

4<sup>th</sup>

ANNUAL REPORT

2011 - 2012



**TEXMO**

PIPES AND  
PRODUCTS LIMITED

AN ISO 9001 CERTIFIED COMPANY



**CORPORATE INFORMATION**

<p><b>Board of Directors</b></p> <ol style="list-style-type: none"> <li>1. Mr. Sanjay Agrawal - Chairman and Managing Director</li> <li>2. Mr. Vijay Prasad Pappu - Whole Time Director</li> <li>3. Mr. Shanti Lal Badera - Non Executive Independent Director</li> <li>4. Mr. Sunil Kumar Maheshwari - Non Executive Independent Director</li> <li>5. Mr. Chakradhar Bharat Chhaya- Non Executive Independent Director</li> </ol>	<p><b>Committees of Directors</b></p> <p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Mr. Sunil Kumar Maheshwari - Chairman</li> <li>2. Mr. Shanti Lal Badera - Member</li> <li>3. Mr. Chakradhar Bharat Chhaya - Member</li> <li>4. Mr. Vijay Prasad Pappu - Member</li> </ol> <p><b>Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1. Mr. Chakradhar Bharat Chhaya - Chairman</li> <li>2. Mr. Shanti Lal Badera - Member</li> <li>3. Mr. Sunil Kumar Maheshwari - Member</li> </ol>
<p><b>Chief Financial Officer</b> Mr. Satyendra Rathi</p>	<p><b>Shareholders' / Investors' Grievance Committee</b></p> <ol style="list-style-type: none"> <li>1. Mr. Chakradhar Bharat Chhaya - Chairman</li> <li>2. Mr. Shanti Lal Badera - Member</li> <li>3. Mr. Sanjay Agrawal - Member</li> </ol>
<p><b>Company Secretary &amp; Compliance Officer</b> Mr. Akhilesh Gupta</p>	<p><b>Treasury Committee</b></p> <ol style="list-style-type: none"> <li>1. Mr. Sanjay Agrawal - Chairman</li> <li>2. Mr. Vijay Prasad Pappu - Member</li> <li>3. Mr. Sunil Kumar Maheshwari - Member</li> </ol>
<p><b>Registered Office</b> 98, Bahadarpur Road, Burhanpur (M.P.) - 450 331</p>	<p><b>Corporate Identification Number :</b> <b>L25200MP2008PLC020852</b></p>
<p><b>Bankers</b> State Bank of India IDBI Bank Axis Bank HDFC Bank Bank of India</p>	<p><b>Corporate Office</b> 98, Bahadarpur Road, Burhanpur (M.P.) - 450 331</p>
<p><b>Registrar &amp; Share Transfer Agent</b> Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Huderaabad - 500031</p>	<p><b>Auditors</b> Pankaj Somaiya &amp; Associates Chartered Accountants</p>

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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 on me. I am happy to inform you that Your Company has spread its wings across the length and breadth of India and has made its presence in many states. We are proud of our continuous growth and prosperity that reflects our sense of vision - to be a significant player in the agro and construction solution based industry. "To embark on a journey of success one needs the tools of preparedness, foresight and strategy which lead to the path of growth and high quality operation. It made new benchmarks in quality, productivity and customer satisfaction The Company showed remarkable flexibility and adaptability during its journey. It met changing customer requirements by offering relevant products from time to time and expanded its sales and service network across the country.

Your Company achieved a record turnover exceeding ₹ 16526.19 Lacs resulting the growth of 23.55% over the previous year and will continue this trend with all sincerity in the current year as well. However Comparing to Previous F.Y during this F.Y 2011-12 our new product line has shown a remarkable growth in Fittings sales and similarly in Drip Irrigation System sales increased by 208%

During 2011 - 2012, we stepped up our commitment to build organizational capacity, management bandwidth and the ability to execute our initiatives. This is a critical commitment that we are making to build a process and performance based organization with a shared vision. With a very strong brand image in the market your company is operating in six states and is planning for a Pan India presence. The company has a strong dealer network of more than 400 dealers and is continuously expanding its reach. The cost competitiveness and high quality of the products of your company ensures healthy demand of the company's product in the coming year also. Company is launching new products to increase its portfolio and to gain competitive advantage.

Your company's Transportation is engaged in the road haulage business with its base in Burhanpur serving and providing direct transportation to all major cities and enjoying the trust, confidence and reliability of our valued clients and there is huge reduction in dependency on outside transport agency at the time of seasonable sales.

Addition of vehicles during the year: 3

Total vehicles in the current year: 18

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 sincere 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)

**NOTICE**

NOTICE is hereby given that the Fourth Annual General Meeting of the members of the Company will be held on Wednesday 26<sup>th</sup> September, 2012 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, 2012 and the Profit and Loss account for the period ended 31<sup>st</sup> March, 2012 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Sunil Kumar Maheshwari** 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.

**BY ORDER OF THE BOARD**

**Place: Burhanpur**

**Date: 16<sup>th</sup> August, 2012**

**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. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment/appointment as Directors under Item Nos. 2 of the Notice, are annexed hereto.
3. Members/ Proxies are requested to bring along with them Annual Reports being sent to them and should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
4. The Share Transfer Book and Register of Members of the Company will remain closed from 20<sup>th</sup> September 2012 to 26<sup>th</sup> September, 2012 (both days inclusive).
5. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
6. 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.
7. 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

8. Members are requested to register their e-mail addresses through their Depository Participant where they are holding their Demat Accounts for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.

**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. Sunil Kumar Maheshwari**

Mr. Sunil Kumar Maheshwari, aged 48 years is Non Executive Independent Director of the company and has more than 24 years experience in the field of Audit, management consultancy and Direct Taxes.

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 a Chairman of Audit Committee and Member of Remuneration Committee and Treasury Committee of the Company.

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

Mr. Sunil Kumar Maheshwari does not hold any equity 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. Sunil Kumar Maheshwari are interested in the above resolution.

**BY ORDER OF THE BOARD**

**Place: Burhanpur**

**Date: 16<sup>th</sup> August, 2012**

**Sanjay Agrawal  
Chairman**

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors are pleased to present the fourth Annual Report and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2012.

**Performance Highlights**

Your directors hereby report that on a standalone basis your company recorded a turnover of ₹16526.19 Lacs for the year ended 31st March, 2012 as against ₹ 13376.19 Lacs in the previous year which shows an increase of 23.55%.

The highlights of the financial results of the Company for the year ended 31<sup>st</sup> March, 2012 is summarized below:

(₹ in Lacs)

Particulars	Standalone		Consolidated
	2011-12	2010-11	2011-12
Profit before Interest, Depreciation and Tax	1917.62	1680.05	1917.20
Interest	834.10	523.92	835.89
Depreciation	483.14	179.66	483.14
Profit before tax	600.38	976.47	598.17
Provision for tax			
- Current tax	145.71	207.42	145.71
- Deferred tax	33.56	101.47	33.56
Profit after tax	421.11	667.58	418.90
Prior year adjustment	0.09	-11.86	0.09
Profit after tax & prior year adjustments	421.02	679.44	418.81
Balance of profit brought forward from earlier years	1522.15	842.71	1522.15
Profit available for appropriation			
Appreciations:	1943.17	1522.15	1940.96
Proposed dividend:	-----	-----	-----
- Equity	-----	-----	-----
- Preference			
Balance of profit	1943.17	1522.15	1940.96

On a standalone basis, the profit before interest, depreciation and tax for the financial year is ₹ 1917.62 lacs which was against ₹ 1680.05 lacs in the previous year. The profit before tax for the financial year stood at ₹ 600.38 lacs compared to ₹ 976.47 lacs of the previous year. The profit after tax, before exceptional item for the financial year at ₹ 421.02 lacs compared to ₹ 679.44 lacs of the previous year.

On a standalone basis, the profit before interest, depreciation and tax for the financial year is showed hike of 14.14% as compared to previous year 2010-11 However due to additional interest cost and higher depreciation, the profit before tax for the current year is less than previous year.

On a consolidated basis, your Company has recorded Profit before tax of ₹ 598.17 Lacs during the year under the report and Profit after tax stood at ₹ 418.90 Lacs.

**Dividend**

With a view of augmenting the financial resources for generating stable growth the Board of Directors of the company has decided to carry forward entire profit and hence they did not propose any dividend for the financial year on equity shares.

**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. Sunil Kumar Maheshwari is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Your Directors recommend his reappointment.

A brief write-up on the director seeking re-appointment on account of retirement by rotation has been given in this Annual Report under the section "Corporate Governance.

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, your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956.

**Global Depository Receipts (GDRs)**

During the year your Company had issued 6,27,500 Global Depository Receipts (GDRs) representing 1,25,50,000 underlying equity shares.

Above issue GDRs are listed and traded at Luxembourg Stock Exchange.

**Subsidiary Company**

Your Company has incorporated one wholly owned subsidiary company M/s. Tapti Pipes & Products Limited at FZE, Sharjah in March 2011. Your Company holds 100% of the total equity share capital of the said subsidiary company.

Further your Company has incorporated in the month of November 2011, a new wholly owned subsidiary company known as M/s. Texmo Petrochemicals Private Limited Registered office at 98, Bahadarpur Road, Burhanpur (M.P.).

A statement containing brief financial details of the Subsidiary Companies for the year ended 31<sup>st</sup> March, 2012 is included in the notes under consolidated financial statement. As required under the Listing Agreements applicable with the Stock Exchanges, the Company has prepared the Consolidated Financial Statements of the Company and its Subsidiaries as per Accounting Standard (AS)-21 and form part of the Annual Report and Accounts.

The Annual Accounts of the Subsidiary Companies and other related information in detail will be made available to the Shareholders of the Company seeking such information. The Annual Account of the Subsidiary Companies are also kept for inspection by any investor at the Registered Office of the Company.

**Management Discussion and Analysis**

The Management's Discussion and Analysis of operations for the year under review, as stipulated under clause 49 of the listing agreement with the stock exchanges, is provided in annexure attached to this report.

**Consolidated Financial Statements**

As per Section 212 of the Companies Act, 1956, we are required to attach the Balance Sheet, Profit and Loss account, the Reports of the Board of Directors and Auditors of the subsidiary companies with the Balance Sheet of the Company. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided



such companies publish the audited consolidated financial statements in the annual report. Accordingly, the annual report of financial year 2011-12 contains the consolidated financial statements of the Company instead of the separate financial statements of all our subsidiaries. The audited annual accounts and related information of our subsidiaries will be made available upon request. The annual accounts of the subsidiary companies shall be available for inspection during business hours at our head office and registered office and at the registered office of the respective subsidiary.

#### **Appointment of Chief Financial Officer (CFO)**

Mr. Satyendra Rathi has been appointed as the Chief Financial Officer of the company w.e.f. 16<sup>th</sup> July 2012.

#### **Corporate Social Responsibility (CSR)**

Corporate Social Responsibility forms an integral part of the Company's business activities. CSR activities have been formalized this year with identification of regional coordinators and finalization of CSR calendar for the year. The Company provides safe and healthy working environment to its employees and a Policy in this regard has been implemented during the year.

#### **Appointment of Cost Auditor**

The Government of India, Ministry of Corporate Affairs, Cost Audit Branch vide its Order dated January 24, 2012 bearing no. F. No. 52/26/CAB-2010 has directed all Companies to which the Companies (Cost Accounting Records) Rules, 2011 apply, to get their cost accounting records, in respect of each of its financial year commencing on or after April 1, 2012 and for every financial year thereafter, audited by a Cost Auditor. In compliance with the said directive, the Company has appointed M/s. Saurabh Parikh & Associates, Cost Accountants, Indore (M.P.), as the Cost Auditors for the purpose of conduct of Cost Audit of the Cost Accounting Records of the Company for the Financial Year 2012-2013.

#### **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 annual accounts of the company for the financial year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed along with a proper explanation relating to material departures;
- (ii) That the 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 had taken proper and sufficient care to the best of their knowledge and ability 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 2011-12.

#### **Auditors & Auditor's 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 & Associates 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**

The information required under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is provided in an Annexure-1 forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Reports and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary at Registered office of the company.

### **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-2 and forms part of this report.

### **Corporate Governance**

The Company has been practicing the principles of good Corporate Governance during the year. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors certificate on corporate governance form part of the Annual Report. Your Company is also following the Secretarial Standard norms issued by the Institute of Company Secretaries of India (ICSI).

### **Acknowledgment**

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 receive the same support for our endeavor to grow consistently.

**FOR AND ON BEHALF OF THE BOARD**

**Date: 16<sup>th</sup> August 2012**  
**Place: Burhanpur**

**Sanjay Agrawal**  
**Chairman cum Managing Director**

**ANNEXURE – 1**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1976 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012.

NAME OF THE EMPLOYEE	Shri Sanjay Agrawal
AGE	48 years
DESIGNATION	Managing Director
REMUNERATION RECEIVED	₹ 50,00,000/-
DATE OF COMMENCEMENT OF EMPLOYEE	01 <sup>st</sup> September, 2008
QUALIFICATIONS	B. Com, LL.B, MBA.
EXPERIENCE	More than 22 years
NUMBER OF EQUITY SHARES HELD BY HIM (ALONG WITH THE PERSONS ACTING IN CONCERT WITH HIM) AND % OF THE SAME TO THE TOTAL CAPITAL OF THE COMPANY	30,07,500 Equity Share in his name 30,01,500 Equity shares in name of Smt. Rashmi Devi Agrawal (Spouse) total holding 25.23% of total capital of the Company

**FOR AND ON BEHALF OF THE BOARD**

**Place: Burhanpur**  
**Date: 16<sup>th</sup> August, 2012**

**Sanjay Agrawal**  
**Chairman cum Managing Director**

**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. Group

**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>31.03.2012</b>	<b>31.03.2011</b>
1. (a) Electricity		
(i) Purchase Unit	7921332	7527150
(ii) Total Amount (₹)	43564071	36232515
(iii) Rate/Unit (₹)	5.50	4.81
(b) Own Generation		
(i) Through Diesel Generator (Kwh)160 KVA X2		
Units (Ltrs)	2708	3720
Total Amount	121212	154674
Average Rate (₹ / Ltr.)	44.76	41.58
(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 (₹)	NIL	NIL
(iii) Average Rate (₹/Tones)	NIL	NIL
3. Furnished Oil		
(i) Quantity (Ltrs.)	NIL	NIL
(ii) Total Cost (₹)	NIL	NIL
(iii) Average Rate (Unit/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		
(a) C.I.F. Value of Imports		
Raw material	25,27,51,429	16,17,45,168
Stores and Spares	23,46,742	1,30,885
Capital goods	---	5,49,315
<b>Total</b>	<b>25,50,98,171</b>	<b>16,24,25,368</b>
(b) Expenditure in Foreign Currency		
GDR Issue Expenses	4,59,469	1,56,16,597
Subsidiary Incorporation Expenses (Tapti Pipes & Products Limited FZE)	---	6,84,709
<b>Total</b>	<b>4,59,469</b>	<b>1,63,01,306</b>
<b>C. Earning in Foreign Currency</b>		
FOB value of Export	NIL	NIL
<b>Total</b>		

FOR AND ON BEHALF OF THE BOARD

Place: Burhanpur  
Date: 16<sup>th</sup> August, 2012

Sanjay Agrawal  
Chairman cum Managing Director

## REPORT ON CORPORATE GOVERNANCE

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

TPPL is committed to the adoption of and adherence to the best Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. TPPL believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity.

TPPL believes in optimum utilization of the resources and ethical behavior of the enterprise to enhance the stakeholders' value with strong emphasis on transparency, accountability, integrity, equity, fairness and commitment to values. The Corporate Governance practices have not only assisted our Company to achieve its goals in most prudent and sustainable manner but also have helped in maximizing the wealth of shareholders.

The Company not only adheres to the prescribed Governance Practices as per Clause 49 of the Listing Agreement but is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and accomplishment of stated goals and objectives. The core values viz. ethical practices and to keep maximum concern on our Stakeholder interest as our own success will follow. It persistently strives to promote highest levels of safety in its operations, maintain better health of its employees and provide a clean and green environment for sustainable development.

#### **Key Board activities during the year**

The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Its main function is to ensure that long-term interests of the stakeholders are being served. Voluntary Corporate Governance Guidelines of the Ministry of Corporate Affairs, Government of India broadly outline a framework for corporate sector on important parameters like appointment of directors, guiding principles to remunerate directors; responsibilities of the Board, risk management, the enhanced role of Audit Committee are receiving attention of the Board of Directors of your Company.

#### **Corporate Social Responsibility (CSR)**

Corporate Social Responsibility forms an integral part of the Company's business activities. CSR activities have been formalized this year with identification of regional coordinators and finalization of CSR calendar for the year. During the year the Company had provided Industrial and Management Training to the under Graduate, Graduate and Post Graduate student. The Company had sponsored Cultural Activities organized by the youngster of the city. To encourage the Green Governance the Company had participated in Plantation Programmes organized by local Government Authorities and Company also provides Tree Guard for the Protection of Plantation made by the Company. The Company provides safe and healthy working environment to its employees and a Policy in this regard has been implemented during the year.

#### **Role of the Company Secretary in overall Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents and information as mentioned in Annexure-IA to Clause 49 of the Listing Agreement has been placed before the Board for its consideration and made available to the Directors and Senior Management for effective decision making at the meetings. All the Directors of the Company have access to the advice and services of the Company Secretary.

**Recording of Minutes of Proceedings of Board and Committee Meetings**

The Company Secretary records the Minutes of the proceedings of each Board and Committee Meeting. Draft Minutes are circulated to all the members of the Board / Committee for their comments.

**Internal Control Systems**

The Company has both external and internal audit systems in place. The Board and the Management periodically review the findings and recommendations of the auditors and take necessary corrective actions whenever required. The Auditors have access to the records and information of the Company. The Board recognizes the work of the auditors as an independent check on the information with respect to the operations and performance of the Company.

The Company has also appointed M/s. Nidhi Rathi & Associates, Chartered Accountants as Internal Auditors to oversee and carry out internal audit of the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of Company's operations. The safeguarding of assets and their protection against unauthorized use are also a part of these exercises.

The Company has an Audit Committee, the details of which have been provided in Para 4 of the Report. The Audit Committee reviews the reports submitted by the Internal Auditors of the Company and follows up to ensure the implementation of corrective actions. The Committee also meets the Statutory Auditors to ascertain, inter-alia, their views on the adequacy of control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

**2. BOARD OF DIRECTORS**

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. 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. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, new investments, compliance with statutory/regulatory requirements and major accounting provisions are considered by the Board.

The Board comprises of a fair number of independent, professionally competent and acclaimed non-executive Directors.

**Composition of Board**

At present the Board consists of 2 Executive Director and 3 Non-Executive Independent Directors. The Company has an Executive Chairman. The Company is having 3 Independent Directors which as per Clause 49 I A of the Listing Agreement is 60% of the total strength of Board of Directors of the Company, which meets the requirement relating to the composition of the Board.

The Company is having an appropriate size of the Board for real strategic discussion and avails the benefits of diverse experience and viewpoints.

All Directors are individuals of integrity and courage, with relevant skills and experience to bring judgment on the business of the Company.

**Board Meetings held during the year**

During the year 2011-12, Seven Meetings of the Board of Directors were held on 11<sup>th</sup> April 2011, 13<sup>th</sup> May 2011, 30<sup>th</sup> June 2011, 11<sup>th</sup> August 2011, 11<sup>th</sup> November 2011, 11<sup>th</sup> February 2012 and 05<sup>th</sup> March 2012. The maximum time gap between any two consecutive meetings did not exceed four months.

None of the Directors on the Board are Members in more than ten Committees or Chairman in more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding

Committee positions in other public companies as on 31<sup>st</sup> March, 2012 have been made by the Directors.

The previous Annual General Meeting of the Company held on **28<sup>th</sup> September, 2011** was attended by all the members of the Board of Directors except Mr. Chakradhar Bharat Chhaya as on that date due to his other pressing occupancy.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting as on 31<sup>st</sup> March, 2012 are given below:

Name of Director	Category	Attendance at	
		Board Meeting	Last AGM
Mr. Sanjay Agrawal	Managing Director & Chairman	7	YES
Mr. Vijay Prasad Pappu	Whole Time Director	6	YES
Mr. Shanti Lal Badera	Non-Executive & Independent Director	4	YES
Mr. Sunil Kumar Maheshwari	Non-Executive & Independent Director	5	YES
Mr. Chakradhar Bharat Chhaya	Non-Executive & Independent Director	4	NO

**Remuneration to Executive Directors**

The remuneration of the Managing Director & Whole Time Director is recommended by the Remuneration Committee to the Board of Directors based on criteria such as industry Benchmarks, the Company's performance vis-à-vis the industry, performance track record of the Managing Director & WTD.

Mr. Sanjay Agrawal is the Chairman cum Managing Director and Chief Executive Officer of the Company. The Salary and allowance paid to Mr. Sanjay Agrawal during the year 2011-12 were ₹ 50.00 Lacs and Mr. Vijay Prasad Pappu is the Whole time director of the Company and the Salary and allowance paid to Mr. Vijay Prasad Pappu during the year 2011-12 ₹ 12.00 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.

**Non-Executive Directors' Compensation and Disclosures**

The Non-Executive Directors are entitled to sitting fee for attending the Board/Committee Meetings. A sitting fees of ₹ 10,000 for attending each meeting of the Board Meeting and Audit Committee and of ₹ 2,500 for attending each of the Shareholders/ Investors Grievance and Remuneration Committee Meetings was paid to the Non-Executive Directors during the year under review.

The Sitting fees paid to the Non-Executive Directors are within the limits prescribed under the Companies Act, 1956. No stock options were granted to Non-Executive Directors during the year under review.

The Board considered the performance of the Non-Executive Directors based on their attendance and contribution at the Board and Committee Meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the Meetings.

The Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the year 2011-12.

The details of Sitting Fees paid to the Non-Executive Directors during the year 2011-12.

No.	Name of Non Executive Directors	Sitting fees (₹)	Commission (₹)	Total
1.	Mr. Chakradhar Bharat Chhaya	1,00,000	Nil	1,00,000
2.	Mr. Shanti Lal Badera	1,00,000	Nil	1,00,000
3.	Mr. Sunil Kumar Maheshwari	1,00,000	Nil	1,00,000

**Details of other Directorship and Committee Membership**

Details with particulars of their Directorships and Chairman/ Membership of Board Committees in other Public Companies, in which they are Directors showing the position as on 31<sup>st</sup> March, 2012 are given below:

No.	Name of Directors	Directorship in other Public Companies	Other Companies	Committee positions held	
				Chairmanship	Membership
1.	Mr. Sanjay Agrawal	0	3	0	0
2.	Mr. Vijay Prasad Pappu	0	1	0	0
3.	Mr. Shanti Lal Badera	0	0	0	0
4.	Mr. Sunil Kumar Maheshwari	0	0	0	0
5.	Mr. Chakradhar Bharat Chhaya	3	1	2	1

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.

Other Company directorships do not include Alternate Directorships, Section 25 Companies and of Companies incorporated outside India but that of Private Limited Companies.

The Company has received Declarations on six criterions of independence as prescribed in Clause 49.1.A (iii) of the Listing Agreements from Independent Directors.

No Director of the Company is related to any other Director of the Company.

**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 Board of Directors, Audit and other committees of the Board and meetings of Subsidiary Company on the quarterly basis.
- 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) Industrial relationship issues of material nature and proposed remedial actions. All significant development in Human Resources/ industrial relations.
- i) Transactions of material nature of buying and selling of investments, or undertaking/ assets, which are not in normal course of business.
- j) Status on compliance with all regulatory, statutory and material contract requirements.
- k) 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.

**Director seeking Re-appointment**

Particulars of the Non-Executive Directors retiring by rotation and is eligible for re-appointment and their profile is also being given below.

Mr. Sunil Kumar Maheshwari, retire by rotation and being eligible, has offered himself for re-appointment.

**Brief profile of director seeking Re-appointment:****Mr. Sunil Kumar Maheshwari**

Mr. Sunil Kumar Maheshwari, aged 48 years is Non Executive Independent Director of the Company and has more than 24 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 and Remuneration Committee of the Company.

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

Mr. Sunil Kumar Maheshwari does not hold any equity shares of the company.

**Code of Conduct**

The Board of Directors has laid down the Code of Conduct for all the Board Members and Senior Management of the Company. The copies of Code of Conduct/Ethics as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company - [www.texmopipe.com](http://www.texmopipe.com)

The Members of the Board and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended 31<sup>st</sup> March, 2012. The Annual Report of the Company contains a Certificate by the Managing Director & CFO in terms of Clause 49 of the listing agreement.

**Prevention of Insider Trading**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 and Company Code of Conduct for Prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Designated persons (Directors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. The Compliance Officer is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "price sensitive information", pre-clearing of designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code under the overall supervision of the Board of the Company. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. The aforesaid Code is available at the website of the Company [www.texmopipe.com](http://www.texmopipe.com).

**3. TREASURY COMMITTEE**

The Board of Directors has constituted a Non- mandatory Sub Committee of Board styled as Treasury Committee with Mr. Sanjay Agrawal as Chairman of the Committee Mr. Vijay Prasad Pappu and Mr. Sunil Kumar Maheshwari as members of the Committee. The Board of Directors has delegated certain powers to Treasury Committee to deal with the day to day business affairs of the Company and to take the beneficial decisions for the Company and pass various resolutions on behalf of the Board except those which are to be passed necessarily by the Board.

**Composition of Treasury Committee, its Meetings and Attendance**

During the year 2011-12, Four Treasury Committee Meetings were held on 25<sup>th</sup> June 2011, 05<sup>th</sup> September 2011, 15<sup>th</sup> December 2011 and 14<sup>th</sup> March 2012.

The present composition of the Treasury Committee and number of meetings attended by the Members are given below:

Name of Director	Position held in Committee	No of Meetings attended
Mr. Sanjay Agrawal	Chairman	4
Mr. Vijay Prasad Pappu	Member	4
Mr. Sunil Kumar Maheshwari	Member	0

Mr. Akhilesh Gupta, Company Secretary and Compliance officer act as the secretary to the Treasury Committee.

**4. 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.

**Composition of Audit Committee, its Meetings and Attendance**

The Chairman of the Audit Committee is Mr. Sunil Kumar Maheshwari. During the year 2011-12, Four Audit Committee Meetings were held on 13<sup>th</sup> May 2011, 11<sup>th</sup> August 2011, 11<sup>th</sup> November 2011 and 11<sup>th</sup> February 2012.

The composition of the Audit Committee and number of meetings attended by the Members are given below:

<b>Name of Director</b>	<b>Position held in Committee</b>	<b>No of Meetings attended</b>
Mr. Sunil Kumar Maheshwari	Chairman	4
Mr. Shanti Lal Badera	Member	4
Mr. Chakradhar Bharat Chhaya	Member	4
Mr. Vijay Prasad Pappu	Member	3

Mr. Akhilesh Gupta, Company Secretary and Compliance officer act as the secretary to the Audit Committee.

The Committee Meetings are also attended on invitation by Statutory Auditors of the Company. The Internal and Statutory Auditors of the Company discuss their audit findings and update the Audit Committee and submit their views directly to the Committee to conduct detailed reviews of the processes and internal controls in the Company.

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The Board has constituted a Shareholders/Investors Grievance Committee with Mr. Chakradhar Bharat Chhaya as Chairman of the Committee with Mr. Shanti Lal Badera and Mr. Sanjay Agrawal as members of the Committee. The Committee has been set up to oversee the performance of the Registrars and Share Transfer Agents with respect to redressal of Shareholders grievances etc.

The process of share transfer as well as review of redressal of investors/shareholders grievances is undertaken 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 by the Registrar and Share Transfer Agents and the Compliance Officer of Company. However, the matters related to issue of fresh Share Certificates are dealt with by the Shareholders/Investors Grievance Committee.

The Board has delegated the powers to the Registrar and Transfer Agents (RTA) to attend to Share Transfer formalities once in a fortnight in accordance with Clause 49(IV) (G).

**Composition of the Committee, its Meetings and Attendance**

The Chairman of the Shareholders/Investors Grievance Committee is Mr. Chakradhar Bharat Chhaya. During the year 2011-12, Four Meetings of the committee were held on 13<sup>th</sup> May 2011, 11<sup>th</sup> August 2011, 11<sup>th</sup> November 2011 and 11<sup>th</sup> February 2012.

The composition of the Shareholders/Investors Grievance Committee and number of meetings attended by the Members are given below :

Name of Director	Position held in Committee	No of Meetings attended
Mr. Chakradhar Bharat Chhaya	Chairman	4
Mr. Shanti Lal Badera	Member	4
Mr. Sanjay Agrawal	Member	4

Mr. Akhilesh Gupta, Company Secretary and Compliance officer acts as the secretary to the committee.

**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 01.04.2011.	3	302
02	Number of shareholders who approached the company for transfer of share from suspense account during the year.	1	152
03	Number of shareholders to whom shares were transferred from suspense account during the year.	1	152
04	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year 31.03.2012.	2	150
05	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

**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  
Fax: - 07325-253273  
Email- akhilesh.gupta@texmopipe.com

In addition to the above e-mail of the Compliance Officer, the Investors/Shareholders can also lodge their complaints, if any, at [complaints@texmopipe.com](mailto:complaints@texmopipe.com).

The Company Secretary has been designated as Compliance Officer of the Committee in line with the requirement of Listing Agreement with the Stock Exchanges.

**6. REMUNERATION COMMITTEE**

The Board has constituted a Remuneration Committee with Mr. Chakradhar Bharat Chhaya as Chairman of the Committee with Mr. Shanti Lal Badera and Mr. Sunil Kumar Maheshwari as members of the Committee. The Committee is set up to oversee the performance of the Executive Directors and recommends remunerations, promotions, increments etc. for the Managing Director and Executive Director to the Board for approval.

**Composition of the Committee, its Meetings and Attendance**

The Chairman of the Remuneration Committee is Mr. Chakradhar Bharat Chhaya. During the year 2011-12, Four Meetings of the committee were held on 13<sup>th</sup> May 2011, 11<sup>th</sup> August 2011, 11<sup>th</sup> November 2011 and 11<sup>th</sup> February 2012.

The composition of the Remuneration Committee and number of meetings attended by the Members are given below:

<b>Name of Director</b>	<b>Position held in Committee</b>	<b>No of Meetings attended</b>
Mr. Chakradhar Bharat Chhaya	Chairman	4
Mr. Shanti Lal Badera	Member	4
Mr. Sunil Kumar Maheshwari	Member	4

**7. SUBSIDIARY COMPANIES**

The Company has one non-listed Indian Subsidiary Company, namely Texmo Petrochemicals Private Limited (TPCPL). The Audit Committee review the financial statements and investments made by the unlisted subsidiary companies. The Minutes of the Board Meeting as well as statements of all significant transactions of the unlisted subsidiary companies are placed regularly before the Board of Directors for their review. The Company does not to have an Independent Director of the Company on the Board of such subsidiary Company.

The Company also had unlisted foreign Subsidiary Company in Hamriyah Free Zone- Sharjah, U.A.E., namely Tapti Pipes & Products Limited FZE. The financial statements of the unlisted foreign Subsidiary Companies are being placed before the Board.

**8. DISCLOSURES**

**Related Party Transaction**

Details of materially significant related party transaction i.e. the transaction of the the Company of material nature with its Promoters, the Directors or the Management or their relatives are presented under schedule 22 (Note No. 35) on notes forming part of the accounts. (Change as per auditor's report). All details on the financial and commercial transaction, where Directors may have a potential interest are provided to the Board. The Interested Directors neither participate in discussion, nor vote on such matters.

**Accounting Treatment in Preparation of Financial Statements**

The Company has followed the guidelines of Accounting Standard laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements.

**Risk Management**

The Company had established well-documented risk management framework. Under this framework, risk is identified across all business process of the Company on continuous basis. Once identified, these risks are systematically categorised as strategic risks, business risks or reporting risks.

During the year, the Board has rewired the risk assessment and minimisation procedures adopted by the Company.

**Proceeds from public issues, right issues, preferential issues etc.**

The Company discloses to the Board of Directors and the Audit Committee, the uses / application of the proceeds/ funds raised from the public issues as part of the quarterly review of the financial results.

The Company did not have any of the right, preferential issues during the year under review.

During the financial year the company has issued Global Depository Receipts (GDRs) and GDRs listed and traded at Luxembourg Stock Exchange.

**Whistle Blower Policy**

The Company is having Whistle Blower Policy and no personnel have been denied access to the Chairman of the Audit Committee.

**Management Discussion and Analysis Report**

The Management discussion and analysis report is prepared in accordance with the requirement of Clause 49 of the Listing Agreement and shall form part of the Annual Report to the shareholders.

**Communications to Shareholders**

Effective Communication of information is an essential component of Corporate Governance. The Company regularly interacts with the Shareholder through the multiple channels of communication such as publication of Results, Annual Reports, Press Release and the Company's Website. 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 and the Annual Results of the Company are also published in prominent daily news papers such as Free Press (English) and Choutha Sansar (Hindi). The Company has also sent Annual Report through email to those Shareholders who have registered their email ids with Depository Participant.

Annual Report, Results and the quarterly Financial Result are also available on the website of the Company <http://www.texmopipe.com> under investor's information section.

**Pledge of Equity Shares**

No Pledge has been created over the Equity Shares held by the Promoters and/or Promoter Group Shareholders as on 31<sup>st</sup> March 2012.

The aggregate Shareholding of the Promoters and Persons belonging to the Promoters Group as on 31<sup>st</sup> March 2012 comprised of 6162889 Equity Shares of ₹10/- each representing 25.87% of the total paid up Share Capital of the Company.

**Discloser of Non-Compliance by the Company during the last year**

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.

The Company has complied with the mandatory requirements of corporate governance clause 49 of the Listing Agreements with the Stock Exchanges.

**9. General Shareholders Information**

**General Body Meeting**

The Company convenes the Annual General Meeting (AGM) generally within Six Months of the close of the financial year. The details of the AGM held in last Two Years are given as below:

Financial year	Date and time	Venue	Special Resolution passed
2009-10	25 <sup>th</sup> September, 2010 at 12.30 PM	98, Bahadarpur Road, Burhanpur (M.P.)	Special resolution passed to Change the Object of IPO Proceeds utilization.
2010-11	28 <sup>th</sup> September, 2011 at 11.30 AM	98, Bahadarpur Road, Burhanpur (M.P.)	1. Special Resolution was passed for the Revision and Increase of Remuneration payable to Mr. Sanjay Agrawal, Managing Director. 2. Resolution Passed u/s 293 1 d of the Companies Act 1956

**Details of Special Resolution passed at Extra-ordinary General Meeting in last Two years**

Financial year	Date and time	Venue	Special Resolution passed
2009-10	Nil	Nil	Nil
2010-11	28 <sup>th</sup> October, 2010 at 11.00 AM	98, Bahadarpur Road, Burhanpur (M.P.)	1. Amendment in Capital Clause of Memorandum and Article of Association of the Company. 2. Resolution passed to Increase the Borrowing Power of the Company. 3. Alteration in Article of Association to enable the Company to issue inter-alia any Depository Receipts. 4. Resolution passed to issues Further Capital by the way of ADR/GDR/FCCB.

During the year 2011-12 NO Extra-ordinary Meeting was held.

**Passing of Resolution by Postal Ballot**

During the year, No resolution was passed through the Postal Ballot by the Shareholders.

Any Special resolution which is required to be conducted through postal ballot will be conducted as per prevailing law.

**Annual General Meeting 2012**

Date	26 <sup>th</sup> September 2012
Venue	98, Bahadarpur Road, Burhanpur (M.P.) 450331
Time	11.30 A.M.
Book closure date	From 20 <sup>th</sup> to 26 <sup>th</sup> September, 2012. (Both days inclusive)
Last date of receipt of Proxy forms	24 <sup>th</sup> September 2012. (Before 11.30 A.M. at the Registered office of the Company)

**Financial Calendar**

Financial Year of the Company has starting from 01<sup>st</sup> April to 31<sup>st</sup> March.

**Tentative Calendar for financial year ending 31<sup>st</sup> March, 2013**

<b>Quarterly Financial Results</b>	<b>Date of Board Meeting</b>
1 <sup>st</sup> Quarterly results	19 <sup>th</sup> July 2012
2 <sup>nd</sup> Quarterly results	First half of November 2012
3 <sup>rd</sup> Quarterly results	First half of February 2012
4 <sup>th</sup> Quarterly results	Second half of May 2012

**Listing Details**

At present, the Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). GDRs issued by the Company have been listed at Luxembourg Stock Exchange w.e.f. 12<sup>th</sup> April 2011.

The Annual Listing fees for the financial year 2012-13 have been paid to the stock exchanges.

The Company has paid Annual Custodial Fees for the year 2012-13 to the National Securities Depository Limited and Central Depository Services Limited on the basis of beneficial accounts maintained by them as on 31<sup>st</sup> March 2012.

<b>Equity Shares</b>	<b>Global Depository Receipts (GDRs)</b>
Bombay Stock Exchange Limited 16 <sup>th</sup> Floor, P.J. Tower, Dalal Street, Mumbai 400001	Luxembourg Stock Exchange Societe de la Bourse de Luxembourg, L-2011, Luxembourg
National Stock Exchange of India Limited Exchange Plaza, Bandra- Kurla Complex, Bandra (East), Mumbai 400051	

**Stock Codes**

**Table 1**

<b>Name of the stock Exchange</b>	<b>Stock Code</b>
Bombay Stock Exchange Limited	533164
National Stock Exchange of India Limited	TEXMOPIPES
ISIN of Equity Shares	INE141K01013
ISIN of GDRs	US8830251083
Luxembourg Stock Exchange	TEXMO-LX

**Overseas Depository for GDRs**

The Bank of New York Mellon  
22<sup>nd</sup> Floor, 101 Barclay Street,  
New York, NY 10286 USA

**Domestic Custodian of GDRs**

DBS Bank Limited  
Securities Services, 5<sup>th</sup> Floor Front House,  
221, Dr. D.N. Road,  
Mumbai 400001

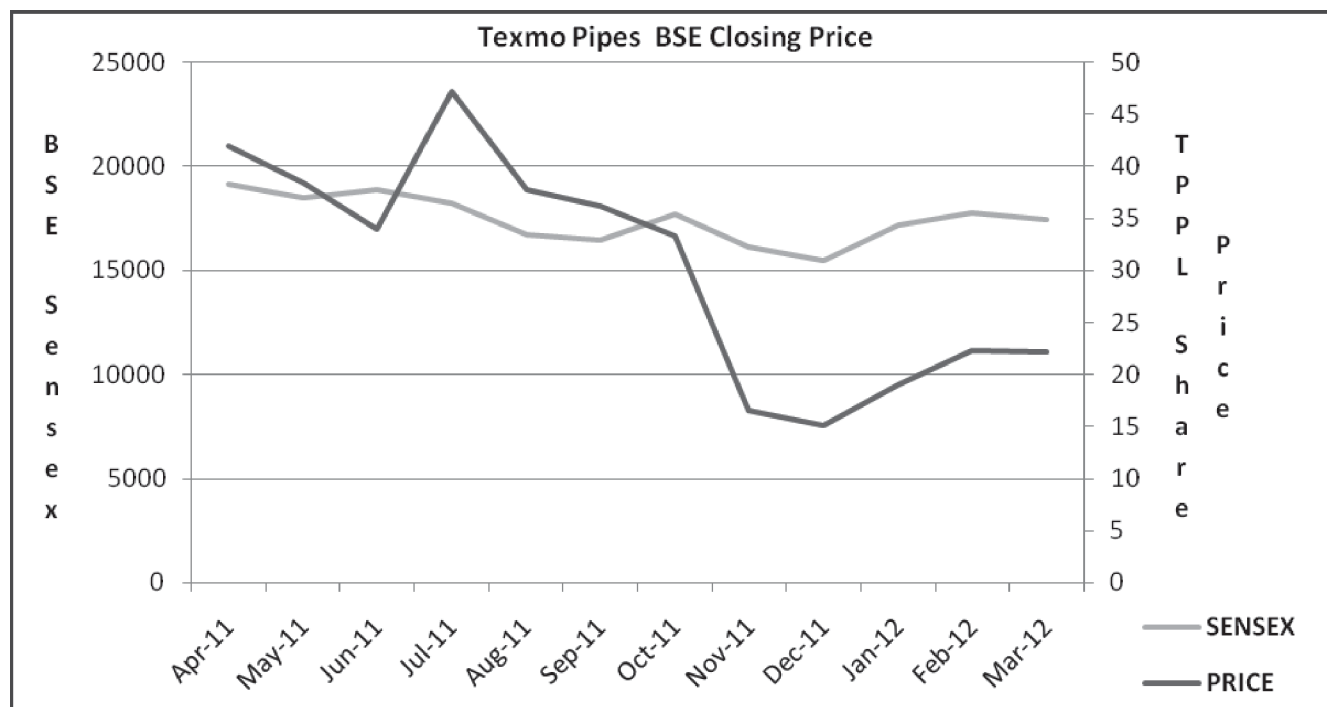


**Share Price Data**

The details of High, 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, 2012 are as under:

Period – from 01<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012

Months	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	52.20	32.05	52.35	31.55
May 2011	43.80	32.85	42.60	32.80
June 2011	40.50	32.00	40.50	31.40
July 2011	49.80	34.00	50.00	34.05
August 2011	49.00	37.00	49.40	36.60
September 2011	45.95	35.50	45.90	35.65
October 2011	36.50	32.70	36.40	32.65
November 2011	33.85	15.65	33.90	15.50
December 2011	20.30	15.00	20.45	15.00
January 2012	19.90	14.90	19.90	15.00
February 2012	24.40	18.65	24.20	18.55
March 2012	25.95	20.10	24.80	20.15



**Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

No. of Equity Shares held	Shareholders		Equity Shares held	
	No. of shareholders	% of total	Amount	% amount
001 – 5000	10195	86.85	13924370.00	5.85
5001-10000	805	6.86	6472940.00	2.72
10001-20000	393	3.35	5990160.00	2.51
20001-30000	108	0.92	2781910.00	1.17
30001-40000	59	0.50	2128910.00	0.89
40001-50000	46	0.39	2184270.00	0.92
50001-100000	68	0.58	5061610.00	2.12
100001 & above	65	0.55	199655830.00	83.82
<b>Total</b>	<b>11739</b>	<b>100.00</b>	<b>238200000.00</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2012**

Category	No. Of shareholders	No. Of share held	% of equity
<b>Promoters holding</b>	9	6162889	25.87
<b>Public shareholdings</b>			
Clearing member	48	24206	0.10
Foreign Corporate-DR	1	8337660	35.00
Indian Financial Institutional Investor	4	2820160	11.84
HUF	176	109535	0.46
Body Corporate	362	2635257	11.06
Non Resident Indians	91	89138	0.37
Resident Individual	11048	3641155	15.29
<b>Total</b>	<b>11739</b>	<b>23820000</b>	<b>100.00</b>

**Director`s Shareholding as on 31<sup>st</sup> March, 2012**

S. No.	Name of Director	No. of Share Held	% of Holding
1.	Mr. Sanjay Agrawal	3007500	12.63
2.	Mr. Vijay Prasad Pappu	1200	0.01
3.	Mr. Shanti Lal Badera	Nil	Nil
4.	Mr. Chakradhar Bharat Chhaya	Nil	Nil
5.	Mr. Sunil Kumar Maheshwari	Nil	Nil
	<b>Total</b>	<b>3008700</b>	<b>12.64</b>

**Dematerialization of Shares and Liquidity**

As at 31<sup>st</sup> March, 2012, 2,37,07,897 Equity Shares representing 99.53% 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, 2012.

The bifurcation of shares held in Physical & Demat form as on 31<sup>st</sup> March 2012, is given below.

Category		No. Of shareholders	No. Of share held	% of equity
Physical		3	112103	0.47
Demat Segment	NSDL	6610	6318922	26.53
	CDSL	5126	17388975	73.00
	<b>Total</b>	<b>11739</b>	<b>23820000</b>	<b>100.00</b>

**Outstanding GDRs and likely impact on Equity**

The Company had issued Global Depository Receipts on 11<sup>th</sup> April 2011, and the underlying shares against each of the GDRs were issued in the name of the Bank of New York Mellon DR, the depository. As on 31<sup>st</sup> March 2012, 4, 16,883 GDRs were outstanding and representing 83, 37,660 underlying equity shares of the Company.

**Investor Services**

**Web based query redressal system**

Members may utilise the 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.

**Karvy Computershare Private Limited**, Registrar & Transfer Agents (RTA) of the Company has confirmed that “No Complaints” had been received during the FY 2011-12 from the Shareholders against the Company.

### **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.

### **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

### **Plant Locations**

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

### **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](mailto:akhilesh.gupta@texmopipe.com)

## **10. Compliance**

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to the applicable laws and regulations including the Companies Act, 1956, FEMA, read with the Rules and Regulations issued there under, Listing Agreement with the stock exchanges and Rules and Regulations issued by the RBI and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

**Mandatory Requirements**

The Company has fully complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges.

**Adoption of Non-Mandatory Requirements**

Although it is not mandatory, the Board of TPPL has constituted a Remuneration Committee. Details of the Committee have been provided under section "Remuneration Committee".

**Compliance on Corporate Governance**

The quarterly compliance report on Corporate Governance has been submitted to the Stock Exchanges where the Company's Equity Shares are listed in the requisite format duly signed by the Compliance Officer.

**Reconciliation Share Capital**

As stipulated by SEBI, during the year the Company had complied with the Regulation 55A of SEBI (D&P) Regulation 1996 by obtaining from a qualified Practising Company Secretary an 'Reconciliation of Share Capital Audit Report' to reconcile the total admitted, issued and listed capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and Stock Exchanges.

**Go-Green Initiative**

Ministry of Corporate Affairs (MCA) has undertaken a 'Green Initiative' in the field of Corporate Governance by permitting 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. In pursuance of same, we take immense pleasure in informing you that your company had started this from last year onwards, initiated this Go-Green Programme by sending the soft copies of the Annual Report to the Shareholders who have already registered their E-mail Ids with the Company's and RTA. Further with a view to encourage the same in future we request the shareholders to kindly 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.

**Auditors Qualification on Financial Statement**

The Company's Financial Statement is free from any qualification by the Auditors.

**Auditor's Certificate on Corporate Governance**

The Company has obtained a Certificate from its Statutory Auditors testifying to its compliance with the provision relating to Corporate Governance laid out in Clause 49 of the Listing Agreement executed with the Stock Exchange.

The Certificate is annexed to this Report and the same will be sent to the Stock Exchange along with the Annual Report to be filed by the Company.

**11. INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Loan and Advances in the nature of loan to Subsidiaries:

**Amt. in ₹ Lacs**

Name the Company	Balance as at 31 <sup>st</sup> March 2012	Maximum outstanding during the year
Tapti Pipes & Products Limited FZE	3131.39	3131.39

**12. CEO/ CFO CERTIFICATE**

As required under clause 49 V of the Listing Agreement with the Stock Exchanges, Mr. Sanjay Agrawal, Managing Director Cum Chief Executive Officer and Mr. Satyendra Rathi, Chief Financial Officer of the Company have certified to the Board regarding financial statements for the year ended 31<sup>st</sup> March, 2012.

The CEO/CFO Certification of Financial Statement and Cash Flow Statement for the year are enclosed at the end of this Report.

**13. REPORT ON CORPORATE GOVERNANCE**

A separate section on Corporate Governance forms a part of the Annual Report. This Chapter read together with the information given in the chapter entitled Management Discussion and Analysis and Shareholders information, constitute a detailed compliance report on Corporate Governance during 2011-12.

**14. VOLUNTARY GUIDELINES, 2009**

The Ministry of Corporate Affairs (“MCA”) has issued set of Voluntary Guidelines 'Corporate Governance' and 'Corporate Social Responsibility' in December 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. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance. The company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the years.

Some of the provisions of these guidelines are already in place as in this Report. The other provisions are being evaluated, and your Company will strive to adopt the same in a phased manner.

**DECLARATION REGARDING COMPLIANCE OF 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, 2012, 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, 2012 of the company.

**For Texmo Pipes and Products Limited**

**Date: 16<sup>th</sup> August, 2012**

**Place: Burhanpur**

**Sanjay Agrawal  
(Managing Director)**

**CEO / CFO CERTIFICATION UNDER CLAUSE 49 OF THE LISTING  
AGREEMENT**

**To**  
**The Board of Directors**  
**Texmo Pipes and Products Limited**

We the undersigned, in our respective capacities as Managing Director Cum Chief Executive Officer (CEO) and Chief Financial Officer of Texmo Pipes and Products Limited, (“the Company”) to the best of our knowledge and belief certify that:

- a) We have reviewed the Financial Statements and the Cash Flow statement for the financial year ended 31<sup>st</sup> March, 2012 and based on our knowledge and belief, we 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) We further state that to the best of our 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) we are 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 we are aware and the steps have been taken or proposed to be taken to rectify these deficiencies.
- d) We have indicated, 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.

Place: Burhanpur  
Date: August 16, 2012

**Satyendra Rathi**  
Chief Financial Officer

**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, 2012 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 2011-12 had come up with improvement in performance of your company.

### Indian economy and its effects on your company

As the world is advancing into the future, plastic engineered solutions are becoming an arising need for the industries. The versatility of plastic pipe systems has made it a preferred choice for a wide range of applications for hot and cold water, energy, gas, conduit, sewerage and other industrial applications. The economic and environmental advantages of using the plastic pipes and fittings include resistance to corrosion and prevention of metal contamination thus ensuring hygienic and clean delivery, increased flexibility, durable, tough and light-weight material, leak-free joint fusion, easy installation, rehabilitation and greater life expectancy amongst others. Plastic pipes and fittings are the ideal products to suit the applications of today's domestic, commercial and industrial sectors.

According to All India Plastic Manufacturers Association (AIPMA), India's plastic consumption in 2010 stood at 9mn tonnes and has been growing at an annual average rate of 12%. With its true potential, consumption is all set to reach 12.5mn tonnes in 2012, which will make India the 3rd largest consumer of plastics by 2012 after US and China (expected consumption by then – USA: 39mn tonnes and China: 31mn tonnes). Further, the consumption is expected to reach 18.9mn tonnes by 2015.

As far as global consumption is concerned, Asia has been the world's largest consumer for several years, accounting for about 30% of global consumption. Next to Asia is North America with 26%, followed by Western Europe with 23%. Worldwide plastic consumption is expected to grow at an average rate of 5% until 2015.

The World economy is moving into a slower growth phase principally due to the problems faced by the European economy and bleak prospects of US economy. This has also slowed down Chinese and Indian Economy. In this situation, it was expected that the commodity prices may remain at a lower level for a longer period. Commodity prices came down to some extent. But, recently, Company is seeing reverse trend especially in the price of Crude Oil and commodity plastics. Inflationary conditions lead to increase in the prices of the raw material. From the low level reached in the market, fluctuations in the prices of Commodity plastics were between USD 50 to 100 per ton in the last 2-3 weeks. Indian economy is further adversely affected due to non-decisiveness by Centre and various State Governments on various pending issues which may lead the GDP growth to a lower level of around 6.5% during the year 2012-13.

Despite these adverse economic conditions, your Company Texmo Pipes And Products Limited could continue its growth momentum in FY 2011-12 as well and grew by 23.55 % in turnover and 14.14 % in EBIDTA terms.

### Overview of the company business

Your company started as a partnership firm under the name & Style Shree Mohit Industries on May 13, 1999. It was converted into a public limited company on July 03, 2008 in the name Texmo Pipes and Products Limited and has received business commencement certificate.

The product range includes PVC Pipes ranging from 20 mm to 315 mm and HDPE pipes ranging from 20 mm to 630 mm. The company has also Launched new Pipe fittings plant in the FY 2010-11. Client list of the Company includes various corporate sectors, Telecommunication sectors, Govt organizations and Your Company plans to further penetrate the urban & rural market by establishing more dealers for its Piping Systems & fitting, thus focusing on India's increasing need for housing, sewerage, water supply, telecommunications and other infrastructure.



The Company has increased its distribution reach by adding new dealers and distributors to penetrate the domestic markets. It is also expanding its business at international level. The company has successfully issued the GDRs and raised the funds for its future scope of business developments.

### **Opportunities and Threats**

As per the assumptions of All India Plastic Manufacture's Association (AIPMA), the domestic consumption is increasing by 10% to 12% CAGR over the last decade. This will make India the third largest Country in the world in plastic consumption after US and China.

About 70 percent of unorganized sectors are manufacturing PVC Products but simultaneously the organized sectors are also striving rapidly which will be the greatest opportunity and advantage because the popularity gained by virtue of brand image retained by your company.

The Company earned a distinguished reputation in the local market and gradually expanded the business across the country by working with its customers and satisfying their requirements Your Company is currently functioning in six states and now strategically planning to be a Pan India presence. The company has established a strong dealer network of 400 dealers which is continuously increasing due to its wide popularity, continual improvement and enhancement of customer satisfaction on the quality of our products and the services. 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. Company is continuously launching new products to increase its product portfolio to gain the competitive edge.

Limited raw material suppliers, unavailability of raw material or even availability at higher prices, fluctuations in the prices of crude oil and fluctuations in the exchange rate could adversely affect the profitability of the Company. Volatility in crude prices can also affect the raw material cost.

To overcome these threats the company has increased its procurement of raw material by way of increased imports from foreign suppliers committed supplies from indigenous and foreign suppliers and also further undertaken fresh MOU with indigenous supplier Reliance Industries by enhancing upto 150% of the existing requirement of raw material.

### **Competitive strength**

- One of India's growing pipes and fittings manufacturers.
- Has the widest range of products.
- Acknowledged as a leader in technology with a strong emphasis on quality products.

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 has a very strong dealer network in several states like Madhya Pradesh, Rajasthan, Maharashtra and Andhra Pradesh, Uttar Pradesh and Gujarat.

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, casing casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system and fittings of all kind.

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 22 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 15 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 continues to maintain constructive relationship with its employees with a positive environment so as to improve efficiency. The industrial relations at plants were cordial. Your Company places great value to the commitment, competence and vigour shown by its employees in all aspects of business.

Your Company confirms its commitment to take initiative to further align its HR policies in order to meet the growing needs of the business.

Your Company has employee focus in the sense that it provides fulfillment, stretch and opportunity for development of its employees at all levels. It is because of the considerable skill and motivation of the employees, that your Company is able to deliver performance satisfaction. Your Board would like to express its sincere appreciation and gratitude to all employees on behalf of the Stakeholders of your Company, who benefit from their hard work.

### **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**

In line with the size and nature of operations, the Company has designed a system of internal controls that provides for:

- Accurate recording of its transactions with checks and balances built in
- Prompt reporting
- Adherence to applicable Accounting Standards and Policies
- Compliance with applicable laws, statutes, as well as internal procedures and practices
- Safeguard of assets and their proper usage

The system further provides for policies which are documented clearly together with authorization and approval procedures. To the extent applicable these are also inbuilt into the Company's ERP system. The Audit Committee of Directors, in its periodical meetings, review the adequacy of internal control systems and procedures and suggest areas of improvements. The Audit Committee met four times during the year under review.

### **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, 2012 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. *Without qualifying our opinion we invite your attention to Note 29 forming part of the statement regarding fire insurance claim settlement less to the extent of ₹ 906.83 lakhs for which the company has initiated legal action. Pending final outcome in the matter, no adjustments have been made in this regard to the financial results for the year ended 31<sup>st</sup> March 2012.*
5. 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 31.03.2012 from being appointed as a Director of the Company in terms of Clause (g) of Sub-section (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, except for the matter stated in paragraph 4 above, 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, 2012;
    - (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.

**For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants**

Place : Burhanpur (MP)  
Date : 16th August 2012

**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 2012)**

- (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) As informed to us the Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was ₹ 200 Lacs. The year end balance is of ₹ 32.40 Lacs;
- (b) According to information and explanations given to us the Company has taken unsecured loan from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was of ₹ 72.68 Lakhs. The year end balance is of ₹ 36.00 lakhs.
- (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 2012 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 ₹ lakhs
1.	MP VAT Act	VAT	Appellate Deputy Commissioner of Commercial Tax, Khandwa	2009-10	5.10
2.	Entry Tax Act	Entry Tax	MP Commercial Tax Appellate Tribunal, Bhopal	2008-09	12.93
3.	Central Sales Tax Act	CST	MP Commercial Tax Appellate Tribunal, Bhopal	2008-09	0.72
4.	Entry Tax Act	Entry Tax	MP High Court, Jabalpur	2007-08	39.23
5.	MP VAT Act	VAT	MP High Court, Jabalpur	2007-08	125.88
6.	Central Sales Tax Act	CST	MP High Court, Jabalpur	2007-08	91.22
7.	Entry Tax Act	Entry Tax	Appellate Deputy Commissioner of Commercial Tax, Khandwa	2006-07	48.41

- (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) The Management has disclosed the end use of money raised by Public Issue and the same has been verified by us.
- (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.

**For Pankaj Somaiya & Associates**  
**Firm Registration No. 010081C**  
**Chartered Accountants**

Place : Burhanpur (MP)  
 Date : 16th August 2012

**CA Pankaj Somaiya**  
**Partner**  
**Membership No.079918**

Balance Sheet As at 31st March 2012

(Amount in ₹ Lacs)

Particulars	Note	As at 31 March 2012	As at 31 march 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	1	2,382.00	1,127.00
(b) Reserves and surplus	2	8,992.94	5,111.28
		<u>11,374.94</u>	<u>6,238.28</u>
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	3	449.99	584.09
(b) Deferred tax liabilities (Net)	4	204.05	170.49
(c) Other Long term liabilities	5	5.54	5.10
		<u>659.58</u>	<u>759.68</u>
<b>Current liabilities</b>			
(a) Short-term borrowings	6	5,802.22	5,212.82
(b) Trade payables	7	2,392.96	541.71
(c) Other current liabilities	8	1,206.26	894.08
(d) Short-term provisions	9	197.93	264.17
		<u>9,599.37</u>	<u>6,912.78</u>
<b>TOTAL</b>		<b><u>21,633.89</u></b>	<b><u>13,910.74</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		4,916.78	4,172.91
(ii) Capital work-in-progress		189.12	271.05
(b) Non-current investments	11	289.82	4.34
(c) Long-term loans and advances	12	3,718.03	376.73
(d) Other non-current assets	13	906.83	906.83
		<u>10,020.58</u>	<u>5,731.87</u>
<b>Current Assets</b>			
(a) Current investments	14	1,788.59	-
(b) Inventories	15	3,851.93	2,283.89
(c) Trade receivables	16	4,381.29	2,499.49
(d) Cash and cash equivalents	17	284.16	839.56
(e) Short-term loans and advances	18	664.15	744.79
(f) Other current assets	19	640.86	1,640.33
(e) Miscellaneous Expenditure (to the extent not written off )		2.33	170.80
		<u>11,613.31</u>	<u>8,178.87</u>
<b>TOTAL</b>		<b><u>21,633.89</u></b>	<b><u>13,910.74</u></b>

For Pankaj Somaiya & Associates  
 Firm Registration No. 010081C  
 Chartered Accountants  
 CA Pankaj Somaiya  
 Partner  
 Membership No.079918  
 Place: Burhanpur (M.P.)  
 Date: 16th August,2012

For Texmo Pipes and Products Limited

<p><b>Sanjay Agrawal</b>                  Chairman                  &amp; Managing Director</p> <p><b>Akhilesh Gupta</b>                  Company Secretary</p>	<p><b>Vijay Prasad Pappu</b>                  Whole Time Director</p> <p><b>Satyendra Rathi</b>                  Chief Financial Office</p>
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**Statement of Profit and loss**  
for the year ended 31st March 2012

(Amount in ₹ Lacs)

Particulars	Note	2011 - 12	2010 - 11
<b>REVENUE</b>			
Revenue from operations	20	15,563.57	12,281.16
Other income	21	86.75	184.85
<b>Total Revenue</b>		<b>15,650.32</b>	<b>12,466.01</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	10,070.38	8,570.49
Purchases of Stock-in-Trade	23	1,852.15	450.63
Changes in inventories	24	(564.75)	(328.91)
Employee benefits expense	25	482.57	388.30
Other Expenses	26	1,805.77	1,623.55
Finance costs	27	918.37	603.50
Depreciation and amortization expense	10	483.14	179.66
Preliminary Expenses		2.31	2.31
<b>Total expenses</b>		<b>15,049.95</b>	<b>11,489.54</b>
<b>Profit before tax</b>		<b>600.38</b>	<b>976.47</b>
<b>Tax expense:</b>			
(1) Current tax		145.71	207.42
(2) Deferred tax		33.56	101.47
(3) Short/(Excess) Provision for Tax for earlier years		0.09	-11.86
<b>Profit for the year</b>		<b>421.02</b>	<b>679.44</b>
<b>Earnings per equity share:</b>			
(1) Basic		1.77	6.03
(2) Diluted		1.77	6.03

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918  
Place: Burhanpur (M.P.)  
Date: 16th August,2012

For Texmo Pipes and Products Limited

Sanjay Agrawal  
Chairman  
& Managing Director

Akhilesh Gupta  
Company Secretary

Vijay Prasad Pappu  
Whole Time Director

Satyendra Rathi  
Chief Financial Office

Cash flow statement as required by Accounting Standard on Cash flow statement AS-3 is as under

(Amount in ₹ Lacs)

Particulars	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and exceptional items	600.38	976.47
Adjustments for:		
Depreciation and amortization expenses	483.14	179.66
Interest Expenses	834.10	564.31
Other borrowing costs	84.27	39.19
Interest Income	(86.51)	(157.09)
Dividend Income	-	(7.12)
Provisions	(4.53)	-
<b>Operating Profit before working capital changes</b>	<b>1,910.84</b>	<b>1,595.41</b>
Adjustments for:		
(Increase)/Decrease in Trade receivables	(1,881.81)	(1,189.01)
(Increase)/Decrease in Inventories	(1,568.03)	319.09
(Increase)/Decrease in Other current assets	999.48	(1,662.87)
Increase/(Decrease) in Trade payables	1,851.25	(37.22)
Increase/(Decrease) in Other current liabilities	312.18	555.64
Increase/(Decrease) in Other long term liabilities	0.44	-
<b>Cash generated from operations</b>	<b>1,624.35</b>	<b>(418.96)</b>
Direct taxes (paid)/Refund received	(155.86)	(194.99)
Net Cash from operating activities before Exceptional item	1,468.49	(613.95)
Exceptional items and prior period adjustment	-	-
<b>Net Cash from operating activities</b>	<b>1,468.49</b>	<b>(613.95)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,145.07)	(3,075.90)
Sale of Investment	-	1,421.87
Purchase of investments	(1,588.34)	(4.34)
(Increase)/Decrease in Loans and advances	(3,312.30)	561.85
Dividend Income	-	7.12
Misc. Expenses	-	(163.85)
Interest Received	86.51	157.09
<b>Net Cash used in investing activities</b>	<b>(5,959.20)</b>	<b>(1,096.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	455.30	1,580.08
Proceeds from issue of Equity (GDR issue)	4,398.39	-
Interest paid	(834.10)	(564.31)
Other borrowing costs	(84.27)	(39.19)
<b>Net Cash from/(used) in financing activities</b>	<b>3,935.32</b>	<b>976.57</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>(555.39)</b>	<b>(733.54)</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>839.56</b>	<b>1,573.10</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>284.17</b>	<b>839.56</b>
Notes:		
Cash and Cash Equivalents include:		
- Balances with banks	263.48	831.72
- Cash, Cheques on hand	20.68	7.84
<b>Total</b>	<b>284.16</b>	<b>839.56</b>

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918  
Place: Burhanpur (M.P.)  
Date: 16th August, 2012

For Texmo Pipes and Products Limited

Sanjay Agrawal  
Chairman  
& Managing Director

Akhilesh Gupta  
Company Secretary

Vijay Prasad Pappu  
Whole Time Director

Satyendra Rathi  
Chief Financial Office



**Significant Accounting Policies:****BACKGROUND**

**Texmo Pipes and Products Limited was formed as a Partnership Firm by the name M/s. Shree Mohit Industries on 13<sup>th</sup> 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 3<sup>rd</sup> July 2008.**

**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 In view of the revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31<sup>st</sup> March, 2012 have been prepared as per the requirements of the Revised Schedule VI to 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 difference 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. Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities related to foreign currency transaction remaining unsettled are translated at year end rate.

The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transaction are recognized in the profit and loss account.

Foreign currency gain/loss relating to translation of net investments in non integral foreign operation is recognized in the foreign currency translation reserve.

Premium/discount on forward foreign exchange contracts are pro rated over the period of the contract.

#### **9. Retirement Benefits**

Contribution to Provident Fund and ESIC are deposited with respective Government Authorities. The company has taken a policy for Gratuity Liability from LIC of India .

#### **10. 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.

#### **11. 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.

#### **12. Provisions, Contingent Liabilities and Commitments**

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.

#### **13. Miscellaneous Expenditure**

Preliminary Expenditure is amortized over a period of 5 years.

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

1. Share Capital	As at 31st March 2012	As at 31st March 2011
<b>Authorised</b> 30000000 Equity Shares of ₹ 10 each	3,000.00	3,000.00
<b>Issued Subscribed &amp; Paid up</b> 23820000 Equity Shares of ₹ 10 each (11270000 Equity Shares of ₹ 10 each in Previous year)	2,382.00	1,127.00
<b>Total</b>	<b>2,382.00</b>	<b>1,127.00</b>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

As at 31st March 2012

Particulars	Number	Amount in ₹ Lacs
Shares outstanding at the beginning of the year	11,270,000	1,127.00
Add : Allotted during the year pursuant to section 81(1A) of The Companies Act, 1956 to depository custodian for GDR Issue	12,550,000	1,255.00
Shares outstanding at the end of the year	23,820,000	2,382.00

- b) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-. All equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.
- c) The Company has not issued any bonus shares, equity shares pursuant to contract(s) without payment being received in cash and had not bought back any equity shares during the period of 5 years immediately preceding the Balance Sheet date.

d) Details of shareholders holding more than 5% shares in the company :

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
THE BANK OF NEW YORK MELLON, DR*	8337660	35.00	-	-
SANJAY KUMAR AGRAWAL	3007500	12.63	3007500	26.69
RASHMI DEVI AGRAWAL	3001500	12.60	3001500	26.63

\* The equity shares are held by depository custodian against 416883 GDRs outstanding as at 31<sup>st</sup> March 2012

Amount in ₹ Lacs

2. Reserves & Surplus	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Securities Premium Account		
Opening Balance	3,589.13	3,589.13
Add : Securities premium credited on Share issue	3,147.27	
Less : GDR issue expenses	172.37	
<b>(A)</b>	<b>6,564.04</b>	<b>3,589.13</b>
Foreign Currency Translation Reserve		
Opening Balance		
(+) Current Year Transfer	485.73	-
<b>(B)</b>	<b>485.73</b>	<b>-</b>
Surplus in statement of profit and loss account		
Opening balance	1,522.15	842.71
(+) Net Profit/(Net Loss) For the current year	421.02	679.44
<b>(C)</b>	<b>1,943.17</b>	<b>1,522.15</b>
<b>Total</b>	<b>8,992.94</b>	<b>5,111.28</b>

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

3. Long Term Borrowings	As at 31st March 2012	As at 31st March 2011
Secured		
<b>Term loans</b>		
from banks	706.13	758.61
Less : Current Maturity of long term loan	256.14	174.52
<b>Total</b>	<b>449.99</b>	<b>584.09</b>

- a) Bank of India Term Loan for Office and Godown Indore of ₹ 105.17 Lacs (Previous Year : ₹ 133.94 Lacs) repayable within 57 equal monthly installments repayable by November 2015 secured by Equitable mortgage of respective immovable properties and personal guarantees of Mr. Sanjay Agrawal and Mr. Vijay Prasad Pappu Directors and Mrs. Rashmidevi Agrawal relative of Director.
- b) HDFC Bank Term Loan of ₹ 83.17 Lacs (Previous Year : ₹ Nil) repayable within 120 equal monthly installments repayable by October 2021 secured by office No. 412, Mumbai
- c) SBI Term Loan of ₹ 438.86 Lacs (Previous Year : ₹ 557.93 Lacs) repayable within equal monthly installments repayable by June 2014 secured by exclusive charge on the fixed assets of the company and equitable mortgage of Lands and buildings at Burhanpur and Indore and personal guarantees of Mr. Sanjay Agrawal Director and Mrs. Rashmidevi Agrawal relative of Director and corporate guarantee of Shree Padmavati Irrigations Private Limited.
- d) Vehicle Loans are Secured by way of hypothecation of respective motor vehicles purchased.
  - i. Bank of India Vehicle Loan of ₹ 25.72 Lacs (Previous Year : ₹ 63.44 Lacs) repayable within 54 equal monthly installments. Repayable by September 2015
  - ii. HDFC Bank Limited Vehicle Loan of ₹ 53.21 Lacs (Previous Year : ₹ 3.30 Lacs) repayable within 36 equal monthly installments. Repayable by January 2015.

Amount in ₹ Lacs

4. Deferred Tax Liability (Net)	As at 31st March 2012	As at 31st March 2011
Deferred Tax Liabilities on account of timing differences		
Depreciation	170.49	204.05
<b>TOTAL DEFERRED TAX LIABILITY</b>	<b>170.49</b>	<b>204.05</b>

Amount in ₹ Lacs

5. Other Long Term Liabilities	As at 31st March 2012	As at 31st March 2011
Long Term Deposits from Dealers	5.54	5.10
<b>Total</b>	<b>5.54</b>	<b>5.10</b>

Amount in ₹ Lacs

6. Short Term Borrowings	As at 31st March 2012	As at 31st March 2011
<b>Secured</b>		
Loans repayable on demand :		
from banks :		
Cash Credit from SBI	4,290.83	4,739.62
from other parties :		
NSIC assistance	475.39	471.52
<b>Unsecured</b>		
<b>(a) Term loans from other parties</b>		
Varsha Corporation limited, mumbai	1,000.00	-
<b>(b) Loans and advances from related parties</b>		
Shree Padmavati Irrigations Pvt. Ltd	-	1.69
Sunrays International Pvt. Ltd.	36.00	-
<b>Total</b>	<b>5,802.22</b>	<b>5,212.82</b>

**Notes to the financial statement for the year ended 31st March 2012**

- a) SBI Cash credit Loan of ₹ 4290.83 Lacs (Previous Year : ₹ 4739.62 Lacs) secured by Hypothecation of Stocks, Book debts and Other Current Assets and mortgage on all immovable and movable assets of the company and promoters and personal guarantees of Mr. Sanjay Agrawal and Mr. Vijay Prasad Pappu Directors and Mrs. Rashmidevi Agrawal relative of Director.
- b) Raw Material NSIC assistance of ₹ 475.39 Lacs (Previous Year : ₹ 471.52 Lacs) is secured by bank guarantees
- c) No terms and conditions as to repayment and interest are stipulated in respect of the Unsecured loan from parties

**Amount in ₹ Lacs**

<b>7. Trade Payables</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Micro, Small and Medium enterprises	23.09	26.03
Other payables	2,369.87	515.68
<b>Total</b>	<b>2,392.96</b>	<b>541.71</b>

**a) Details of dues towards MSME units**

**Amount in ₹ Lacs**

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Principal amount remaining unpaid and interest due thereon	24.82	63.32
Interest paid in terms of Sec 16	-	-
Interest due and payable for the period of delay in payment	1.73	1.27
Interest accrued and remaining unpaid	-	-
Interest due and payable even in the succeeding years	-	-

- b) The identification of suppliers as micro, small and medium enterprise defined under “The Micro, Small and Medium Enterprises Development Act, 2006” was done on the basis of information to the extent provided by the suppliers of the Company.

**Amount in ₹ Lacs**

<b>8. Other Current Liabilities</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
(a) Current maturities of long-term debt	256.14	174.52
(d) Others :		
Statutory Liabilities	61.89	423.31
Advance from customers	302.79	75.31
Other Liabilities*	465.44	220.94
Advance for sale of Investments in Property	120.00	
<b>Total</b>	<b>1,206.26</b>	<b>894.08</b>

\*Other liabilities includes creditors for capital goods

**Amount in ₹ Lacs**

<b>9. Short Term Provisions</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Provision for employee benefits	52.22	56.75
Provision for tax	145.71	207.42
<b>Total</b>	<b>197.93</b>	<b>264.17</b>

Notes to the financial statement for the year ended 31st March 2012

10. Fixed assets

Amount in ₹ Lacs

Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 01-04-2011	Additions	Deductions	As at 31-03-2012	As at 01-04-2011	for the year	Deductions	As at 31-03-2012	As at 31-03-2012	As at 01-04-2011
<b>i) Tangible Assets</b>										
Freehold Land	276.11	76.01	-	352.12	-	-	-	-	352.12	276.11
Buildings	629.05	314.02	-	943.07	39.96	22.02	-	61.98	881.09	589.09
Plant and Equipment	3,460.62	727.44	-	4,188.06	353.76	425.35	-	779.11	3,408.95	3,106.86
Furniture and Fixtures	84.09	25.52	-	109.62	11.52	5.86	-	17.38	92.24	72.58
Vehicles	148.30	71.51	6.57	213.24	53.90	25.30	1.62	77.58	135.65	94.40
Office equipment	47.82	18.45	1.23	65.04	13.95	4.60	0.23	18.31	46.73	33.88
<b>Total Tangible Assets</b>	<b>4,645.99</b>	<b>1,232.95</b>	<b>7.80</b>	<b>5,871.14</b>	<b>473.08</b>	<b>483.14</b>	<b>1.85</b>	<b>954.36</b>	<b>4,916.78</b>	<b>4,172.91</b>
<b>Previous Year</b>	<b>1,821.05</b>				<b>293.42</b>	<b>179.69</b>	<b>0.03</b>	<b>473.08</b>	<b>4,172.91</b>	<b>-</b>
<b>ii) Capital Work In Progress</b>	<b>271.05</b>								<b>189.12</b>	<b>271.05</b>

Amount in ₹ Lacs

11. Non - Current Investments	As at 31st March 2012	As at 31st March 2011
<b>Investment in Property (Freehold Land)</b>	280.48	-
<b>Long term Investment - at cost</b>		
<i>Investment in unquoted fully paid Equity Shares of wholly owned subsidiaries:</i>		
Tapti Pipes & Products Limited FZE, UAE	4.34	4.34
1 equity share (Previous year 1) ( 35000 AED per share)		
Texmo Petrochemicals Pvt. Ltd.	5.00	-
50000 Equity share of Rs. 10 each (Previous Year Nil)		
<b>Total</b>	<b>289.82</b>	<b>4.34</b>

Amount in ₹ Lacs

12. Long Term Loans and Advances (Unsecured, considered good unless stated otherwise)	As at 31st March 2012	As at 31st March 2011
Capital Advances (advance for capital goods)	306.14	46.99
Security Deposits	57.42	66.16
Loans and Advances to related parties considered good	29.16	232.40
considered doubtful	3.24	
Less : Provision	3.24	
	<u>29.16</u>	
Loans to related party - wholly owned overseas subsidiary company		
Tapti Pipes & products Ltd FZE	3,131.39	3.24
Other loans and advances	110.77	4.42
Balance with tax authorities	83.14	23.53
<b>Total</b>	<b>3,718.03</b>	<b>376.73</b>

Amount in ₹ Lacs

13. Other non current assets	As at 31st March 2012	As at 31st March 2011
Insurance claim receivable	906.83	906.83
<b>Total</b>	<b>906.83</b>	<b>906.83</b>

Amount in ₹ Lacs

14. Current Investment	As at 31st March 2012	As at 31st March 2011
Trade investment - at cost -unquoted		
Investment in money market	1,788.59	-
<b>Total</b>	<b>1,788.59</b>	

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

15. Inventories	As at 31st March 2012	As at 31st March 2011
Raw Materials	1,755.61	772.12
Packing Materials	22.82	-
Finished goods	1,249.51	937.22
Stock in trade	446.92	399.77
Stores and spares	19.48	22.51
Others :		
Reusable waste	357.59	152.27
<b>Total</b>	<b>3,851.93</b>	<b>2,283.89</b>

Amount in ₹ Lacs

16. Trade Receivables	As at 31st March 2012	As at 31st March 2011
Unsecured		
Debts outstanding for a period exceeding six month from due date :		
Considered good	513.63	334.06
Considered doubtful	10.05	
Less Provision for doubtful debts	10.05	
	513.63	334.06
Others		
Unsecured, considered good	3,867.66	2,165.43
<b>Total</b>	<b>4,381.29</b>	<b>2,499.49</b>

Amount in ₹ Lacs

17. Cash and cash equivalents	As at 31st March 2012	As at 31st March 2011
Cash in Hand	20.68	7.85
Balance with banks :		
In current account	24.75	153.92
In deposit account with more than twelve months maturity (as margin money for bank guarantee and letter of credits)	238.74	677.80
<b>Total</b>	<b>284.16</b>	<b>839.56</b>

Amount in ₹ Lacs

18. Short-term loans and advances	As at 31st March 2012	As at 31st March 2011
Unsecured, Considered good		
Security deposits	6.81	-
Advances Recoverable in Cash or kind or value to be received		
From employees	22.88	18.76
From others	71.65	99.71
Advance to Suppliers for raw material	198.94	275.12
Advance Tax & TDS	90.13	141.78
Balances with tax authorities	273.74	209.42
<b>Total</b>	<b>664.15</b>	<b>744.79</b>

Amount in ₹ Lacs

19. Other current assets	As at 31st March 2012	As at 31st March 2011
Insurance claim receivable	640.86	1,640.33
<b>Total</b>	<b>640.86</b>	<b>1,640.33</b>

Amount in ₹ Lacs

20. Revenue from Operations	As at 31st March 2012	As at 31st March 2011
Sale of Manufactured goods	14,653.25	13,138.99
less excise duty	1,119.03	1,095.03
Net sales of manufactured goods	13,534.21	12,043.96
Sale of Traded goods	1,872.94	237.20
Other operating income		
VAT/CST Subsidy for industrial promotion	156.41	
<b>Total</b>	<b>15,563.57</b>	<b>12,281.16</b>

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

21. Other Income	As at 31st March 2012	As at 31st March 2011
Interest Income	86.51	157.09
Dividend Income	-	7.12
Miscellaneous Income	0.24	20.63
<b>Total</b>	<b>86.75</b>	<b>184.85</b>

Amount in ₹ Lacs

22. Cost of material consumed	As at 31st March 2012	As at 31st March 2011
Raw Materials Consumed	9,918.05	8,471.96
Packing Materials Consumed	152.33	98.53
<b>Total</b>	<b>10,070.38</b>	<b>8,570.49</b>

Amount in ₹ Lacs

23. Purchase of traded goods	As at 31st March 2012	As at 31st March 2011
Accessories	292.72	450.63
PVC Resin/Chemicals	1,559.43	-
<b>Total</b>	<b>1,852.15</b>	<b>450.63</b>

Amount in ₹ Lacs

24. Changes in Inventories	As at 31st March 2012	As at 31st March 2011
Opening Stock- Finished Goods (A)	1,489.26	1,183.01
Closing Stock- Finished Goods (B)	2,054.02	1,489.26
Finished Goods-Loss by Fire (C)	-	22.65
<b>Total (A)- (B)-( C)</b>	<b>(564.75)</b>	<b>(328.91)</b>

Amount in ₹ Lacs

25. Employees benefit expenses	As at 31st March 2012	As at 31st March 2011
Salaries, Wages, Bonus and Gratuity	440.54	356.85
Contributions to Provident and ESIC	29.32	21.93
Employees Welfare and Other Benefits	12.71	9.53
<b>Total</b>	<b>482.57</b>	<b>388.30</b>

Amount in ₹ Lacs

26. Other Expenses	As at 31st March 2012	As at 31st March 2011
Power & Fuel	436.85	363.87
Other Manufacturing Expenses	168.86	226.47
Stores and Spares consumed	103.23	22.38
Repairs & Maintenance -Machineries	14.06	67.39
Repairs & Maintenance - Buildings	10.78	4.45
Directors Sitting Fees	3.00	2.35
Rent, Rates & Taxes	21.81	20.51
Insurance	19.13	11.23
Communications	12.71	12.61
Travelling & Conveyance	31.78	29.53
Payment to Auditors	2.94	2.00
Advertisement, Publicity and Sales Promotion	66.18	36.27
Commission on Sales	87.69	88.57
Freight Outward & Other Selling Expenses	546.78	429.07
Turnover Discount/Sales Incentive	128.88	142.89
Bad Debts Written Off	-	70.31
Provision for Doubtful Debts	10.05	-
Provision for Doubtful Loans	3.24	-
Exchange Loss	57.35	-
Miscellaneous Expenses	80.45	93.65
<b>Total</b>	<b>1,805.77</b>	<b>1,623.55</b>



Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

27. Finance costs	As at 31st March 2012	As at 31st March 2011
Interest expense	834.10	523.92
Other borrowing costs	84.27	79.59
<b>Total</b>	<b>918.37</b>	<b>603.50</b>

Notes to Accounts :

28. Contingent Liabilities and Commitments not provided for

Amount in ₹ Lacs

Contingent Liabilities	As at 31st March 2012	As at 31st March 2011
a. Disputed Income Tax Demands	59.79	11.09
b. Disputed VAT, CST & Entry Tax Demands	307.10	256.33
c. Guarantees given by the Company's Bankers in the normal course of business	873.27	933.04

29. Insurance Claim Receivable

During the year 2010-11 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 ₹ 2547.69 Lacs with the Insurance Company and the same was accounted as Insurance Claim Receivable under Current Assets. The Claim is finally settled by the Insurance Company for ₹ 1640.86 Lacs on 12.04.2012. The Management is initiated legal action against the Insurance Company as the claim is fully recoverable. The Statutory Auditors has emphasised the above matter in their audit report. The management is confident of realising the amounts due from the Insurance Company and accordingly no adjustments are required to be made to the financial results of the Company as at 31st March 2012 in this regard.

30. 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.

31. Statement of utilization of proceeds from IPO fund as on 31<sup>st</sup> March 2012

(Amount in ₹ Lacs)

S.No	Particulars	As per Prospectus	Actuals utilized upto 31.03.2012	
			Own Funds	IPO Funds
1	Expansion of product range	1132.62	233.03	899.59
2	Setting up manufacturing facilities for injection mouldings / fittings and woven sacks	2206.27	65.76	2140.51
3	Meeting long term working capital requirements	1000.00	-	1000.00
4	General Corporate Purpose/Issue expenses	636.11	176.21	459.90
<b>5</b>	<b>Balance unutilized amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

32. The company had raised USD \$ 99,96,075 (Approx. ₹ 4402.27 Lacs) through GDR(Global Depository Receipt) issue in the month of April 2011 by issuance of 627500 GDR(equivalent to 125.50 Lacs equity shares) of USD \$ 15.93 each. The Funds raised through the issue are invested in Money Market Instruments and in wholly owned subsidiary abroad.

33. Payment to Statutory Auditors is as follows.

Amount in ₹ Lacs

Particulars	31st March 12	31st March 11
Audit Fees	2.94	2.00
Consultancy Fees	-	0.60
Income Tax Matters	0.50	0.15

34. 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.

**35. 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.

<b>Party</b>	<b>Relationship</b>
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 Irrigations Pvt. Ltd.	Related Party- Common control exists
Tapti Pipes & Products Ltd.	Related Party- Common control exists
Sunrays International Pvt. Ltd.	Related Party- Common control exists
Texmo Petrochemicals 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

**Amount in ₹ Lacs**

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	71.00	NIL
		NIL	NIL	(334.64)	NIL
2	Loan Given	NIL	-	3,128.15	-
		NIL	NIL	NIL	(949.58)
3	Loan Repaid	NIL		35.00	NIL
		NIL	NIL	(504.89)	NIL
4	Sale of Goods	NIL	NIL	0.89	NIL
		NIL	NIL	(67.63)	NIL
5	Rent Paid	5.33	5.54	NIL	NIL
		(3.50)	(7.22)	NIL	NIL
6	Rent Received	NIL	NIL	0.01	NIL
		NIL	NIL	NIL	NIL
7	Commission Paid	NIL	NIL	-	NIL
		NIL	NIL	(4.56)	NIL
8	Delivery Charges Received	NIL	NIL		NIL
		NIL	NIL	(0.56)	NIL
9	Remuneration	62.00	NIL	NIL	NIL
		(58.27)	NIL	NIL	NIL
10	Interest Paid	NIL	NIL	-	NIL
		NIL	NIL	(5.96)	NIL
11	Interest Receivable	NIL	NIL	NIL	-
		NIL	NIL	NIL	(36.00)

Previous year figures are shown in brackets

36. The Company has recognized exchange differences arising on foreign currency items in line with Accounting Standard-11 Pursuant to above net exchange loss on purchase of raw material relating to the financial year 2011-12 amounting to ₹ 57.35 Lacs (PY gain of ₹ 20.63 Lacs) has been recognized as expense.

**37. Imported and Indigenous Consumption :**

**(Amount in ₹ Lacs)**

S.No.	Particulars	2011-12		2010-11	
		Amount	Percentage	Amount	Percentage
(a)	<b>Raw Materials</b>				
	Imported	2,888.99	29.13	1,768.31	20.63
	Indigenous	7,029.06	70.87	6,802.17	79.37
		<b>9,918.05</b>	<b>100.00</b>	<b>8570.48</b>	<b>100.00</b>

**38. C.I.F Value of Imports**

**(Amount in ₹ Lacs)**

S.No.	C.I.F Value of Import :	2011-12	2010-11
(a)	Raw Materials	2,527.51	1,617.45
(b)	Spare Parts, Accessories, etc.	23.47	1.31
(c)	Capital Goods	-	5.49

**39. STOCK & TURNOVER**

**(Amount in ₹ Lacs)**

Products	Sales Value	Closing Inventory	Opening Inventory
<b>Manufactured Products</b>			
Pipes/Fitting	14,653.25 (13,138.99)	1,249.52 (937.22)	937.22 (780.53)
<b>Trading Products</b>			
Pipes/Chemicals	1,567.05 (13.97)	3.97 (6.30)	6.30 (12.79)
Accessories	305.89 (223.23)	442.94 (393.47)	393.47 (143.75)

Figures in brackets refer to previous year

40. 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.
41. Balances of creditors and debtors/advances are subject to confirmation/reconciliation and consequential adjustments, if any.
42. 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.
43. During the year ended 31st March 2012, other operating income includes an amount of ₹ 156.02 Lacs being VAT/CST refund receivable in accordance with the Madhya Pradesh Udhog Samvardhan Scheme, 2004.
44. The Previous Year's figures have been re-grouped / re-classified to confirm to this year's classification which is as per the Revised Schedule VI. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as on 31st March 2012.

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918  
Place: Burhanpur (M.P.)  
Date: 16th August, 2012

**For Texmo Pipes and Products Limited**

**Sanjay Agrawal**  
Chairman  
& Managing Director

**Akhilesh Gupta**  
Company Secretary

**Vijay Prasad Pappu**  
Whole Time Director

**Satyendra Rathi**  
Chief Financial Office

**ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2012**  
Statement Pursuant to Section 212 of The Companies Act, 1956 relating to  
Company's interest in the Subsidiary Company

<b>S.No.</b>	<b>Particulars</b>	<b>Tapti Pipes and Products Limited FZE, Sharjah, UAE</b>	<b>Texmo Petrochemicals Private Limited, MP, India</b>
1.	The Financial Year of the Subsidiary Company ended on	31st March 2012	31st March 2012
2.	Date from which it became Subsidiary	13th March 2011	11th November 2011
3.	a) No. of shares held by The Texmo Pipes and Products Ltd. (Holding Company) with it's nominees in the subsidiary at the end of the financial year of the subsidiary b) Extent of Interest of Holding Company at the end of the financial year of the subsidiary	1 no. Shares of UAE AED 35,000 each fully paid up each.  100%	50000 Equity Shares of ₹ 10 each fully paid up each.  100%
4.	The net aggregate amount of the Subsidiary's profit less losses, so far as it concerns the members of the Holding Company.  a) Not dealt with in Holding Company's accounts. i) For the Financial Year ended 31st March, 2012 ii) For the Previous Financial years  b) Dealt with in Holding Company's accounts. i) For the Financial Year ended 31st March, 2012 ii) For the Previous Financial years	  ₹ 2.20 lacs loss Nil  Nil Nil	  Nil Nil  Nil Nil

**For Pankaj Somaiya & Associates**  
**Firm Registration No. 010081C**  
**Chartered Accountants**

**CA Pankaj Somaiya**  
**Partner**  
**Membership No.079918**

**Place: Burhanpur (M.P.)**  
**Date: 16th August, 2012**

**For Texmo Pipes and Products Limited**

**Sanjay Agrawal**  
**Chairman**  
**& Managing Director**

**Akhilesh Gupta**  
**Company Secretary**

**Vijay Prasad Pappu**  
**Whole Time Director**

**Satyendra Rathi**  
**Chief Financial Office**

**Statement Pursuant to Section 212(8) of The Companies Act, 1956**

As per AS-21 issued by the institute of Chartered Accountants of India, the financial statements of the company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the company in these companies are included in this Annual Report.

The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8 February 2011 and 21 February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

**(₹ In Lacs)**

<b>Particulars</b>	<b>Tapti Pipes &amp; Products Limited FZE</b>	<b>Texmo Petrochemicals Private Limited</b>
a) Capital	4.92	5.00
b) Reserves	(2.35)	
c) Total Assets	4724.28	5.00
d) Total Liabilities	4721.71	---
e) Details of Investment (Except in Case of Investment in Subsidiaries)	485.99	---
f) Turnover	2097.63	---
g) Profit / (Loss) before tax	(2.20)	---
h) Provision for taxation	---	---
i) Profit/(Loss) after taxation	(2.20)	---
j) Proposed dividend	---	---

Note: The above figures are as per audited financials.

**Undertaking :-**

We undertake that the annual accounts of the subsidiary companies and related detailed information will be made available to the investors, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the registered office of Texmo Pipes and Products Limited and that of subsidiary companies concerned.

**For Texmo Pipes and Products Limited**

Place: Burhanpur (M.P.)  
Date: 16th August, 2012

**Sanjay Agrawal**  
**Chairman**  
**& Managing Director**

**Vijay Prasad Pappu**  
**Whole Time Director**

**Akhilesh Gupta**  
**Company Secretary**

**Satyendra Rathi**  
**Chief Financial Office**

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**To**  
**The Board of Directors**  
**Texmo Pipes and Products Limited**

1. We have audited the attached Consolidated Balance Sheet of TEXMO PIPES AND PRODUCTS LIMITED (“the Company”) and its subsidiaries (the Company and its subsidiaries constitute “the Group”) as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In respect of the financial statements of subsidiary, we did not carry out the audit. These financial statements have been audited by other auditor whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditors. The details of the assets and revenues in respect of these subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other Auditors:

	Total assets	Total revenues	Net Loss
Foreign subsidiary	₹ 4724.28 lacs	₹ 2097.63 lacs	₹ 2.20 lacs.

4. We report that, unless stated otherwise, the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standard (AS) 21, “Consolidated Financial Statements”, notified under sub section 3C of section 211 of the Companies Act, 1956, and on the basis of the separate audited financial statements of the TEXMO Group included in the consolidated financial statements.
5. *Without qualifying our opinion we invite your attention to Note 29 forming part of the Standalone financial statement regarding fire insurance claim settlement less to the extent of ₹ 906.83 lakhs for which the company has initiated legal action. Pending final outcome in the matter, no adjustments have been made in this regard to the financial results for the year ended 31<sup>st</sup> March 2012.*

6. We report that on the basis of the information and explanations given to us and on the consideration of report of other auditors on separate financial statement and on the other financial information of the components of the group, except for the matter stated in paragraph 5 above, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2012;
  - b) in the case of the consolidated statement of Profit & Loss of the consolidated results of operations of the Group for the year ended on that date
  - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

Place : Burhanpur (MP)  
Date : 16th August 2012

**For Pankaj Somaiya & Associates**  
**Firm Registration No. 010081C**  
**Chartered Accountants**

**CA Pankaj Somaiya**  
**Partner**  
**Membership No.079918**

**Consolidated Balance Sheet**

As at 31st March 2012

Amount in ₹ Lacs

Particulars	Note	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	2,382.00	1,127.00
(b) Reserves and surplus	2	9,219.21	5,111.28
		<u>11,601.21</u>	<u>6,238.28</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	449.99	584.09
(b) Deferred tax liabilities (Net)	4	204.05	170.49
(c) Other Long term liabilities	5	5.54	5.10
		<u>659.58</u>	<u>759.68</u>
<b>Current liabilities</b>			
Short-term borrowings	6	5,802.22	5,212.82
Trade payables	7	3,755.22	541.71
Other current liabilities	8	1,206.26	894.08
Short-term provisions	9	197.93	264.17
		<u>10,961.63</u>	<u>6,912.78</u>
<b>TOTAL</b>		<b><u>23,222.43</u></b>	<b><u>13,910.74</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		4,916.78	4,172.91
(ii) Capital work-in-progress		189.12	271.05
(b) Non-current investments	11	766.46	-
(c) Long-term loans and advances	12	586.64	373.49
(d) Other non-current assets	13	906.83	906.83
		<u>7,365.83</u>	<u>5,724.29</u>
<b>Current assets</b>			
(a) Current investments	14	1,788.59	-
(b) Inventories	15	6,864.61	2,283.89
(c) Trade receivables	16	5,596.26	2,499.49
(d) Cash and cash equivalents	17	288.67	839.56
(e) Short-term loans and advances	18	672.72	744.79
(f) Other current assets	19	640.86	1,640.33
(e) Miscellaneous Expenditure (to the extent not written off)		4.89	178.38
		<u>15,856.60</u>	<u>8,186.45</u>
<b>TOTAL</b>		<b><u>23,222.43</u></b>	<b><u>13,910.74</u></b>

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918

Place: Burhanpur (M.P.)  
Date: 16th August, 2012

For Texmo Pipes and Products Limited

Sanjay Agrawal  
Chairman  
& Managing Director

Akhilesh Gupta  
Company Secretary

Vijay Prasad Pappu  
Whole Time Director

Satyendra Rathi  
Chief Financial Office



**Consolidated Statement of Profit and loss**

for the year ended 31st March 2012

Amount in ₹ Lacs

Particulars	Note	2011 - 12	2010 - 11
<b>Revenue</b>			
Revenue from operations	20	17,661.19	12,281.16
Other income	21	86.75	184.85
<b>Total Revenue</b>		<b>17,747.95</b>	<b>12,466.01</b>
<b>Expenses:</b>			
Cost of materials consumed	22	10,070.38	8,570.49
Purchases of Stock-in-Trade	23	6,767.39	450.63
Changes in inventories	24	(3,388.35)	(328.91)
Employee benefits expense	25	482.57	388.30
Other expense	26	1,812.18	1,623.55
Finance costs	27	920.16	603.50
Depreciation and amortization expense	10	483.14	179.66
Other Expenses (Preliminary Expenses written off)		2.31	2.31
<b>Total expenses</b>		17,149.77	11,489.54
<b>Profit before tax</b>		598.17	976.47
<b>Tax expense:</b>			
(1) Current tax		145.71	207.42
(2) Deferred tax		33.56	101.47
(3) Short/(Excess) Provision for Tax for earlier years		0.09	(11.86)
<b>Profit for the year</b>		418.82	679.44
<b>Earnings per equity share:</b>			
(1) Basic		1.76	6.03
(2) Diluted		1.76	6.03

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918

Place: Burhanpur (M.P.)  
Date: 16th August, 2012

For Texmo Pipes and Products Limited

Sanjay Agrawal  
Chairman  
& Managing Director

Akhilesh Gupta  
Company Secretary

Vijay Prasad Pappu  
Whole Time Director

Satyendra Rathi  
Chief Financial Office

Consolidated Cash flow statement as required by Accounting Standard on Cash flow statement AS-3 is as under  
Amount in ₹ Lacs

Particulars	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and exceptional items	598.17	976.47
Adjustments for:		
Depreciation and amortization expenses	483.14	179.66
Interest Expenses	920.16	603.50
Interest Income	(86.51)	(157.09)
Dividend Income	-	(7.12)
Provisions	(3.76)	
<b>Operating Profit before working capital changes</b>	<b>1,911.20</b>	<b>1,595.41</b>
Adjustments for:		
(Increase)/Decrease in Trade receivables	(3,096.77)	(1,189.01)
(Increase)/Decrease in Loans and advances	(192.72)	561.85
(Increase)/Decrease in Inventories	(4,580.72)	319.09
(Increase)/Decrease in Other current assets	999.48	(1,662.87)
Increase/(Decrease) in Trade payables	3,212.74	(37.22)
Increase/(Decrease) in Other current liabilities	312.18	555.64
Increase/(Decrease) in Other long term liabilities	0.44	
<b>Cash generated from operations</b>	<b>(1,430.41)</b>	<b>142.89</b>
Direct taxes (paid)/Refund received	(155.86)	(194.99)
Net Cash from operating activities before Exceptional item	<b>(1,590.03)</b>	<b>(52.10)</b>
Exceptional items and prior period adjustment	-	-
<b>Net Cash from operating activities</b>	<b>(1,590.03)</b>	<b>(52.10)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,145.07)	(3,075.90)
sale of Investment	-	1,421.87
Purchase of investments	(2,069.46)	(4.34)
Dividend Income	-	7.12
Misc. Expenses	-	(163.85)
Interest Received	86.51	157.09
<b>Net Cash used in investing activities</b>	<b>(3,128.02)</b>	<b>(1,658.01)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	455.30	1,580.08
Proceeds from issue of Equity & Preference Share Capital	4,632.04	-
Interest paid	(920.16)	(603.50)
<b>Net Cash from/(used) in financing activities</b>	<b>4,167.18</b>	<b>976.57</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>(550.88)</b>	<b>(733.54)</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>839.56</b>	<b>1,573.10</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>288.68</b>	<b>839.56</b>
Notes:		
<b>Cash and Cash Equivalents include:</b>		
- Balances with banks	268.00	831.72
- Cash, Cheques on hand	20.68	7.84
<b>Total</b>	<b>288.68</b>	<b>839.56</b>

For Pankaj Somaiya & Associates  
Firm Registration No. 010081C  
Chartered Accountants

CA Pankaj Somaiya  
Partner  
Membership No.079918

Place: Burhanpur (M.P.)  
Date: 16th August, 2012

For Texmo Pipes and Products Limited

Sanjay Agrawal  
Chairman  
& Managing Director

Akhilesh Gupta  
Company Secretary

Vijay Prasad Pappu  
Whole Time Director

Satyendra Rathi  
Chief Financial Office

**Significant Accounting Policies:**

A. Basis for Preparation: The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 – “Consolidated Financial Statements”. The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra – group balances, intra – group transactions and unrealized profit or losses.

B. In translating the financial statements of foreign entity for incorporation in the Consolidated Financial Statements, the assets and liabilities are translated at the exchange rate prevailing the Balance Sheet date of the subsidiary and the income and expense items are translated at the average rates of the exchange for the year. The resulting exchange differences are classified as Foreign Currency Translation Reserve.

**Notes to the financial statement for the year ended 31st March 2012**

Amount in ₹ Lacs

<b>1. Share Capital</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
<b>Authorised</b>		
30000000 Equity Shares of ₹ 10 each	3,000.00	3,000.00
<b>Issued Subscribed &amp; Paid up</b>		
23820000 Equity Shares of ₹ 10 each (11270000 Equity Shares of ₹ 10 each in Previous year)	2,382.00	1,127.00
<b>Total</b>	<b>2,382.00</b>	<b>1,127.00</b>

**e) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

<b>Particulars</b>	<b>As at 31st March 2012</b>	
	<b>Number</b>	<b>Amount in ₹ Lacs</b>
Shares outstanding at the beginning of the year	11,270,000	1,127.00
Add : Alloted during the year pursuant to section 81(1A) of The Companies Act, 1956 to depository custodian for GDR Issue	12,550,000	1,255.00
Shares outstanding at the end of the year	23,820,000	2,382.00

- f) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-. All equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. All shares rank equally with regard to the Company’s residual assets.
- g) The Company has not issued any bonus shares, equity shares pursuant to contract(s) without payment being received in cash and had not bought back any equity shares during the period of 5 years immediately preceding the Balance Sheet date.
- h) Details of shareholders holding more than 5% shares in the company :

<b>Particulars</b>	<b>As at 31st March 2012</b>		<b>As at 31st March 2011</b>	
	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
THE BANK OF NEW YORK MELLON, DR *	8337660	35.00	-	-
SANJAY KUMAR AGRAWAL	3007500	12.63	3007500	26.69
RASHMI DEVI AGRAWAL	3001500	12.60	3001500	26.63

\* The equity shares are held by depository custodian against 416883 GDRs outstanding as at 31st March 2012

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

<b>2. Reserves &amp; Surplus</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Securities Premium Account		
Opening Balance	3,589.13	3,589.13
Add : Securities premium credited on Share issue	3,147.27	
Less : GDR issue expenses	172.37	
<b>(A)</b>	<b><u>6,564.04</u></b>	<b><u>3,589.13</u></b>
Foreign Currency Translation Reserve		
Opening Balance		
(+) Current Year Transfer	714.21	-
<b>(B)</b>	<b><u>714.21</u></b>	<b><u>-</u></b>
Surplus in statement of profit and loss account		
Opening balance	1,522.15	842.71
(+) Net Profit/(Net Loss) For the current year	418.82	679.44
<b>(C)</b>	<b><u>1,940.97</u></b>	<b><u>1,522.15</u></b>
<b>Total</b>	<b><u>9,219.21</u></b>	<b><u>5,111.28</u></b>

Amount in ₹ Lacs

<b>3. Long Term Borrowings</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
<b>Secured</b>		
<b>Term loans</b>		
from banks	706.13	758.61
Less : Current Maturity of long term loan	256.14	174.52
<b>Total</b>	<b><u>449.99</u></b>	<b><u>584.09</u></b>

- e) Bank of India Term Loan for Office and Godown Indore of ₹ 105.17 Lacs (Previous Year : ₹ 133.94 Lacs) repayable within 57 equal monthly installments repayable by November 2015 secured by Equitable mortgage of respective immovable properties and personal guarantees of Mr. Sanjay Agrawal and Mr. Vijay Prasad Pappu Directors and Mrs. Rashmidevi Agrawal relative of Director.
- f) HDFC Bank Term Loan of ₹ 83.17 Lacs (Previous Year : ₹ Nil) repayable within 120 equal monthly installments repayable by October 2021 secured by office No. 412, Mumbai.
- g) SBI Term Loan of ₹ 438.86 Lacs (Previous Year : ₹ 557.93 Lacs) repayable within equal monthly installments repayable by June 2014 secured by exclusive charge on the fixed assets of the company and equitable mortgage of Lands and buildings at Burhanpur and Indore and personal guarantees of Mr. Sanjay Agrawal Director and Mrs. Rashmidevi Agrawal relative of Director and corporate guarantee of Shree Padmavati Irrigations Private Limited.
- h) Vehicle Loans are Secured by way of hypothecation of respective motor vehicles purchased.
- I. Bank of India Vehicle Loan of ₹ 25.72 Lacs (Previous Year : ₹ 63.44 Lacs) repayable within 54 equal monthly installments. Repayable by September 2015
- ii. HDFC Bank Limited Vehicle Loan of ₹ 53.21 Lacs (Previous Year : ₹ 3.30 Lacs) repayable within 36 equal monthly installments. Repayable by January 2015

Notes to the financial statement for the year ended 31st March 2012

(Amount in ₹ Lacs)

<b>4. Deferred Tax Liability (Net)</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Deferred Tax Liabilities on account of timing differences		
Depreciation	170.49	204.05
<b>TOTAL DEFERRED TAX LIABILITY</b>	<b>170.49</b>	<b>204.05</b>

<b>5. Other Long Term Liabilities</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Amount in ₹ Lacs		
Long Term Deposits from Dealers	5.54	5.10
<b>Total</b>	<b>5.54</b>	<b>5.10</b>

<b>6. Short Term Borrowings</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Amount in ₹ Lacs		
<b>Secured</b>		
Loans repayable on demand :		
from banks :		
Cash Credit from SBI	4,290.83	4,739.62
from other parties :		
NSIC assistance	475.39	471.52
<b>Unsecured</b>		
<b>(a) Term loans from other parties</b>		
Varsha Corporation limited, mumbai	1,000.00	-
<b>(b) Loans and advances from related parties</b>		
Shree Padmavati Irrigations Pvt. Ltd	-	1.69
Sunrays International Pvt. Ltd	36.00	-
<b>Total</b>	<b>5,802.22</b>	<b>5,212.82</b>

d) SBI Cash credit Loan of ₹ 4290.83 Lacs(Previous Year : ₹ 4739.62 Lacs) secured by Hypothecation of Stocks, Book debts and Other Current Assets and mortgage on all immovable and movable assets of the company and promoters and personal guarantees of Mr. Sanjay Agrawal and Mr. Vijay Prasad Pappu Directors and Mrs. Rashmidevi Agrawal relative of Director

e) Raw Material NSIC assistance of ₹ 475.39 Lacs (Previous Year : ₹ 471.52 Lacs) is secured by bank guarantees

f) No terms and conditions as to repayment and interest are stipulated in respect of the Unsecured loan from parties.

Notes to the financial statement for the year ended 31st March 2012

(Amount in ₹ Lacs)

<b>7. Trade Payables</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Micro, Small and Medium enterprises	23.09	26.03
Other payables	3,732.14	515.68
<b>Total</b>	<b>3,755.22</b>	<b>541.71</b>

**a) Details of dues towards MSME units**

<b>Particulars</b>	<b>Amount in ₹ Lacs</b>	
	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Principal amount remaining unpaid and interest due thereon	24.82	63.32
Interest paid in terms of Sec 16	-	-
Interest due and payable for the period of delay in payment	1.73	1.27
Interest accrued and remaining unpaid	-	-
Interest due and payable even in the succeeding years	-	-

b) The identification of suppliers as micro, small and medium enterprise defined under “The Micro, Small and Medium Enterprises Development Act, 2006” was done on the basis of information to the extent provided by the suppliers of the Company.

<b>8. Other Current Liabilities</b>	<b>Amount in ₹ Lacs</b>	
	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
(a) Current maturities of long-term debt	256.14	174.52
(b) Others :		
Statutory Liabilities	61.89	423.31
Advance from customers	302.79	75.31
Other Liabilities*	465.44	220.94
Advance for sale of Investments in Property	120.00	
<b>Total</b>	<b>1,206.26</b>	<b>894.08</b>

\*Other liabilities includes creditors for capital goods

<b>9. Short Term Provisions</b>	<b>(Amount in ₹ Lacs)</b>	
	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Provision for employee benefits	52.22	56.75
Provision for tax	145.71	207.42
<b>Total</b>	<b>197.93</b>	<b>264.17</b>

Notes to the financial statement for the year ended 31st March 2012

10. Fixed assets

Amount in ₹ Lacs

Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 01-04-2011	Additions	Deductions	As at 31-03-2012	As at 01-04-2011	for the year	Deduc- tions	As at 31-03-2012	As at 31-03-2012	As at 01-04-2011
<b>i) Tangible Assets</b>										
Freehold Land	276.11	76.01	-	352.12	-	-	-	-	352.12	276.11
Buildings	629.05	314.02	-	943.07	39.96	22.02	-	61.98	881.09	589.09
Plant and Equipment	3,460.62	727.44	-	4,188.06	353.76	425.35	-	779.11	3,408.95	3,106.86
Furniture and Fixtures	84.09	25.52	-	109.62	11.52	5.86	-	17.38	92.24	72.58
Vehicles	148.30	71.51	6.57	213.24	53.90	25.30	1.62	77.58	135.65	94.40
Office equipment	47.82	18.45	1.23	65.04	13.95	4.60	0.23	18.31	46.73	33.88
<b>Total Tangible Assets</b>	<b>4,645.99</b>	<b>1,232.95</b>	<b>7.80</b>	<b>5,871.14</b>	<b>473.08</b>	<b>483.14</b>	<b>1.85</b>	<b>954.36</b>	<b>4,916.78</b>	<b>4,172.91</b>
<b>Previous Year</b>	<b>1,821.05</b>				<b>293.42</b>	<b>179.69</b>	<b>0.03</b>	<b>473.08</b>	<b>4,172.91</b>	<b>-</b>
<b>Capital Work In Progress</b>	<b>271.05</b>								<b>189.12</b>	<b>271.05</b>

Amount in ₹ Lacs

11. Non - Current Investments	As at 31st March 2012	As at 31st March 2011
<b>Investment in Property (Freehold Land)</b>	280.48	-
<b>Long term Investment - at cost</b>		
Unquoted		
Investment in Polygon Far East Corporation	485.99	-
<b>Total</b>	<b>766.46</b>	<b>-</b>

Amount in ₹ Lacs

12. Long Term Loans and Advances (Unsecured, considered good unless stated otherwise)	As at 31st March 2012	As at 31st March 2011
Capital Advances (advance for capital goods)	306.14	46.99
Security Deposits	57.42	66.16
Loans and Advances to related parties considered good	29.16	232.40
considered doubtful	3.24	
Less : Provision	3.24	
	<u>29.16</u>	
Loans to related party - wholly owned overseas subsidiary company Tapti Pipes & Products Ltd FZE	3,131.39	3.24
Other loans and advances	110.77	4.42
Balance with tax authorities	83.14	23.53
<b>Total</b>	<b>3,718.03</b>	<b>376.73</b>

Notes to the financial statement for the year ended 31st March 2012

Amount in ₹ Lacs

13. Other non current assets	As at 31st March 2012	As at 31st March 2011
Insurance claim receivable	906.83	906.83
<b>Total</b>	<b>906.83</b>	<b>906.83</b>

Amount in ₹ Lacs

14. Current Investment	As at 31st March 2012	As at 31st March 2011
<b>Trade investment - at cost -unquoted</b>		
Investment in money market	1,788.59	-
<b>Total</b>	<b>1,788.59</b>	

Amount in ₹ Lacs

15. Inventories	As at 31st March 2012	As at 31st March 2011
Raw Materials	1,755.61	772.12
Packing Materials	22.82	-
Finished goods	4,262.20	937.22
Stock in trade	446.92	399.77
Stores and spares	19.48	22.51
Others :		
Reusable waste	357.59	152.27
<b>Total</b>	<b>6,864.61</b>	<b>2,283.89</b>

Amount in ₹ Lacs

16. Trade Receivables	As at 31st March 2012	As at 31st March 2011
<b>Unsecured</b>		
Debts outstanding for a period exceeding six month from due date :		
Considered good	1,728.60	334.06
Considered doubtful	10.05	
Less Provision for doubtful debts	(10.05)	
	1,728.60	334.06
Others		
Unsecured, considered good	3,867.66	2,165.43
<b>Total</b>	<b>5,596.26</b>	<b>2,499.49</b>

(Amount in ₹ Lacs)

17. Cash and cash equivalents	As at 31st March 2012	As at 31st March 2011
Cash in Hand	20.68	7.85
Balance with banks :		
In current account	29.26	153.92
In deposit account with more than twelve months maturity (as margin money for bank guarantee and letter of credits)	238.74	677.80
<b>Total</b>	<b>288.67</b>	<b>839.56</b>

(Amount in ₹ Lacs)

18. Short-term loans and advances	As at 31st March 2012	As at 31st March 2011
Unsecured, Considered good		
Security deposits	6.81	
Advances Recoverable in Cash or kind or value to be received		
From employees	22.88	18.76
From others	80.22	99.71
Advance to Suppliers for raw material	198.94	275.12
Advance Tax & TDS	90.13	141.78
Balances with tax authorities	273.74	209.42
<b>Total</b>	<b>672.72</b>	<b>744.79</b>



Notes to the consolidated financial statement for the year ended 31st March 2012

	Amount in ₹ Lacs	
<b>19. Other current assets</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Insurance claim receivable	640.86	1,640.33
<b>Total</b>	<b>640.86</b>	<b>1,640.33</b>

	(Amount in ₹ Lacs)	
<b>20. Revenue from Operations</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
sale of manufactured goods	14,653.25	13,138.99
less excise duty	(1,119.03)	(1,095.03)
Net sales of manufactured goods	13,534.21	12,043.96
Sale of Traded goods	3,970.57	237.20
Other operating income		
VAT/CST Subsidy for industrial promotion	156.41	
<b>Total</b>	<b>17,661.19</b>	<b>12,281.16</b>

	Amount in ₹ Lacs	
<b>21. Other Income</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Interest Income	86.51	157.09
Dividend Income	-	7.12
Miscellaneous Income	0.24	20.63
<b>Total</b>	<b>86.75</b>	<b>184.85</b>

	Amount in ₹ Lacs	
<b>22. Cost of material consumed</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Raw Materials Consumed	9,918.05	8,471.96
Packing Materials Consumed	152.33	98.53
<b>Total</b>	<b>10,070.38</b>	<b>8,570.49</b>

	Amount in ₹ Lacs	
<b>23. Purchase of traded goods</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Trading Purchase	4,915.24	
Accessories	292.72	450.63
PVC Resin/Chemicals	1,559.43	-
<b>Total</b>	<b>6,767.39</b>	<b>450.63</b>

	(Amount in ₹ Lacs)	
<b>24. Changes in Inventories</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Opening Stock- Finished Goods (A)	1,489.26	1,183.01
Closing Stock- Finished Goods (B)	4,877.62	1,489.26
Finished Goods-Loss by Fire (C)		22.65
<b>Total (A)-(B)-(C)</b>	<b>-3,388.35</b>	<b>-328.91</b>

	(Amount in ₹ Lacs)	
<b>25. Employees benefit expenses</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
Salaries, Wages, Bonus and Gratuity	440.54	356.85
Contributions to Provident and ESIC	29.32	21.93
Employees Welfare and Other Benefits	12.71	9.53
<b>Total</b>	<b>482.57</b>	<b>388.30</b>

Notes to the consolidated financial statement for the year ended 31st March 2012

(Amount in ₹ Lacs)

26. Other Expenses	As at 31st March 2012	As at 31st March 2011
Power & Fuel	436.85	363.87
Other Manufacturing Expenses	168.86	226.47
Stores and Spares consumed	103.23	22.38
Repairs & Maintenance -Machineries	14.06	67.39
Repairs & Maintenance - Buildings	10.78	4.45
Directors Sitting Fees	3.00	2.35
Rent, Rates & Taxes	21.81	20.51
Insurance	19.13	11.23
Communications	12.71	12.61
Travelling & Conveyance	31.78	29.53
Payment to Auditors	2.94	2.00
Advertisement, Publicity and Sales Promotion	66.18	36.27
Commission on Sales	87.69	88.57
Freight Outward & Other Selling Expenses	546.78	429.07
Turnover Discount/Sales Incentive	128.88	142.89
Bad Debts Written Off	-	70.31
Provision for Doubtful Debts	10.05	
Provision for Doubtful Loans	3.24	
Exchange Loss	57.35	-
Miscellaneous Expenses	86.85	93.65
<b>Total</b>	<b>1,812.18</b>	<b>1,623.55</b>

Amount in ₹ Lacs

27. Finance costs	As at 31st March 2012	As at 31st March 2011
Interest expense	835.89	523.92
Other borrowing costs	84.27	79.59
<b>Total</b>	<b>920.16</b>	<b>603.50</b>

28. The subsidiaries included in the consolidated financial statements are as under:

Name of the subsidiary	Country of Incorporation	Proportion of Ownership As on 31st March 2012
Tapti Pipes & Products Limited FZE	UAE	100%
Texmo Petrochemicals Private Limited	INDIA	100%

29. The audited financial statement of the subsidiaries are available as on 31st March 2012 and same have been considered for the preparation of the consolidated financial statements.
30. Figures pertaining to the subsidiary companies have been reclassified, wherever necessary to bring them in line with the Company's financial statements.
31. There are two subsidiary companies with insignificant transactions. The accounting policies and notes to accounts being similar to that of the holding company as stated in standalone financial are not appended hereto.

**ANNUAL GENERAL MEETING – 26.09.2012**

**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 Wednesday, 26<sup>th</sup> day of September 2012 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- 26.09.2012**

**PROXY FORM**

Regd. Folio \_\_\_\_\_ No. of shares \_\_\_\_\_ \*DPID 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 26<sup>th</sup> September, 2012 at 11.30

AM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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”.

Affix Revenue Stamp
---------------------------

## 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 e-mail 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  
 Email id : sravanthi.kodali@karvy.com

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.

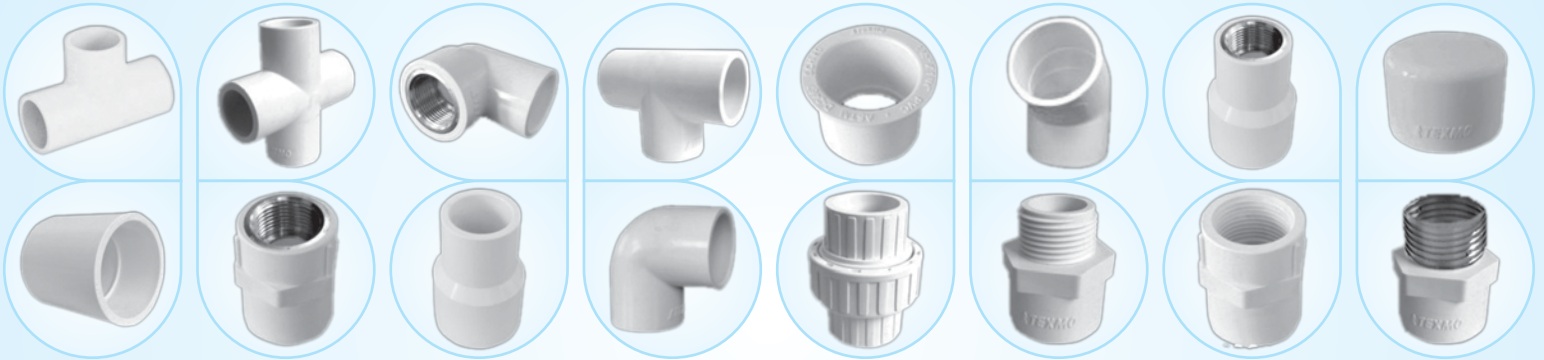
Date: .....

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.



Balaji Enterprises#9425172227



# TEXMO

**PIPES AND  
PRODUCTS LIMITED**

**AN ISO 9001 CERTIFIED COMPANY**

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>

