

4th

ANNUAL REPORT

2011 - 2012



TEXMO

**PIPES AND
PRODUCTS LIMITED**

AN ISO 9001 CERTIFIED COMPANY



CORPORATE INFORMATION

<p>Board of Directors</p> <ol style="list-style-type: none"> 1. Mr. Sanjay Agrawal - Chairman and Managing Director 2. Mr. Vijay Prasad Pappu - Whole Time Director 3. Mr. Shanti Lal Badera - Non Executive Independent Director 4. Mr. Sunil Kumar Maheshwari - Non Executive Independent Director 5. Mr. Chakradhar Bharat Chhaya- Non Executive Independent Director 	<p>Committees of Directors</p> <p>Audit Committee</p> <ol style="list-style-type: none"> 1. Mr. Sunil Kumar Maheshwari - Chairman 2. Mr. Shanti Lal Badera - Member 3. Mr. Chakradhar Bharat Chhaya - Member 4. Mr. Vijay Prasad Pappu - Member <p>Remuneration Committee</p> <ol style="list-style-type: none"> 1. Mr. Chakradhar Bharat Chhaya - Chairman 2. Mr. Shanti Lal Badera - Member 3. Mr. Sunil Kumar Maheshwari - Member <p>Shareholders' / Investors' Grievance Committee</p> <ol style="list-style-type: none"> 1. Mr. Chakradhar Bharat Chhaya - Chairman 2. Mr. Shanti Lal Badera - Member 3. Mr. Sanjay Agrawal - Member <p>Treasury Committee</p> <ol style="list-style-type: none"> 1. Mr. Sanjay Agrawal - Chairman 2. Mr. Vijay Prasad Pappu - Member 3. Mr. Sunil Kumar Maheshwari - Member
<p>Chief Financial Officer Mr. Satyendra Rathi</p>	
<p>Company Secretary & Compliance Officer Mr. Akhilesh Gupta</p>	
<p>Registered Office 98, Bahadarpur Road, Burhanpur (M.P.) - 450 331</p>	<p>Corporate Identification Number : L25200MP2008PLC020852</p>
<p>Bankers State Bank of India IDBI Bank Axis Bank HDFC Bank Bank of India</p>	<p>Corporate Office 98, Bahadarpur Road, Burhanpur (M.P.) - 450 331</p>
<p>Registrar & Share Transfer Agent Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Huderaabad - 500031</p>	<p>Auditors Pankaj Somaiya & 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 26th 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 31st March, 2012 and the Profit and Loss account for the period ended 31st 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: 16th 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 20th September 2012 to 26th 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: 16th 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 31st 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 31st 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 31st 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. 16th 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 31st 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: 16th August 2012
Place: Burhanpur

Sanjay Agrawal
Chairman cum Managing Director