

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