

**5th Annual Report
2012-2013**

CORPORATE INFORMATION

| | |
|---|--|
| <p>Board of Directors</p> <ol style="list-style-type: none"> 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 | <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>Registered Office 98, Bahadarpur Road, Burhanpur (M.P.)</p> |
| <p>Company Secretary & Compliance Officer Mr. Akhilesh Gupta</p> | <p>Corporate Identification Number : L25200MP2008PLC020852</p> |
| <p>Bankers State Bank of India IDBI Bank Axis Bank HDFC Bank Bank of India Bank of Baroda</p> | <p>Corporate Office 98, Bahadarpur Road, Burhanpur (M.P.)</p> |
| <p>Registrar & Share Transfer Agent Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500031</p> | <p>Auditors Pankaj Somaiya & Associates LLP Chartered Accountants</p> |

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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.

Directors

During the year, Smt. Rashmi Devi Agrawal was appointed as Additional Director w.e.f. 13.08.2013 of the Company by the Board in terms of Section 260 of the Companies Act, 1956. She holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956 for appointment of Smt. Rashmi Devi Agrawal as Director liable to retire by rotation.

The Board at its meeting held on 13th August, 2013 re-appointed Mr. Sanjay Agrawal as Managing Director & CEO and Mr. Vijay Prasad Pappu as Whole-time Director with effect from 1st September, 2013 to 31st August, 2018 subject to the approval of the Members of the Company.

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

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.

Insurance

The assets of the Company are adequately insured against the loss of fire, natural calamities and such other risk considered by management of the Company.

Subsidiary Company

Your Company has two wholly owned subsidiary companies viz., Tapti Pipes & Products Limited FZE, Sharjah and Texmo Petrochemicals Private Limited, Burhanpur.

A statement containing brief financial details of the Subsidiary Companies for the year ended 31st March, 2013 is included in the notes on the consolidated financial statement. As required under the Companies Act, 1956 and Listing Agreements 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 is 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 2012-13 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 registered office and at the registered office of the respective subsidiaries.

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. Sushil Kumar & 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 2013-2014. The due date for filing Cost Audit Report in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Compliance Report of the Company was filed by the Cost Auditor on February 1, 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 2013, 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 judgements 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 2012-13.

Listing

The equity shares of the Company are listed with Bombay Stock Exchange and National Stock Exchange. There are no arrears on account of payment of listing fees to the Stock Exchanges.

Auditors & Auditor's Report

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

The Company has received a certificate from M/s. Pankaj Somaiya & Associates LLP 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 LLP 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 Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with sub-section (2A) of Section 217 of the Companies Act, 1956, hence statement containing particulars of employees falling under aforesaid is not required to be appended to this Report.

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

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earning and outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given in Annexure-1 and forms part of this report.

Corporate Governance

The Company has been practicing the principles of good Corporate Governance during the year. 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).

Acknowledgement

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

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

FOR AND ON BEHALF OF THE BOARD

Date: 13th August, 2013

Place: Burhanpur

**Sanjay Agrawal
Managing Director**

ANNEXURE -1

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) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, RESEARCH AND DEVELOPMENT:

- (i) Specific Areas in which R&D carried out by the Company and benefits derived as a Result thereof in several Years.

Your Company's R&D wing is dedicated to ensure production of best quality products conforming to international standards.

(ii) Future plan of Action

The Company doing its best to improve its quality and to reduce manufacturing expenses.

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

(d) **Impact of the above measures**: The impact of the measures taken is favourable.

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

| A. Power and fuel consumption | 31.03.2013 | 31.03.2012 |
|---|---------------------|---------------------|
| 1. (a) Electricity | | |
| (i) Purchase Unit | 8706258 | 7921332 |
| (ii) Total Amount (Rs.) | 53479322 | 43564071 |
| (iii) Rate/Unit (Rs.) | 6.14 | 5.50 |
| (b) Own Generation | | |
| (i) Through Diesel Generator (Kwh)160 KVA X2 Units (Ltrs) | 1126 | 2708 |
| Total Amount | 55436 | 121212 |
| Average Rate (` /Ltrs) | 49.23 | 44.76 |
| (ii) Through Steam turbine Generator Unit | NIL | NIL |
| Unit per Ltr. Of fuel | NIL | NIL |
| Oil /Gas cost per unit | NIL | NIL |
| 2. Coal and Lignite | | |
| (i) Quantity (tons) | NIL | NIL |
| (ii) Total Cost (Rs.) | NIL | NIL |
| (iii) Average Rate (Rs./Tones) | NIL | NIL |
| 3. Furnished Oil | | |
| (i) Quantity (Ltrs.) | NIL | NIL |
| (ii) Total Cost (Rs.) | NIL | NIL |
| (iii) Average Rate (Rs./Ltr.) | NIL | NIL |
| 4. Other internal Generation | NIL | NIL |
| B. FOREIGN EXCHANGE EARNING AND OUTGO | | |
| C.I.F. Value of Imports, Expenditure and Earning in Foreign Currency | | |
| (a) C.I.F. Value of Imports | | |
| Raw material | 23,35,09,084 | 25,27,51,429 |
| Stores and Spares | 91,226 | 23,46,742 |
| Capital goods | — | --- |
| Total | 23,36,00,310 | 25,50,98,171 |
| (b) Expenditure in Foreign Currency | | |
| GDR Issue Expenses | --- | 4,59,469 |
| Subsidiary Incorporation Expenses (Tapti Pipes & Products Limited FZE) | --- | --- |
| Total | — | 4,59,469 |
| C. Earning in Foreign Currency | | |
| FOB value of Export | NIL | NIL |
| Total | | |

FOR AND ON BEHALF OF THE BOARD

Date: 13th August, 2013

Place: Burhanpur

**Sanjay Agrawal
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 behaviour 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 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 judgement on the business of the Company.

Board Meetings held during the year

During the year 2012-13, Five Meetings of the Board of Directors were held on 14th May, 2012, 19th July, 2012, 16th August, 2012, 7th November, 2012 and 25th January, 2013. 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 31st March, 2013 have been made by the Directors.

The previous Annual General Meeting of the Company held on **26th September, 2012** was attended by all the members of the Board of Directors.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting as on 31st March, 2013 are given below:

| Name of Director | Category | Attendance at | |
|------------------------------|--------------------------------------|---------------|----------|
| | | Board Meeting | Last AGM |
| Mr. Sanjay Agrawal | Managing Director & Chairman | 5 | YES |
| Mr. Vijay Prasad Pappu | Whole Time Director | 5 | 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 | YES |

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 Managing Director and Chief Executive Officer of the Company. The Salary and allowance paid to Mr. Sanjay Agrawal during the year 2012-13 were ` 12.00 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 2012-13 ` 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 fee 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 2012-13.

The details of Sitting Fees paid to the Non-Executive Directors during the year 2012-13.

| No. | Name of Non Executive Directors | Sitting fees (`) | Commission (`) | Total |
|-----|---------------------------------|--------------------|------------------|----------|
| 1. | Mr. Chakradhar Bharat Chhaya | 95,000 | Nil | 95,000 |
| 2. | Mr. Shanti Lal Badera | 1,00,000 | Nil | 1,00,000 |
| 3. | Mr. Sunil Kumar Maheshwari | 1,10,000 | Nil | 1,10,000 |

Details of other Directorship and Committee Membership

Details with particulars of their Directorships and Chairmanship / Membership of Board Committees in other Public Companies, in which they are Directors showing the position as on 31st March, 2013 are given below:

| No. | Name of Directors | Directorship in other Public Companies | Committee positions held | |
|-----|------------------------------|--|--------------------------|------------|
| | | | Chairmanship | Membership |
| 1. | Mr. Sanjay Agrawal | 0 | 0 | 0 |
| 2. | Mr. Vijay Prasad Pappu | 0 | 0 | 0 |
| 3. | Mr. Shanti Lal Badera | 0 | 0 | 0 |
| 4. | Mr. Sunil Kumar Maheshwari | 0 | 0 | 0 |
| 5. | Mr. Chakradhar Bharat Chhaya | 3 | 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. Shanti Lal Badera, retire by rotation and being eligible, has offered himself for re-appointment.

Brief profile of director seeking Re-appointment:

Mr. Shanti Lal Badera

Mr. Shanti Lal Badera, aged 68 years is Non Executive Independent Director of the Company and has more than 41 years experience in the field of technical education.

He completed his Bachelor of Mechanical Engineering from Indore University in the year 1968. He completed his Master of Technical Education from Barkatullah University, Bhopal in the year 1993. He began his career in the year 1972 with Government Polytechnic College, Sanawad. He also worked with Government Polytechnic College, Burhanpur as Principal. He retired from his services as Principal, Government Polytechnic College, Sanawad in March, 2007.

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

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

Mr. Shanti Lal Badera 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.

The Members of the Board and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended 31st March, 2013. 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.

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 2012-13, Three Treasury Committee Meetings were held on 20th August, 2012, 14th December, 2012 and 29th March, 2013.

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 | 3 |
| Mr. Vijay Prasad Pappu | Member | 3 |
| 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 judgement 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 2012-13, Five Audit Committee Meetings were held on 14th May 2012, 19th July, 2012, 16th August, 2012, 7th November, 2012 and 25th January, 2013.

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

| Name of Director | Position held in Committee | No of Meetings attended |
|------------------------------|-----------------------------------|--------------------------------|
| Mr. Sunil Kumar Maheshwari | Chairman | 5 |
| Mr. Shanti Lal Badera | Member | 4 |
| Mr. Chakradhar Bharat Chhaya | Member | 4 |
| Mr. Vijay Prasad Pappu | Member | 5 |

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.

Composition of the Committee, its Meetings and Attendance

The Chairman of the Shareholders/Investors Grievance Committee is Mr. Chakradhar Bharat Chhaya. During the year 2012-13, Four Meetings of the committee were held on 14th May 2012, 19th July, 2012, 7th November 2012 and 25th January, 2013.

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 | 3 |
| 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 01.04.2012. | 2 | 150 |
| 02 | Number of shareholders who approached the company for transfer of share from suspense account during the year. | Nil | Nil |
| 03 | Number of shareholders to whom shares were transferred from suspense account during the year. | Nil | Nil |
| 04 | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year 31.03.2013. | 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.

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 2012-13, Four Meetings of the committee were held on 14th May 2012, 19th July, 2012, 7th November 2012 and 25th January, 2013.

The composition of the Remuneration 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 | 3 |
| 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 Company of material nature with its Promoters, the Directors or the Management or their relatives are presented under note no. 35 on notes forming part of the accounts. 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 reviewed 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 and funds raised from Global Depository Receipts (GDRs) 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.

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 31st March 2013.

The aggregate Shareholding of the Promoters and Persons belonging to the Promoters Group as on 31st march 2013 comprised of 6162889 Equity Shares of ` 10/- each representing 25.87% of the total paid up Share Capital of the Company.

Disclosure 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 |
|----------------|----------------------------------|---------------------------------------|--|
| 2010-11 | 28th 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 |
| 2011-12 | 26th September, 2012 at 11.30 AM | 98, Bahadarpur Road, Burhanpur (M.P.) | No Special Resolution passed during the Meeting. |

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

| Financial year | Date and time | Venue | Special Resolution passed |
|----------------|--------------------------------|---------------------------------------|---|
| 2010-11 | 28th 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. |
| 2011-12 | Nil | Nil | Nil |

During the year 2012-13 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 for the financial year 2012-13

| | |
|-------------------------------------|--|
| Date | 27 th September 2013 |
| Venue | 98, Bahadarpur Road, Burhanpur (M.P.) 450331 |
| Time | 11.30 A.M. |
| Book closure date | From 21 st to 27 th September, 2013. (Both days inclusive) |
| Last date of receipt of Proxy forms | 25 th September 2013. (Before 11.30 A.M. at the Registered office of the Company) |

Financial Calendar

Financial Year of the Company has starting from 01st April to 31st March.

Tentative Calendar for financial year ending 31st March, 2014

| Quarterly Financial Results | Date of Board Meeting |
|-----------------------------------|-----------------------------|
| 1 st Quarterly results | First half of August 2013 |
| 2 nd Quarterly results | First half of November 2013 |
| 3 rd Quarterly results | First half of February 2014 |
| 4 th Quarterly results | Second half of May 2014 |

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. 12th April 2011.

The Annual Listing fees for the financial year 2013-14 have been paid to the stock exchanges.

The Company has paid Annual Custodial Fees for the year 2013-14 to the National Securities Depository Limited and Central Depository Services Limited on the basis of beneficial accounts maintained by them as on 31st March 2013.

| Equity Shares | Global Depository Receipts (GDRs) |
|--|--|
| Bombay Stock Exchange Limited 16th 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

| Name of the stock Exchange | Stock Code |
|--|-------------------|
| 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
22nd Floor, 101 Barclay Street,
New York, NY 10286 USA

Domestic Custodian of GDRs

DBS Bank Limited
Securities Services, 5th 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 31st March, 2013 are as under:

Period – from 01st April, 2012 to 31st March, 2013

| Months | BSE | | NSE | |
|----------------|-----------------|----------------|-----------------|----------------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2012 | 24.55 | 20.80 | 24.70 | 20.15 |
| May 2012 | 24.95 | 20.20 | 27.90 | 20.15 |
| June 2012 | 27.50 | 20.90 | 28.00 | 17.05 |
| July 2012 | 27.50 | 9.00 | 27.80 | 08.95 |
| August 2012 | 10.30 | 07.40 | 10.35 | 07.35 |
| September 2012 | 10.15 | 07.40 | 10.00 | 07.45 |
| October 2012 | 11.04 | 08.56 | 11.00 | 08.60 |
| November 2012 | 10.20 | 08.40 | 10.30 | 08.55 |
| December 2012 | 09.65 | 08.62 | 09.55 | 08.95 |
| January 2013 | 09.70 | 08.10 | 09.90 | 07.65 |
| February 2013 | 08.97 | 06.20 | 08.95 | 06.30 |
| March 2013 | 07.45 | 04.70 | 07.45 | 04.20 |



Distribution of Shareholding as on 31st March, 2013

| No. of Equity Shares held | Shareholders | | Equity Shares held | |
|---------------------------|---------------------|---------------|---------------------|---------------|
| | No. of shareholders | % of total | Amount | % amount |
| 001 – 5000 | 10484 | 78.37 | 16006580 | 06.72 |
| 5001-10000 | 1323 | 09.89 | 10872830 | 04.56 |
| 10001-20000 | 763 | 05.70 | 11665920 | 04.90 |
| 20001-30000 | 230 | 01.72 | 5929100 | 02.49 |
| 30001-40000 | 135 | 01.01 | 4870980 | 02.04 |
| 40001-50000 | 111 | 0.83 | 5175300 | 02.17 |
| 50001-100000 | 180 | 01.35 | 13254750 | 05.56 |
| 100001 & above | 151 | 01.13 | 170424540 | 71.56 |
| Total | 13377 | 100.00 | 238200000.00 | 100.00 |

Shareholding Pattern as on 31st March, 2013

| Category | No. Of shareholders | No. Of share held | % of equity |
|--------------------------------|---------------------|-------------------|---------------|
| Promoters holding | 9 | 6162889 | 25.87 |
| Public shareholdings | | | |
| Clearing member | 38 | 48501 | 0.20 |
| Foreign Corporate-DR | 1 | 4627860 | 19.43 |
| Foreign Institutional Investor | 2 | 1685580 | 7.08 |
| HUF | 228 | 236350 | 0.99 |
| Bodies Corporate | 368 | 2813193 | 11.81 |
| Non Resident Indians | 100 | 213301 | 0.90 |
| Resident Individual | 12631 | 8032326 | 33.72 |
| Total | 13377 | 23820000 | 100.00 |

Director`s Shareholding as on 31st March, 2013

| 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 |
| | Total | 3008700 | 12.64 |

Dematerialization of Shares and Liquidity

As at 31st March, 2013, 2,38,19,897 Equity Shares representing 99.99% 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 31st March, 2013.

The bifurcation of shares held in Physical & Demat form as on 31st March 2013, is given below.

| Category | | No. Of shareholders | No. Of share held | % of equity |
|---------------|--------------|---------------------|-------------------|---------------|
| Physical | | 2 | 103 | 0.00 |
| Demat Segment | NSDL | 7658 | 8259885 | 34.68 |
| | CDSL | 5717 | 15560012 | 65.32 |
| | Total | 13377 | 23820000 | 100.00 |

Outstanding GDRs and likely impact on Equity

The Company had issued Global Depository Receipts on 11th 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 31st March 2013, 2,31,393 GDRs were outstanding and representing 46,27,860 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 2012-13 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 fifteen 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

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 two 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:

| Name the Company | Balance as at 31 st March 2013 | Amount in ` Lacs |
|------------------------------------|---|-------------------------------------|
| | | Maximum outstanding during the year |
| Tapti Pipes & Products Limited FZE | 4972.33 | 4972.33 |

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 31st March, 2013.

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 2012-13.

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 31st March, 2013, 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 31st March, 2013 of the company.

For Texmo Pipes and Products Limited

Date: 13th August, 2013

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 31st March, 2013 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 13, 2013

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 31st March, 2013 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 2012-13 had come up with moderate improvement in performance of your company.

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objective of these financial statements, as well as for the various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonable present our state of affairs, profit and cash flows for the year.

Indian economy and its effects on your company

The global economy in FY 2012-13 did not recover to the extent anticipated in the beginning of the year. Several European economies experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth. The U.S. economy improved marginally, driven mainly by housing and the consumer sectors; however, capital investments remained sluggish. Among the Asian economies, China, going through a political transition, experienced considerably slower growth. Deceleration in industrial output and exports weakened India's economic growth significantly. The weak macro environment and slower growth caused the margin environment to remain volatile with downward bias.

Despite being among the fastest growth markets globally, India's per capita plastic consumption (PE, PP and PVC) at 6.6 Kg remains far behind those of the US (67.3 Kg), China (36.7 Kg) and Brazil (24.6 Kg). However, it is advancing at 2.5 times its GDP growth. Besides, the subcontinent's surging industrialisation and increasingly powerful economy holds immense untapped growth potential.

PVC finds applications in irrigation pipes, drinking water supply, sewerage schemes, profiles for the building industry, wires and cables. Pipes and fittings continue to account for 74% of the domestic PVC demand. India's PVC consumption was estimated to be 2.24 MMT in FY 2012-13, growing by 14% over the previous year. HDPE, LLDPE and LDPE demand have grown by 10%, 13% and 18.9% Y-o-Y basis, respectively.

Despite these adverse economic conditions, your Company Texmo Pipes And Products Limited could continue its growth momentum in FY 2012-13 as well and grew by 2.12 % in turnover and manufacturing turnover grew by 13.06 %.

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 and wide range in Pipe fittings. Client list of the Company includes various Corporate sectors, Telecommunication sectors, Agricultural 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.

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 eight states and now strategically planning to be a Pan India presence. The company has established a strong dealer network of more than 560 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, sometimes availability of raw material 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 oil prices and dollar 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 suppliers from indigenous and foreign suppliers and also further undertaken fresh MOU with indigenous supplier Reliance Industries.

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, Karnataka, 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 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 30 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 28 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, reviews the adequacy of internal control systems and procedures and suggests 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.

INDEPENDENT AUDITOR'S REPORT

**To,
The Members,
Texmo Pipes and Products Limited
Burhanpur (M.P)**

Report on the Financial Statements

We have audited the accompanying financial statements of Texmo Pipes and Products Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- © in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : **Burhanpur (MP)**
Date : **28th May, 2013**

**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 31st March 2013)

- (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 per the information and records made available, the Company has granted unsecured loan to two companies covered in the register maintained under Section 301 of the Companies Act, 1956.
The maximum amount involved during the period and the balances of said loans were aggregating to ` 32.40 lacs and ` 32.40 lacs respectively. As informed, the company has not given any loans, secured and unsecured to firms or other parties listed in the register maintained under section 301 of the Act;
- (b) As per the information and records made available, the rate of interest and other terms and conditions of loans granted by the company are *prima facie* not prejudicial to the interest of the company except to the extent that there are no covenants with regard to the repayment/ payment of loan and interest thereon and security.
- (c) In respect of aforesaid loans granted, whether the amount(principal as well as interest) has been repaid/paid regularly or not cannot be commented upon, as there is no stipulation as regard to the repayment/payment of the amount;
- (d) As per the information given to us and on the basis of records made available to us, and subject to (a) and (b) above, the unsecured loan granted to companies of ` 32.40 Lacs is considered doubtful and no interest is provided on such loans, the company has taken reasonable steps for the recovery of the outstanding amount.
- (e) As informed, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (f) and (g) of the order are not applicable.
- (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 Lacs 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) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act and we are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the company, the dues outstanding of income tax, sales tax, wealth tax, Customs duty, excise duty and cess on account of any dispute, are as follows:

| S. No. | Name of the Statute | Nature of dues | Forum where dispute pending | Period to which relates | Amount (in ` lakhs) |
|--------|-----------------------|----------------|--|-------------------------|---------------------|
| 1. | MPVAT Act | VAT | Additional Deputy Commission of Commercial tax, Indore | 2010-11 | 47.17 |
| 2. | Central Sales Tax Act | CST | Additional Deputy Commission of Commercial tax, Indore | 2010-11 | 1.01 |
| 3. | MPVAT Act | VAT | Appellate Deputy Commissioner of Commercial Tax, Khandwa | 2009-10 | 5.10 |
| 4. | Entry Tax Act | Entry Tax | MP Commercial Tax Appellate Tribunal, Bhopal | 2008-09 | 12.93 |
| 5. | Central Sales Tax Act | CST | MP Commercial Tax Appellate Board | 2008-09 | 1.42 |
| 6. | MPVAT Act | VAT | Appellate Deputy Commissioner of Commercial Tax, Khandwa | 2008-09 | 0.48 |
| 7. | Entry Tax Act | Entry Tax | MP High Court, Jabalpur | 2007-08 | 36.32 |
| 8. | MPVAT Act | VAT | MP High Court, Jabalpur | 2007-08 | 113.79 |
| 9. | Central Sales Tax Act | CST | MP High Court, Jabalpur | 2007-08 | 44.95 |
| 10. | Entry Tax Act | Entry Tax | Appellate Deputy Commissioner of Commercial Tax, Khandwa | 2006-07 | 38.21 |
| 11. | Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) II | 2006-07 | 3.92 |
| 12. | Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) II | 2010-11 | 32.09 |

- (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 co-relating 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) During the year, the Company has not raised any money by public issue;
- (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 : 28th May 2013

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

Balance Sheet as at 31st March 2013
(Amount in ` Lacs)

| Particulars | Note | As at 31 st March 2013 | As at 31 st March 2012 |
|---|------|-----------------------------------|-----------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 1 | 2,382.00 | 2,382.00 |
| (b) Reserves and surplus | 2 | <u>9,189.85</u> | <u>8,992.94</u> |
| | | 11,571.85 | 11,374.94 |
| Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 159.08 | 449.99 |
| (b) Deferred tax liabilities (Net) | 4 | 234.51 | 204.05 |
| (c) Other Long term liabilities | 5 | <u>8.45</u> | <u>5.54</u> |
| | | 402.04 | 659.58 |
| Current liabilities | | | |
| (a) Short-term borrowings | 6 | 4,461.11 | 5,802.22 |
| (b) Trade payables | 7 | 1,800.86 | 2,392.96 |
| (c) Other current liabilities | 8 | 711.52 | 1,068.92 |
| (d) Short-term provisions | 9 | <u>113.46</u> | <u>197.93</u> |
| | | 7,086.95 | 9,462.03 |
| TOTAL | | <u>19,060.84</u> | <u>21,496.55</u> |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 4,831.90 | 4,916.78 |
| (ii) Intangible assets | | 31.82 | - |
| (iii) Capital work-in-progress | | - | 189.12 |
| (b) Non-current investments | 11 | 204.34 | 9.34 |
| (c) Long-term loans and advances | 12 | 5,370.23 | 3,718.03 |
| (d) Other non-current assets | 13 | <u>769.50</u> | <u>769.50</u> |
| | | <u>11,207.79</u> | <u>9,602.76</u> |
| Current Assets | | | |
| (a) Current investments | 14 | 137.25 | 2,069.07 |
| (b) Inventories | 15 | 4,698.02 | 3,851.93 |
| (c) Trade receivables | 16 | 2,127.92 | 4,381.28 |
| (d) Cash and cash equivalents | 17 | 333.07 | 284.16 |
| (e) Short-term loans and advances | 18 | 556.78 | 664.15 |
| (f) Other current assets | 19 | - | 640.86 |
| (g) Miscellaneous Expenditure (to the extent not written off) | | <u>-</u> | <u>2.34</u> |
| | | 7,853.05 | 11,893.79 |
| TOTAL | | <u>19,060.84</u> | <u>21,496.55</u> |

As per our report of even date
For Pankaj Somaiya & Associates
Firm Registration No. 010081C
Chartered Accountants
CA Pankaj Somaiya
Partner
Membership No.079918
Place: Burhanpur (M.P.)
Date: 28th May, 2013
Sanjay Agrawal
Chairman
& Managing Director
Akhilesh Gupta
Company Secretary
For Texmo Pipes and Products Limited
Vijay Prasad Pappu
Whole Time Director
Satyendra Rathi
CFO

Statement of Profit and loss for the year ended 31st March 2013

| Particulars | Note | (Amount in ` Lacs) | |
|--|------|-----------------------------------|-----------------------------------|
| | | As at 31 st March 2013 | As at 31 st March 2012 |
| REVENUE | | | |
| Revenue from operations | 20 | 15,459.06 | 15,563.58 |
| Other income | 21 | 108.44 | 86.75 |
| Total Revenue | | 15,567.50 | 15,650.33 |
| EXPENSES | | | |
| Cost of materials consumed | 22 | 11,327.79 | 10,070.38 |
| Purchases of Stock-in-Trade | 23 | 415.10 | 1,852.15 |
| Changes in inventories | 24 | -377.83 | -564.75 |
| Employee benefits expense | 25 | 640.68 | 482.57 |
| Other Expenses | 26 | 1,949.09 | 1,805.77 |
| Finance costs | 27 | 876.06 | 918.37 |
| Depreciation and amortization expense | 10 | 511.72 | 483.14 |
| Preliminary Expenses | | 2.31 | 2.31 |
| Total expenses | | 15,344.94 | 15,049.95 |
| Profit before tax | | 222.56 | 600.38 |
| Tax expense: | | | |
| (1) Current tax | | 41.75 | 145.71 |
| (2) Deferred tax | | 30.46 | 33.56 |
| (3) Short/(Excess) Provision for Tax for earlier years | | 27.47 | 0.09 |
| Profit for the year | | 122.88 | 421.02 |
| Earnings per equity share: | | | |
| (1) Basic | | 0.52 | 1.77 |
| (2) Diluted | | 0.52 | 1.77 |

As per our report of even date

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

CA Pankaj Somaiya
Partner
Membership No.079918
Place: Burhanpur (M.P.)
Date: 28th May, 2013

Sanjay Agrawal
Chairman
& Managing Director

Satyendra Rathi
CFO

For Texmo Pipes and Products Limited

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR 2012-13

| Particulars | (Amount in ` Lacs) | |
|--|---------------------------|-------------------|
| | 2012-13 | 2011-12 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before tax and exceptional items | 222.56 | 600.38 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 511.72 | 483.14 |
| Interest Expenses | 727.72 | 834.10 |
| Other borrowing costs | 148.34 | 84.27 |
| Interest Income | (69.33) | (86.51) |
| Dividend Income | - | - |
| Provisions for Doubtful Debts and Advances | 19.49 | (4.53) |
| Operating Profit before working capital changes | 1,560.50 | 1,910.84 |
| Adjustments for: | | |
| (Increase)/Decrease in Trade receivables | 2,253.37 | (1,881.81) |
| (Increase)/Decrease in Inventories | (846.10) | (1,568.03) |
| (Increase)/Decrease in Other current assets | 640.86 | 999.48 |
| Increase/(Decrease) in Trade payables | (592.10) | 1,851.25 |
| Increase/(Decrease) in Other current liabilities | (357.40) | 312.18 |
| Cash generated from operations | 2,662.05 | 1,624.35 |
| Direct taxes (paid)/Refund received | (152.32) | (155.86) |
| Net Cash from operating activities before Exceptional item | 2,509.72 | 1,468.49 |
| Exceptional items and prior period adjustment | - | - |
| Net Cash from operating activities | 2,509.72 | 1,468.49 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (269.54) | (1,145.07) |
| Sale of Current Investment (net) | 1,931.82 | - |
| Increase/(Decrease) in Other long term liabilities | 2.91 | 0.44 |
| Purchase of investments | - | (1,588.34) |
| Purchase of Investment in Subsidiary (net) | (195.00) | - |
| (Increase)/Decrease in Loans and Advances to Subsidiary | (1,840.94) | - |
| (Increase)/Decrease in Loans and Advances (net) | 349.28 | (3,312.30) |
| Dividend Income | - | - |
| Misc. Expenses | 2.31 | - |
| Interest Received | 69.33 | 86.51 |
| Net Cash used in investing activities | 47.27 | (5,959.20) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | - | 455.30 |
| Repayment of borrowings | (1,632.02) | - |
| Proceeds from issue of Equity (GDR issue) | - | 4,398.39 |
| Interest paid | (727.72) | (834.10) |
| Other borrowing costs | (148.34) | (84.27) |
| Net Cash from/(used) in financing activities | (2,508.08) | 3,935.32 |
| Net increase/(decrease) in cash and cash equivalent | 48.91 | (555.39) |
| Cash and Cash Equivalents (Opening Balance) | 284.16 | 839.56 |
| Cash and Cash Equivalents (Closing Balance) | 333.07 | 284.17 |
| Notes: | | |
| Cash and Cash Equivalents include: | | |
| - Balances with banks | 320.54 | 263.48 |
| - Cash, Cheques on hand | 12.53 | 20.68 |
| Total | 333.07 | 284.16 |

As per our report of even date

For Pankaj Somaiya & Associates
 Firm Registration No. 010081C
 Chartered Accountants
 CA Pankaj Somaiya
 Partner
 Membership No.079918
 Place: Burhanpur (M.P.)
 Date: 28th May, 2013

For Texmo Pipes and Products Limited

Sanjay Agrawal
 Chairman & Managing Director

Vijay Prasad Pappu
 Whole Time Director

Satyendra Rathi
 CFO

Akhilesh Gupta
 Company Secretary

Significant Accounting Policies:**BACKGROUND**

Texmo Pipes and Products Limited was formed as a Partnership Firm by the name M/s Shree Mohit Industries on 13th May 1999 and was subsequently converted and incorporated as a Public Limited Company in July 2008 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh. The Partnership Firm was converted into Company under Part IX of the Companies Act, 1956 under the name of Texmo Pipes and Products Limited having Certificate of incorporation dated 3rd July 2008.

Significant Accounting Policies:**i. 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 31st March, 2013 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.

ii. 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.

iii. 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.

iv. 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).

v. Depreciation

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

vi. Intangible Assets

Intangible assets (Computer software SAP) are stated at cost of acquisition net of recoverable taxes and is amortized over a period of 5 years from the date of acquisition.

vii. Borrowing Cost

Borrowing Cost attributable to acquisitions and construction of qualifying 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 in the Statement of Profit & Loss.

viii. 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.

ix. Foreign Currency Transactions:

- a) Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction.
- b) Monetary assets and liabilities related to foreign currency transaction remaining unsettled are translated at year end rate.
- c) The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transaction are recognized in the Statement of Profit and Loss.
- d) Foreign currency gain/loss relating to translation of net investments in non integral foreign operation is recognized in the foreign currency translation reserve.
- e) Premium/discount on forward foreign exchange contracts are pro rated over the period of the contract.

x. Employee Benefits

- a) Short term employee benefits are recognised as an expense in the Statement of Profit & Loss of the year in which the related service is rendered.
- b) Post Employment benefits and other long term employee benefits are recognised as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The company has taken a policy for Gratuity Liability from LIC of India.

xi. 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.

xii. 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 Statement of Profit and Loss. 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.

xiii. 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.

xiv Miscellaneous Expenditure

Preliminary Expenditure is amortized over a period of 5 years.

Notes to the financial statement for the year ended 31st March 2013

Amount in ` Lacs

| 1. Share Capital | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Authorised | | |
| 30000000 Equity Shares of ` 10 each | 3,000.00 | 3,000.00 |
| Issued Subscribed & Paid up | | |
| 23820000 Equity Shares of ` 10 each (23820000 Equity Shares of ` 10 each in PY) | 2,382.00 | 2,382.00 |
| Total | 2,382.00 | 2,382.00 |

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

As at 31st March 2013

| Particulars | Number | Amount in ` Lacs |
|---|------------|------------------|
| Shares outstanding at the beginning of the year | 23,820,000 | 2,382.00 |
| 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 31st March 2013 | | As at 31st March 2012 | |
|----------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| THE BANK OF NEW YORK MELLON, DR* | 4627860 | 19.43 | 8337660 | 35.00 |
| SANJAY KUMAR AGRAWAL | 3007500 | 12.63 | 3007500 | 12.63 |
| RASHMI DEVI AGRAWAL | 3001500 | 12.60 | 3001500 | 12.60 |

* The equity shares are held by depository custodian against 231393 GDRs outstanding as at 31st March 2013

Amount in ` Lacs

| 2. Reserves & Surplus | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Securities Premium Account | | |
| Opening Balance | 6,564.04 | 3,589.13 |
| Add : Securities premium credited on Share issue | - | 3,147.27 |
| Less : GDR issue expenses | - | -172.37 |
| (A) | 6,564.04 | 6,564.04 |
| Foreign Currency Translation Reserve | | |
| Opening Balance | 485.73 | - |
| (+) Current Year Transfer | 74.03 | 485.73 |
| (B) | 559.76 | 485.73 |
| Surplus in statement of profit and loss account | | |
| Opening balance | 1,943.17 | 1,522.15 |
| (+) Net Profit/(Net Loss) For the current year | 122.88 | 421.02 |
| (C) | 2,066.05 | 1,943.17 |
| Total | 9,189.85 | 8,992.94 |

Foreign currency translation reserve balance is on account of translation of year end balance of foreign currency

| 3. Long Term Borrowings | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Secured | | |
| Term loans | | |
| from banks | 440.16 | 706.13 |
| Less : Current Maturity of long term loan | 281.08 | 256.14 |
| Total | 159.08 | 449.99 |

a) Bank of India Term Loan for Office and Godown Indore of ` 77.37 Lacs (Previous Year : ` 105.17 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 Kumar Agrawal and Mr vijay Prasad Pappu directors and Mrs Rashmidevi Agrawal relative of director.

b) HDFC Bank Term Loan of ` 78.37 Lacs (Previous Year : ` 83.17) repayable within 120 equal monthly installments repayable by October 2021 secured by office No. 412, Mumbai.

c) SBI Term Loan of ` 234.88 Lacs (Previous Year : ` 438.86 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 Kumar 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 Vehicle Purchased.*

i) Bank of India Vehicle Loan of ` 16.31 Lacs (Previous Year : ` 25.72 Lacs) repayable within 54 equal monthly installments. Repayable by September 2015

ii) HDFC Bank Limited Vehicle Loan of ` 28.76 Lacs (Previous Year : ` 53.21 Lacs) repayable within 36 equal monthly installments. Repayable by January 2015; the loans are secured by way of hypothecation of respective motor vehicles purchased.

iii) HDFC Bank Limited Vehicle Loan of ` 4.49 Lacs (Previous Year : ` NIL) repayable within 36 equal monthly installments. Repayable by May 2015; the loans are secured by way of hypothecation of respective motor vehicles purchased.

| 4. Deferred Tax Liability (Net) | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Deferred Tax Liabilities on account of timing differences | | |
| Depreciation | 234.51 | 204.05 |
| TOTAL DEFERRED TAX LIABILITY | 234.51 | 204.05 |

| 5. Other Long Term Liabilities | Amount in ` Lacs | |
|---------------------------------|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Long Term Deposits from Dealers | 8.45 | 5.54 |
| Total | 8.45 | 5.54 |

| 6. Short Term Borrowings | Amount in ` Lacs | |
|--|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Secured | | |
| Loans repayable on demand : | | |
| <i>from banks :</i> | | |
| Cash Credit from SBI | 3,977.46 | 4,290.83 |
| <i>from other parties :</i> | | |
| NSIC Assistance | 480.47 | 475.39 |
| Unsecured | | |
| (a) Term loans from other parties | | |
| Varsha Corporation limited, mumbai | - | 1,000.00 |
| BAJAJ FINANCE LTD., MUMBAI | 3.18 | - |
| (b) Loans and advances from related parties | | |
| Sunrays International Pvt. Ltd. | - | 36.00 |
| Total | 4,461.11 | 5,802.22 |

Notes to the financial statement for the year ended 31st March 2013

- a) SBI Cash credit Loan of ` 3,977.46 Lacs (Previous Year : ` 4290.83 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 Kumar Agrawal and Mrs Rashmidevi Agrawal relative of director, also corporate guarantee of Shee Padmavati Irrigations Pvt. Ltd.
- b) Raw Material NSIC assistance of ` 480.47 Lacs (Previous Year : ` 475.39 Lacs) is secured by bank guarantees.
- c) Unsecured Loan from Bajaj Finance Ltd. is repayable in 12 Equated Monthly Installment of ` 3.22 Lacs fully repayable by April 2013.

Amount in ` Lacs

| 7. Trade Payables | As at 31st March 2013 | As at 31st March 2012 |
|-------------------------------------|------------------------------|------------------------------|
| Micro, Small and Medium enterprises | 17.32 | 23.09 |
| Other payables | 1,783.54 | 2,369.87 |
| Total | 1,800.86 | 2,392.96 |

a) Details of dues towards MSME units

Amount in ` Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|------------------------------|------------------------------|
| Principal amount remaining unpaid and interest due thereon | 21.44 | 24.82 |
| Interest paid in terms of Sec 16 | - | - |
| Interest due and payable for the period of delay in payment | 4.12 | 1.73 |
| 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

| 8. Other Current Liabilities | As at 31st March 2013 | As at 31st March 2012 |
|--|------------------------------|------------------------------|
| (a) Current maturities of long-term debt | 281.08 | 256.14 |
| (d) Others : | | |
| Statutory Liabilities | 38.64 | 61.89 |
| Advance from customers | 333.61 | 302.79 |
| Other Liabilities* | 52.69 | 328.11 |
| Advance for sale of Property | 5.50 | 120.00 |
| Total | 711.52 | 1,068.92 |

*Other liabilities includes creditors for capital goods

Amount in ` Lacs

| 9. Short Term Provisions | As at 31st March 2013 | As at 31st March 2012 |
|---------------------------------|------------------------------|------------------------------|
| Provision for Employee Benefits | 71.71 | 52.22 |
| Provision for tax | 41.75 | 145.71 |
| Total | 113.46 | 197.93 |

Notes to the financial statement for the year ended 31st March 2013

10. Fixed assets

Amount in ` Lacs

| Assets | Gross Block | | | Accumulated Depreciation | | | | | Net Block | |
|---|---------------------|-----------------|---------------|--------------------------|---------------------|-----------------|-----------------|---------------------|---------------------|---------------------|
| | As at 01-04-2012 | Additions | Deductions | As at 31-03-2013 | As at 01-04-2012 | for the year | Deduc- tions | As at 31-03-2013 | As at 31-03-2013 | As at 31-03-2012 |
| i) Tangible Assets | | | | | | | | | | |
| Freehold Land | 352.12 | - | - | 352.12 | - | - | - | - | 352.12 | 352.12 |
| Factory Building | 784.57 | 66.51 | - | 851.08 | 51.28 | 26.47 | - | 77.75 | 773.33 | 733.29 |
| Office Building | 158.50 | 131.02 | - | 289.52 | 10.70 | 3.47 | - | 14.17 | 275.34 | 147.80 |
| Plant & Machinery (Manufacturing) | 485.12 | 12.71 | - | 497.83 | 112.83 | 28.03 | - | 140.85 | 356.97 | 372.29 |
| Plant & Machinery (Others) | 3,702.94 | 187.01 | - | 3,889.94 | 666.28 | 410.65 | - | 1,076.94 | 2,813.01 | 3,036.65 |
| Furniture and Fixtures | 109.62 | 12.91 | - | 122.53 | 17.38 | 7.21 | - | 24.59 | 97.94 | 92.24 |
| Vehicles | 213.24 | 6.41 | - | 219.65 | 77.58 | 30.53 | - | 108.11 | 111.53 | 135.65 |
| Office equipment | 65.04 | 10.27 | - | 75.31 | 18.31 | 5.36 | - | 23.67 | 51.64 | 46.73 |
| Total Tangible Assets | 5,871.15 | 426.85 | - | 6,297.98 | 954.36 | 511.72 | - | 1,466.09 | 4,831.90 | 4,916.78 |
| ii Intangible Assets | | | | | | | | | | |
| SAP Software | - | 31.82 | - | 31.82 | - | - | - | - | 31.82 | - |
| Total Intangible Assets | - | 31.82 | - | 31.82 | - | - | - | - | 31.82 | - |
| Previous Year | 4,645.99 | 1,232.95 | 7.80 | 5,871.15 | 473.08 | 483.14 | 1.85 | 954.36 | 4,916.78 | - |
| iii Capital Work In Progress | 189.12 | - | 189.12 | - | - | - | - | - | - | 189.12 |

Amount in ` Lacs

| 11. Non - Current Investments | As at 31st March 2013 | As at 31st March 2012 |
|--|------------------------------|------------------------------|
| Long Term Investment - At Cost | | |
| <i>Investment in unquoted fully paid Equity Shares of wholly owned Subsidiaries :</i> | | |
| Tapti Pipes & Products Limited FZE, UAE 1 equity share (Previous year 1) (35000 AED per share) | 4.34 | 4.34 |
| Texmo Petro Chemicals Pvt. Ltd. 2000000 Equity share of ` 10 each (Previous Year 50000) | 200.00 | 5.00 |
| Total | 204.34 | 9.34 |

Amount in ` Lacs

| 12. Long Term Loans and Advances (Unsecured, considered good unless stated otherwise) | As at 31st March 2013 | As at 31st March 2012 |
|--|------------------------------|------------------------------|
| Capital Advances (advance for capital goods) | 24.82 | 306.14 |
| Advance for Property Purchase | 59.58 | - |
| Security Deposits | 70.31 | 57.42 |
| Loans and Advances to related parties considered good | - | - |
| considered doubtful | 32.40 | 32.40 |
| Less : Provision | 6.48 | 3.24 |
| | <u>25.92</u> | <u>29.16</u> |
| <i>Loans to related party - wholly owned overseas subsidiary company</i> | | |
| Tapti Pipes & products Ltd FZE | 4972.33 | 3,131.39 |
| Other Loans & Advances | 70.90 | 110.77 |
| Balance with Tax Authorities | 146.36 | 83.14 |
| Total | 5,370.23 | 3,718.03 |

Notes to the financial statement for the year ended 31st March 2013

| | Amount in ` Lacs | |
|-------------------------------------|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 13. Other non current assets | | |
| Insurance claim receivable | 769.50 | 769.50 |
| Total | 769.50 | 769.50 |

| | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 14. Current Investment | | |
| Investment in Property (Freehold Land) | 137.25 | 280.48 |
| Trade investment - at cost -unquoted | | |
| Investment in money market | - | 1,788.59 |
| Total | 137.25 | 2,069.07 |

| | Amount in ` Lacs | |
|------------------------|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 15. Inventories | | |
| Raw Materials | 2,202.14 | 1,755.61 |
| Packing Materials | 37.35 | 22.82 |
| Finished goods | 1,456.43 | 1,249.51 |
| Stock in trade | 568.01 | 446.92 |
| Stores and spares | 26.69 | 19.48 |
| Others : | | |
| Reusable waste | 407.40 | 357.59 |
| Total | 4,698.02 | 3,851.93 |

| | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 16. Trade Receivables | | |
| Unsecured | | |
| <i>Debts outstanding for a period exceeding six month from due date :</i> | | |
| Considered good | 646.04 | 513.63 |
| Considered doubtful | 22.83 | 10.05 |
| Less Provision for doubtful debts | 22.83 | 10.05 |
| | 646.04 | 513.62 |
| Others | | |
| Unsecured, considered good | 1,481.88 | 3,867.66 |
| Total | 2,127.92 | 4,381.28 |

| | Amount in ` Lacs | |
|--|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 17. Cash and cash equivalents | | |
| Cash in Hand | 12.53 | 20.68 |
| Balance with banks : | | |
| In Current Account | 9.66 | 24.75 |
| Other Bank Balances* | | |
| In deposit account with more than three months maturity | 4.00 | 160.32 |
| In deposit account with more than twelve months maturity (* as margin money for bank guarantee and letter of credits) | 306.87 | 78.42 |
| Total | 333.07 | 284.16 |

| | Amount in ` Lacs | |
|--|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 18. Short-term loans and advances | | |
| Unsecured, Considered good | | |
| Security deposits | 8.02 | 6.81 |
| Advances Recoverable in Cash or kind or value to be received | | |
| From employees | 20.54 | 22.88 |
| From others | 69.02 | 71.65 |
| Advance to Suppliers for Raw Material | 179.86 | 198.94 |
| Advance Tax & TDS | 69.28 | 90.13 |
| Balances with Tax Authorities | 210.08 | 273.74 |
| Total | 556.78 | 664.15 |

| | Amount in ` Lacs | |
|---------------------------------|------------------------------|------------------------------|
| 19. Other current assets | As at 31st March 2013 | As at 31st March 2012 |
| Insurance claim receivable | - | 640.86 |
| Total | - | 640.86 |

| | Amount in ` Lacs | |
|--|------------------------|------------------------|
| 20. Revenue from Operations | 31st March 2013 | 31st March 2012 |
| Sale of Manufactured Goods | 16,615.33 | 14,654.40 |
| Less excise duty | -1,541.15 | -1,119.03 |
| Net sales of manufactured goods | 15,074.18 | 13,535.37 |
| Sale of Traded goods | 265.36 | 1,871.79 |
| Other operating income | | |
| Selfit Charges | 7.93 | 0.01 |
| VAT/CST Subsidy for industrial promotion | 111.60 | 156.41 |
| Total | 15,459.06 | 15,563.58 |

| | Amount in ` Lacs | |
|-------------------------|------------------------|------------------------|
| 21. Other Income | 31st March 2013 | 31st March 2012 |
| Interest Income | 69.33 | 86.51 |
| Foreign Exchange Gain | 30.90 | - |
| Miscellaneous Income | 8.20 | 0.24 |
| Total | 108.44 | 86.75 |

| | Amount in ` Lacs | |
|--------------------------------------|------------------------|------------------------|
| 22. Cost of material consumed | 31st March 2013 | 31st March 2012 |
| Raw Materials Consumed | 11,077.14 | 9,918.05 |
| Packing Materials Consumed | 250.65 | 152.33 |
| Total | 11,327.79 | 10,070.38 |

| | Amount in ` Lacs | |
|-------------------------------------|------------------------|------------------------|
| 23. Purchase of traded goods | 31st March 2013 | 31st March 2012 |
| Accessories & Fittings | 390.15 | 292.72 |
| PVC Resin/Chemicals | 24.95 | 1,559.43 |
| Total | 415.10 | 1,852.15 |

| | Amount in ` Lacs | |
|-----------------------------------|------------------------|------------------------|
| 24. Changes in Inventories | 31st March 2013 | 31st March 2012 |
| Opening Stock- Finished Goods (A) | 2,054.02 | 1,489.26 |
| Closing Stock- Finished Goods (B) | 2,431.84 | 2,054.02 |
| Total (A) - (B) | -377.83 | -564.75 |

| | Amount in ` Lacs | |
|---------------------------------------|------------------------|------------------------|
| 25. Employees benefit expenses | 31st March 2013 | 31st March 2012 |
| Salaries, Wages, Bonus and Gratuity | 563.13 | 440.54 |
| Contributions to Provident and ESIC | 47.95 | 29.32 |
| Employees Welfare and Other Benefits | 29.59 | 12.71 |
| Total | 640.68 | 482.57 |

| | Amount in ` Lacs | |
|--|------------------------|------------------------|
| 26. Other Expenses | 31st March 2013 | 31st March 2012 |
| Power & Fuel | 537.01 | 437.92 |
| Other Manufacturing Expenses | 133.11 | 168.86 |
| Stores and Spares consumed | 75.13 | 103.23 |
| Repairs & Maintenance -Machineries | 25.25 | 14.06 |
| Repairs & Maintenance - Buildings | 14.80 | 10.78 |
| Directors Sitting Fees | 3.05 | 3.00 |
| Rent, Rates & Taxes | 24.64 | 21.81 |
| Insurance | 23.43 | 19.13 |
| Communications | 11.88 | 12.71 |
| Travelling & Conveyance | 40.92 | 31.78 |
| Payment to Auditors | 3.65 | 2.94 |
| Advertisement, Publicity and Sales Promotion | 45.36 | 66.18 |

| | | |
|--|-----------------|-----------------|
| Commission on Sales | 140.23 | 87.69 |
| Freight Outward & Other Selling Expenses | 571.02 | 546.78 |
| Turnover Discount/Sales Incentive | 175.18 | 128.88 |
| Bad Debts Written Off | 25.81 | - |
| Provision for Doubtful Debts | 12.78 | 10.05 |
| Provision for Doubtful Loans | 3.24 | 3.24 |
| Exchange Loss | - | 57.35 |
| Legal Expenses | 35.36 | 19.40 |
| Loss on sale of Investment | 3.47 | 0.79 |
| Office Expenses | 11.51 | 12.04 |
| Printing & Stationary Expenses | 10.35 | 11.17 |
| Miscellaneous Expenses | 21.94 | 35.99 |
| Total | 1,949.09 | 1,805.77 |

Amount in ` Lacs

| 27. Finance costs | 31st March 2013 | 31st March 2012 |
|--------------------------|------------------------|------------------------|
| Interest expense | 727.72 | 834.10 |
| Other borrowing costs | 148.34 | 84.27 |
| Total | 876.06 | 918.37 |

Notes to Accounts :

28. Insurance Claim Receivable

During the year 2010-11 on 21.03.2011 a fire occurred in the 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. The Claim is finally settled by the Insurance company for ` 1640.86 Lacs on 12.04.2012. The Management has initiated legal action against the Insurance Company as the claim is fully recoverable. The management is confident of realizing the amounts due from the Insurance Company and accordingly no adjustments are made to the financial results of the Company in this regard and the same is shown under contingent liability by the company.

29. Contingent Liabilities and Commitments not provided for :

Amount in ` Lacs

| Contingent Liabilities not provided for in respect of: | 31st March 2013 | 31st March 2012 |
|---|------------------------|------------------------|
| a. Disputed Income Tax Demands | 39.28 | 59.79 |
| b. Disputed VAT, CST & Entry Tax Demands | 301.38 | 307.10 |
| c. Guarantees given by the company's Bankers in the normal course of business | 687.59 | 873.27 |
| d. Insurance Claim Receivable | 769.50 | ---- |

Amount in ` Lacs

| Capital Commitments not provided for in respect of: | 31st March 2013 | 31st March 2012 |
|--|------------------------|------------------------|
| Capital Assets | 357.97 | ---- |

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. The company has raised USD \$ 99,96,075 (Approx ` 4,402.27 Lacs) through GDR (Global Depository Receipts) 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 and advanced to wholly owned foreign Subsidiary 'Tapti Pipes & Products Ltd FZE'.

**32. Retirement Benefits:
Gratuity Plan**

The following table set out the status of the Gratuity Plan as required under AS-15 for the year ended 31.03.2013:

| Assumption | 31.03.2013 | 31.03.2012 |
|-------------------|------------|------------|
| Discount Rate | 8 % | 8 % |
| Salary Escalation | 7 % | 7 % |

Table Showing Changes in the present value of obligation as on 31.03.2013:

| Particulars | Amount (In `) |
|---|----------------|
| Present value of obligation as at the beginning of the year | 12,45,186.00 |
| Interest Cost | 99,615.00 |
| Current Service Cost | 3,33,907.00 |
| Benefits paid | -- |
| Actuarial (gain)/Loss on obligations | 38,197.00 |
| Present value of obligation as at the end of the year | 17,16,905.00 |

Table Showing Changes in the fair value of plan assets as on 31.03.2013:

| Particulars | Amount (In `) |
|--|----------------|
| Fair Value of Plan Assets at the beginning of the year | 16,94,312.00 |
| Expected return on plan assets | 1,81,106.00 |
| Contributions | 3,89,469.00 |
| Benefits paid | -- |
| Actuarial (gain)/Loss on Plan assets | -- |
| Fair Value of Plan Assets at the end of the year | 22,64,887.00 |

Table Showing fair value of Plan assets:

| Particulars | Amount (In `) |
|--|----------------|
| Fair Value of Plan Assets at the beginning of the year | 16,94,312.00 |
| Actual return on plan assets | 1,81,106.00 |
| Contributions | 3,89,469.00 |
| Benefits paid | -- |
| Fair Value of Plan Assets at the end of the year | 22,64,887.00 |
| Funded Status | 5,47,982.00 |

Actuarial Gain/Loss Recognized as on 31.03.2013 :

| Particulars | Amount (In `) |
|--|----------------|
| Actuarial (gain)/Loss on Obligations | 38,197.00 |
| Actuarial (gain)/Loss for the year - Plan Assets | -- |
| Actuarial (gain)/Loss on Obligations | 38,197.00 |
| Actuarial (gain)/Loss recognized in the year | -- |

| Particulars | Amount (In `) |
|---|----------------|
| Present Value of Obligations as at end of the year | 17,16,905.00 |
| Fair Value of Plan Assets as at end of the year | 22,64,887.00 |
| Funded Status | 5,47,982.00 |
| Net Asset/(Liability) recognized in the Balance Sheet | -- |

Expenses Recognized in the Statement of Profit & Loss:

| Particulars | Amount (In `) |
|--|---------------|
| Current Service Cost | 3,33,907.00 |
| Interest Cost | 99,615.00 |
| Expected Return on Plan Assets | (1,81,106.00) |
| Net Actuarial (gain)/Loss recognized in the year | -- |
| Additional Contribution for Existing Fund | 2,88,373.00 |
| Additional Contribution for Current Service Cost | 2,14,380.00 |
| Expenses Recognized the Statement of Profit & Loss | 10,17,766.00 |

33. Payment to Statutory Auditors is as follows:

| | Amount in ` Lacs | |
|--------------------------------|------------------|-----------------|
| | 31st March 2013 | 31st March 2012 |
| Audit Fees | 3.00 | 2.94 |
| Consultancy Fees | -- | -- |
| Income Tax & Sales Tax Matters | 2.25 | 0.50 |
| | 5.25 | 3.44 |

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:

| Party | Relationship |
|--|---|
| Shri Sanjay Agrawal | Key Management Personnel |
| Shri Vijay Prasad Pappu | Key Management Personnel |
| Mrs. Rashmi Devi Agrawal | Relative of Key Management Personnel |
| Shri Narendra Agrawal | Relative of Key Management Personnel |
| M/s Shree Padmavati Irrigation Pvt. Ltd. | Related Party- Common control exists |
| Tapti Pipes and 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 | NIL NIL | NIL (71.00) | NIL NIL |
| 2 | Loan Given | NIL NIL | NIL NIL | 1,872.68 (3,128.15) | NIL NIL |
| 3 | Loan Repaid | NIL NIL | NIL NIL | 36.00 (35.00) | NIL NIL |
| 4 | Loan received back | NIL NIL | NIL NIL | 31.74 NIL | NIL NIL |
| 5 | Sale of Goods | NIL NIL | NIL NIL | 49.50 (0.89) | NIL NIL |
| 6 | Rent Paid | 4.79 (5.33) | 4.79 (5.54) | NIL NIL | NIL NIL |
| 7 | Rent Received | NIL NIL | NIL NIL | 0.24 (0.01) | NIL NIL |
| 8 | Subscription to Share Capital | NIL NIL | NIL NIL | 195.00 NIL | NIL NIL |
| 9 | Remuneration Paid | 24.00 (62.00) | NIL NIL | NIL NIL | NIL NIL |

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 gain on purchase of raw material and Machinery Spare parts relating to the financial year 2012-13 amounting to ` 30.90 Lacs (PY` 57.35 Lacs (*Loss*)) has been recognized as income.

37. Imported and Indigenous Consumption :

(Amt in ` Lacs)

| S.No | Particulars | 2012-13 | | 2011-12 | |
|------|---------------|------------------|---------------|-----------------|---------------|
| | | Amount | Percentage | Amount | Percentage |
| (a) | Raw Materials | | | | |
| | Imported | 2,340.67 | 21.13 | 2,888.99 | 29.13 |
| | Indigenous | 8,736.47 | 78.87 | 7,029.06 | 70.87 |
| | | 11,077.14 | 100.00 | 9,918.05 | 100.00 |

38. C.I.F Value of Imports and Expenditure in Foreign Currency :

Amount in ` Lacs

| S.No | C.I.F Value of Import : | 2012-13 | 2011-12 |
|------|--------------------------------|----------|----------|
| (a) | Raw Materials | 2,359.07 | 2,527.51 |
| (b) | Spare Parts, Accessories, etc. | 0.91 | 23.47 |
| (c) | Capital Goods | -- | -- |

39. Stock & Turnover

Amount in ` Lacs

| Products | Sales Value | Closing Inventory | Opening Inventory |
|-------------------------------|--------------------------|------------------------|----------------------|
| Manufactured Products: | | | |
| Pipes/Fitting | 16,615.33 (14,653.25) | 1,456.43 (1,249.51) | 1,249.51 (937.22) |
| Traded Products: | | | |
| Pipes/Chemicals | 13.93 (1,567.05) | -- (3.97) | 3.97 (6.30) |
| Accessories | 251.42 (305.89) | 568.01 (442.94) | 442.91 (393.47) |

Figures in brackets refer to previous year.

40. The Unit II 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. During the year ended 31st March 2013, other operating income includes an amount of ` 111.60 Lacs (P.Y ` 156.41) being VAT/CST refund receivable in accordance with the Madhya Pradesh Udhog Samvardhan Scheme, 2004.
43. 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.
44. The Previous Year figures have been re-grouped and re-classified to confirm to current year's classification. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as on 31st March, 2013.

As per our report of even date

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

For Texmo Pipes and Products Limited

CA Pankaj Somaiya
Partner
Membership No.079918
Place: Burhanpur (M.P.)
Date: 28th May, 2013

Sanjay Agrawal
Chairman & Managing Director

Satyendra Rathi
CFO

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2013

Statement Pursuant to Section 212 of The Companies Act, 1956 relating to
Company's interest in the Subsidiary Company

| S.No. | Particulars | Tapti Pipes and Products Limited FZE, Sharjah, UAE | Texmo Petrochemicals Private Limited, MP, India |
|-------|--|---|--|
| 1. | The Financial Year of the Subsidiary Company ended on | 31st March 2013 | 31st March 2013 |
| 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 its 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% | 2000000 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, 2013 ii) For the Previous Financial years b) Dealt with in Holding Company's accounts. i) For the Financial Year ended 31st March, 2013 ii) For the Previous Financial years | ` 3.24 lacs (Profit) ` 2.20 lacs loss Nil Nil | ` 0.13 Lacs (Profit) Nil Nil Nil |
| 5. | Changes in the Holding company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the Holding company's financial year. | None | None |
| 6. | Material Changes between the end of the financial year of the subsidiary and the end of the Holding company's financial year in respect of a) Fixed Assets b) Investments c) Money lent by the subsidiary d) Money borrowed by the subsidiary for any purpose other than meeting current liabilities <i>As per our report of even date</i> | Nil Nil Nil Nil | Nil Nil Nil Nil |

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

For Texmo Pipes and Products Limited

CA Pankaj Somaiya
Partner
Membership No.079918

Sanjay Agrawal
Chairman
& Managing Director

Vijay Prasad Pappu
Whole Time Director

Place: Burhanpur (M.P.)
Date: 28th May, 2013

Satyendra Rathi
CFO

Akhilesh Gupta
Company Secretary

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.

(Amt in ` Lacs)

| Particulars | Tapti Pipes & Products Limited FZE | Texmo Petrochemicals Private Limited |
|--|------------------------------------|--------------------------------------|
| a) Capital | 5.23 | 200.00 |
| b) Reserves | -0.09 | 0.13 |
| c) Total Assets | 5,465.56 | 200.29 |
| d) Total Liabilities | 5,460.42 | 0.15 |
| e) Details of Investment (Except in Case of Investment in Subsidiaries) | 516.69 | --- |
| f) Turnover | 5,231.75 | 1.29 |
| g) Profit /(Loss) before tax | 3.24 | 0.20 |
| h) Provision for taxation | --- | 0.06 |
| i) Profit/(Loss) after taxation | 3.24 | 0.13 |
| 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.

As per our report of even date

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

CA Pankaj Somaiya
Partner
Membership No.079918

Place: Burhanpur (M.P.)
Date: 28th May, 2013

For Texmo Pipes and Products Limited

Sanjay Agrawal
Chairman
& Managing Director

Satyendra Rathi
CFO

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Texmo Pipes and Products Limited

- I. We have audited the accompanying consolidated financial statements of TEXMO PIPES AND PRODUCTS LIMITED (“the Company”) and its subsidiaries (collectively referred to as “the group”) which comprise consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the consolidated financial statements

- II. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- III. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.
- IV. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Groups' preparation and presentation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- V. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of report of other auditors on separate financial statements and on the other financial information of the components of the group, 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 2013;
 - b) in the case of the Consolidated Statement of Profit & Loss, of the Profit of operations of the Group for the year ended on that date.

- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

VI. Other Matters

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 Profit |
|--------------------|---------------------|-----------------------|-------------------|
| Foreign subsidiary | ` 5,465.56 Lacs | ` 5,231.75 Lacs | ` 3.24 Lacs |

As per our report of even date

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

For Texmo Pipes and Products Limited

CA Pankaj Somaiya
Partner
Membership No.079918

Sanjay Agrawal
Chairman
& Managing Director

Vijay Prasad Pappu
Whole Time Director

Place: Burhanpur (M.P.)
Date: 28th May, 2013

Satyendra Rathi
CFO

Akhilesh Gupta
Company Secretary

Consolidated Balance Sheet

As at 31st March 2013

Amount in ` Lacs

| Particulars | Note | As at 31st March 2013 | As at 31st March 2012 |
|--|------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| (a) Share capital | 1 | 2,382.00 | 2,382.00 |
| (b) Reserves and surplus | 2 | 9,670.70 | 9,219.22 |
| | | <u>12,052.70</u> | <u>11,601.22</u> |
| Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 159.08 | 449.99 |
| (b) Deferred tax liabilities (Net) | 4 | 234.51 | 204.05 |
| (c) Other Long term liabilities | 5 | 8.45 | 5.54 |
| | | <u>402.04</u> | <u>659.58</u> |
| Current liabilities | | | |
| (a) Short-term borrowings | 6 | 4,461.11 | 5,802.22 |
| (b) Trade payables | 7 | 1,800.86 | 3,754.45 |
| (c) Other current liabilities | 8 | 719.77 | 1,069.69 |
| (d) Short-term provisions | 9 | 113.52 | 197.93 |
| | | <u>7,095.26</u> | <u>10,824.30</u> |
| TOTAL | | <u>19,550.01</u> | <u>23,085.09</u> |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 4,831.90 | 4,916.78 |
| (ii) Intangible assets | | 31.82 | - |
| (iii) Capital work-in-progress | | - | 189.12 |
| (b) Non-current investments | 11 | 541.70 | 485.99 |
| (c) Long-term loans and advances | 12 | 494.30 | 586.64 |
| (d) Other non-current assets | 13 | 769.50 | 769.50 |
| | | <u>6,669.22</u> | <u>6,948.01</u> |
| Current assets | | | |
| (a) Current investments | 14 | 137.25 | 2,069.07 |
| (b) Inventories | 15 | 4,698.02 | 6,864.61 |
| (c) Trade receivables | 16 | 7,066.96 | 5,604.82 |
| (d) Cash and cash equivalents | 17 | 413.48 | 288.67 |
| (e) Short-term loans and advances | 18 | 563.03 | 664.15 |
| (f) Other current assets | 19 | - | 640.86 |
| (g) Miscellaneous Expenditure (to the extent not written off) | | 2.05 | 4.90 |
| | | <u>12,880.79</u> | <u>16,137.07</u> |
| TOTAL | | <u>19,550.01</u> | <u>23,085.09</u> |

As per our report of even date

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

CA Pankaj Somaiya
Partner
Membership No.079918

Place: Burhanpur (M.P.)
Date: 28th May, 2013

For Texmo Pipes and Products Limited

Sanjay Agrawal
Chairman
& Managing Director

Satyendra Rathi
CFO

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

Consolidated Statement of Profit and loss for the period ended 31st March 2013

| Particulars | Note | Amount ` in Lacs | |
|--|------|-----------------------|-----------------------|
| | | As at 31st March 2013 | As at 31st March 2012 |
| Revenue | | | |
| Revenue from operations | 20 | 20,690.81 | 17,661.21 |
| Other income | 21 | 109.72 | 86.75 |
| Total Revenue | | 20,800.54 | 17,747.96 |
| Expenses: | | | |
| Cost of materials consumed | 22 | 11,327.79 | 10,070.38 |
| Purchases of Stock-in-Trade | 23 | 2,413.16 | 6,767.39 |
| Changes in inventories | 24 | 2,828.89 | -3,388.36 |
| Employee benefits expense | 25 | 640.68 | 482.57 |
| Other expenses | 26 | 1,973.00 | 1,812.18 |
| Finance costs | 27 | 876.47 | 920.16 |
| Depreciation and amortization expense | 10 | 511.72 | 483.14 |
| Preliminary Expenses | | 2.84 | 2.31 |
| Total expenses | | 20,574.55 | 17,149.77 |
| Profit before tax | | 225.99 | 598.18 |
| Tax expense: | | | |
| (1) Current tax | | 41.81 | 145.71 |
| (2) Deferred tax | | 30.46 | 33.56 |
| (3) Short/(Excess) Provision for Tax for earlier years | | 27.47 | 0.09 |
| Profit for the year | | 126.26 | 418.82 |
| Earnings per equity share: | | | |
| (1) Basic | | 0.53 | 1.76 |
| (2) Diluted | | 0.53 | 1.76 |

As per our report of even date

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

CA Pankaj Somaiya
Partner
Membership No.079918
Place: Burhanpur (M.P.)
Date: 28th May, 2013

For Texmo Pipes and Products Limited

Sanjay Agrawal
Chairman
& Managing Director

Satyendra Rathi
CFO

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

Consolidated Cash Flow Statement for the year 2012-13

| Particulars | Amount in ` Lacs | |
|--|-------------------|-------------------|
| | 2012-13 | 2011-12 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before tax and exceptional items | 225.99 | 598.17 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 511.72 | 483.14 |
| Interest Expenses | 727.72 | 920.16 |
| Other Borrowing Costs | 148.34 | 84.27 |
| Interest Income | (70.62) | (86.51) |
| Dividend Income | - | - |
| Increase/(Decrease) in Provisions | 19.49 | (3.76) |
| Operating Profit before working capital changes | 1,562.65 | 1,911.20 |
| Adjustments for: | | |
| (Increase)/Decrease in Trade receivables | (1,462.14) | (3,096.77) |
| (Increase)/Decrease in Inventories | 2,166.59 | (4,580.72) |
| (Increase)/Decrease in Other current assets | 640.86 | 999.48 |
| Increase/(Decrease) in Trade payables | (1,953.60) | 3,212.74 |
| Increase/(Decrease) in Other current liabilities | (349.92) | 312.18 |
| Increase/(Decrease) in Other long term liabilities | 2.91 | 0.44 |
| Cash generated from operations | 607.35 | (1,241.45) |
| Direct taxes (paid)/Refund received | (152.45) | (155.86) |
| Net Cash from operating activities before Exceptional item | 454.90 | (1,397.31) |
| Exceptional items and prior period adjustment | - | - |
| Net Cash from operating activities | 454.90 | (1,397.31) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (269.54) | (1,145.07) |
| sale of Investment | 1,876.10 | - |
| Purchase of investments | - | (2,069.46) |
| (Increase)/Decrease in Loans and advances | 172.73 | (192.72) |
| Dividend Income | - | - |
| Misc. Expenses | 2.85 | - |
| Interest Received | 70.62 | 86.51 |
| Net Cash used in investing activities | 1,852.76 | (3,320.74) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | - | 455.30 |
| Repayment of borrowings | (1,632.02) | - |
| Proceeds from issue of Equity & Preference Share Capital | - | 4,632.04 |
| Foreign Currency Translation Reserve | 325.23 | - |
| Interest paid | (727.72) | (920.16) |
| Other Borrowings Cost | (148.34) | 84.27 |
| Net Cash from/(used) in financing activities | (2,182.85) | 4,167.18 |
| Net increase/(decrease) in cash and cash equivalent | 124.81 | (550.88) |
| Cash and Cash Equivalents (Opening Balance) | 288.68 | 839.56 |
| Cash and Cash Equivalents (Closing Balance) | 413.48 | 288.68 |
| Notes: | | |
| Cash and Cash Equivalents include: | | |
| - Balances with banks | 384.10 | 268.00 |
| - Cash, Cheques on hand | 29.38 | 20.68 |
| Total | 413.48 | 288.68 |

As per our report of even date

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

CA Pankaj Somaiya
Partner
Membership No.079918

Place: Burhanpur (M.P.)
Date: 28th May, 2013

For Texmo Pipes and Products Limited

Sanjay Agrawal
Chairman
& Managing Director

Satyendra Rathi
CFO

Vijay Prasad Pappu
Whole Time Director

Akhilesh Gupta
Company Secretary

NOTE 1: 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 consolidated financial statement for the year ended 31st March 2013

| | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| 1. Share Capital | As at 31st March 2013 | As at 31st March 2012 |
| Authorised | | |
| 30000000 Equity Shares of ` 10 each | 3,000.00 | 3,000.00 |
| Issued Subscribed & Paid up | | |
| 23820000 Equity Shares of ` 10 each (23820000 Equity Shares of ` 10 each in Previous year) | 2,382.00 | 2,382.00 |
| Total | 2,382.00 | 2,382.00 |

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

| Particulars | As at 31st March 2013 | |
|---|-----------------------|------------------|
| | No. of Shares | Amount in ` Lacs |
| Shares outstanding at the beginning of the year | 23,820,000 | 2,382.00 |
| 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 31st March 2013 | | As at 31st March 2012 | |
|-----------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| THE BANK OF NEW YORK MELLON, DR * | 4627860 | 19.43 | 8337660 | 35.00 |
| SANJAY KUMAR AGRAWAL | 3007500 | 12.63 | 3007500 | 12.63 |
| RASHMI DEVI AGRAWAL | 3001500 | 12.60 | 3001500 | 12.60 |

* The equity shares are held by depository custodian against 231393 GDRs outstanding as at 31st March 2013.

Notes to the financial statement for the year ended 31st March 2013

| | (Amount in ` Lacs) | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 2. Reserves & Surplus | | |
| Securities Premium Account | | |
| Opening Balance | 6,564.04 | 3,589.13 |
| Add : Securities premium credited on Share issue | - | 3,147.27 |
| Less : GDR issue expenses | - | -172.37 |
| (A) | <u>6,564.04</u> | <u>6,564.04</u> |
| Foreign Currency Translation Reserve | | |
| Opening Balance | 485.73 | - |
| (+) Addition | | |
| From Holding Company | 74.02 | 485.73 |
| From Foreign Subsidiary (Tapti Pipes & Products Ltd FZE) | 479.69 | 228.48 |
| (B) | <u>1,039.44</u> | <u>714.21</u> |
| Surplus in statement of profit and loss account | | |
| Opening balance | 1,940.97 | 1,522.15 |
| (+) Net Profit/(Net Loss) For the current year | 126.26 | 418.82 |
| (C) | <u>2,067.23</u> | <u>1,940.97</u> |
| Total | <u>9,670.70</u> | <u>9,219.22</u> |

Foreign currency translation reserve balance is on account of translation of year end balance of foreign currency monetary items by applying closing rates as per AS 11.

| | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| 3. Long Term Borrowings | | |
| Secured | | |
| Term loans | | |
| from banks | 440.16 | 706.13 |
| Less : Current Maturity of long term loan | 281.08 | 256.14 |
| Total | <u>159.08</u> | <u>449.99</u> |

- a) Bank of India Term Loan for Office and Godown Indore of ` 77.37 Lacs (Previous Year : ` 105.17 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 Kumar Agrawal and Mr vijay Prasad Pappu directors and Mrs Rashmidevi Agrawal relative of director.
- b) HDFC Bank Term Loan of ` 78.37 Lacs (Previous Year : ` 83.17) repayable within 120 equal monthly installments repayable by October 2021 secured by office No. 412, Mumbai.
- c) SBI Term Loan of ` 234.88 Lacs (Previous Year : ` 438.86 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 Kumar 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 ` 16.31 Lacs (Previous Year : ` 25.72 Lacs) repayable within 54 equal monthly installments. Repayable by September 2015
 - ii) HDFC Bank Limited Vehicle Loan of ` 28.76 Lacs (Previous Year : ` 53.21 Lacs) repayable within 36 equal monthly installments. Repayable by January 2015; the loans are secured by way of hypothecation of respective motor vehicles purchased.
 - iii) HDFC Bank Limited Vehicle Loan of ` 4.49 Lacs (Previous Year : ` NIL) repayable within 36 equal monthly installments. Repayable by May 2015; the loans are secured by way of hypothecation of respective motor vehicles purchased.

Notes to the financial statement for the year ended 31st March 2013

| | (Amount in ` Lacs) | |
|---|------------------------------|------------------------------|
| 4. Deferred Tax Liability (Net) | As at 31st March 2013 | As at 31st March 2012 |
| Deferred Tax Liabilities on account of timing differences | | |
| Depreciation | 234.51 | 204.05 |
| TOTAL DEFERRED TAX LIABILITY | 234.51 | 204.05 |

| | Amount in ` Lacs | |
|---------------------------------------|------------------------------|------------------------------|
| 5. Other Long Term Liabilities | As at 31st March 2013 | As at 31st March 2012 |
| Long Term Deposits from Dealers | 8.45 | 5.54 |
| Total | 8.45 | 5.54 |

| | Amount in ` Lacs | |
|--|------------------------------|------------------------------|
| 6. Short Term Borrowings | As at 31st March 2013 | As at 31st March 2012 |
| Secured | | |
| Loans repayable on demand : | | |
| from banks : | | |
| Cash Credit from SBI | 3,977.46 | 4,290.83 |
| from other parties : | | |
| NSIC Assistance | 480.47 | 475.39 |
| Unsecured | | |
| (a) Term loans from other parties | | |
| Varsha Corporation Limited, Mumbai | - | 1,000.00 |
| BAJAJ FINANCE LTD., MUMBAI | 3.18 | - |
| (b) Loans and advances from related parties | | |
| Sunrays International Pvt. Ltd | - | 36.00 |
| Total | 4,461.11 | 5,802.22 |

- a) SBI Cash credit Loan of ` 3,977.46 Lacs (Previous Year : ` 4,290.83 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 Kumar Agrawal and Mrs Rashmidevi Agrawal relative of director, also corporate guarantee of Shee Padmavati Irrigations Pvt. Ltd.
- b) Raw Material NSIC assistance of ` 480.47 Lacs (Previous Year : ` 475.39 Lacs) is secured by bank guarantees.
- c) Unsecured Loan from Bajaj Finance Ltd. is repayable in 12 Equated Monthly Installment of ` 3.22 Lacs fully repayable by April 2013.

Notes to the financial statement for the year ended 31st March 2013
(Amount in ` Lacs)

| 7. Trade Payables | As at 31st March 2013 | As at 31st March 2012 |
|-------------------------------------|------------------------------|------------------------------|
| Micro, Small and Medium enterprises | 17.32 | 23.09 |
| Other payables | 1,783.54 | 3,731.37 |
| Total | <u>1,800.86</u> | <u>3,754.45</u> |

a) Details of dues towards MSME units
Amount in ` Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|------------------------------|------------------------------|
| Principal amount remaining unpaid and interest due thereon | 21.44 | 24.82 |
| Interest paid in terms of Sec 16 | - | - |
| Interest due and payable for the period of delay in payment | 4.12 | 1.73 |
| 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)

| 8. Other Current Liabilities | As at 31st March 2013 | As at 31st March 2012 |
|--|------------------------------|------------------------------|
| (a) Current maturities of long-term debt | 281.08 | 256.14 |
| (d) Others : | | |
| Statutory Liabilities | 38.639 | 61.89 |
| Advance from customers | 333.61 | 302.79 |
| Other Liabilities* | 60.94 | 328.87 |
| Advance for sale of Property | 5.50 | 120.00 |
| Total | <u>719.77</u> | <u>1,069.69</u> |

*Other liabilities includes creditors for capital goods

(Amount in ` Lacs)

| 9. Short Term Provisions | As at 31st March 2013 | As at 31st March 2012 |
|---------------------------------|------------------------------|------------------------------|
| Provision for Employee Benefits | 71.71 | 52.22 |
| Provision for tax | 41.81 | 145.71 |
| Total | <u>113.52</u> | <u>197.93</u> |

Notes to the financial statement for the year ended 31st March 2013

10. Fixed assets

Amount in ` Lacs

| Assets | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---------------------|-----------------|---------------|---------------------|--------------------------|-----------------|-------------|---------------------|---------------------|---------------------|
| | As at 01-04-2012 | Additions | Deductions | As at 31-03-2013 | As at 01-04-2012 | for the year | Deductions | As at 31-03-2013 | As at 31-03-2013 | As at 31-03-2012 |
| i) Tangible Assets | | | | | | | | | | |
| Freehold Land | 352.12 | - | - | 352.12 | - | - | - | - | 352.12 | 352.12 |
| Factory Building | 784.57 | 66.51 | - | 851.08 | 51.28 | 26.47 | - | 77.75 | 773.33 | 733.29 |
| Office Building | 158.50 | 131.02 | - | 289.52 | 10.70 | 3.47 | - | 14.17 | 275.34 | 147.80 |
| Plant & Machinery (Manufacturing) | 485.12 | 12.71 | - | 497.83 | 112.83 | 28.03 | - | 140.85 | 356.97 | 372.29 |
| Plant & Machinery (Others) | 3,702.94 | 187.01 | - | 3,889.94 | 666.28 | 410.65 | - | 1,076.94 | 2,813.01 | 3,036.65 |
| Furniture and Fixtures | 109.62 | 12.91 | - | 122.53 | 17.38 | 7.21 | - | 24.59 | 97.94 | 92.24 |
| Vehicles | 213.24 | 6.41 | - | 219.65 | 77.58 | 30.53 | - | 108.11 | 111.53 | 135.65 |
| Office equipment | 65.04 | 10.27 | - | 75.31 | 18.31 | 5.36 | - | 23.67 | 51.64 | 46.73 |
| Total Tangible Assets | 5,871.15 | 426.85 | - | 6,297.98 | 954.36 | 511.72 | - | 1,466.09 | 4,831.90 | 4,916.78 |
| ii Intangible Assets | | | | | | | | | | |
| SAP Software | - | 31.82 | - | 31.82 | - | - | - | - | 31.82 | - |
| Total Intangible Assets | - | 31.82 | - | 31.82 | - | - | - | - | 31.82 | - |
| Previous Year | 4,645.99 | 1,232.95 | 7.80 | 5,871.15 | 473.08 | 483.14 | 1.85 | 954.36 | 4,916.78 | - |
| iii Capital Work In Progress | 189.12 | - | 189.12 | - | - | - | - | - | - | 189.12 |

Amount in ` Lacs

11. Non - Current Investments

As at 31st March 2013

As at 31st March 2012

Long Term Investment - At Cost

Unquoted

Investment in polygon Far East Corporation

516.70

485.99

Investment in MARS Distributors Pvt. Ltd.

25.00

-

Total

541.70

485.99

12. Long Term Loans and Advances

(Unsecured, considered good unless stated otherwise)

As at 31st March 2013

As at 31st March 2012

Capital Advances (advance for capital goods)

24.82

306.14

Advance for Property Purchase

59.58

-

Security Deposits

70.56

57.42

Loans and Advances to related parties

considered good

-

-

considered doubtful

32.40

32.40

Less : Provision

6.48

3.24

25.92

29.16

Other Loans & Advances

167.06

110.77

Balance with Tax Authorities

146.36

83.14

Total

494.30

586.64

| 13. Other non current assets | Amount in ` Lacs | |
|------------------------------|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Insurance claim receivable | 769.50 | 769.50 |
| Total | 769.50 | 769.50 |

| 14. Current Investment | Amount in ` Lacs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Investment in Property (Freehold Land) | 137.25 | 280.48 |
| Trade investment - at cost -unquoted | | |
| Investment in money market | - | 1,788.59 |
| Total | 137.25 | 2,069.07 |

| 15. Inventories | Amount in ` Lacs | |
|-------------------|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Raw Materials | 2,202.14 | 1,755.61 |
| Packing Materials | 37.35 | 22.82 |
| Finished goods | 1,456.43 | 4,262.20 |
| Stock in trade | 568.01 | 446.92 |
| Stores and spares | 26.69 | 19.48 |
| Others : | | |
| Reusable waste | 407.40 | 357.59 |
| Total | 4,698.02 | 6,864.61 |

| 16. Trade Receivables | Amount in ` Lacs | |
|--|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Unsecured | | |
| Debts outstanding for a period exceeding six month from due date : | | |
| Considered good | 646.04 | 513.63 |
| Considered doubtful | 22.83 | 10.05 |
| Less Provision for doubtful debts | 22.83 | 10.05 |
| | 646.04 | 513.62 |
| Others | | |
| Unsecured, considered good | 6,420.92 | 5,091.20 |
| Total | 7,066.96 | 5,604.82 |

| 17. Cash and cash equivalents | Amount in ` Lacs | |
|--|-----------------------|-----------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Cash in Hand | 29.38 | 22.13 |
| Balance with banks : | | |
| In Current Account | 73.22 | 27.81 |
| Other Bank Balances* | | |
| In deposit account with more than three months maturity | 4.00 | 160.32 |
| In deposit account with more than twelve months maturity | 306.87 | 78.42 |
| (* as margin money for bank guarantee and letter of credits) | | |
| Total | 413.48 | 288.67 |

| 18. Short-term loans and advances | Amount in ` Lacs | |
|--|------------------------------|------------------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Unsecured, Considered good | | |
| Security deposits | 8.02 | 6.81 |
| Advances Recoverable in Cash or kind or value to be received | | |
| From employees | 20.54 | 22.88 |
| From others | 75.14 | 71.65 |
| Advance to Suppliers for Raw Material | 179.86 | 198.94 |
| Advance Tax & TDS | 69.40 | 90.13 |
| Balances with Tax Authorities | 210.08 | 273.74 |
| Total | 563.03 | 664.15 |

| 19. Other current assets | Amount in ` Lacs | |
|---------------------------------|------------------------------|------------------------------|
| | As at 31st March 2013 | As at 31st March 2012 |
| Insurance claim receivable | - | 640.86 |
| Total | - | 640.86 |

| 20. Revenue from Operations | Amount in ` Lacs | |
|---|-------------------------|------------------------|
| | 31st March 2013 | 31st March 2012 |
| Sale of Manufactured Goods | 16,615.33 | 14,654.40 |
| less excise duty | -1,541.15 | -1,119.03 |
| Net sales of manufactured goods | 15,074.18 | 13,535.37 |
| Sale of Traded goods | 5,497.11 | 3,969.42 |
| Other operating income | | |
| Selfit Charges | 7.93 | 0.01 |
| VAT/CST Subsidy for industrial promotion* | 111.60 | 156.41 |
| Total | 20,690.81 | 17,661.21 |

| 21. Other Income | Amount in ` Lacs | |
|-------------------------|-------------------------|------------------------|
| | 31st March 2013 | 31st March 2012 |
| Interest Income | 70.62 | 86.51 |
| Foreign Exchange Gain | 30.90 | - |
| Miscellaneous Income | 8.20 | 0.24 |
| Total | 109.72 | 86.75 |

| 22. Cost of material consumed | Amount in ` Lacs | |
|--------------------------------------|-------------------------|------------------------|
| | 31st March 2013 | 31st March 2012 |
| Raw Materials Consumed | 11,077.14 | 9,918.05 |
| Packing Materials Consumed | 250.65 | 152.33 |
| Total | 11,327.79 | 10,070.38 |

| 23. Purchase of traded goods | Amount in ` Lacs | |
|-------------------------------------|-------------------------|------------------------|
| | 31st March 2013 | 31st March 2012 |
| Trading Purchase | 1,998.06 | 4,915.24 |
| Accessories & Fittings | 390.15 | 292.72 |
| PVC Resin/Chemicals | 24.95 | 1,559.43 |
| Total | 2,413.16 | 6,767.39 |

| | Amount in ` Lacs | |
|-------------------------------------|------------------------|------------------------|
| 24. Changes in Inventories | 31st March 2013 | 31st March 2012 |
| Opening Stock- Finished Goods (A)** | 5,260.73 | 1,489.26 |
| Closing Stock- Finished Goods (B) | 2,431.84 | 4,877.62 |
| Total (A) - (B) | 2,828.89 | -3,388.36 |

| | Amount in ` Lacs | |
|---------------------------------------|------------------------|------------------------|
| 25. Employees benefit expenses | 31st March 2013 | 31st March 2012 |
| Salaries, Wages, Bonus and Gratuity | 563.13 | 440.54 |
| Contributions to Provident and ESIC | 47.95 | 29.32 |
| Employees Welfare and Other Benefits | 29.59 | 12.71 |
| Total | 640.68 | 482.57 |

| | Amount in ` Lacs | |
|--|------------------------|------------------------|
| 26. Other Expenses | 31st March 2013 | 31st March 2012 |
| Power & Fuel | 537.01 | 437.92 |
| Other Manufacturing Expenses | 133.11 | 168.86 |
| Stores and Spares consumed | 75.13 | 103.23 |
| Repairs & Maintenance -Machineries | 25.25 | 14.06 |
| Repairs & Maintenance - Buildings | 14.80 | 10.78 |
| Directors Sitting Fees | 3.05 | 3.00 |
| Rent, Rates & Taxes | 31.48 | 26.69 |
| Insurance | 23.43 | 19.13 |
| Communications | 11.88 | 12.71 |
| Travelling & Conveyance | 42.60 | 31.78 |
| Payment to Auditors | 3.87 | 2.94 |
| Advertisement, Publicity and Sales Promotion | 45.36 | 66.18 |
| Commission on Sales | 140.23 | 87.69 |
| Freight Outward & Other Selling Expenses | 575.53 | 546.78 |
| Turnover Discount/Sales Incentive | 175.18 | 128.88 |
| Bad Debts Written Off | 25.81 | - |
| Provision for Doubtful Debts | 12.78 | 10.05 |
| Provision for Doubtful Loans | 3.24 | 3.24 |
| Exchange Loss | - | 57.35 |
| Legal Expenses | 37.82 | 20.93 |
| Loss on sale of Investment | 3.47 | 0.79 |
| Office Expenses | 17.39 | 12.04 |
| Printing & Stationary Expenses | 12.67 | 11.17 |
| Miscellaneous Expenses | 21.94 | 35.99 |
| Total | 1,973.00 | 1,812.18 |

| | Amount in ` Lacs | |
|--------------------------|------------------------|------------------------|
| 27. Finance costs | 31st March 2013 | 31st March 2012 |
| Interest expense | 727.72 | 834.10 |
| Other borrowing costs | 148.75 | 86.06 |
| Total | 876.47 | 920.16 |

NOTE 28

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

| Name of Subsidiary | Country of Incorporation | Proportion of Ownership as on 31st March 2013 |
|--------------------------------------|---------------------------------|--|
| Tapti Pipes & Products Ltd. FZE | UAE | 100% |
| Texmo Petrochemicals Private Limited | INDIA | 100% |

NOTE 29

Inventory of Subsidiary "Tapti Pipes & Products Ltd FZE" is translated at average exchange rate being non-integral foreign operations. Therefore there is a exchange rate translation difference of ` 383.11 Lacs in value of closing stock for FY 2011-12 and Opening stock of FY 2012-13.

Note 30

The audited financial statement of the subsidiaries are available as on 31st March 2013 and same have been considered for the preparation of the consolidated financial statements.

NOTE 31

Figures pertaining to the subsidiary companies and joint venture have been reclassified, wherever necessary to bring them in line with the Company's financial statements.

NOTE 32

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 – 27.09.2013
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 Friday, 27th day of September 2013 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- 27.09.2013
PROXY FORM

Regd. Folio _____ No. of shares _____ *DP ID No. _____ *Client ID No. _____

I/We _____
Of _____ in the district of _____
being a Member/ Members of Texmo Pipes and Products Limited hereby appoint _____
_____ of
_____ in the district of _____ or failing him/her
_____ of _____ in district of _____
_____ as my/ our proxy to vote for me/us, on my/our
behalf at the Annual General Meeting of the Company to be held on 27th September, 2013 at 11.30
AM and at any adjournment thereof.

Signed this _____ day of 2013.

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.

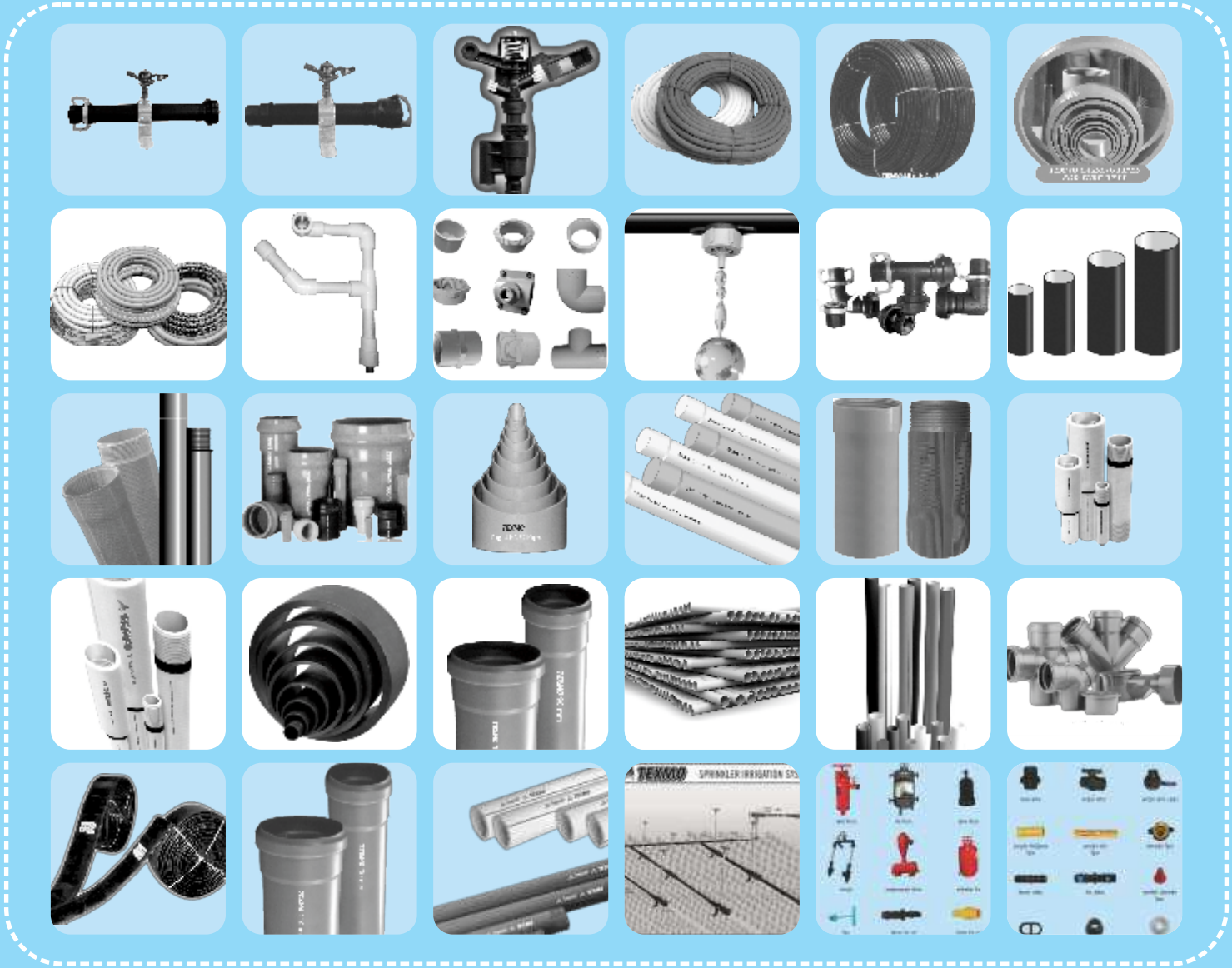
Date:

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.




TEXMO

PIPES AND PRODUCTS LIMITED
AN ISO 9001 CERTIFIED COMPANY

Post Box No. 35,
98, Bahadarpur Road,
Burhanpur 450 331 (M.P.)
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251210, 253833
Fax : (91) 7325 - 253273

