

**20TH  
ANNUAL REPORT  
2008-2009**



**TEXEL  
INDUSTRIES  
LIMITED**

**BOARD OF DIRECTORS**

Shailesh R. Mehta : Managing Director  
Naresh R. Mehta : Director  
Kirit Mehta : Director  
Sushil Kumar Pachisia : Director

**AUDITORS**

M/s. A. L. Thakkar & Company  
Chartered Accountants,  
Ahmedabad

**COMPANY SECRETARY (CONSULTING)**

D. A. Rupawala

**BANKERS**

Union Bank of India  
Industrial Finance Branch,  
Ahmedabad

**REGISTERED OFFICE & WORKS**

Block No. 2106,  
Santej-Katrej Road,  
Village Santej,  
Taluka : Kalol,  
Dist. Gandhinagar - 382 721  
Gujarat  
INDIA

**NOTICE**

**NOTICE** is hereby given that the Twentieth Annual General Meeting of Texel Industries Limited will be held on 30<sup>th</sup> September, 2009, Wednesday at 9.30 a.m. at Block No. 2106, Santej - Khatraj Road, Village: SANTEJ, Taluka: Kalol (N.G.), Dist.: Gandhinagar to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2009, the Balance-sheet as at that date and the reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Sushilkumar Pachisia who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration;

By order of the Board

**Shailesh Mehta**  
(Managing Director)

Date: **31st July, 2009**  
Place: **Santej**

**Registered Office :**  
Block No. 2106,  
Santej - Khatraj Road,  
Village: SANTEJ. Taluka : Kalol (N.G.)  
Dist.: Gandhinagar - 382 721.

**NOTES**

- (a) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll, to vote instead of himself. A proxy need not be a member.
- (b) Members/Proxies should bring the attendance slip, duly filled in for attending the meeting.
- (c) Members/Proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting.
- (d) The Register of Members and the share transfer books of Company will remain closed from **24 September, 2009 to 30 September, 2009** both days inclusive.
- (e) The explanatory statement u /s 173 of the company's Act, 1956 is enclosed.
- (f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company to be received at least seven days prior to the date of the meeting, so that the information required may be made available at the meeting to the best possible extent.

**The brief particulars of retiring director proposed for reappointment is as under:**

Name of director	Brief particulars	Details of other Directorship	Details of membership of other Company
Mr. Sushilkumar Pachisia	An M.E.(1979) from Indian Institute of Science, Banglore Reskilling with EMITC(1999) From Indian Institute of Foreign Trade, New Delhi. Huge experience in development and marketing of Plastic products.	Nil	Nil

**DIRECTORS' REPORT**

To,  
**The Members,**  
 Texel Industries Limited.

Your Directors are pleased to present you the Nineteenth Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2009.

**FINANCIAL RESULTS**

The financial results of the company for the year under review are as under: **(Rs. In Lacs)**

<b>Particulsr</b>	<b>2008-09</b>	<b>2007-08</b>
Income	<b>2,982.10</b>	1,831.11
Expenditure	<b>2,557.92</b>	1,688.14
Gross Profit/Loss	<b>424.18</b>	142.97
Interest	<b>64.28</b>	38.25
Depreciation	<b>56.84</b>	58.83
Profit before Tax	<b>303.06</b>	45.89
Provision for Tax	<b>0.00</b>	0.00
Profit after Tax	<b>303.06</b>	45.89
Income/Expenses of earlier year	<b>(8.75)</b>	(1.15)
Add : Profit brought forward	<b>(3,571.62)</b>	(3,616.36)
Balance carried forward	<b>(3,277.31)</b>	(3,571.62)

**MANAGEMENT DISCUSSION AND ANALYSIS**

The operations of your company comprises of manufacturing of Tarpaulins and Allied products. This business forms the basis of review of operational performance by the management.

**COMPANY'S PERFORMANCE**

Keeping in view the key indicators of the performance of the company for the year under review there is definite improvement in the company's performance. The Company has now entered the "Stable" Phase. The company has posted a turnover of Rs. 2976.50 lakhs and a cash profit of Rs. 421.25 lakhs before interest and depreciation in the year under review.

The company is still operating under various constraints but the management's resolve is to put the company on a growth path. New products are being developed and introduced in the market. The coming years are crucial for the company but the management is confident to turn around the company in a short time.

**DIVIDEND**

In view of the carried forward losses, your Directors have not recommended any dividend for the period under review.

**DECLARED AS SICK COMPANY**

As you are aware your company was a sick company under the provisions of sick industrial companies (special provisions) Act, 1985 (SICA). The company has been declared sick Industrial Company vide order-dated 24.05.02 of BIFR New Delhi. The rehabilitation proposal was submitted to the operating agency. The operating agency has submitted its report to the BIFR and has suggested to the company for a comprehensive OTS. The OTS has been submitted to the operating agency and is under their active consideration.

**DIRECTORS**

In terms of the Articles of Association of the Company, Mr Sushilkumar Pachisia retires by rotation and being eligible, offers himself for reappointment.

**PARTICULARS OF EMPLOYEES**

There was no employee in receipt of remuneration under Section 217(2A) of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

It is hereby confirmed:

1. That in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed and there were no material departures.
2. 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 the year under review.
3. That the Directors have been 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.
4. That the Directors have prepared the annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and out-go, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' to this Report.

**LISTING**

Your Company's shares are listed with the Stock Exchanges at Ahmedabad & Mumbai. The annual Listing fees have been paid for the year 2008-2009 except for Ahmedabad Stock Exchange. The directors are taking steps to clear the same at the earliest.

**AUDITORS AND AUDITOR'S REPORT**

The present Auditors of the Company M/s A.L Thakkar & Company, Chartered Accountants, Ahmedabad retires at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Auditors Report and the notes to the account being self-explanatory, no further explanation is required.

**CORPORATE GOVERNANCE**

The report on corporate governance and auditors certificate on compliance with the condition of corporate governance under clause 49 of the listing agreement is annexed to this report.

**ACKNOWLEDGEMENT**

The Directors record their appreciation of the Co-operation and assistance extended by the Financial Institutions, Banks and Government Authorities as well as valued customers from time to time. They also record their appreciation of the devoted services rendered by the Executives, Staff Members and Workers of the Company.

On behalf of the Board of Directors

Date : 31st July, 2009  
Place : Santej

**Shailesh Mehta**  
(Managing Director)

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY**

a. Energy conservation measures:

The Company is making continuous efforts for the conservation of energy through improved operational methods and better plan utilisation.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

No additional investments are planned at this stage.

c. Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Consumption of energy has been optimised to the extent possible.

d. Total energy consumption per unit of production.

	2008-09	2007-08
Electricity		
(1) Purchased		
Quantity (Units)	24,72,006	27,59,040
Total Amount (Rs.)	1,36,02,625	1,30,71,988
Average Rate (Rs.)	05.50	4.74
(2) (A) Own Generation		
Unit (kHz)	470.97	354.42
Unit/Liters of diesel oil	3.40	3.40
Cost / Unit	11.14	10.45
(B) Own Generation		
Unit / (kHz)	1,11,815	1,24,944
Unit/kgs. of Gas	19.00	19.00
Cost/Unit	2.62	2.47

**B TECHNOLOGY ABSORPTION**

**1. Research and Development (R & D):**

(a) Specific area in which R & D carried out by the Company:

The Company employs indigenous technology and continuous efforts are made for improvement in technical process and energy saving. The Company also is continuously working towards product development and achieving higher turnover in such a way that the bottlenecks in the production process is taken care of.

(b) Benefits derived as a result of the above R & D:

By addition of the new product the company is trying to improve presence in domestic as well as overseas markets. The company will be also in a position to achieve higher production by reducing the impact of production mismatch with new product development.

(c) Future plan of action:

The Company will continue to work towards product development and cost cutting measures to achieve higher efficiency.

(d) Expenditure on R & D:

There is no specific/separate expenditure incurred for the R & D during the year under review. The efforts for R & D are part of every productive activity of the Company.

**2. Technology Absorption, Adaption & Innovation**

(a) Efforts made:

The Company has in house technical expertise and no foreign / imported technology is used. It is constant endeavour of the Company to absorb new product / process of manufacturing and continue to innovate new products keeping in mind changing demands of the customers. During the year under review Company focussed on developing a product mix which made best use of the available production capacity and reduced the impact of production bottlenecks.

(b) Benefits derived as a result of above efforts:

The Company is now confident of achieving higher production and would be in a position to achieve higher efficiency improving over all working of the Company.

**(c) Foreign exchange earnings and outgo:**

	<b>2008-09</b> (Rs. In lacs)	<b>2007-08</b> (Rs. In lacs)
Foreign Exchange outgo	Nil	Nil
Foreign Exchange earnings	Nil	Nil

ANNEXURE 'B'

Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

I. Registration Details

Registration No. : 1 2 5 7 6  
 State Code : 0 4  
 Balance Sheet Date : 3 1 03 09  
 D M Y

(Amount in Rs. Thousand)

II. Capital raised during the year

Public Issue	Right Issue
N I L	N I L
Bond Issue	Private Placement
N I L	N I L

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	Total Assets
225572	225572
<b>Sources of Funds</b>	
Paid up Capital	Reserves & Surplus
5 8 4 5 8	28528
Secured Loans	Unsecured Loans
123549	15036
<b>Application of Funds</b>	
Net Fixed Assets	Investments
53296	N I L
Net Current Assets	Misc. Expenditure
-155454	N I L

IV. Performance of the Company

Gross Revenue	Total Expenditure
298210	267904
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
30306	29431
EPS on equity shares	Dividend Rate %
5.51	N I L

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

I.T.C. Code	Product Description
39269009.90	Tarpaulins

As per our Report of even date  
 For, A. L. Thakkar & Company  
 Chartered Accountants

For and on behalf of the Board of Directors

Aseem L. Thakkar  
 Partner

Shailesh R. Mehta  
 Managing Director

Sushil Kumar Pachisia  
 Director

Date : 31st July, 2009  
 Place : Ahmedabad

Date : 31st July, 2009  
 Place : Santej

**ANNEXURE "C "  
TEXEL INDUSTRIES LTD  
CORPORATE GOVERNANCE**

**INTRODUCTION**

Company's philosophy on corporate governance

**TEXEL INDUSTRIES LIMITED** believes in adopting the best global practices in the areas of Corporate Governance and follows the principles of fair representation and full disclosure of all its dealing and communication thereby protecting rights and interest of all its shareholders. The Securities and Exchange Board of India has introduced a code of Corporate Governance for implementation by Listed Companies. The report for the year 2008-2009 is as follows.

**BOARD OF DIRECTORS**

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non – Executive Directors, meets with the requirements of Clause 49(I) (A) of the Listing Agreement.

The present strength of the Board of Directors is four, whose composition is given below:

- One Director
- One Executive Director
- Two Independent Directors

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all companies in which they are Directors.

The composition of the Board of Directors, the number of other Directorship and committee position held by the Director, of which the Director is a Member / Chairman are as under:

**A. The Constitution of the Board as on 31-3-2009**

<b>Name of Directors</b>	<b>Category</b>	<b>Category Executive/ Non executive</b>	<b>No of Directorship As on 31-3-2009</b>
Shri Shailesh R.Mehta	Managing Director	Executive Director	Nil
Shri Naresh R.Mehta	Director	Director	Nil
Shri Kirit Mehta	Director	Independent	Nil
Shri Sushil kumar Pachisia	Director	Independent	Nil

**BOARD PROCEDURE**

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/ business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The information as specified in Annexure IA to clause 49 of the Listing Agreement is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentations by Functional heads. Senior Management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, details of joint ventures, sale of business unit/ division, compliance with statutory/ regulatory requirements, major accounting provision and write-offs are considered by the Board.

The Minutes of the Board Meetings are circulated in advance to all Directors and confirmed at subsequent Meeting. The Minutes of Audit Committee and other committees of the Board are regularly placed before the Board.

**B. Attendance of each director at the Board Meetings and the last Annual General Meeting is as under:**

Name of Director	No of Board Meeting Attended		Last Annual General Meeting Attended
	Held	Attended	
Shri Shailesh R.Mehta	6	6	Yes
Shri Naresh R.Mehta	6	0	No
Shri Kirit Mehta	6	0	No
Shri Sushil kumar Pachisia	6	6	Yes

**C. Number of Board Meetings were held and the dates on which such meeting were held.**

Six Board Meetings were held during the 12 months accounting period ended 31-3-2009. The date of such Board Meeting are 15-04-2008,31-07-2008,30-09-2008,30-10-2008,31-01-2009, 25-03-2009.

**AUDIT COMMITTEE:**

The Board of the company has constituted the audit Committee comprising independent Non Executive Directors.

- (1) Shri Shailesh R. Mehta - Managing Director
- (2) Shri Shushil kumar Pachisia - Chairman
- (3) Shri Kirit Mehta - Member

They have considered the draft account and internal Audit report. During the year Audit Committee held three Meetings.

Attendance during the Accounting period ended 31.03.2009. is as under.

Members	Category	Meeting Attended
(1) Shri Shailesh R. Mehta	Managing Director	Yes
(2) Shri Sushil kumar Pachisia	Chairman	Yes
(3) Shri Kirit Mehta	Member	Yes

**SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE deals with matters relating to

- (1) Transfer of Shares
- (2) Issue of duplicate / new sub-divided and consolidated share certificates.
- (3) Shareholders / Investors Grievance and its redressal.

During the year Shareholders / Investors Grievance Committee held 2 Meetings.  
Attendance during the Accounting period ended 31.03.2009 is as under.

Members	Category	Meeting Attended
(1) Shri Shailesh R. Mehta	Managing Director	Yes
(2) Shri Sushil kumar Pachisia	Member	Yes
Name of the Compliance Officer :	Shri Shailesh Mehta	
Designation :	Managing director	

Number of Shareholders complaints received during the year : Nil  
 Number of complaints not resolved to the satisfaction of Shareholders : Nil  
 Number of pending Share Transfer : Nil

**Director's Remuneration**

Directors Remuneration during the Accounting year ended 31.03.2009

Name of Director	Sitting Fees	Salary & Perks	Total Rs.
Shri Shailesh R. Mehta	--	--	--
Shri Naresh R. Mehta	--	--	--
Shri Kirit Mehta	--	--	--
Shri Shushil Kumar Pachisia	<b>12000</b>	--	<b>12000</b>

The Company does not pay any remuneration to its Directors. Hence there was no meeting of the remuneration committee during the year.

**NOTES ON DIRECTORS REAPPOINTMENT**

Shri Sushilkumar Pachisia retires by rotation at the ensuring Annual General Meeting and being eligible offers himself for reappointment. Shri Sushilkumar Pachisia has huge experience in development and marketing of plastic products.

Details of other directorship: Nil

**SHAREHOLDERS INFORMATION**

(a) Location and time where the last 3 AGM were held.

YEARS	AGM	LOCATION	DATE & TIME
2007-2008	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	30.09.2008 9.30 A.M
2006-2007	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	31.08.2007 9.30 A.M
2005-2006	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	07.08.2006 9.30 A.M.

**(b) Whether the Special Resolution was put through last Year**, details of voting pattern.

No Special Resolution was required to be passed last Year. Hence there was no necessity of postal ballot.

**DISCLOSURE**

(a) Disclosure on materially significant related party transaction, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relative etc, that may have potential conflict with the interests of company at large.

**NONE**

(b) Details on Non-compliance by the company, penalties, strictures, imposed on the Company by Stock Exchange or SEBI or any statutory authority, or any matter related to capital markets, during the last three years.

**The trading in equity shares of the company has been suspended by stock exchanges due to certain inevitable non compliances. However no penalties and strictures are imposed on the company.**

**MEANS OF COMMUNICATION**

The Board of Directors / Committee of Directors of the Company approved and takes on record the Unaudited Quarterly Financial Results and audited results in performa prescribed by the Stöck Exchange and announces forthwith the results to all the Stock Exchange where the share of the Company are listed. The company is regular in submitting quarterly results to the stock exchanges and they are published in News Papers.

**Internal Control Systems**

The Company has got adequate Internal Control System and procedures relating to the purchase of various raw-materials, stores and other consumables. The plants are sending regular and timely reports to the managing directors and other management executives and corrective actions as and when, required are being taken by the management.

**Statutory Relations**

Managing Directors of the Company is the Compliance Officer, Moreover the Company has retained services of a consulting Company Secretary for making of all provisions of Companies Act, Securities Control and Regulation Act, SEBI Act, etc.

**Industrial Relations**

The Company has been maintaining cordial industrial relations and the labours are Co-operative. Productivity Measures are being taken to reduce wastage and improving the sales.

**GENERAL SHAREHOLDERS INFORMATION**

**(A) ANNUAL GENERAL MEETING**

Date & Time : **30.09.2009 9.30 A.M.**  
 Block No. 2106, Santej – Khatraj Road,  
 Village: Santej, Tal: Kalol, Pin: 382721.

**(B) Financial Calendar:**

**Particulars**

**Financial Reporting For**

**Date**

Quarter ended June 30, 2009	4 <sup>th</sup> Week of July '2009
Quarter ended September 30, 2009	4 <sup>th</sup> Week of October '2009
Quarter ended December 31, 2009	4 <sup>th</sup> Week of January '2010
Quarter ended March, 2010	4 <sup>th</sup> Week of April '2010

**Book closure Date** : **24.09.2009 to 30.09.2009 (Both Days Inclusive)**

**Dividend payment date** : **N.A.**

**Listing of Equity Shares**

- On the stock Exchange :
- (1) The Stock Exchange, Ahmedabad  
Ambavadi , Ahmedabad 380 015.
  - (2) The Stock Exchange Mumbai,  
Phirozjeebhoy Tower,  
Dalal Street, Mumbai.

The Company has paid annual Listing Fees to the above Stock Exchange for the year 2008- 2009 except Ahmedabad Stock Exchange.

**(c) Stock Code: -**

Name of Stock Exchange	Stock Code
The Stock Exchange Ahmedabad Kamdhenu Complex, Nr. Panjrapole, Ambavadi, Ahmedabad-380 015	<b>60449</b>
The Stock Exchange Mumbai, Phiroz jeejeebhoy tower Dalal Street Mumbai	<b>26638</b>

**Demat : ISNI NUMBERS for Equity shares: -** The Company is in process of obtaining D-mat Facilities as NSDL / CSDL do not enroll BIFR registered company.

**STOCK MARKET DATA: -** The Shares are not traded during the year 2008-2009.

**REGISTRAR & SHARE TRANSFER AGENTS**

(1) For Physical & Electronic Mode: The Company is in process of appointing of Share Transfer Agent.

**SHARE TRANSFER SYSTEMS**

Share sent for transfer in physical form are registered by the company and returned Between 15 to 30 days from the date of receipt, if documents are in order in all respects; shares under objections are returned within 2 weeks.

**DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2009**

Shareholding		Shareholders Numbers	% Total Nos.	Shares Amount in Rs.	% of Total Nos.
From Nos.	To Nos				
Upto	- 5000	4405	82.06	67,01,600	12.54 %
5001	- 10000	298	5.55	26,21,000	4.90 %
10001	- 20000	391	7.28	65,58,400	12.27 %
20001	- 30000	83	1.55	21,47,400	4.02 %
30001	- 40000	48	0.89	17,01,990	3.18 %
40001	- 50000	39	0.73	18,45,440	3.45 %
50001	- 100000	96	1.79	1,56,39,320	29.26 %
100001	- and above	8	0.15	1,62,43,270	30.38 %
<b>Total</b>		<b>5368</b>	<b>100.00</b>	<b>5,34,58,420</b>	<b>100.00 %</b>

**CATEGORIES OF SHAREHOLDING AS ON 31-03-2009**

Category	No. of shares held	Percentage
Promoters	17,58,432	32.89 %
Mutual Funds	—	—
Private Corporate Bodies	3,37,290	6.32 %
NRI holding	4,77,000	8.92 %
Indian Public	27,73,120	51.87 %
<b>Total</b>	<b>53,45,842</b>	<b>100.00 %</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY:**

None of the Equity Capital held in dematerialised form with NSDL and CDSL as on date 31-03-2009 Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f 01.04.2003 as per notification issued by the Securities and Exchange Board of India (SEBI). The Company is in process of obtaining D-mat Facilities.

**Plant location** : Block No. 2106 Santej – Khatraj road,  
Village: Santej, Tal : Kalol, Pin : 382 721

**Address of Correspondence** : Block No. 2106 Santej – Khatraj road,  
Village: Santej, Tal : Kalol, Pin : 382 721

- (1) Investor correspondence for Transfer / Dematerialisation of shares and any other query relating to the shares of the Company.

For Shares held in Physical Form : **Texel Industries Limited**  
Block No. 2106 Santej – Khatraj road  
Village: Santej, Tal : Kalol, Pin : 382 721

- (2) Any Query on Annual Report : **Texel Industries Limited**  
Block No. 2106 Santej – Khatraj road  
Village: Santej, Tal: Kalol, Pin: 382 721

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
**TEXEL INDUSTRIES LIMITED**  
Block No: 2106,  
Santej – Khatraj Road, Village: Santej,  
Tal: Kalol, Pin: 382 721.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the Texel Industries Limited for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures 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 Listing Agreement.

We state that no investors complaints are pending for a period exceeding for 30 days against the Company as per the records maintained by the Share Transfer and investors Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For **A.L. Thakkar & Co.,**

Place: **Ahmedabad**  
Date: **31st July, 2009**

**Aseem L. Thakkar**  
(Partner)

## \* CEO CERTIFICATION

The Board of Directors,  
**Texel Industries Limited.**  
Santej, Tal.Kalol,  
Dist. Gandhinagar.

Re: Financial Statements for the year 2008-09 - Certification by CEO.

I Shailesh R. Mehta, Managing Director of Texel Industries Limited, on the basis of review of the financial statements and the Cash Flow Statements for the financial year ending 31st March, 2009 and to the best of my knowledge and belief, I hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading. .
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2009 which is fraudulent, illegal or violate of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in design or operation of the internal control systems and that I have taken required steps to rectify these deficiencies.
5. I further certify that :
  - a. there have been no significant changes in internal control during this year.
  - b. there have been no significant changes in accounting polices during the year.
  - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or employee having significant role in the Company's internal control systems.

Place: **Santej**  
Date: **31st July, 2009**

**Shailesh R. Mehta**  
*Managing Director*

**AUDITORS' REPORT**

To,  
The Members  
**TEXEL INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of M/s. '**TEXEL INDUSTRIES LIMITED**' as at 31<sup>st</sup> March 2009 and the Profit and Loss Account of the company for the year ended on that date annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditors report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. **Further to our comments in the Annexure referred to above, and note no 23 of note forming part of Balance sheet and Profit & Loss account, we report that:**
  - (I) 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.
  - (II) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books.
  - (III) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
  - (IV) In our opinion the Balance sheet, profit and loss account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - (V) On the basis of written representation received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
  - (VI) In our opinion and to the best of our knowledge and according to the explanation given to us, the accounts read with notes thereon, give the information required by the Companies Act, 1956, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - a) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2009
    - b) In the case of Profit & Loss account for the Profit for the year ended on that date.

For **A. L. Thakkar & Company**,  
Chartered Accountants

Date: **31st July, 2009**  
Place: **Ahmedabad**

**Aseem L. Thakker**  
Partner

**ANNEXURE TO THE AUDITORS REPORT**

Referred to in paragraph (3) of our report of even date.

**1. In respect of assets:**

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of information available.
- b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.

**2. In respect of inventories:**

- a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanation given to us, the Procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to book records.

**3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties is covered in the register maintained under section 301 of the companies Act, 1956:**

- a. The Company has not granted loan to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. The company has taken loans from three parties covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.26.23 Lacs and the year-end balance of loans taken from such parties was Rs.26.23 lacs.
- c. In our opinion and according to the information and explanations given to us, the rate of the interest, wherever applicable and other terms and conditions of loans taken are not prima facie prejudicial to the interest of the company.

**d. The company is not regular in repaying the principal amounts as stipulated and has not been regular in the payment of interest wherever applicable.**

**4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also with to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.**

**5. In respect of transactions covered under section 301 of the companies Act, 1956.**

- a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts of arrangements 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 transaction 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 price which are reasonable having regards to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit commensurate with the size of the company and the nature of its business.
8. We have been informed by the management that the Central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of products manufactured by the company.

**9. In respect of statutory dues.**

- a. According to the records of the company, the company is not regular in depositing with appropriate authorities undisputed statutory dues of provident fund, employees state insurance, and Professional tax dues applicable to it. The company is regular in depositing with appropriate authorities undisputed statutory dues of investors education and protection fund, income tax, wealth tax, Service tax, custom duty and excise duty. According to the information and explanation given to us, the following undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they become payable.

Name of the statute	Nature of dues	Amount Rs.
E. P. F. Act	Provident Fund	4,72,188
E. P. F. Act	Interest & Damages	3,73,043
E. S. I. Act	E. S. I.	63,917
Professional Tax Act	Professional Tax	77,900
Municipal Act	Property Tax	1,93,542

- b. The disputed statutory due aggregating to Rs.59.78 Lacs, that have not been deposited on account of matters pending before appropriate authorities are as under :

Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount Rs.
Municipal Act	Property Tax	Small cause court	1,89,581
Incometax Act	Income Tax	C.I.T.(Appeals)	11,86,477
Excise Act	Excise duty	Dy. Com. Excise	6,47,791
Custom Act	Custom duty	D.G.F.T NewDelhi	39,53,898

10. The accumulated losses of the company have exceeded fifty percent of its net worth as at 31<sup>st</sup> March 2009. The company has not incurred any cash loss during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the company has defaulted in repayment of dues to financial institutions and banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the company is not a chit fund or a nidhi / mutual benefit fund, society. Hence clause 4 (xiii) of the companies (Auditors Report) Order 2003 is not applicable of the company.

14. In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Hence clause 4 (xiv) of the Companies (Auditors Report) Order 2003 is not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not raised any new term loan during the year. The term loans outstanding at the beginning of the year were applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the Balance sheet of the company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given to us the company has not made any preferential allotment of shares, during the year, to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us no fraud on or by the company has been noticed or reported during the year.

For **A. L. Thakkar & Company,**  
Chartered Accountants

**Aseem L. Thakker**  
Partner

Date: **31st July, 2009**  
Place: **Ahmedabad**

BALANCE SHEET AS ON 31ST MARCH 2009

Particulars	Schedule	As At 31-3-2009 (Amount Rs.)	As At 31-3-2008 (Amount Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	5,84,58,420	5,84,58,420
Reserves & Surplus	2	2,85,28,313	2,86,45,349
		<u>8,69,86,733</u>	<u>8,71,03,769</u>
<b>LOAN FUNDS</b>			
Secured Laon	3	12,58,76,636	13,46,25,745
Unsecured Laon	4	1,27,08,711	1,42,69,025
		<u>13,85,85,347</u>	<u>14,88,94,770</u>
<b>TOTAL FUNDS EMPLOYED</b>		<u><u>22,55,72,080</u></u>	<u><u>23,59,98,539</u></u>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	13,71,48,359	13,67,32,029
Less : Depreciation		8,38,51,998	7,80,51,969
Net Block		<u>5,32,96,361</u>	<u>5,86,80,060</u>
<b>INVESTMENTS</b>		Nil	Nil
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories	6	2,89,89,202	2,09,46,426
Receivables	7	3,75,11,164	4,89,59,221
Cash & Bank Balance	8	20,20,597	25,33,077
Loans and Advances	9	3,58,08,111	1,05,20,957
		<u>10,43,29,074</u>	<u>8,29,59,681</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	10		
Current Liabilities		5,28,15,975	5,58,35,917
Provisions		20,69,66,751	20,69,66,751
		<u>25,97,82,726</u>	<u>26,28,02,668</u>
<b>NET CURRENT ASSETS</b>		-15,54,53,652	-17,98,42,987
<b>PROFIT &amp; LOSS ACCOUNT (Dr. Bal)</b>		32,77,29,371	35,71,61,466
<b>TOTAL FUNDS APPLIED</b>		<u><u>22,55,72,080</u></u>	<u><u>23,59,98,539</u></u>
<b>Notes to the Accounts</b>	19		

As per our Report of even date  
For, A. L. Thakkar & Company  
Chartered Accountants

For and on behalf of the Board of Directors

Aseem L. Thakkar  
Partner

Shailesh R. Mehta  
Managing Director

Sushil Kumar Pachisia  
Director

Date : 31st July, 2009  
Place : Ahmedabad

Date : 31st July, 2009  
Place : Santej

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Particulars	Schedule	For the year 2008-09 (Amount Rs.)	For the year 2007-08 (Amount Rs.)
<b>INCOME :</b>			
Sales	11	29,76,50,487	18,16,44,847
Other Income	12	5,59,082	14,66,112
Increase/(Decrease) in Stock		<u>0</u>	<u>0</u>
		<u><b>29,82,09,569</b></u>	<u><b>18,31,10,959</b></u>
<b>EXPENDITURE :</b>			
Raw Material Consumed	13	19,31,41,893	13,12,27,740
Manufacturing Operating Expenses	14	3,84,99,119	3,16,93,855
Payment to & Provision for Employees	15	23,03,880	23,25,581
Administration & Other Expenses	16	1,08,15,826	19,95,974
Selling & Distribution Expenses	17	1,10,30,801	15,70,468
Financial Expenses	18	64,28,452	38,25,378
Depreciation		- 56,83,753	58,82,929
		<u>3,03,05,845</u>	<u>45,89,034</u>
<b>NET PROFIT FOR THE YEAR BEFORE TAX</b>		<b>3,03,05,845</b>	<b>45,89,034</b>
Prior year Income/Expenses		-8,74,511	-1,14,962
Provision for Tax		<u>0</u>	<u>0</u>
<b>PROFIT AFTER TAX</b>		<b>2,94,31,334</b>	<b>44,74,072</b>
ADD : Surplus brought forward from previous year		-35,71,61,466	-36,16,35,538
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><b>-32,77,30,132</b></u>	<u><b>-35,71,61,466</b></u>
<b>E. P. S. &amp; DILUTED E. P. S.</b>		<b>5.51</b>	<b>0.84</b>
<b>Notes to the Accounts</b>	<b>19</b>		

As per our Report of even date  
For, A. L. Thakkar & Company  
Chartered Accountants

Aseem L. Thakkar  
Partner

Date : 31st July, 2009  
Place : Ahmedabad

For and on behalf of the Board of Directors

Shailesh R. Mehta  
Managing Director

Sushil Kumar Pachisia  
Director

Date : 31st July, 2009  
Place : Santej

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As At 31-3-2009	As At 31-3-2008
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00,000	8,00,00,000
5,00,000 Redeemable Preference Shares of Rs. 10/- each	50,00,000	50,00,000
<b>Issued, Subscribed &amp; Paid -Up</b>		
53,45,842 Equity Shares of Rs. 10/- each fully paid up (Previous Year 53,45,842 Equity Shares of Rs. 10/- each)	5,34,58,420	5,34,58,420
5,00,000 18% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up (Previous Year 5,00,000 18% Cumulative Redeemable Preference Shares of Rs. 10/- each)	50,00,000	50,00,000
	<u>5,84,58,420</u>	<u>5,84,58,420</u>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Revaluation Reserve	6,95,313	8,12,349
Share Premium	1,94,99,668	1,94,99,668
Capital Redemption Reserve	33,33,332	33,33,332
General Reserve	50,00,000	50,00,000
	<u>2,85,28,313</u>	<u>2,86,45,349</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
<b>Working Capital from Banks</b>		
<b>Union Bank of India</b>	6,95,55,490	8,13,76,933
(Secured by First Charge by way of Hypothecation of Raw Materials, Stock in Process, Finished Goods, Stores & Spares, Packing Materials & Book Debts, further secured by second charge on the Land & Building, Plant & Machinery, & Personal Guarantee of two Directors of the Company)		
<b>Term Loan</b>		
<b>Standard Chartered Bank</b>	4,01,97,313	4,01,07,063
(Secured by equitable mortgage of Land and Building, Hypothecation of Plant & Machinery, and Hypothecation of immovable and movable properties subject to the prior charge on current assets in favour of the Bankers for securing working capital borrowings) (Refer Note No. 23 of Notes forming part of B/S & P&L A/c)		
<b>Others</b>	1,61,23,833	1,31,41,749
<b>Total</b>	<u>12,58,76,636</u>	<u>13,46,25,745</u>

Particulars	As At 31-3-2009	As At 31-3-2008
<b>SCHEDULE 4 : UNSECURED LOAN</b>		
Inter Corporate Deposit (Repayable within one year)	40,00,000	40,00,000
Others (Repayable within one year)	62,05,514	85,32,926
Agency Deposit	80,000	80,000
From Directors	24,23,197	16,56,099
	<u>1,27,08,711</u>	<u>1,42,69,025</u>

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 31-3-08	Add. during year	Ded. on	Cost as on 31-3-09	Provided upto 31-3-08	For the year	Adj	Total upto 31-3-09	As on 31-3-08	As on 31-3-09
Land	2403616	0	0	2403616	0	0	0	0	2403616	2403616
Fac. Bldg	24767928	0	0	24767928	10056085	623826	0	10679911	14711843	14088017
Office Bld	1821108	0	0	1821108	391991	22304	0	414295	1429117	1406813
Plant & Mach	89332418	461825	51400	89742843	54098887	4238511	760	58336638	35233531	31406205
Ele. Inst.	6200734	0	0	6200734	3647351	293730	0	3941081	2553383	2259653
Furniture	6194245	0	0	6194245	5015286	387529	0	5402815	1178959	791430
Off Automation	4545290	5905	0	4551195	3515530	138127	0	3653657	1029760	897538
Vehicles	1466690	0	0	1466690	1326839	96762	0	1423601	139851	43089
<b>Total</b>	<b>136732029</b>	<b>467730</b>	<b>51400</b>	<b>137148359</b>	<b>78051969</b>	<b>5800789</b>	<b>760</b>	<b>83851998</b>	<b>58680060</b>	<b>53296361</b>
Previous Yr	135782994	949035	0	136732029	72052004	5999965	0	78051969	63730990	58680060

**SCHEDULE 6 : INVENTORIES**

(As certified and valued by the Management)

Raw Material/Work in Progress	2,87,73,927	2,06,21,106
Stores & Spares	2,15,275	3,25,320
	<u>2,89,89,202</u>	<u>2,09,46,426</u>

**SCHEDULE 7 : RECEIVABLES**

(Unsecured considered good unless otherwise stated)

More than six months		Pr. Yr.	1,73,44,013	2,79,23,152
Considered good	1,73,44,013		1,60,20,224	
Considered doubtful	0		1,19,02,928	
Less than six months			<u>2,01,67,151</u>	2,10,36,069
			<u>3,75,11,164</u>	<u>4,89,59,221</u>

Particulars	As At 31-3-2009	As At 31-3-2008
<b>SCHEDULE 8 : CASH AND BANK BALANCE</b>		
Cash on hand	18,57,940	9,23,419
With schedule Bank in Fixed Deposit (Lodged with Banks as security against Bank Guarantee and Letter of Credit)	1,99,174	1,99,174
With Co-op Bank in Fixed Deposits	3,00,000	3,00,000
Current Account	<u>-3,36,517</u>	<u>11,10,484</u>
	<u><u>20,20,597</u></u>	<u><u>25,33,077</u></u>
<b>SCHEDULE 9 : LOANS AND ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Deposit with Govt. Dept. & Others	28,88,124	43,41,163
Loan to Staff	0	11,805
Security Deposit	21,22,477	21,22,477
Loans and Advances (Considered doubtful Rs. Nil Pr. Yr. Rs. 1,12,265/-)	<u>3,07,97,510</u>	<u>40,45,512</u>
	<u><u>3,58,08,111</u></u>	<u><u>1,05,20,957</u></u>
<b>SCHEDULE 10 : CURRENT LIABILITIES</b>		
Sundry Creditors (For Goods)	2,71,00,135	3,38,84,452
Sundry Creditors (For Expenses)	1,85,72,004	1,00,88,237
Sundry Creditors (For Capital & other items)	15,57,864	15,57,864
Other Current Liabilities	<u>55,85,972</u>	<u>1,03,05,364</u>
	<u><u>5,28,15,975</u></u>	<u><u>5,58,35,917</u></u>
<b>PROVISIONS</b>		
Provision for Bank Interest	<u><u>20,69,66,751</u></u>	<u><u>20,69,66,751</u></u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

Particulars	Year ended 31-3-2009 (Amount Rs.)	Year ended 31-3-2008 (Amount Rs.)
<b>SCHEDULE 11 : SALES</b>		
Sales	29,73,51,186	17,26,62,196
Job Work Sales	<u>2,99,301</u>	<u>89,82,651</u>
	<u><u>29,76,50,487</u></u>	<u><u>18,16,44,847</u></u>
<b>SCHEDULE 12 : OTHER INCOME</b>		
Interest Income	2,59,199	78,649
Profit on sale of Assets	7,279	0
Income of earlier year	2,92,604	0
Sundry Balances written off	<u>0</u>	<u>13,87,463</u>
	<u><u>5,59,082</u></u>	<u><u>14,66,112</u></u>

Particulars	Year ended 31-3-2009 (Amount Rs.)	Year ended 31-3-2008 (Amount Rs.)
<b>SCHEDULE 13 : RAW MATERIAL CONSUMED</b>		
Opening Stock	2,06,21,106	1,08,92,511
Add : Purchases	20,12,94,714	14,09,56,335
Less : Closing Stock	<u>-2,87,73,927</u>	<u>-2,06,21,106</u>
	<u><b>19,31,41,893</b></u>	<u><b>13,12,27,740</b></u>
<b>SCHEDULE 14 : MANUFACTURING &amp; OPERATING EXPENSES</b>		
Freight, Octroi & Cartage	42,49,182	31,58,909
Power	1,39,00,457	1,33,84,293
Repairs & Maintenance	4,04,386	3,06,651
Consumable Stores & Spares	40,06,312	27,94,433
Factory Expenses	1,30,613	2,31,152
Conversion Charges	1,50,89,474	1,12,17,516
Gujarat Sales Tax/Vat	50,135	5,34,939
Central Sales Tax	0	0
Custom Duty	6,68,560	65,962
	<u><b>3,84,99,119</b></u>	<u><b>3,16,93,855</b></u>
<b>SCHEDULE 15 : PAYMENT TO &amp; PROVISION FOR EMPLOYEES</b>		
Salaries & Wages	21,00,018	20,45,184
Staff Welfare, perquisites & other expenses	2,03,862	2,80,397
	<u><b>23,03,880</b></u>	<u><b>23,25,581</b></u>
<b>SCHEDULE 16 : ADMINISTRATION &amp; OTHER EXPENSES</b>		
Audit Fees	25,000	28,090
Computer Expenses	1,21,958	72,464
Conveyance	2,43,158	2,07,299
Donation	0	21,500
Electricity Expenses	6,702	6,346
Fringe Benefit Tax	57,726	55,605
Gram Panchayat Tax	12,500	12,500
Insurance Charges	1,53,101	1,22,945
Legal & Professional Charges	12,97,184	7,99,643
Municipal Tax	47,613	32,977
Office Expenses	66,605	32,906
Penalty & Damages	80,00,457	5,477
Professional Tax	2,500	1,000
Post & Telegram	82,552	91,918
Printing & Stationery	1,61,663	1,07,568
Security Expenses	1,37,550	1,26,000
Rent Expenses	24,000	0
Land Revenue	34,621	0
Sitting Fees	12,000	12,000
Telephone Expenses	2,38,619	2,23,571
Training & Seminar Expenses	0	3,200
Vehicle Expenses	90,317	32,965
	<u><b>1,08,15,826</b></u>	<u><b>19,95,974</b></u>

Particulars	Year ended 31-3-2009 (Amount Rs.)	Year ended 31-3-2008 (Amount Rs.)
<b>SCHEDULE 17 : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	38,785	57,870
Discount & Kasar	16,00,593	2,65,169
Sales Commission	20,62,416	7,91,874
Sales Promotion Expenses	1,95,605	2,23,797
Sundry written off	69,36,643	0
Tender Fees	6,000	4,700
Travelling Expenses	1,90,759	2,27,058
	<u>1,10,30,801</u>	<u>15,70,468</u>
<b>SCHEDULE 18 : FINANCIAL CHARGES</b>		
Bank Charges & Commission	94,134	1,19,615
Interest	63,34,318	37,05,763
	<u>64,28,452</u>	<u>38,25,378</u>

**SCHEDULE: 19**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.**

**A. Significant Accounting Policies**

The accounts are prepared in accordance with the accounting principles accepted in India.

The significant accounting policies to the extent applicable to the company as under:

**1) System of Accounting**

The financial statements are prepared on the basis of historical cost convention on accrual basis and on going concern basis.

**2) Revenue Recognition:**

All known expenditure and income to the extent payable or receivable respectively and quantifiable till the date of finalisation of accounts are accounted on accrual basis.

**3) Fixed Assets:** Fixed Assets are carried at cost of acquisition and construction including incidental expenses related to acquisition and installation on concerned assets, less accumulated depreciation and amortisation. Certain assets were re-valued for for which proper disclosure is made in accounts. Refer Note -17.

**4) Depreciation:**

Depreciation has been provided at cost on Straight Line Value method in accordance with the provision of section 205(2)(b) of the Companies Act, 1956 at the rate prescribed in Schedule XIV of the Companies Act, 1956 on prorata basis with reference to the date of acquisition / installation.

**5) Investments:**

Long-term investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in the opinion of the management.

**6) Valuation of Inventories:**

- i. Raw Materials, stores & spares and packing materials are valued at cost. Cost for this purpose includes interest on usance L/Cs opened for procurement of raw materials, L/C opening charges and other incidental charges directly related with procurement of raw materials.

- ii. Work in process is valued at cost. Cost for this purpose includes the cost of direct material, direct labour and other conversion cost incurred upto the respective stages of work in process.
- iii. Finished goods are valued at lower of cost or market value. Cost for this purpose includes cost of direct material, direct labour and factory and administration overheads.
- iv. Scrap is valued at net realisable value.

**7) Sales**

Sales are invoiced on delivery of goods to the customers. Invoiced value of sales including value added tax and net of sales return.

**8) Retirement Benefits:**

No provision for retirement's benefits for employees has been made. The company has adopted Pay-As-You-Go for the method for the payment of retirement benefits if any payable to the employees.

**B. Notes to the Accounts**

1. Additional information pursuant to provisions of paragraphs 4C, 3 and 4D of part II of schedule IX to the companies Act 1956 Information given to the extent applicable)

	<b>Current Year Not Applicable</b>	Previous Year Not Applicable
(a) Licensed Capacity	<b>Not Applicable</b>	Not Applicable
(b) Installed Capacity	<b>4522.00</b>	2595.00
(c) Production (M. T.)		
Own Production	<b>2910.21</b>	2185.96
Job Work production	<b>22.64</b>	594.55
	<b>2932.75</b>	2780.51
(d) Sales (M. T.)	<b>2928.43</b>	2768.37
(e) Raw Materials		

Item	Unit	Opening Stock	Receipt	Consumption /Resale	Closing Stock
Polymers	M. T.	287.07	3132.27	3016.73	402.61
(Include WIP & MB)	(Rs. Lacs)	202.12	1982.77	1903.32	281.58
Packing Materials	(Rs. Lacs)	0.00	41.58	41.58	0.00
<b>Total</b>	<b>(Rs. Lacs)</b>	<b>202.12</b>	<b>2024.36</b>	<b>1944.91</b>	<b>281.58</b>

**(f) Finished Goods Particulars**

		<b>Opening Stock</b>	<b>Closing Stock</b>
Quantity (M.T.)	2008-09	0.00	4.22
	2007-08	0.00	0.00
Value (Rs. Lacs)	2008-09	0.00	3.48
	2007-08	0.00	0.00

2. Expenditure incurred on employees who are in receipt of remuneration on the aggregate of not less than Rs. 24,00,000/- per annum if employed throughout the year and of Rs. 2,00,000/- per month if employed for part of the year

No of employees	Nil	Nil
Amount Paid	Nil	Nil

3. Balance of Sundry creditors, debtors, loans and advances are subjects to confirmation.
4. The company has advise that the computation of the net profit under section 349 of the Companies Act, 1956 need not be made since no remuneration / commission is paid / payable under section 348 of the companies Act, 1956 for the year ended 31 st March, 2009.
5. In the opinion of the Board of Directors, Current Assets Loans and Advances are realisable in the ordinary course of business at the value at which they are stated except those mentioned in Note no.18.
6. Schedule " 1 to 19" forms the integral part of the Balance Sheet as at 31 st March 2009 and the Profit and Loss account for the year ended on that date.
7. We are unable to categories the dues to Small Scale Industries (SSI) separately due to lack of information regard to the status of the creditors for goods outstanding as on the Balance Sheet date.

**8. SEGMENTATION REPORTING:**

The company is dealing in singly segment i.e. Mfg & Job work of Tarpaulin and sales are entirely in the domestic market hence the segmentation reporting in pursuance to accounting standard No 17 issued by Institute of Chartered Accountants of India not made.

**9. RELATED PARTY DISCLOSURE:**

List of related parties with whom transactions have taken place during the year:

Name of related parties and descriptions of relationship:

- a. Associates / Joint Venture : Nil
- b. Key management Personnel : 1. Shailesh R. Mehta  
2. Naresh R. Mehta  
3. Kirit Mehta  
4. Sushil kumar Pachisia
- c. Companies controlled by Directors / Relatives : 1. Crossland finance & construction pvt. ltd.  
2. Mehta & Dholabhai

2. Transaction during the year with related parties :

Particulars	Associates/ Joint Venture	Key Management Personnel	Companies controlled by Directors/Relatives
<b>(a) Loans and Advances</b>			
Given during the year	Nil	Nil	Nil
Returned during the year	Nil	Nil	Nil
Balance as on 31-3-2009	Nil	Nil	16,15,209
<b>(b) Unsecured Loans</b>			
Received during the year	Nil	53,76,000	Nil
Returned during the year	Nil	46,08,902	Nil
Balance as on 31-3-2009	Nil	24,23,197	2,00,000
<b>(c) Sundry Creditors</b>			
Received during the year	Nil	31,020	Nil
Paid during the year	Nil	Nil	Nil
Balance as on 31-3-2009	Nil	4,53,209	Nil
<b>(d) Sitting Fees</b>			
Paid during the year	Nil	12,000	Nil

10. EARNING PER SHARE

	2008-09	2007-08
Profit/(Loss) after Tax	2,97,31,334	44,74,072
No. of Equity Shares	53,45,842	53,45,842
Earning per Share (EPS)	5.51	0.84

11. ACCOUNTING FOR TAXES ON INCOME

Provisions for income tax have not been made in the account in absence of taxable income computed under the provisions of income Tax Act 1961. The company has got unabsorbed depreciation and carry forward losses under tax laws and there is not virtual certainly supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised and therefore there is no requirement for any adjustment of taxes on income/loss.

12. We have verified the vouchers and documentary evidences wherever made available. Where no documentary evidence was available, we relied on the authentication given by the management.

13. Paise are rounded up to the nearest rupee.

14. Previous years figures are regrouped and rearranged wherever necessary.

15. Auditors' Remuneration

	2008-09 (Rs.)	2007-08 (Rs.)
<b>Audit Fees</b>	<b>25,000</b>	<b>28,090</b>

	(Rs. in Lacs)	(Rs. in Lacs)
16.		
1. Estimated amount of contract remaining to be executed on capital account	Nil	Nil
2. Contingent Liabilities not provided for In respect of :		
a. Gujarat Sales tax in respect of which the company has filed an appeal	Nil	Nil
b. Stamp duty in respect of which the company has filed an appeal	Nil	Nil
c. Excise duty in respect of which the company has filed an appeal	6.48	6.48
d. Property Tax in respect of which the company has filed an appeal	1.90	1.90
e. Dividend in respect of 18 % Redeemable Cumulative Preference Shares issued during the year 1996-97	53.51	53.51
f. Legal undertakings in favour of Customs	67.37	67.37
g. E.P.F Interest and Damages	3.73	3.73
h. Income Tax in respect of which the company has filed an appeal	11.86	Nil

17. The gross block includes Rs. 24.64 lacs added on account of revaluation carried out by the approved valuer Mr. Mukesh M Shah as at 31 st March 1994 In respect of certain items of Plant & Machinery. Accordingly, the said amount of Rs. 24.64 lacs on account of revaluation was credited to Revaluation Reserve . Depreciation includes Rs. 1.17 lacs against revaluation amount of Fixed Assets and equivalent amount has been charged to Profit & Loss Account.

18. During the year, the management had an in-depth analysis of the book-debts and loans and advances and based on such analysis the company is of the opinion that fowling debts and loans and advances are doubtful for recovery.

1. Receivable	Rs. 3,87,256
2. Loans & Advances	Rs. Nil
Total	Rs. <b>3,87,256</b>

and during the year debts of Rs. 60.20 lakhs and loans and advances of Rs 1.06 lakhs has been written off.

19 The 18 % Cumulative Redeemable Preference Shares, amounting to Rs.50.00 lacs were due for redemption during the year 1999-00. However, in view of the loss during the year, the company could not have transferred required amount to Capital Redemption Reserve, hence the same could not have been redeemed so far.

20 Since the accumulated losses continue to exceed the net worth of the company, it remains a sick Industrial Company under the provisions of Sick Industrial Company (Special Provisions) Act, 1985 ( SICA). The company has been declared Sick industrial company in terms of the Act vide order-dated 24.05.02 of BIFR, New Delhi.

21 Under Loans & Advances

- (a) Due from Companies in which Directors are Directors/Members:  
Security deposits for residence for Directors at Mumbai Rs.10 lacs (Previous Year Rs. 10 lacs). Maximum amount outstanding was Rs. 10 lacs.
- (b) Due from a firm in which one of the Directors is a partner.  
Security Deposit of Rs.6.15lacs (Previous year Rs. 6.15lacs), Maximum amount outstanding was Rs.6.15 lacs.

**Signatures to Schedule 1 to 19**  
**As per our Report of even date**  
**For, A. L. Thakkar & Company**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Aseem L. Thakkar**  
*Partner*

**Shailesh R. Mehta**  
*Managing Director*

**Sushil Kumar Pachisia**  
*Director*

Date : **31st July, 2009**  
 Place : **Ahmedabad**

Date : **31st July, 2009**  
 Place : **Santej**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2009

Particulars	(Amount in Rs '000)	
	2008-09	2007-08
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>	<b>30306</b>	<b>4589</b>
<b>Addback :</b>		
a. Depreciation	5684	5883
b. Financial Charges	6428	3825
c. Loss on sale of Assets	0	0
d. Other Income	(559)	(1466)
	<b>11553</b>	<b>8242</b>
<b>Operating profits before working capital changes</b>	<b>41859</b>	<b>12831</b>
<b>Deduct :</b>		
a. Increase in Trade Receivables	(11448)	13500
b. Increase in Loans & Advances	25287	4261
c. Increase in Inventories	8043	9788
	<b>(21882)</b>	<b>(27549)</b>
	<b>19977</b>	<b>(14718)</b>
<b>Add :</b>		
Increase in Trade Payables	(3020)	29744
Increase in Provisions	0	(2636)
	<b>(3020)</b>	<b>(2636)</b>
	<b>16957</b>	<b>12390</b>
<b>Deduct :</b>		
Interest Paid	(6428)	(3825)
Prior yr Exps.	(875)	(115)
	<b>7303</b>	<b>(115)</b>
<b>A. NET CASH (OUTFLOW) IN COURSE OF OPERATING ACTIVITIES</b>	<b>9654</b>	<b>8450</b>
<b>B. CASH FLOW ARISING FROM INVESTMENT ACTIVITIES</b>		
<b>INFLOW :</b>		
a. Other income including interest	559	1466
b. State Capital Subsidy/sale of Asset	0	0
	<b>559</b>	<b>1466</b>
<b>OUTFLOW :</b> Acquisition of Fixed Assets	<b>416</b>	<b>949</b>
<b>NET CASH (OUTFLOW) IN COURSE OF INVESTMENT ACTIVITIES</b>	<b>143</b>	<b>517</b>
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
<b>INFLOW :</b>		
a. Share Capital issued	0	0
b. Proceedings from borrowings	(10309)	(9181)
	<b>(10309)</b>	<b>(9181)</b>
<b>NET CASH INFLOW IN COURSE OF FINANCING ACTIVITIES</b>	<b>(10309)</b>	<b>(9181)</b>
Net increase in Cash/Cash equivalent ( A+B+C)	(512)	(214)
<b>Add :</b> Balance at the beginning of the year	<b>2533</b>	<b>2747</b>
Cash equivalent at the close of the year	<b>2021</b>	<b>2533</b>

For and on behalf of the Board of Directors

Date : 31st July, 2009  
Place : Santej

Shailesh R. Mehta  
Managing Director

Sushil Kumar Pachisia  
Director

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of TEXEL INDUSTRIES LIMITED for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of Clause No. 32 of the Listing Agreement. The Statement is based on and is derived from the Profit & Loss Account and the Balance Sheet of the Company for the year ended 31st March, 2009 covered by our Report dated 31st July, 2009 to the Members of the Company.

**For A. L. Thakkar & Co.,**  
*Chartered Accountants*

Date : **31st July, 2009**  
Place : **Ahmedabad**

**Aseem L. Thakkar**  
*Partner*

# TEXEL INDUSTRIES LIMITED

Block No. 2106, Santej-Khatrej Road,  
Village Santej, Taluka Kalol, Dist. Gandhinagar,  
(Gujarat) - 382721, INDIA

## PROXY FORM

L. F. No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being

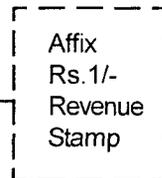
a member/members of TEXEL INDUSTRIES LIMITED hereby appoint \_\_\_\_\_ or failing

him \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our

behalf at the 20th Annual General Meeting of the Company to be held on Wednesday, 30th September, 2009.

As witness my hand/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed by the said \_\_\_\_\_ (as per specimen with the Company)



### Notes :

1. The Proxy need not be a Member.
2. The form of Proxy duly signed across 1 rupee revenue stamp should reach to the Company's Registered Office at least 48 hours before the time of the meeting.

# **TEXEL INDUSTRIES LIMITED**

**Regd. Office & Works** : Block No. 2106, Santej-Khatraj Road, Village Santej,  
Taluka : Kalol, Dist. Gandhinagar (Gujarat) 382 721, INDIA