

## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting to you the Third Annual Report of the Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2011.

### Performance Highlights

Your directors hereby report that the company recorded a turnover of Rs.13376.20 Lacs for the year ended 31<sup>st</sup> March, 2011 as against Rs.8213.79 Lacs as the previous year of the Company which shows 63% increase from the previous year.

The highlights of the financial results of the Company are as follows:

(Rupees in Lacs)

Particulars	2010-11	2009-10
Profit before Depreciation and Interest	1,759.63	1,060.56
Interest	603.50	353.63
Depreciation	179.66	82.00
Profit before tax	976.47	624.93
Provision for tax		
- Current tax	207.42	167.86
- Deferred tax	101.47	44.55
Profit after tax	667.58	412.52
Prior year adjustment	-11.85	12.31
Profit after tax & prior year adjustments	679.43	400.21
Balance of profit brought forward from earlier years	842.71	442.50
Profit available for appropriation		
Appreciations:	1,522.14	842.71
Proposed dividend:	-----	-----
- Equity	-----	-----
- Preference	-----	-----
Balance of profit	1,522.14	842.71

During the year under review, the profit before depreciation and interest for the year at Rs.1,759.63 lacs was against Rs.1060.56 lacs in the previous year. The profit after depreciation for the year at Rs.1,579.97 lacs as against Rs.978.56 lacs in the previous year. The profit after tax, before exceptional item for the year at Rs. 679.43 lacs was higher compared to Rs.400.21 lacs of the previous year signifying a growth of 69.77%.

### Dividend

With a vision of augmenting financial resourced for generating stable growth, the Board of Directors has decided to carry forward the profit for the business of the company and hence did not propose any dividend on equity shares for the year under review.

### **Changes in share capital**

During the year the Company has increased its Authorized Share Capital from Rs. 15.00 Crores to Rs. 30.00 Crores.

Company allotted 1,25,50,000 equity shares of the face value of Rs. 10/- each on the exercise of Global Depository Receipts dated on 11<sup>th</sup> April 2011 and consequently the number of issued, subscribed and paid up equity shares has increased from 1,12,70,000 equity shares to 2,38,20,000 equity shares of Rs. 10/- each.

### **Industrial relations**

The Board of Directors is happy to report that the industrial relations have been extremely cordial at all levels throughout the year.

### **Directors**

Mr. Rajesh Selot resigned as Director of the company with effect from 12.11.2010. Your Directors place on record their appreciation for guidance given by him during his period.

During the year, Mr. Sunil Kumar Maheshwari was appointed as Additional Director w.e.f. 22.11.2010 of the Company by the Board in terms of Section 260 of the Companies Act, 1956. He 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 Shri Sunil Kumar Maheshwari as Director liable to retire by rotation.

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

Your Directors recommend their appointment/ reappointment for your approval.

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, the Company neither accepted nor invited any deposits from the public in terms of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Therefore the information relating thereto is NIL.

### **Global Depository Receipts (GDRs)**

The Global Depository Receipts (GDRs) issued by the Company are listed and traded at Luxembourg Stock Exchange. As on date total outstanding GDRs is 6,27,500 representing 1,25,50,000 number of equity shares of Rs.10/- each.

Proceedings of GDRs are not repatriated to India. The Company has arised total fund of USD \$ 99,96,075 and fund are invested in money market transaction in overseas.

### **Subsidiary Company**

Company has incorporated its Wholly Owned Subsidiary Company (WOS) viz. Tapti Pipes and Products Limited FZE at Sharjah on 13<sup>th</sup> March 2011.

As on date of this report the Tapti Pipes and Products Limited FZE has not started any business activity. Statement as per section 212 is enclosed herewith in Annexure-1 Part of this report.

### **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 accounts for the year ended 31<sup>st</sup> March 2011, the applicable accounting standards have been followed along with a proper explanation relating to material departures;
- (ii) that our Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care 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 2010-11.

### **Auditors & Auditors Report**

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

The Company has received certificates from M/s. Pankaj Somaiya & Associates to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of The Companies Act, 1956.

The Board of Directors recommends to the shareholders the appointment of M/s. Pankaj Somaiya & Associated 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**

Company does not have any employee who was in receipt of remuneration of Rs. 5.00 lacs per month or Rs. 60.00 lacs per year during the year under review. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 as amended upto date is not required to be circulated as part of this report.

**Human Resource Management**

The key resource for the company is its employees. The company has been able to create a favorable work environment that encourages innovation and meritocracy. The efforts of the company in the area of employee management and HR practices have been proved effective in Human Resource Management.

**Dematerialization of Shares**

The company's shares have been made available for dematerialization through the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

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

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

**Corporate Governance**

The Company has been practicing the principles of good Corporate Governance during the year. A detailed report on Corporate Governance Practices followed by the Company is provided separately with this Report.

**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 having the same support for our endeavour to grow consistently.

**Date: 11<sup>th</sup> August 2011**

**Place: Burhanpur**

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-**

**Sanjay Agrawal**

**Chairman cum Managing Director**

## ANNEXURE -1

Statement under section 212 of Companies Act, 1956 relating to subsidiary Companies

Name of the Subsidiary : Tapti Pipes and Products Limited FZE  
 Country of Incorporation : United Arab Emirates  
 Register office : E-LOB office No. P. O Box – 49509,  
 Hamriyah Free Zone- Shj  
 United Arab Emirates

### Subsidiary (held directly) 100%

Particulars	Details
Date from which they became subsidiary	13.03.2011
Financial year of the subsidiary ended on	31.03.2011
Shares of the subsidiary held by Texmo Pipes and Products Limited on the above date	
1. Number of shares	1
2. Face value	35000 UAE Dirham
3. Extent of holding	100%
Net aggregate Profit/ (Loss) for the current year (in Rs.)	Nil
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	2010-11
2. for the previous financial years of the subsidiary since it became its subsidiary	----
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	2010-11
2. for the previous financial years of the subsidiary since it became its subsidiary	----

**Financial details of Subsidiary Companies**

<b>Particulars</b>	<b>Amount in Rs.</b>
Current Assets, Loans & Advances	---
Net Fixed Assets	---
Investment	---
Profit & Loss Account	---
Miscellaneous Expenditure	7,58,413.00
<b>Total Assets</b>	<b>7,58,413.00</b>
Current Liabilities & Provisions	---
Capital	4,34,342.00
Loans	3,24,071.00
Reserve & Surplus	---
Deferred Tax Liability	---
<b>Total Liabilities</b>	<b>7,58,413.00</b>
Turnover (Including other income)	---
Provision for Tax	---
Profit /(Loss) after Tax	---
Proposed Dividend	---

## ANNEXURE - 2

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.**

Information as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is set out hereunder.

#### **A. CONSERVATION OF ENERGY**

##### **(a) Energy Conservation Measures taken:**

The following measures have been taken by the Company for conservation of energy.

1. Improving power factor by proper choice of capacitors from time to time depending upon the load.
2. Utilizing proper load of plant and equipments, electronic motors etc.
3. Reducing the maximum demand by properly distribution of load.

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

**(c) Impact of the above measures:** The impact of the measures taken has positive.

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

<b>A. Power and fuel consumption</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
1. (a) Electricity		
(i) Purchase Unit	7527150	4883564
(ii) Total Amount (Rs.)	3,62,32,515.00	2,38,41,399.00
(iii) Rate/Unit (Rs.)	4.81	4.88
(b) Own Generation		
(i) Through Diesel Generator (Kwh)160 KVA X2		
Units (Ltrs)	3,720	2,098.80
Amount	1,54,674.00	78,153.00
Unit per Litre of Diesel Oil	41.58	37.24
(Unit / Ltr.)	41.58	37.24
Cost / (Per Ltr. Of Diesel)	41.58	37.24
(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>B. FOREIGN EXCHANGE EARNING AND OUTGO</b>		
C.I.F. Value of Imports, Expenditure and Earning in Foreign Currency		
<b>(a) C.I.F. Value of Imports</b>		
Raw material consumption	16,17,45,168.00	6,54,49,507.00
Stores and Spares	1,30,885.00	6,14,577.00
Capital goods	5,49,315.00	2,31,69,281.00
<b>Total</b>	<b>16,24,25,368.00</b>	<b>8,92,33,365.00</b>
<b>(b) Expenditure in Foreign Currency</b>		
GDR Issue Expenses	1,56,16,597.00	
Subsidiary Incorporation Expenses (Tapti Pipes & Products Limited FZE)	6,84,709.00	
<b>Total</b>	<b>1,63,01,306.00</b>	
<b>C. Earning in Foreign Currency</b>		
FOB value of Export	NIL	NIL
<b>Total</b>		

Date: 11th August 2011  
Place: Burhanpur (MP)

**FOR AND ON BEHALF OF THE BOARD**  
Sd/-  
**Sanjay Agrawal**  
Chairman cum Managing Director