



TEXMO

PIPES AND PRODUCTS LIMITED

AN ISO 9001 CERTIFIED COMPANY

5th Annual Report 2012-2013

CORPORATE INFORMATION

Board of Directors 1. Smt. Rashmi Devi Agrawal - Chairman and Additional Director 2. Mr. Sanjay Agrawal – Managing Director 3. Mr. Vijay Prasad Pappu – Whole Time Director 4. Mr. Shanti Lal Badera – Non Executive Independent Director 5. Mr. Sunil Kumar Maheshwari – Non Executive Independent Director 6. Mr. Chakradhar Bharat Chhaya– Non Executive Independent Director	Committees of Directors Audit Committee 1. Mr. Sunil Kumar Maheshwari – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Chakradhar Bharat Chhaya – Member 4. Mr. Vijay Prasad Pappu - Member Remuneration Committee 1. Mr. Chakradhar Bharat Chhaya – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Sunil Kumar Maheshwari – Member Shareholders' /Investors' Grievance Committee 1. Mr. Chakradhar Bharat Chhaya – Chairman 2. Mr. Shanti Lal Badera – Member 3. Mr. Sanjay Agrawal – Member Treasury Committee 1. Mr. Sanjay Agrawal – Chairman 2. Mr. Vijay Prasad Pappu– Member 3. Mr. Sunil Kumar Maheshwari– Member
Chief Financial Officer Mr. Satyendra Rathi	Corporate Identification Number : L25200MP2008PLC020852
Company Secretary & Compliance Officer Mr. Akhilesh Gupta	Corporate Office 98, Bahadarpur Road, Burhanpur (M.P.)
Registered Office 98, Bahadarpur Road, Burhanpur (M.P.)	Auditors Pankaj Somaiya & Associates LLP Chartered Accountants
Bankers State Bank of India IDBI Bank Axis Bank HDFC Bank Bank of India Bank of Baroda	
Registrar & Share Transfer Agent Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500031	

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CHAIRMAN'S MESSAGE

It gives me immense pleasure to communicate you on the eve of fifth annual general meeting of the company and at the end of another significant year.

If we analyze the whole year 2012-13, it has marked a satisfactory performance in spite of the following:

- 1. Company's performance for the year under review has been quite satisfactory despite aberrant weather- failure of monsoon leading to drought, factors that destabilize agriculture. It is heartening to note Company's business has significantly improved on operational performance compared to yesteryear and records a positive financial growth.*
- 2. In spite of sharp fluctuations in input cost & overall inflationary scenario of the economy the company was able to manage its cost, due to proper planning and execution.*
- 3. During the year the company has introduced a host of new products. The steady growth achieved by your company is because of quality & after sales services. The company has built a scale in its operation in the local market and will be able to gain better results in times to come.*

In spite of adverse condition the company continued to report strong growth.

I am happy to announce that we have now emerged as a strong multi location business catering to ever changing needs of local people in the market and this would help us to move ahead firmly on the growth trajectory in the days to come.

I am proud to report that Texmo has made significant progress over the past five years. We doubled both on client base and revenue base and has made a strong foundation in the Country.

To embark the journey of success we need the tools of preparedness, foresight and strategy which lead us to the path of growth and high quality. It will make new benchmarks in quality, productivity and customer satisfaction for the industry as well, On which Your Company showed remarkable flexibility and adaptability during its journey and committed for the same in future.

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
Rashmi Devi Agrawal
(Chairman)

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Friday 27th September, 2013 at the registered office of the Company 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, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shanti Lal Badera who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT *M/s. Pankaj Somaiya & Associates LLP, Chartered Accountants, Burhanpur (M.P.) (Firm Registration Number 010081C), the retiring Auditors be and are hereby appointed as 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 on such remuneration as shall be fixed by the Board of Directors”.

* M/s Pankaj Somaiya and Associates has changed from partnership firm to partnership LLP and is now converted to M/s Pankaj Somaiya & Associates LLP.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, Smt. Rashmi Devi Agrawal who was appointed as an Additional Director w.e.f. 13th August 2013 in the meeting of the Board of Directors held on 13th August 2013 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing her candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of Central government, if necessary, the Company hereby approves re-appointment of **Mr. Sanjay Agrawal as Managing Director & CEO** of the Company for a period of 5 (five) years with effect from September 1, 2013 to August 31, 2018, upon the terms and conditions including remuneration, as are set out in the draft Agreement (“the Agreement”) to be executed between the Company and Mr. Sanjay Agrawal, which Agreement placed before this meeting be and is hereby specifically approved with liberty to the Board of Directors of the Company (“the Board”) to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Sanjay Agrawal and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof;

RESOLVED further that subject to the approval of Central Government, if necessary, in the event of any absence or inadequacy of net profit in any financial year, the aforesaid remuneration shall be paid as minimum remuneration;

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions of section 198, 269, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956 ('the Act'), read with schedule XIII of the act, or any amendment or re-enactment thereof and subject to approval of Central government, if necessary the Company hereby approves the reappointment of **Mr. Vijay Prasad Pappu**, as Whole-time Director of the Company, for a further period of 5(Five) years with effect from September 1, 2013 to August 31, 2018, on such remuneration and upon such terms and conditions

set out in the explanatory statement annexed to the notice convening this meeting, including the minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial year, with liberty to the Board of Directors of the Company ('the Board') to alter and vary the terms and conditions, including remuneration of the said appointment, if necessary, in such manner as may be agreed to by and between , the Board and Mr. Vijay Prasad Pappu, within the limits specified in the Act read with Schedule XIII thereto.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

BY ORDER OF THE BOARD OF DIRECTORS

Place: Burhanpur

Date: 16th August, 2013

Akhilesh Gupta

Company Secretary

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. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under Item nos. 4 and 5 is annexed hereto.
4. 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.
5. The Share Transfer Book and Register of Members of the Company will remain closed from 21st September 2013 to 27th September, 2013 (both days inclusive) for the purpose of Annual General Meeting of the Company.
6. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
7. 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.
8. 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
9. To promote green initiative as per circular issued by Ministry of Corporate Affairs in 2011, 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.

As Special Business

Item No. 4 –

Appointment of Smt. Rashmi Devi Agrawal as a Director

Smt. Rashmi Devi Agrawal was appointed as an Additional Director pursuant to Articles 141 of the Articles of Association of the Company by the Board of Directors at its meeting held on August 13, 2013.

As per provisions of said Articles and Section 260 of the Companies Act, 1956, Smt. Rashmi Devi Agrawal holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit of Rs. 500 from a Member signifying intention to propose the appointment of Smt. Rashmi Devi Agrawal as Director of the Company liable to retire by rotation.

The Board of Directors is of the opinion that it would be in the interest of the Company to avail Smt. Rashmi Devi Agrawal experience and her continuance will be of benefit to the Company.

The resolution is accordingly recommended for the approval of the Members.

None of the Directors except Smt. Rashmi Devi Agrawal is concerned or interested in the Resolution.

Item No. 5 –

Re-appointment of Mr. Sanjay Agrawal as Managing Director & CEO

The Board of Directors, at their meeting held on 13th August, 2013, re-appointed **Mr. Sanjay Agrawal** as Managing Director of the Company for a further period of five years with effect from September 1, 2013 to August 31, 2018, subject to the approval of the shareholders in a general meeting.

Mr. Sanjay Agrawal, aged 49 years, is a B.Com, LL.B and MBA in Marketing with more than 30 years of rich working experience. He started his career in 1982 with Shree Venkatesh Cotton Company, a family business involved in cotton ginning and pressing. He was involved in the implementation of project related to cotton pressing. He was responsible for cotton purchasing in the same company from 1985 to 1987. He was elected to the post of Managing Director w.e.f. September 1, 2008. He as Managing Director of the Company now actively involved in the affairs of our Company and is playing a key role in the growth of our Company with his inputs in strategic planning and business development.

The material terms and conditions of the re-appointment contained in the draft Agreement between the Company and Mr. Sanjay Agrawal are as follows:

1. The Managing Director shall, subject to the supervision and control of the Board of Directors; carry out such duties as may be entrusted to him by the Directors and shall exercise such powers as are delegated to him by the Board of Directors.
2. **Period of Agreement:** 5 years from 1st September 2013 to 31st August 2018
3. **Remuneration:**
 - a. **Basic Salary:** Rs. 3,00,000- per month and as may be reviewed by the Board from year to year basis .
 - b. **Perquisites and Allowance:**
 - (i) In addition to the salary payable, the Managing Director shall also be entitled to commission, bonus, perquisites and allowance like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expense or allowance for utilities such as water, electricity, gas, furnishing, repairs, servants, salaries, medical/accident insurance, medical reimbursement, leave travel concession for the managing director and his family, club fees and such other perquisites and allowance in accordance with the rule of the company or as may be agreed to by the Board of Director and the Managing Director; such perquisites and allowances will be subject to Schedule XIII of the Companies Act, 1956 and Income Tax Act, 1961.
 - (ii) For the purpose of calculating the ceiling, perquisites and allowance shall be evaluated as per Income – Tax Rules, wherever applicable. In the absence of any such Rule, perquisites and allowance shall be evaluated at actual cost.
Provision for use of the Company 's car with a driver for official duties and telephone at residence (including payment of local and long distance official calls) shall not be included in the computation of perquisites for purpose of calculating the said ceiling.
 - (iii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or together, are not Taxable under the Income Tax Act, 1961; Gratuity payable, as per the rules of the Company and encashment of leave at the end of tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid, subject to Schedule XIII of the Companies Act, 1956.
4. **Minimum Remuneration:** In the event of any absence or inadequacy of net profits in any financial year, the remuneration as mentioned in the Agreement entered between the Managing Director and the Company shall

be the minimum remuneration payable to the Managing Director.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval. The aforesaid may be treated as compliance of Section 302(1) of the Act.

None of the Directors other than Mr. Sanjay Agrawal is interested in this Resolution since it relates to his re-appointment.

The Board of Directors recommends the resolutions for your approval.

Item No. 6 –

Re-appointment of Mr. Vijay Prasad Pappu as Whole-time Director

The Board of Directors, at their meeting held on 13th August, 2013, re-appointed **Mr. Vijay Prasad Pappu** as Whole-time Director of the Company for a further period of five years with effect from September 1, 2013 to August 31, 2018, subject to the approval of the shareholders in a general meeting.

Mr. Vijay Prasad Pappu, aged about 54 years is the Director of the Company since incorporation. He has more than 28 years of experience in factory operations. He completed his Bachelor of Science from University of Indore in the year 1979. He completed his Master of Arts in Social Works from University of Indore in the year 1982. He began his career with National Textile Corporation M.P. Limited, a Government of India Undertaking, Ministry of Textiles in the year 1985 as Trainee Executive. In the year 1996, he joined Shree Venkatesh Industries and on 3rd July 2008 he has been shifted to our Company. He is now supervising the entire factory operations and matters relating to corporate affairs.

The terms of re-appointment and remuneration of Mr. Vijay Prasad Pappu inter alia contain the following principal terms and conditions:

1. **Period:** Five years (from September 1, 2013 to August 31, 2018)
2. **Salary:** Rs. 1,10,000/- (Rupees One Lac Ten Thousand) per month.
3. **Provident fund contribution:**

The Company's contribution to the provident fund will be in accordance with its rules and regulations.

4. **Perquisites:**

Perquisites will be allowed in addition to salary, the perquisites shall be valued as per Income Tax Rules, 1962. However the amount of perquisites shall be restricted to annual salary.

5. **Gratuity:**

Gratuity payable, as per the rules of the Company and encashment of leave at the end of tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid, subject to Schedule XIII of the Companies Act, 1956.

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals, being obtained.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval. The aforesaid may be treated as compliance of Section 302(1) of the Act.

None of the Directors except Mr. Vijay Prasad Pappu is interested or concerned in this resolution.

The Board of Directors recommends the resolutions for your approval.

BY ORDER OF THE BOARD OF DIRECTORS

Akhilesh Gupta

Company Secretary

Place: Burhanpur

Date: 16th August, 2013

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. Sanjay Agrawal	Mr. Vijay Prasad Pappu	Mr. Shanti Lal Badera	Smt. Rashmi Devi Agrawal
Date of Birth	10.08.1964	30.06.1959	01.04.1945	27.05.1967
Date of Appointment	03.07.2008	03.07.2008	14.08.2008	13.08.2013
Qualifications	B.Com, LL.B and MBA in Marketing	Bachelor of Science from University of Indore and Master of Arts in Social Works from University of Indore	Bachelor of Mechanical Engineering from Indore University and Master of Technical Education from Barkatullah University, Bhopal	B.A.
Expertise in specific functional areas	Business Management	Finance and Business Management	Business Management	Business Management
Chairmanships / Directorships of other Companies (excluding foreign companies and Section 25 companies)	Texmo Petrochemicals Pvt. Ltd. Shree Padmavati Irrigations Pvt. Ltd. Sunrays International Pvt. Ltd.	-	-	Texmo Petrochemicals Pvt. Ltd. Shree Padmavati Irrigations Pvt.Ltd. Sunrays International Pvt. Ltd.
Chairmanships / Memberships of committees of other Public companies	-	-	-	-
Number of shares held in the Company	3007500	1200	-	3001500

DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Fifth Annual Report and the Audited Accounts for the financial year ended 31st March, 2013.

Performance Highlights

Your directors hereby report that on a standalone basis your company recorded a turnover of ` 16880.69 Lacs for the year ended 31st March, 2013 as against ` 16526.19 Lacs in the previous year which shows an increase of 2.14%. Company had recorded a Manufacturing turnover of ` 16615.33 Lacs for the year ended 31st March, 2013 as against ` 14654.40 Lacs in the previous year which shows an increase of 13.38%.

The highlights of the financial results of the Company for the year ended 31st March, 2013 is summarized below:

Amount in ` Lacs

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Profit before Interest, Depreciation and Tax	1462.00	1917.62	1465.43	1915.42
Interest	727.72	834.10	727.72	834.10
Depreciation	511.72	483.14	511.72	483.14
Profit before tax	222.56	600.38	225.99	598.18
Provision for tax				
- Current tax	41.75	145.71	41.81	145.71
- Deferred tax	30.46	33.56	30.46	33.56
Profit after tax	150.35	421.11	153.72	418.91
Prior year adjustment	27.47	0.09	27.47	0.09
Profit after tax & prior year adjustments	122.88	421.02	126.25	418.82
Balance of profit brought forward from earlier years	1943.17	1522.15	1940.96	1522.15
Profit available for appropriation				
Appreciations:				
Proposed dividend:	2066.05	1943.17	2067.21	1940.97
- Equity	-----	-----		-----
- Preference	-----	-----		-----
Balance of profit	2066.05	1943.17	2067.21	1940.97

On a standalone basis, the profit before interest, depreciation and tax for the financial year is ` 1462.00 lacs which against ` 1917.62 lacs in the previous year. The profit before tax for the financial year stood at ` 222.56 lacs compared to ` 600.38 lacs of the previous year. The profit after tax, before exceptional item for the financial year at ` 122.88 lacs compared to ` 421.02 lacs of the previous year.

On a consolidated basis, your Company has recorded Profit before tax of ` 225.99 Lacs during the year under the report and Profit after tax stood at ` 598.17 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.