accountants**  
**Firm Regn. No. 010081C**  
**CA Pankaj Somaiya**  
**Partner**  
**Membership No. 79918**

## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

The financial year 2010-11 had come with improvement in performance of your company.

### Indian economy and its effects on your company

India retained its position as the second fastest growing nation globally with the Indian economy growing at 8.5 GDP. The economy experienced a more balanced and positive growth in 2010-11 with a solid recovery in agriculture and continued good performance of industry and services. Manufacturing or secondary structure contribution to GDP during 2010-2011 is 28.6%, and agricultural sector is 16.1%. However, Oil prices, which were below US\$ 80 per barrel till September 2010 have skyrocketed to more than US\$114 per barrel in March 2011 and are expected to go up further if Middle East unrest continues. . However, it remains to be seen how the Government would manage its expenditure if inflation slippages and oil prices go beyond expectations. Moreover, the government has already indicated that an additional budgetary support will be given to the oil companies if the international oil prices increase substantially. It suggests that the government may end up with higher expenditure than what it has projected in the Budget. This would result in higher deficits and debt.

According to ADB, tackling the problem of inflation has become complex process for the Reserve bank. Though the RBI has been following a tight monetary policy with high lending rates, the demand side pressures in the economy continue to be a major cause for concern.

Despite these adverse economic conditions, your Company Texmo Pipes And Products Limited could continue its growth momentum in FY 2010-11 as well and grew by 63% in revenue and 50% in EBIDTA terms.

### Overview of the company business

Your company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. It was converted into a public limited company under the name Texmo Pipes and Products Limited on July 03, 2008 and received the certificate of commencement of business on July 28, 2008. Your company is manufacturing of PVC Pipes of measurement ranging from 20 mm to 315 mm and HDPE pipes having measurement ranging from 20 mm to 630 mm. It is also started new plant for Pipe fittings and accessories during the year. Your Company also plans to further penetrate the urban and commercial applications for its Piping Systems & fitting, accessories; focusing on India's increasing need for housing, sewerage, water supply, telecommunications and other infrastructure.

The Company plans to enhance its distribution reach by adding new dealers and distributors to penetrate into new domestic and international markets. On a continuous basis your Company is focused on having sufficient financing facilities in place to fund future growth plan. The company has issued GDRs successfully and raised fund from international market for future growth plans.

### Competitive strength

Your company has a very strong brand image in the market. The products of the company are sold in Madhya Pradesh, Maharashtra, Rajasthan, Gujarat, Andhra Pradesh, Uttar Pradesh and Chhattisgarh

and brand holds good market share in these states. Presently company engaged into manufacturing of range of PVC and HDPE Pipes viz. Suction & delivery hose pipe, rigid PVC Pipes, elastomeric sealing ring fit PVC pipe (Gasket Pipe), PVC casing and ribbed screen casing pipes, SWR Pipe, Plumbing pipe, conduit pipes, capping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system.

The cost competitiveness and high quality of the products of your company will ensure healthy demand of the company's product in the coming year also.

Under the dynamic leadership of your Managing Director Mr. Sanjay Agrawal, who has more than 28 years experience in the business, the company will be able to meet the challenges in the market and enhance the market share of the company's products. The executive director of the company, Mr. Vijay Prasad Pappu has the experience of more than 14 years in the industry. Your independent directors are also having huge experience in their concerning fields. Company's sales team is also very enthusiastic and experienced. Company not only supplies the material in agriculture sectors but also supplies the material to telecom sector, government sector, real estate and various other fields.

### **Human Resources**

Your Company firmly believes that a motivated and empowered employee is the key to competitive advantage. It continuously strives to foster a culture of high performance. Management has infused a lot of rigor and intensity in its people development processes and in holding skill sets. Its HR processes are absolutely aligned to organizational goals.

The implementation of people soft HRMS (Human Resource Management System), the variable pay plan and job bonds have been institutionalized.

Ongoing learning, refreshing HR systems in line with global benchmarks, aligning rewards and recognition with performance, have enabled your company to sustain its reputation of a meritocratic organization.

### **Challenges, Risks and Concerns**

Financial Market Risks – The company is exposed to the financial market risks from changes in rate of interest and inflation. The volatile movements in exchange rates are caused by major geo-political developments besides mere economic and financial issues.

These factors are beyond the control of your company. Interest Rate Risks – Interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rate exposed us to cash flow interest rate risk. Any rise in interest rate pushed banker to raise rate of interest on the loan. Inflation Risks – We are affected by inflation as any rise in inflation may lead to increment to cost of raw materials, power & fuel cost & employees cost etc.

### **Company Outlook**

The company is operating with focused efforts on cost control, reduction in cycle times, improvement on operational efficiency and efficient Working Capital Management Program. This has helped the Company in controlling costs and also to be competitive. Timely delivery has reaffirmed the dependable image created by the Company in the market.

## **Internal Controls**

The Company has formulated certain policies to oversee the Internal Controls both from business process and regulatory compliance point of view. The Company has also formulated corporate policy on internal control to provide a structured framework for identifying and rectifying internal control weaknesses as also monitoring and reporting the same to the corporate management. It details the specific responsibilities and tasks enjoined upon the employees in certain positions.

Apart from structured framework, the Company has well documented policies, procedures and authorisation guidelines commensurate with the level of responsibilities and standard operating procedure specific to respective business.

## **Cautionary Statement**

Some of the statements in this Management Discussion and Analysis Report may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Such statements reflect the Company's current views with respect to the future events and are subject to risk and uncertainties. Important developments that could affect the Company's operations include changes in industry structure, significant changes in political and economic environment in India and overseas, tax laws, litigation and lab relations.

## AUDITORS' REPORT

To,  
The Members,  
**Texmo Pipes and Products Limited**  
Burhanpur (MP)

1. We have audited the attached Balance Sheet of Texmo Pipes and Products Limited ("the Company") for the year ending on 31<sup>st</sup> March, 2011 and the related Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - (e) On the basis of the written confirmations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31.03.2011 from being appointed as a Director of the Company in terms of Clause (g) of Subsection (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statement read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India :-
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
    - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : **Burhanpur (MP)**  
Date : **11<sup>th</sup> August 2011**

**For Pankaj Somaiya & Associates**  
**Firm Registration No. 010081C**  
**Chartered Accountants**  
**CA Pankaj Somaiya**  
**Partner**  
**Membership No.079918**

## ANNEXURE TO THE AUDITORS' REPORT

**(As referred to in paragraph 03 of our Report to the members of Texmo Pipes and Products Limited on the accounts as at and for the year ended 31<sup>st</sup> March 2011)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
- (b) As explained to us all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with the book records.
- (c) During the year, the Company has not disposed off substantial part of fixed assets and the going concern status of the Company is not affected;
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the Management;
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) (a) The Company had granted unsecured loans to two Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was Rs.9,00,00,000/- to two such Companies. The year end balance is of Rs.2,32,39,999/-;
- (b) The Company had outstanding unsecured loan from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The outstanding maximum amount was Rs.1,71,94,530/- from one such Company. The year end balance is of Rs.1,68,745/-.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been given to and taken from such parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company;
- (d) There is no stipulation as to the repayment of loan and interest thereon, hence reply to Clauses (iii)(c) & (iii)(d) is nil;
- (iv) In our opinion, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system;
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under;
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



- (viii) The requirement of maintenance of cost records as prescribed by the Central Government u/s 209(1) (d) of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) According to information and explanations given to us and records of the Company examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March 2011 outstanding for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess which have not been deposited on account of any dispute except for the following:

S No.	Name of the Statute	Nature of dues	Forum where dispute pending	Period to which relates	Amount in Rs. lakhs
1.	Entry Tax Act	Entry Tax	MP High Court, Jabalpur	2007-08	39.23
2.	M P VAT Act	VAT	MP High Court, Jabalpur	2007-08	125.88
3.	Central Sales Tax Act	CST	MP High Court, Jabalpur	2007-08	91.22

- (x) Clause (x) of paragraph 4 of the order is not applicable to the Company;
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank. The Company had no transactions with financial institutions and had no debentures outstanding during the year;
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) The nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies;
- (xiv) The Company does not deal or trade in shares, securities, debentures and other investments;
- (xv) On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) On the basis of the records examined by us, and relying on the information compiled by the Company for correlating the funds raised to the end use of term loans, we have to state that, the Company has, prima facie, applied the term loans for the purposes for which they were obtained;
- (xvii) According to information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the Company

for classification of usage of funds, we are of the opinion that, prima-facie, as at the close of the year, short term funds have not been utilized for long term investment;

- (xviii) The Company has not made any preferential allotment of shares;
- (xix) During the year, the Company has not issued any debentures;
- (xx) We have verified the end use of money raised by Public Issue as disclosed in Note. 05 of Schedule 22. Pending Utilization of the funds raised through Public Issue a sum of Rs. 288.52 Lakhs has been temporarily invested in Bank Deposits.
- (xxi) Based upon the audit procedures performed in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the Management.

Place : **Burhanpur (MP)**

Date : **11th August 2011**

**For Pankaj Somaiya & Associates**  
**Firm Registration No. 010081C**  
**Chartered Accountants**  
**CA Pankaj Somaiya**  
**Partner**  
**Membership No.079918**

**Balance Sheet**

As on 31st March, 2011

Particulars	Sch.	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	11,27,00,000.00	11,27,00,000.00
Reserves & Surplus	2	51,11,27,901.21	44,31,84,449.92
		62,38,27,901.21	55,58,84,449.92
<b>Loan Funds</b>			
Secured Loans	3	59,69,74,466.00	42,19,40,902.43
Unsecured Loans	4	1,68,745.00	1,71,94,530.34
		59,71,43,211.00	43,91,35,432.77
Deferred Tax Liability (Net)		1,70,49,229.00	69,02,472.00
<b>Total</b>		<b>1,23,80,20,341.21</b>	<b>1,00,19,22,354.69</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	46,45,98,856.03	18,21,04,940.03
Less: Depreciation		4,73,07,727.30	2,93,41,537.30
Net Block		41,72,91,128.73	15,27,63,402.73
Capital Work in Progress		2,71,05,267.00	20,09,045.00
<b>Investments</b>	6	4,34,342.00	14,21,86,618.62
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	22,83,89,422.91	26,02,98,034.52
Sundry Debtors	8	24,99,48,700.02	13,10,47,212.16
Cash & Bank Balances	9	8,39,56,416.20	15,73,09,925.67
Other Current Assets	10	33,62,47,354.92	16,60,62,059.96
Loans & Advances	11	3,06,21,519.57	8,68,06,831.27
		92,91,63,413.62	80,15,24,063.58
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	13,23,11,284.45	8,04,69,269.24
Provisions	13	2,07,42,046.68	1,67,85,892.00
<b>Net Current Assets</b>		<b>77,61,10,082.48</b>	<b>70,42,68,902.34</b>
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	14	17,079,521.00	694,386.00
		1,23,80,20,341.21	1,00,19,22,354.69
Significant Accounting Policies & Notes on Accounts	22		

 For : **Pankaj Somaiya & Associates**

Firm Registration No. 010081C

Chartered Accountants

**CA Pankaj Somaiya**

Partner

Membership No.079918

Place: Burhanpur (M.P.)

Date: 11th August, 2011

 For : **Texmo Pipes and Products Limited**
**Sanjay Agrawal**

Chairman &amp; Managing Director

**Vijay Prasad Pappu**  
 Whole Time Director

**Akhilesh Gupta**  
 Company Secretary

**Profit and Loss Account**

For the period ended 31st March 2011

Particulars	Sch.	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>Income</b>			
Sales	15	1,33,76,19,140.00	82,13,79,075.00
<i>Less: Excise Duty</i>		10,95,03,082.00	5,94,36,403.00
		1,22,81,16,058.00	76,19,42,672.00
Other Income	16	1,84,85,052.13	58,61,968.45
		1,24,66,01,110.13	76,78,04,640.45
<b>Expenditure</b>			
Materials & Manufacturing Expenses	17	97,01,21,978.72	65,17,64,622.70
Employees Expenses	18	3,29,78,091.00	2,03,70,409.30
Administrative & General Expenses	19	10,01,96,998.07	4,96,57,970.28
Financial Expenses	20	6,03,50,382.86	3,53,62,862.16
Depreciation	5	1,79,66,190.00	82,00,093.00
(Increase)/Decrease in Stocks	21	-3,28,90,541.50	-6,02,76,309.00
Preliminary Expenses Written off	14	2,31,462.00	2,31,462.00
		1,14,89,54,561.15	70,53,11,110.44
<b>Profit/Loss Before Tax</b>		9,76,46,548.98	6,24,93,530.01
<i>Less: Provision for Taxation:</i>			
Current Tax		2,07,42,046.68	1,67,85,892.00
Deferred Tax		1,01,46,757.00	44,55,659.00
<b>Profit After Tax for the year</b>		6,67,57,745.29	4,12,51,979.01
Short/(Excess) Provision for Tax for earlier years		-11,85,706.00	12,31,006.00
<b>Profit After Tax</b>		6,79,43,451.29	4,00,20,973.01
<i>Add: Balance brought forward from previous year/period</i>		8,42,71,421.92	4,42,50,448.91
<b>Profit/Loss Carried to Balance Sheet</b>		15,22,14,873.21	8,42,71,421.92
<b>Number of equity shares outstanding during the year</b>		11270000	6663562
<b>Earning Per Share (Face Value Rs.10/-)</b>			
<b>(Basic &amp; Diluted)</b>		6.03	6.01
Significant Accounting Policies & Notes on Accounts	22		

 For : **Pankaj Somaiya & Associates**

Firm Registration No. 010081C

Chartered Accountants

**CA Pankaj Somaiya**

Partner

Membership No.079918

Place: Burhanpur (M.P.)

Date: 11th August,2011

 For : **Texmo Pipes and Products Limited**
**Sanjay Agrawal**

Chairman &amp; Managing Director

**Vijay Prasad Pappu**

Whole Time Director

**Akhilesh Gupta**

Company Secretary

## Cash Flow Statement

For the year ended 31st March 2011

Particulars	Amt. Rs. 31-Mar-11	Amt. Rs. 31-Mar-10
<b>Cash Flow from Operating Activities</b>		
Net Profit before tax & Extraordinary Items	9,76,46,548.98	6,24,93,530.01
<b>Adjustments for -</b>		
Depreciation	1,79,66,190.00	82,00,093.00
(Profit)/Loss on sale of Fixed Assets	-	-
Dividend Income	-7,12,372.93	-2,75,670.94
Interest Income	-1,57,09,297.20	-34,46,752.34
Interest & Financial Expenses	6,03,50,382.86	3,53,62,862.16
<b>Operating profit before working capital changes</b>	15,95,41,451.71	10,23,34,061.89
<b>Adjustments for -</b>		
Decrease/(Increase) in Debtors	(11,89,01,487.86)	(2,38,25,109.21)
Decrease/(Increase) in Inventories	3,19,08,611.61	(13,42,41,516.52)
Decrease/(Increase) in Loans & Advances	5,61,85,311.70	(19,36,90,212.30)
Decrease/(Increase) in Other Current Assets	(16,62,86,746.96)	-
Increase/(Decrease) in Current Liabilities	5,18,42,015.21	5,03,92,671.77
<b>Cash generated from operations</b>	1,42,89,155.41	(19,90,30,104.37)
Direct Taxes Paid (net)	1,94,98,734.00	2,19,98,669.00
<b>Cash flow before extraordinary item</b>	(52,09,578.59)	(22,10,28,773.37)
Extraordinary Item	-	-
<b>Net Cash From Operating Activities</b>	(52,09,578.59)	(22,10,28,773.37)
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(30,75,90,138.00)	(6,84,30,958.43)
Sale of Fixed Assets	-	-
Purchase of Investments	(4,34,342.00)	(62,63,18,711.55)
Sale of Investments	14,21,86,618.62	8,41,32,092.93
Dividend Income	7,12,372.93	2,75,670.94
Interest Received	1,57,09,297.20	34,46,752.34
Misc Expenditure	-1,63,85,135.00	-
<b>Net Cash (Used in)/From Investing Activities</b>	(16,58,01,326.25)	(20,68,95,153.77)

**Cash Flow from Financing Activities**

Interest & Finance Charges Paid	(6,03,50,382.86)	(3,53,62,862.16)
Proceed from Short term borrowings	15,69,81,387.86	17,73,56,702.24
Proceed from Long term borrowings	10,26,390.37	3,31,77,583.00
Proceeds from Issue of Equity Share Capital (Net of Issue Expenses)	-	39,48,91,036.00
<b>Net Cash (Used in)/From Financing Activities</b>	<b>9,76,57,395.37</b>	<b>57,00,62,459.08</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>-7,33,53,509.47</b>	<b>14,21,38,531.94</b>
<b>Cash &amp; Cash Equivalents at the Start of the Period</b>	<b>15,73,09,925.67</b>	<b>1,51,71,393.73</b>
<b>Cash &amp; Cash Equivalents at the Close of the Period</b>	<b>8,39,56,416.20</b>	<b>15,73,09,925.67</b>
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash in Hand	7,84,628.62	11,79,272.62
Balances with Scheduled Banks		
-In Current Accounts	1,53,91,742.21	19,41,644.86
-In Fixed Deposit Accounts	6,77,80,045.37	15,41,89,008.19
	<b>8,39,56,416.20</b>	<b>15,73,09,925.67</b>

**Notes:**

The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India. Figures in Brackets represent Cash Outflow.

Significant Accounting Policies & Notes on Accounts 22

As per our report of even date

For : **Pankaj Somaiya & Associates**

Firm Registration No. 010081C

Chartered Accountants

**CA Pankaj Somaiya**

Partner

Membership No.079918

Place: Burhanpur (M.P.)

Date: 11th August,2011

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**

Chairman & Managing Director

**Vijay Prasad Pappu**

Whole Time Director

**Akhilesh Gupta**

Company Secretary



**Schedules To Balance Sheet as at 31st March, 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>1 Share Capital</b>		
<b>Authorized</b>		
3,00,00,000 (PY 1,50,00,000) Equity Shares of Rs.10/- each	<b>30,00,00,000.00</b>	<b>15,00,00,000.00</b>
<b>Issued, Subscribed and Paid-up</b>		
1,12,70,000 (PY 1,12,70,000) Equity Shares of Rs.10/- each fully paid up	11,27,00,000.00	11,27,00,000.00
<b>2 Reserves &amp; Surplus</b>		
Share Premium Account	35,89,13,028.00	35,89,13,028.00
Profit & Loss Account	15,22,14,873.21	8,42,71,421.92
	<b>51,11,27,901.21</b>	<b>44,31,84,449.92</b>
<b>3 Secured Loan</b>		
<i>Term Loan From Banks</i>	7,58,61,134.71	5,78,08,959.00
<i>Working Capital Loans From Bank/NSIC</i>	52,11,13,331.29	36,41,31,943.43
	<b>59,69,74,466.00</b>	<b>42,19,40,902.43</b>

**Notes:**

Of the above, 60,00,000 Equity Shares (FY 2008-09) of Rs. 10/- each are issued pursuant to conversion of the erstwhile partnership firm Shree Mohit Industries under Part IX of the Companies Act, 1956.

Of the above, 50,00,000 Equity Shares (FY 2009-10) of Rs. 10/- each have been allotted through IPO at a premium of Rs.80/- per share.

**Notes:**

- Of the above Term Loans aggregating to Rs.557.93 lacs (PY 570.39 lacs) from Banks pertaining to Plant & Machineries are secured by a mortgage on all immovable & movable assets of the Company, immovable assets & personal guarantees of promoters & Hypothecation of Plant & Machineries. Vehicles loan of Rs.66.74 lacs (PY 7.69 lacs) & Loan for Indore Office & Godown Rs.133.94 lacs (PY -Nil-) are secured by hypothecation of specified assets.
- Of the above Working Capital Loans aggregating to Rs.4,335.48 lacs (PY 2,188.04 lacs) from Banks are secured by hypothecation of Stocks, book debts and other current assets of the Company and is also secured by mortgage on all immovable and movable assets of the Company and promoters. Overdraft of Rs.404.14 lacs (PY 1,362.95 lacs) is against Bank Fixed Deposit Receipts. Raw Material Assistance from NSIC of Rs. 471.52 lacs (PY 90.32 lacs) is secured by Bank Guarantee given by Company's Bankers.
- Installments of Term Loans repayable within one year of Rs.187.78 lacs (PY 126.71 lacs).

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**  
Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary

**Schedules To Balance Sheet as at 31st March, 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>4 Unsecured Loan</b>		
<i>From Others</i>		
Shree Padmavati Irrigation P Ltd	1,68,745.00	1,71,94,530.34
	<b>1,68,745.00</b>	<b>1,71,94,530.34</b>

Notes:

1. No terms and conditions as to repayment and interest are stipulated in respect of the loans.
2. The said loans are repayable on demand.

**5 Fixed Assets And Capital Work in Progress**

*On Next Page*

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**

Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary

Schedule forming part of Balance Sheet as on 31st March 2011  
Schedule : 5 Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	OPENING	ADDITIONS	ADJUSTMENTS DEDUCTIONS	ENDED AS ON 31.03.11	OPENING	FOR THE YEAR	ADDITIONS (DEPN)	ADJUST MENTS	ENDED AS ON 31.03.11	AS ON 31.03.11	AS ON 31.03.10
<b>A. ASSETS</b>											
FREEHOLD LAND	1,22,68,695.00	0.00	0.00	1,22,68,695.00	0.00	0.00	0.00	0.00	0.00	1,22,68,695.00	1,22,68,695.00
FREEHOLD LAND INDORE	0.00	1,53,42,205.00	0.00	1,53,42,205.00		0.00	0.00	0.00	0.00	0.00	
PLANT & MACHINERY (Mfg)	7,91,56,016.17	7,95,93,973.00	(10,03,680.00)	15,77,46,309.17	1,32,57,184.00	70,71,773.00	16,06,965.00	0.00	2,19,35,922.00	13,58,10,387.17	6,58,98,832.17
PLANT & MACHINERY (Others)	1,76,88,089.72	2,01,70,024.00	0.00	3,78,58,113.72	30,49,638.00	8,39,430.00	4,62,724.00	0.00	43,51,792.00	3,35,06,321.72	1,46,38,451.72
ELECTRICAL INSTALLATION	43,86,400.00	20,66,318.00	0.00	64,52,718.00	2,01,384.00	2,08,354.00	17,598.00	0.00	4,27,336.00	60,25,382.00	41,85,016.00
TESTING EQUIPMENT	24,42,158.44	2,81,016.00	0.00	27,23,174.44	2,96,880.30	1,15,879.00	3,547.00	0.00	4,16,306.30	23,06,868.14	21,45,278.14
DIES AND MOULDS	64,60,563.00	13,48,21,013.00	0.00	14,12,81,576.00	45,84,465.00	5,28,581.00	31,31,652.00	0.00	82,44,698.00	13,30,36,878.00	18,76,098.00
OFFICE EQUIPMENT	16,38,395.00	6,13,286.00	0.00	22,51,681.00	3,52,677.00	67,828.00	88,384.00	0.00	5,08,889.00	17,42,792.00	12,85,718.00
COMPUTER	13,62,389.00	2,47,228.00	0.00	16,09,617.00	4,79,601.00	2,20,235.00	21,351.00	0.00	7,21,187.00	8,88,430.00	8,82,788.00
AIR CONDITIONER	9,06,364.00	14,425.00	0.00	9,20,789.00	1,07,224.00	57,080.00	160.00	0.00	1,64,464.00	7,56,325.00	7,99,140.00
FURNITURE & FIXTURE	72,04,294.00	12,05,198.00	0.00	84,09,492.00	6,69,151.00	4,53,364.00	29,115.00	0.00	11,51,630.00	72,57,862.00	65,35,143.00
MOULDING SHED	0.00	2,22,09,808.00	0.00	2,22,09,808.00	0.00	0.00	0.00	0.00	0.00	2,22,09,808.00	0.00
FACTORY BUILDING	2,52,52,887.70	42,06,543.00	(17,07,750.00)	2,77,51,680.70	21,55,351.00	8,43,447.00	73,340.00	(3,126.00)	30,69,012.00	2,46,82,668.70	2,30,97,536.70
SITE DEVELOPMENT	34,96,697.00	0.00	0.00	34,96,697.00	88,131.00	1,16,790.00	0.00	0.00	2,04,921.00	32,91,776.00	34,08,566.00
TRUCK & TRACTOR	83,23,683.00	80,000.00	0.00	84,03,683.00	27,34,729.00	13,49,269.00	3,233.00	0.00	40,87,231.00	43,16,452.00	55,88,954.00
CAR & TWO WHEELERS	20,71,705.00	43,54,309.00	0.00	64,26,014.00	9,59,023.00	1,98,812.00	1,46,888.00	0.00	13,02,723.00	51,23,291.00	11,12,682.00
TUBEWELL	2,36,437.00	0.00	0.00	2,36,437.00	5,809.00	7,897.00	0.00	0.00	13,706.00	2,22,731.00	2,30,628.00
OFFICE BUILDING	92,10,166.00	0.00	0.00	92,10,166.00	4,00,290.00	3,07,620.00	0.00	0.00	7,07,910.00	85,02,256.00	88,09,876.00
TOTAL	18,21,04,940.03	26,98,63,141.00	(27,11,430.00)	46,45,98,856.03	2,93,41,537.30	1,23,84,359.00	55,84,957.00	(3,126.00)	4,73,07,727.30	40,19,48,923.73	15,27,63,402.73
Previous Years Total	11,56,83,026.60	6,99,04,884.00	(14,73,925.57)	18,41,13,985.03	2,11,41,444.30	68,51,704.00	13,48,389.00	-	2,93,41,537.30	15,27,63,402.73	9,45,41,582.30
B. CAPITAL WORK IN PROGRESS										2,71,05,267.00	20,09,04,500

For : Texmo Pipes and Products Limited

**Sanjay Agrawal**  
Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary

**Schedules To Balance Sheet as at 31st March, 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>6 Investments</b>		
<i>Long Term (At cost / Book Value)</i>		
Investment in Share of Subsidiary Company (Unquoted)		
Tapti Pipes and Products Ltd. FZE (1 Equity Share of 35000 Dirhams)	4,34,342.00	-
<i>Non Trade (Current- at lower of cost and fair value)</i>		
In Mutual Funds		
45008 Units Axis Treasury Advantage Fund - Institutional Daily Dividend	-	4,50,08,498.00
4369910 Units SBI Magnum Insta Cash Fund Liquid Floater Plan-Dividend	-	4,50,84,320.96
3047223 Units Reliance Medium Term Fund- Daily Dividend Plan	-	5,20,93,799.66
<i>Aggregate Amount of Investment-Unquoted</i>	<b>4,34,342.00</b>	<b>14,21,86,618.62</b>
<b>7 Inventories</b>		
<i>(as taken, valued &amp; certified by Management)</i>		
Raw Material & WIP	7,72,12,221.41	13,93,83,409.52
Reusable Waste	1,52,26,860.00	2,45,93,625.00
Finished Goods	9,37,22,387.00	7,80,53,114.00
Traded Goods-Pipes	4,83,554.00	11,00,757.00
Traded Goods-Accessories	3,94,93,695.50	1,45,53,343.00
Stores & Spares	22,50,705.00	26,13,786.00
	<b>22,83,89,422.91</b>	<b>26,02,98,034.52</b>
<b>8 Sundry Debtors</b>		
<i>(Unsecured, considered good unless stated otherwise)</i>		
Debt outstanding for a period exceeding than six months	3,34,05,768.12	1,90,62,804.22
Other Debts	21,65,42,931.90	11,19,84,407.94
	<b>24,99,48,700.02</b>	<b>13,10,47,212.16</b>
Note:		
1. Sundry Debtors includes debts due by following firms/Company in which Director is a partner / Director / Member:		
Shree Padmavati Irrigations Pvt. Ltd.	18,70,967.50	41,83,615.50
Shree Venkatesh Industries	29,305.00	29,305.00
<b>9 Cash &amp; Bank Balances</b>		
Cash on Hand	7,84,628.62	11,79,272.62
Bank Balance with Scheduled Banks in Current Accounts	1,53,91,742.21	19,41,644.86
Bank Balance with Scheduled Banks in Deposit Accounts	6,77,80,045.37	15,41,89,008.19
	<b>8,39,56,416.20</b>	<b>15,73,09,925.67</b>
Note:		
Bank Deposits includes Deposit Pledged with Banks of Rs.435.00 lacs (PY 1,444.86 lacs)		

**Schedules To Balance Sheet as at 31st March, 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>10 Other Current Assets</b>		
Advances Recoverable in Cash or kind or value to be received	1,18,47,419.92	52,55,277.92
<b>Advance to Suppliers</b>		
For Raw Material	2,75,11,723.00	11,31,47,863.00
For Capital Goods	46,98,766.00	1,94,83,372.64
Advance Tax & TDS	1,41,77,894.00	1,02,79,346.00
Balances with Tax Authorities-Customs Duty, Excise, VAT etc	2,32,95,208.00	1,78,96,200.40
Insurance claim receivable	25,47,16,344.00	-
	33,62,47,354.92	16,60,62,059.96
<b>11 Loans &amp; Advances</b>		
<i>(Unsecured, considered good)</i>		
Security Deposits	66,15,806.57	61,09,242.27
Loans & Advances to Companies	2,32,39,999.00	8,02,55,946.00
Other Loans & Advances	4,41,643.00	4,41,643.00
<i>Loan Given to Subsidiary Co.</i>		
Tapti Pipes and Products Ltd. FZE , UAE	3,24,071.00	-
	3,06,21,519.57	8,68,06,831.27
Notes:		
The Maximum amount outstanding from Officer of the Company:	2,00,000.00	1,48,000.00
<b>12 Current Liabilities</b>		
Sundry Creditors for Goods	4,66,39,932.00	5,03,62,257.95
Sundry Creditors Others	3,53,00,162.45	1,49,56,712.29
Trade and Security Deposits	5,09,839.00	3,14,939.00
Advance from Customers	75,30,792.00	59,75,301.00
Other Liabilities	4,23,30,559.00	88,60,059.00
	<b>13,23,11,284.45</b>	<b>8,04,69,269.24</b>
Note:		
1. Sundry Creditors Others includes:		
Dues to Managing Director	7,57,986.08	6,22,949.04
Dues to Whole Time Director	1,75,904.00	1,79,225.00
<b>13 Provisions</b>		
Provision for Taxation	2,07,42,046.68	1,67,85,892.00
	2,07,42,046.68	1,67,85,892.00
<b>14 Miscellaneous Expenditure</b>		
<i>(to the extent not written off or adjusted)</i>		
Preliminary Expenses	6,94,386.00	9,25,848.00
Less: Written off during the year	2,31,462.00	2,31,462.00
	4,62,924.00	6,94,386.00
Expenditure for Global Depository Receipts	1,66,16,597.00	-
	1,70,79,521.00	6,94,386.00

**Schedules To Profit & Loss Account for the period ended 31st March 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>15 Sales</b>		
Sales of Manufactured Goods-Pipes/Fittings	1,31,38,99,210.00	81,23,80,122.00
Sales of Traded Goods-Pipes, Accessories & LLDPE	2,37,19,930.00	89,98,953.00
	1,33,76,19,140.00	82,13,79,075.00
<b>16 Other Income</b>		
Interest Received from Bank & Others <i>(includes Tax Deducted at Source Rs.16,17,673/-)(PY 2,38,948/-)</i>	1,57,09,297.20	34,46,752.34
Dividend-Non Trade Investment- Current Investment	7,12,372.93	2,75,670.94
Miscellaneous Receipts	20,63,382.00	21,39,545.17
	1,84,85,052.13	58,61,968.45
<b>17 Materials &amp; Manufacturing Expenses</b>		
Raw Materials Consumed	85,70,48,626.11	59,36,49,279.83
Purchases of Traded Accessories	4,50,62,789.50	1,24,31,303.00
Purchases of Traded Goods-Pipes	-	8,67,006.00
<b>Other Manufacturing Expenses</b>		
-Power & Fuel	3,63,87,189.00	2,39,19,552.00
- Repairs & Maitnenance -Machineries/Gen	67,38,570.11	18,47,781.00
-Other Direct Expenses	2,48,84,804.00	1,90,49,700.87
	97,01,21,978.72	65,17,64,622.70
<b>18 Employees Expenses</b>		
Salaries, Wages, Bonus and Gr atuity	2,98,33,044.00	1,81,79,283.00
Contributions to Provident and ESIC	21,92,512.00	14,28,886.30
Employees Welfare and Other Benefits	9,52,535.00	7,62,240.00
	3,29,78,091.00	2,03,70,409.30

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**  
Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary

**Schedules To Profit & Loss Account for the period ended 31st March 2011**

Particulars	Amt Rs. 31-Mar-11	Amt Rs. 31-Mar-10
<b>19 Administrative &amp; General Expenses</b>		
Rent, Rates & Taxes	20,50,988.00	12,94,050.00
Insurance	11,22,794.00	4,56,497.00
Repairs & Maintenance		
Buildings/ Factory Building	4,45,219.00	3,64,754.00
Communications	12,61,411.00	9,55,015.00
Directors Sitting Fees	2,35,000.00	1,50,000.00
Directors Remuneration & Bonus	58,52,000.00	52,08,000.00
Travelling & Conveyance	29,53,466.00	20,96,563.00
Audit Fees	2,00,000.00	2,20,600.00
Advertisement, Publicity and Sales Promotion	36,27,309.00	12,40,245.00
Commission on Sales	88,57,390.00	30,04,961.00
Freight Outward & Other Selling Expenses	4,29,06,703.07	2,35,51,044.33
Turnover Discount/Sales Incentive	1,42,88,757.00	82,86,549.00
Bad Debts Written Off	70,30,572.00	2,30,919.15
Exchange Loss	-	48,005.30
Miscellaneous Expenses	93,65,389.00	25,50,767.50
	10,01,96,998.07	4,96,57,970.28
<b>20 Financial Expenses</b>		
Bank Commission & Charges	40,39,239.25	23,65,481.16
Loan Processing Charges & Expenses	39,19,573.00	31,97,247.00
Interest		
- Bank CC/OD Limits	4,45,11,217.91	2,17,63,917.00
- Bank Term Loan	72,85,900.00	39,54,921.00
- Others	5,94,452.70	40,81,296.00
	6,03,50,382.86	3,53,62,862.16
<b>21 (Increase)/Decrease in Stock</b>		
Opening Stock- Finished Goods (A)	11,83,00,839.00	5,80,24,530.00
Closing Stock- Finished Goods (B)	14,89,26,496.50	11,83,00,839.00
Finished Goods-Loss by Fire (C)	22,64,884.00	-
(A)- (B)-(C)	(3,28,90,541.50)	(6,02,76,309.00)

**For : Texmo Pipes and Products Limited**

**Sanjay Agrawal**

Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary



## Schedule 22

**Significant Accounting Policies and Notes on Accounts for the period ending 31st March 2011.**

### BACKGROUND

Texmo Pipes and Products Limited was formed as a Partnership Firm by the name M/s Shree Mohit Industries on 13th May 1999 and was subsequently converted and incorporated as a Public Limited Company in July 2008 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh.

The Partnership Firm was converted into Company under Part IX of the Companies Act, 1956 under the name of Texmo Pipes and Products Limited having Certificate of incorporation dated 3rd July 2008.

### Significant Accounting Policies:

#### 1. Basis of Preparation of Financial Statements

- a. The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and are in consonance with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India and the provisions of the Schedule VI of the Companies Act, 1956. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- b. The Company follows the mercantile systems of accounting and recognizes income and expenditure on an accrual basis except stated otherwise.

#### 2. Revenue Recognition

- a. Sales are recognized when goods are supplied and are recorded net of sales return, rebates, trade discounts, VAT/Central Sales Tax and excise duty.
- b. Income from Services rendered are booked based on agreements/arrangements with the concerned parties and recognized on proportionate completion service contract method.

#### 3. Use of Estimates

In preparation of financial statements estimates and assumptions are required to be made which affect the reported amounts of assets/liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. The differences between estimates and actual are recognized in the period in which results are crystallized.

#### 4. Fixed Assets

Fixed Assets are stated at historical cost. Cost includes freight, installation cost, duties, taxes, and incidental expenses but net of Excise duty (CENVAT) and VAT (ITR).

#### 5. Depreciation

Depreciation is charged on Straight Line Method at the rate prescribed under Schedule XIV of the Companies Act, 1956.

**6. Borrowing Cost**

Borrowing Cost attributable to acquisitions and construction of assets are capitalized as a part of cost of such assets up to the date when such assets are ready for its intended use and other borrowing cost are charged to Profit & Loss Account.

**7. Inventories**

- a. Raw Materials, Stores & Spares, Finished Goods are valued at cost or net realizable value whichever is lower. Reusable Waste is valued at net realizable value.
- b. Raw Material and Finished goods are valued net of excise duty. However Finished Goods at branches are valued at inclusive of excise duty and freight.
- c. Goods or materials in transit are valued at cost to date.
- d. Cost comprises cost of purchase, cost of conversion and other cost incurred in bringing the inventory to present location and condition. Cost is arrived at weighted average basis.

**8. Insurance Claims:**

Insurance Claims for Stocks Lost by Fire are accounted on the basis of Lodgments of claims with the respective Insurance Company. Differences between Insurance Claims accounted for and actual receipt are accounted as Miscellaneous Expenditure/Income in the year of Settlement.

**9. Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

**10. Retirement Benefits**

Contribution to Provident Fund and ESIC are deposited with respective Government Authorities. The provision for Gratuity Liability is made on basis of actuarial valuation by the LIC of India.

**11. Taxation**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

**12. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**13. Provisions and Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a permanent obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

#### 14. Miscellaneous Expenditure

Preliminary Expenditure is amortized over a period of 5 years.

#### Notes to Accounts: Schedule 22:

##### 1. Contingent Liabilities not provided for in respect of:

**Amt in Rs.(Lacs)**    **Amt in Rs.(Lacs)**  
31st March 11                      31st March 10

	Amt in Rs.(Lacs) 31st March 11	Amt in Rs.(Lacs) 31st March 10
a) Disputed Income Tax Demands	11.09	11.09
b) Disputed VAT,CST & Entry Tax Demands	256.33	----
c) Guarantees given by the Company's Bankers in the normal course of business	933.04	324.48
d) Import Letter of Credits issued by Company's Bankers	----	72.00

##### 2. Insurance Claim Receivable

During the year on 21/03/2011 a fire occurred in main Raw Material Godown at the Factory Premises of the Company and the Company has lodged a Claim of Rs.25.47 Crores with the Insurance Company and the same is accounted as Insurance Claim Receivable under Current Assets.

##### 3. Deferred Tax

The major components of Deferred Tax Asset/ (Liability) are set out below :

Component	Amt in Rs.(Lacs)		Amt in Rs.(Lacs)
	As on 31.03.2010	For the Year Ended 31.03.2011	As on 31.03.2011
Difference between Book and Tax			
Depreciation	(69.94)	(101.47)	(171.41)
Gratuity	0.92	-	0.92
Deferred Tax (Liability)/Asset	(69.02)	(101.47)	(170.49)

4. In accordance with AS-28 issued by ICAI, the carrying amounts of assets have been reviewed at year end for indication of impairment loss, if any. As there is no indication of impairment of assets, no loss has been recognized during the year.

##### 5. Statement of utilization of proceeds from IPO fund as on 31st March 2011 (Rs in Lacs)

S.No	Particulars	As per Prospectus	Actuals utilized upto 31.03.2011	
			Own funds	IPO funds
1	Expansion of product range	1,132.62	233.03	832.27
2	Setting up manufacturing facilities for injection mouldings / fittings and woven sacks	2,206.27	65.76	1,919.31
3	Meeting long term working capital requirements	1,000.00	-	1,000.00
4	General Corporate Purpose/Issue expenses	636.11	176.21	459.90
5	<b>Balance unutilized amount temporarily invested in Bank Fixed Deposits</b>	-	-	<b>288.52</b>

**6. Disclosure under the Micro, Small and Medium Enterprise Development Act, 2006:**

- a) The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- b) Disclosure in accordance with Section 22 of the Act read with Notification No. GSR 719(E) dated 16th November 2007 issued by the Ministry of Corporate Affairs :-

(Rs in Lacs)

	Particulars	31.03.2011	31.03.2010
a)	Principal amount remaining unpaid and interest due thereon	63.32	28.28
b)	Interest paid in terms of Sec 16	0.00	0.00
c)	Interest due and payable for the period of delay in payment	1.27	0.25
d)	Interest accrued and remaining unpaid	0.00	0.00
e)	Interest due and payable even in the succeeding years	0.00	0.00

- c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under M.S.M.E.

**Managerial Remuneration :**

Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year, to the Directors:

(a) Managing Directors Remuneration*:	<b>Amt in Rs.</b> 31st March 11	<b>Amt in Rs.</b> 31st March 10
Salary	45,57,000.00	39,06,000.00
Contribution to Provident Fund & Other Funds	9,360.00	9,360.00
* Excluding contribution to Gratuity Fund		
(b) Whole Time Directors Remuneration*:	<b>Amt in Rs.</b> 31st March 11	<b>Amt in Rs.</b> 31st March 10
Salary	12,95,000.00	13,02,000.00
Contribution to Provident Fund & Other Funds	9,360.00	9,360.00
* Excluding contribution to Gratuity Fund		

- (c) Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

Particulars	Amt in Rs. 31 <sup>st</sup> March 11	Amt in Rs. 31 <sup>st</sup> March 10
Profit Before Tax	9,76,46,548.98	6,24,93,530.01
Add:		
Managerial Remunerations as above	58,70,720.00	52,26,720.00
Directors Fees	2,35,000.00	1,50,000.00
Loss on Sale of Asset	-	-
<b>Adjusted Net Profit</b>	<b>10,37,59,268.98</b>	<b>6,78,70,250.01</b>
Maximum Permissible Remuneration (10%)	1,03,75,926.90	67,87,025.00

7. Payment to Statutory Auditors (net of Service Tax) is as follows.

Particulars	Amt in Rs. 31 <sup>st</sup> March 11	Amt in Rs. 31 <sup>st</sup> March 10
Audit Fees	2,00,000.00	2,00,000.00
Consultancy Fees	60,000.00	---
Income Tax Matters	15,000.00	---

8. The Company is engaged mainly in production of pipes and fittings as such is the only reportable segment as per Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India. The geographical segmentation is not relevant as the company mainly operates within India.

9. **Related Party Transactions:**

As per Accounting Standard(AS-18) on Related Party issued by ICAI, The Disclosures of Transaction with related parties are as follows

Party	Relationship
Shri Sanjay Agrawal	Key Management Personnel
Shri Vijay Prasad Pappu	Key Management Personnel
Mrs. Rashmi Devi Agrawal	Relative of Key Management Personnel
Shri Narendra Agrawal	Relative of Key Management Personnel
M/s Shree Padmavati Irrigation Pvt. Ltd.	Related Party- Common control exists
Rahul Developers Pvt. Ltd.	Related Party-Enterprise under Control of Relative of Directors
C.P.Industrial Products Pvt. Ltd.	Related Party-Enterprise under Control of Relative of Directors

Sr. No.	Transaction	Key Management Personnel	Relatives of Key Management Personnel	Related Party Common Control Exists	Enterprise under Control of Relative of Directors
1	Loan Taken	NIL NIL	NIL NIL	334.64 (684.12)	NIL NIL
2	Loan Given	NIL NIL	NIL NIL	NIL NIL	949.58 NIL
3	Loan Repaid	NIL NIL	NIL NIL	504.89 (995.51)	NIL NIL
4	Sale of Goods	NIL NIL	NIL NIL	67.63 (98.99)	NIL NIL
5	Rent Paid	3.50 (3.38)	7.22 (4.04)	NIL NIL	NIL NIL
6	Commission Paid	NIL NIL	NIL NIL	4.56 NIL	NIL NIL
7	Delivery Charges Received	NIL NIL	NIL NIL	0.56 (5.13)	NIL NIL
8	Remuneration	58.27 (51.84)	NIL NIL	NIL NIL	NIL NIL
9	Interest Paid	NIL NIL	NIL NIL	5.96 (11.79)	NIL NIL
10	Interest Receivable	NIL NIL	NIL NIL	NIL NIL	36.00 NIL

Previous year figures are shown in brackets

**10. Stock Details**

**Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956.**

Details of Capacity, Products Manufactured, Traded, Turnover, Opening Stock, Closing Stock of Goods Produced for Sale & Traded:

**As Certified by the Management**

(i) <b>TURNOVER</b>	Unit	31-Mar-11		31-Mar-10	
		Quantity	Value	Quantity	Value
<b>Manufactured Products:</b>					
Pipes/Fitting	Kgs	1,57,29,548.97	1,31,38,99,210.00	1,03,63,172.38	81,23,80,122.00
<b>Traded Products:</b>					
Pipes/RM	Kgs	16,355.00	13,97,164.00	951.88	1,18,202.00
Accessories	Kgs	-*	2,23,22,766.00	-*	88,80,751.00
(ii) <b>RAW MATERIALS CONSUMED</b>	Unit	31-Mar-11		31-Mar-10	
		Quantity	Value	Quantity	Value
PVC Resin	Kgs	65,29,848.00	34,54,01,975.00	43,76,410.00	21,78,37,635.00
PVC Resin (Imported)	Kgs	19,79,850.00	10,48,47,994.00	12,55,200.00	5,95,51,290.55
Chemicals	Kgs	8,11,637.00	6,10,81,426.62	5,80,061.00	3,71,55,299.76
Calcium Carbonate	Kgs	17,00,022.00	1,63,73,434.00	8,03,600.00	79,61,613.00
Calcium Carbonate (Imported)	Kgs	2,44,775.00	23,97,259.00	-	-
HDPE	Kgs	33,80,764.00	23,41,63,149.27	30,44,045.00	20,78,37,112.33
HDPE (Imported)	Kgs	8,75,575.00	5,90,79,622.00	1,03,500.00	61,05,512.80
HDPE Compound	Kgs	1,18,000.00	41,62,462.00	2,77,950.00	1,27,62,497.00
LLDPE	Kgs	5,18,814.00	3,94,93,787.00	2,03,700.00	1,41,49,748.00
LLDPE (Imported)	Kgs	33,000.00	21,61,399.00	-	-
LDPE	Kgs	42,718.00	40,33,169.00	14,000.00	12,71,219.00
LDPE (Imported)	Kgs	94,375.00	83,45,050.00	-	-
Master Batch	Kgs	1,41,422.20	1,60,78,793.96	85,237.65	99,04,396.00
<b>TOTAL RAW MATERIALS CONSUMED</b>	Kgs	<b>1,64,70,800.20</b>	<b>89,76,19,520.85</b>	-	-
Master Batch Compound WIP	Kgs	6,31,507.00	1,55,99,293.00	1,61,566.00	48,43,665.00
PVC Compound (Drip)	Kgs	87,714.00	36,45,871.00	10,403.00	4,18,120.00
HDPE Compound (Drip)	Kgs	5,54,805.00	4,55,35,247.00	-	-
HDPE PURCHASE (DRIPPER)	Kgs	53,370.00	38,58,312.00	-	-
HDPE Compound (Sprinkler)	Kgs	6,00,723.00	3,57,52,756.61	3,29,507.66	1,38,51,171.39
HDPE & PVC Compound (WIP)	Kgs	1,36,90,813.20	74,36,63,223.50	-	-



MOULDING FITTING COMPOUND WIP	Kgs	1,40,363.00	89,93,923.00	-	-
Reusable Waste WIP	Kgs	4,91,872.50	-*	2,62,381.80	-*
<b>Raw Materials Consumed</b>		<b>1,62,51,167.70</b>	<b>85,70,48,626.11</b>	<b>1,15,07,562.11</b>	<b>59,36,49,279.83</b>

\* Not Ascertainable

(iii) PURCHASES	Unit	31-Mar-11		31-Mar-10	
		Quantity	Value	Quantity	Value
<b>PURCHASES</b>					
<b>Traded Products</b>					
Pipes/RM	Kgs	-	-	5,216.64	8,67,006.00
Accessories	Kgs	-*	4,50,62,789.50	-*	1,24,31,303.00
		-	4,50,62,789.50	5,216.64	1,32,98,309.00
<b>(iv) STOCKS</b>					
	Unit	31-Mar-11		31-Mar-10	
		Quantity	Value	Quantity	Value
<b>OPENING STOCK OF FINISHED GOODS</b>					
<b>Manufactured Products:</b>					
Pipes	Kgs	12,55,409.21	7,80,53,114.00	6,38,924.07	3,46,11,191.00
Reusable Waste	Kgs	4,91,872.50	2,45,93,625.00	2,62,381.80	1,31,19,090.00
<b>Traded Products:</b>					
Pipes	Kgs	6,980.76	12,79,438.00	2,716.00	3,50,774.00
Accessories	Kgs	-*	1,43,74,662.00	-*	99,43,475.00
		17,54,262.47	11,83,00,839.00	9,04,021.87	5,80,24,530.00
<b>CLOSING STOCK OF FINISHED GOODS</b>					
<b>Manufactured Products:</b>					
Pipes	Kgs	13,96,692.94	9,37,22,387.00	12,55,409.21	7,80,53,114.00
Reusable Waste	Kgs	2,93,680.00	1,52,26,860.00	4,91,872.50	2,45,93,625.00
<b>Traded Products:</b>					
Pipes	Kgs	3,125.76	6,30,287.00	6,980.76	12,79,438.00
Accessories	Kgs	-*	3,93,46,962.50	-*	1,43,74,662.00
		16,93,498.70	14,89,26,496.50	17,54,262.47	11,83,00,839.00
<b>(v) CAPACITY AND PRODUCTION:</b>					
	Unit	31-Mar-11		31-Mar-10	
		Installed Capacity <sup>^</sup>	Production	Installed Capacity <sup>^</sup>	Production
Pipes	Kgs	1,41,33,000.00	1,59,06,281.80	1,27,23,000.00	1,09,79,657.52
Reusable Waste	Kgs	-*	2,93,680.00	-*	4,91,872.50
Total		1,41,33,000.00	1,61,99,961.80	1,27,23,000.00	1,14,71,530.02

\* WIP/Reusable Products out of Production of Pipes and no separate Installed Capacity.

<sup>^</sup> For Single Shift As certified by the management and accepted by the auditors being a technical matter.

11. The Company has recognized exchange differences arising on foreign currency items in line with Accounting Standard-11 Pursuant to above net exchange gain on purchase of raw material and fixed asset relating to the financial year 2010-11 amounting to Rs. 20.63 Lakhs (PY Rs.14.67 Lakhs) has been recognized as income.

12. **Imported and Indigenous Consumption :** (Amt in Rs. Lacs)

S.No	Particulars	2010-11		2009-10	
		Amount	Percentage	Amount	Percentage
(a)	Raw Materials				
	Imported	1,768.31	20.63	672.40	11.33
	Indigenous	6,802.17	79.37	5,264.09	88.67
		<b>8,570.48</b>	<b>100.00</b>	<b>5,936.49</b>	<b>100.00</b>

13. **C.I.F Value of Imports and Expenditure in Foreign Currency :** (Amt in Rs. Lacs)

S.No	C.I.F Value of Import :	2010-11	2009-10
(a)	Raw Materials	1,617.45	654.49
(b)	Spare Parts, Accessories, etc.	1.31	6.14
(c)	Capital Goods	5.49	231.69

14. The company's subsidiary "Tapti Pipes & Products Limited FZE, U.A.E" was incorporated on 13/03/2011 and no activities were started since incorporation. Therefore Consolidated Financial Statements as per AS – 21 are not prepared.
15. The Unit 2 of the Company is exempted from Payment of Entry Tax under the Scheme of Government of Madhya Pradesh for the period 29.08.2008 to 28.08.2013.
16. In Fixed Assets there are nine vehicles which are not registered in name of Company but are registered in name of erstwhile firms.
17. Balances of creditors and debtors/advances are subject to confirmation/reconciliation and consequential adjustments, if any.
18. In the opinion of the Board of Directors the current assets, loans and advances have a value of realization in ordinary course of business at least equal to the amount at which they are stated and the provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

As per our report of even date.

For : **Pankaj Somaiya & Associates**  
 Firm Registration No. 010081C  
 Chartered Accountants  
**CA Pankaj Somaiya**  
 Partner  
 Membership No.079918  
 Place: Burhanpur (M.P.)  
 Date: 11th August,2011

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**  
 Chairman & Managing Director

**Vijay Prasad Pappu**  
 Whole Time Director

**Akhilesh Gupta**  
 Company Secretary

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No/	L	2	5	2	0	0	M	P	2	0	0	8	P	L	C
	0	2	0	8	5	2									
Balance Sheet Date	3	1		0	3		2	0	1	1					
	Date			Month			Year								

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Bonus Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Right Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Private Placement

							N	I	L
--	--	--	--	--	--	--	---	---	---

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

		1	2	3	8	0	2	0
--	--	---	---	---	---	---	---	---

Sources of Funds (Amount in Rs. Thousands)

Paid-up Capital

			1	1	2	7	0	0
--	--	--	---	---	---	---	---	---

Secured Loans

			5	9	6	9	7	4
--	--	--	---	---	---	---	---	---

Application of Funds (Amount in Rs. Thousands)

Net Fixed Assets

			4	4	4	3	9	6
--	--	--	---	---	---	---	---	---

Debit Balance in Profit & Loss

							N	I	L
--	--	--	--	--	--	--	---	---	---

Net Current Assets

			7	7	6	1	1	0
--	--	--	---	---	---	---	---	---

Total Assets

		1	2	3	8	0	2	0
--	--	---	---	---	---	---	---	---

Reserves and Surplus

			5	1	1	1	2	8
--	--	--	---	---	---	---	---	---

Unsecured Loans

						1	6	9
--	--	--	--	--	--	---	---	---

Deferred Tax Liability

1	7	0	4	9
---	---	---	---	---

Investments

						4	3	4
--	--	--	--	--	--	---	---	---

Misc. Expenditure

				1	7	0	8	0
--	--	--	--	---	---	---	---	---

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover

		1	2	2	8	1	1	6
--	--	---	---	---	---	---	---	---

Profit/(Loss) Before Tax

				9	7	6	4	6
--	--	--	--	---	---	---	---	---

Total Expenditure

		1	1	4	8	9	5	4
--	--	---	---	---	---	---	---	---

Profit/(Loss) After Tax

				6	7	9	4	3
--	--	--	--	---	---	---	---	---

Dividend @ (%)

							N	A
--	--	--	--	--	--	--	---	---

### V. Generic Names of Principal Products/Services of the Company (As per Monetary Term)

Item Code No.(ITC Code) : 3 9 1 7 2 1 9 0

Product Description PVC PIPES & SUCTION HOSE PIPES

Item Code No.(ITC Code) : 3 9 1 7 2 9 9 0

Product Description HDPE PIPES

Item Code No.(ITC Code) : 3 9 1 7 4 0 0 0

Product Description PVC FITTINGS

For : **Texmo Pipes and Products Limited**

**Sanjay Agrawal**

Chairman & Managing Director

**Vijay Prasad Pappu**  
Whole Time Director

**Akhilesh Gupta**  
Company Secretary

**ANNUAL GENERAL MEETING 28-09-2011  
ADMISSION SLIP**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Name (in block letters) \_\_\_\_\_

Member's Folio Number \_\_\_\_\_

Name of Proxy (in block letters to be filled in case the Proxy attends instead of the Member) \_\_\_\_\_

\_\_\_\_\_ No. of Shares held \_\_\_\_\_

I hereby record my presence at the Annual General Meeting of Texmo Pipes and Products Limited on 28th day of September 2011 at 11.30 A. M. 98, Bahadarpur Road, Burhanpur (M.P.)

Please ( ) the appropriate box Member  Proxy

\_\_\_\_\_  
Member's / Proxy's Signatures\*

Note: Please note that no gift/gift coupon will be distributed at the AGM.  
\*To be signed at the time of handing over this slip.



**ANNUAL GENERAL MEETING 28-09-2011  
PROXY FORM**

Regd. Folio \_\_\_\_\_ No. of shares \_\_\_\_\_ \*DP ID No. \_\_\_\_\_ \*Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/ Members of

Texmo Pipes and Products Limited hereby appoint \_\_\_\_\_ of

\_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ in district of \_\_\_\_\_ as my/ our proxy to vote for

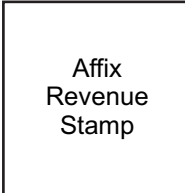
me/us, on my/our behalf at the Annual General Meeting of the Company to be held on 28th Sep 2011 at

11.30 A. M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of ..... 2011.

Signature \_\_\_\_\_ Address \_\_\_\_\_

- Note :
- 1) The PROXY Form duly completed and signed should be deposited at Registered Office of the Company not later than 48 hours before the time of Meeting.
  - 2) Please mark the envelope "Texmo Pipes and Product Limited – PROXY".



## Texmo Pipes and Products Limited

(PB No.35) 98, Bahadarpur Road, Burhanpur - 450 331, Madhya Pradesh

Dear Shareholder,

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered email addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of 'Texmo Pipes and Products Limited' to contribute to the Corporate Social Responsibility initiative of the Company.

Further it will ensure instant and definite receipt of the reports by you.

We notice that your email ID is not available in our records. As we propose to send future Communications, in electronic mode, we request you to please fill up the form given herewith for registering your e-mail ID and send the same to the following address:

**Karvy Computershare Private Limited**

(Unit: Texmo Pipes and Products Limited)

Plot no 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081

If the shares are held in electronic mode, please get your e-mail registered with your DP immediately. Please note that as a member of the Company you will be entitled to receive all such communication in Physical Form, upon request.

Thanking you,  
Yours faithfully,  
For : **Texmo Pipes and Products Limited**  
**Sd/- Akhilesh Gupta**  
Company Secretary

.....  
**E-COMMUNICATION REGISTRATION FORM**

Folio No. /DP Id and Client ID: .....

Name of 1st Registered Holder: .....

Name of Joint Holder(s): .....

Registered Address: .....

E-Mail address (to be Registered): .....

I/we Shareholder(s) of **Texmo Pipes and Products Limited** agree to receive communication from the Company in electronic mode. Please register my above e-mail ID for your records for sending communication through e-mail.

Date: .....

Signature: .....

(1st holder only)

**Note:** Shareholder(s) are requested to keep the Company informed as when there is any change in the e-mail address.



**Post Box No. 35, 98, Bahadarpur Road, BURHANPUR 450 331 (M.P.)**

Tel. : 255122, 252353, 251210, 253833 Fax : (91) 7325 - 253273

E-mail : [texmopipe@texmopipe.com](mailto:texmopipe@texmopipe.com)

Website : <http://www.texmopipe.com>



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