

**22nd
ANNUAL REPORT
2010-2011**



**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-Khatraj Road,
Village Santej,
Taluka : Kalol,
Dist. Gandhinagar - 382 721
Gujarat
INDIA

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of Texel Industries Limited will be held on 30th September, 2011, Friday 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, 2011, 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. Naresh Mehta, 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 August, 2011**

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, 2011 to 30 September, 2011 both days inclusive.
- (e) 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. Naresh Mehta	He is plastic engineer having rich experience in the industry.	Nil	Nil

DIRECTORS' REPORT

To,
The Members,
 Texel Industries Limited.

Your Directors are pleased to present you the Twenty Second Annual Report and the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

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

Particulrs	2010-11	2009-10
Income	2,683.91	2,674.67
Expenditure	2,498.73	2,475.66
Gross Profit/Loss	185.18	199.01
Interest	34.98	76.77
Depreciation	58.76	57.76
Profit before Tax	91.44	64.48
Provision for Tax	0.00	0.00
Profit after Tax	91.44	64.48
Income/Expenses of earlier year	(0.28)	(0.60)
Add : Profit brought forward	(3,213.41)	(3,277.29)
Balance carried forward	(3,122.25)	(3,213.41)

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. 2,681.29 lakhs and a cash profit of Rs.185.18 iakhs 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 vides order-dated 24.05.02 of BIFR New Delhi. The draft rehabilitation proposal has been submitted to the operating agency. The operating agency has submitted its report to the BIFR and the said DRS is pending with BIFR and is under their active consideration.

DIRECTORS

In terms of the Articles of Association of the Company, Mr Naresh Mehta 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 31st March 2011, 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 2011-2012 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 August, 2011
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.

	2010-11	2009-10
Electricity		
(1) Purchased		
Quantity (Units)	27,21,840	25,34,178
Total Amount (Rs.)	1,56,70,752	1,41,64,039
Average Rate (Rs.)	05.76	05.59
(2) (A) Own Generation		
Unit (kHz)	1,207	290.00
Unit/Liters of diesel oil	3.40	3.40
Cost / Unit	12.25	10.80
(B) Own Generation		
Unit / (kHz)	85,597	1,11,965
Unit/kgs. of Gas	19.00	19.00
Cost/Unit	2.54	2.70

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:

	2010-11 (Rs. In lacs)	2009-10 (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 11
 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
219448	219448
Sources of Funds	
Paid up Capital	Reserves & Surplus
66458	28294
Secured Loans	Unsecured Loans
114851	9844
Application of Funds	
Net Fixed Assets	Investments
49325	N I L
Net Current Assets	Misc. Expenditure
-142102	N I L

IV. Performance of the Company

Gross Revenue	Total Expenditure
268391	259248
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
9116	9116
EPS on equity shares	Dividend Rate %
1.48	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 August, 2011
 Place : Ahmedabad

Date : 31st August, 2011
 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 2010-2011 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 31-3-2011

Name of Directors	Category	Category Executive/ Non executive	No of Directorship As on 31-3-2011
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 31-3-2011. The date of such Board Meeting are 30.04.2010, 31.07.2010, 31.08.2010, 31.10.2010, 31.01.2011 and 30.03.2011.

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 31.03.2011 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 31.03.2011 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 31.03.2011

Name of Director	Sitting Fees	Salary & Perks	Total Rs.
Shri Shailesh R. Mehta	-	-	-
Shri Naresh R. Mehta	-	-	-
Shri Kirit Mehta	-	-	-
Shri Shushil Kumar Pachisia	12,000	Nil	12,000

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 Naresh Mehta retires by rotation at the ensuring Annual General Meeting and being eligible offers himself for reappointment. Shri Naresh Mehta has wide experience in plastic industry.
 Details of other directorship: Nil

SHAREHOLDERS INFORMATION

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

Year	AGM	Location	Date & Time
2009-2010	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kaiol, Pin: 382721	30.09.2010 9.30 A.M.
2008-2009	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	30.09.2009 9.30 A.M.
2007-2008	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	31.08.2008 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 Stock 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 : 30.09.2011 9.30 A.M.
 Block No. 2106, Santej – Khatraj Road,
 Village: Santej, Tal: Kalol, Pin: 382721.

(B) Financial Calendar:

Particulars	Date
Financial Reporting For	
Quarter ended June 30, 2011	4th Week of July '2011
Quarter ended September 30, 2011	4th Week of October '2011
Quarter ended December 31, 2011	4th Week of January '2012
Quarter ended March, 2012	4th Week of April '2012

Book closure Date : 24.09.2011 to 30.09.2011 (Both Days Inclusive)

Dividend payment date : N.A.

Listing of Equity Shares

On the stock Exchange

- : (1) The Stock Exchange, Ahmedabad
Kamdhenu Complex, Near Panjrapole,
Ambavadi , Ahmedabad 380 015.
- (2) The Stock Exchange Mumbai,
Phirozjeebhoy Tower,
Dalai Street, Mumbai.

The Company has paid annual Listing Fees to the above Stock Exchange for the year 2011- 2012 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	60449
The Stock Exchange Mumbai, Phiroz jeejeebhoy tower Dalai Street Mumbai	26638

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

STOCK MARKET DATA: - The Shares are not traded during the year 2010-2011.

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 31-03-2011

Shareholding From Nos.	To Nos	Shareholders Numbers	% Total Nos.	Shares Amount in Rs.	% of Total Nos.
Upto	- 5000	5064	98.03	2,16,57,830	35.24 %
5001	- 10000	46	0.89	35,18,620	5.72 %
10001	- 20000	28	0.54	45,02,200	7.33 %
20001	- 30000	8	0.15	18,92,000	3.08 %
30001	- 40000	4	0.08	14,69,430	2.39 %
40001	- 50000	3	0.06	13,39,000	2.18 %
50001	- 100000	4	0.08	30,25,500	4.92 %
100001	- and above	9	0.17	2,40,53,840	39.14 %
Total		5166	100.00	6,14,58,420	100.00 %

CATEGORIES OF SHAREHOLDING AS ON 31-03-2011

Category	No. of shares held	Percentage
Promoters	15,77,508	25.67 %
Financial Institutions	10,00,000	16.27 %
Private Corporate Bodies	3,78,390	6.16 %
NRI holding	4,54,400	7.39 %
Indian Public	27,35,544	44.51 %
Total	61,45,842	100.00 %

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

None of the Equity Capital held in dematerialised form with NSDL and CDSL as on date 31-03-2011 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 31st March, 2011 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.,
Chartered Accountants

Aseem L. Thakkar
(Partner)

Place: Ahmedabad
Date: 31st August, 2011

CEO CERTIFICATION

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

Re: Financial Statements for the year 2010-2011 - 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, 2011 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, 2011 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 August, 2011

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 31st March 2011 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 of 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, 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 31st March, 2011
 - 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 August, 2011**
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. As explained to us, 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 granted loan to one party covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.7.45 Lacs and the year-end balance of loan given to such party was Rs.7.45 lacs.
- b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of loan given are not prima-facie prejudicial to the interest of the company.
- c. The party have repaid the principal amount as stipulated and have been regular in the payment of interest wherever applicable.
- d. There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- e. 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.22.38 Lacs and the year-end balance of loans taken from such parties was Rs.15.67 lacs.
- f. 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.
- g. **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 respect of internal control

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. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the companies Act, 1956, have been entered in the register required to be maintained under that section .
- 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. In respect of deposits from public

The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In respect of internal audit system

In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.

8. In respect of maintenance of cost records

According to information and explanation given to us, neither order has been passed by the Central government nor have cost records been prescribed 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 31st March, 2011 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	3,80,351
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

- b. The disputed statutory due aggregating to Rs.57.88 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.
Incometax Act	Income Tax	C.I.T.(Appeals)	11,86,477
Excise Act	Excise duty	Dy. Com. Excise	6,47,971
Custom Act	Custom duty	D.G.F.T NewDelhi	39,53,898

- 10. In respect of accumulated losses and cash losses :**
The accumulated losses of the company have exceeded fifty percent of its net worth as at 31st March 2011. The company has not incurred any cash loss during the financial year covered by our audit or in the immediately preceding financial year.
- 11. In respect of dues to financial institutions/banks/debentures :**
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 respect of loans and advances granted on the basis of security**
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 respect of provisions applicable to Chit Fund :**
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 respect of dealing or trading in shares, securities, debentures and other investments :**
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. In respect of guarantee given for loans taken by others :**
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. In respect of application of term loans :**
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. In respect of fund used :**
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. In respect of preferential allotment of shares :**
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. In respect of securities created for debentures :**
The company has not issued any debentures during the year.
- 20. In respect of end use of money raised by public issues :**
.The company has not raised any money by way of public issue during the year.
- 21. In respect of fraud**
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

Date: **31st August, 2011**
Place: **Ahmedabad**

Aseem L. Thakker
Partner

BALANCE SHEET AS ON 31ST MARCH 2011

Particulars	Schedule	As At 31-3-2011 (Amount Rs.)	As At 31-3-2010 (Amount Rs.)
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
Share Capital	1	6,64,58,420	6,64,58,420
Reserves & Surplus	2	<u>2,82,94,241</u>	<u>2,84,11,277</u>
		9,47,52,661	9,48,69,697
LOAN FUNDS			
Secured Loan	3	11,48,51,421	11,48,56,011
Unsecured Loan	4	<u>98,44,088</u>	<u>1,03,13,924</u>
		<u>12,46,95,509</u>	<u>12,51,69,935</u>
TOTAL FUNDS EMPLOYED		<u>21,94,48,170</u>	<u>22,00,39,632</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	14,31,67,149	13,74,29,486
Less : Depreciation		<u>9,38,42,146</u>	<u>8,78,48,938</u>
Net Block		4,93,25,003	4,95,80,548
INVESTMENTS			
		Nil	Nil
CURRENT ASSETS, LOAN & ADVANCES			
Inventories	6	3,70,82,699	1,58,63,767
Receivables	7	6,31,14,802	5,98,70,184
Cash & Bank Balance	8	59,10,524	23,87,410
Loans and Advances	9	<u>3,35,15,990</u>	<u>3,62,44,842</u>
		13,96,24,015	11,43,66,203
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	7,47,59,702	5,82,81,660
Provisions		<u>20,69,66,751</u>	<u>20,69,66,751</u>
		28,17,26,453	26,52,48,411
NET CURRENT ASSETS		-14,21,02,438	-15,08,82,208
PROFIT & LOSS ACCOUNT (Dr. Bal)		31,22,25,605	32,13,41,292
TOTAL FUNDS APPLIED		<u>21,94,48,170</u>	<u>22,00,39,632</u>
Notes to the Accounts	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 August, 2011
Place : Ahmedabad

Date : 31st August, 2011
Place : Santej

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Schedule	For the year 2010-11 (Amount Rs.)	For the year 2009-10 (Amount Rs.)
INCOME :			
Sales	11	26,81,28,960	26,67,61,789
Other Income	12	2,62,175	7,05,028
Increase/(Decrease) in Stock		<u>0</u>	<u>0</u>
		<u>26,83,91,135</u>	<u>26,74,66,817</u>
EXPENDITURE :			
Raw Material Consumed	13	19,59,56,876	19,41,12,320
Manufacturing Operating Expenses	14	3,74,19,664	4,10,55,747
Payment to & Provision for Employees	15	37,70,362	30,72,825
Administration & Other Expenses	16	22,95,184	35,26,198
Selling & Distribution Expenses	17	1,04,31,778	57,97,990
Financial Expenses	18	34,97,520	76,76,958
Depreciation		<u>58,76,172</u>	<u>57,76,781</u>
		25,92,47,556	26,10,18,819
NET PROFIT FOR THE YEAR BEFORE TAX		91,43,579	64,47,998
Prior year Income/Expenses		-27,892	-59,919
Provision for Tax		<u>0</u>	<u>0</u>
PROFIT AFTER TAX		91,15,687	63,88,079
ADD : Surplus brought forward from previous year		<u>-32,13,41,292</u>	<u>-32,77,29,371</u>
BALANCE CARRIED TO BALANCE SHEET		<u>-31,22,25,605</u>	<u>-32,13,41,292</u>
E. P. S. & DILUTED E. P. S.		1.48	1.04
Notes to the Accounts	19		

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

Aseem L. Thakkar
Partner

Date : 31st August, 2011
Place : Ahmedabad

For and on behalf of the Board of Directors

Shailesh R. Mehta
Managing Director

Sushil Kumar Pachisia
Director

Date : 31st August, 2011
Place : Santej

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As At 31-3-2011	As At 31-3-2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
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
Issued, Subscribed & Paid -Up		
61,45,842 Equity Shares of Rs.10/- each fully paid up (Previous Year 53,45,842 Equity Shares of Rs.10/- each)	6,14,58,420	6,14,58,420
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>6,64,58,420</u>	<u>6,64,58,420</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Revaluation Reserve	4,61,241	5,78,277
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>2,82,94,241</u>	<u>2,84,11,277</u>
SCHEDULE 3 : SECURED LOANS		
Working Capital from Banks		
Union Bank of India (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)	6,65,39,455	6,65,39,455
Term Loan		
Standard Chartered Bank (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)	4,74,77,313	4,74,77,313
Others	8,34,653	8,39,243
Total	<u>11,48,51,421</u>	<u>11,48,56,011</u>

Particulars	As At 31-3-2011	As At 31-3-2010
SCHEDULE 4 : UNSECURED LOAN		
Inter Corporate Deposit (Repayable within one year)	60,47,601	55,00,000
Others (Repayable within one year)	30,94,578	30,94,578
Agency Deposit	80,000	80,000
From Directors	6,21,909	16,39,346
	<u>98,44,088</u>	<u>1,03,13,924</u>

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1-4-2010	Add. during year	Ded. on	Cost as on 31-3-11	Provided upto 31-3-10	For the year	Adj	Total upto 31-3-11	As on 31-3-10	As on 31-3-11
Land	2403616	0	0	2403616	0	0	0	0	2403616	2403616
Fac. Bldg	25876699	2060628	0	27937327	11512361	874982	0	12387343	14364338	15549984
Office Bld	1821108	0	0	1821108	443979	29684	0	473663	1377129	1347445
Plant & Mach	88269901	3329808	0	91599709	60604228	4220089	0	64824317	27665673	26775392
Ele. Inst.	6603009	4948	0	6607957	4236409	313840	0	4550249	2366600	2057708
Furniture	6194245	49505	0	6243750	5794911	393144	0	6188055	399334	55695
Off Automation	4794218	292774	0	5086992	3790360	161469	0	3951829	1003858	1135163
Vehicles	1466690	0	0	1466690	1466690	0	0	1466690	0	0
Total	137429486	5737663	0	143167149	87848938	5993208	0	93842146	49580548	49325003
Previous Yr	137148359	3240696	2959569	137429486	83851998	5893817	1896877	87848938	53296361	49580548

SCHEDULE 6 : INVENTORIES

(As certified and valued by the Management)

Raw Material/Work in Progress	3,69,36,458	1,55,47,527
Stores & Spares	1,46,241	3,16,240
	<u>3,70,82,699</u>	<u>1,58,63,767</u>

SCHEDULE 7 : RECEIVABLES

(Unsecured considered good unless otherwise stated)

More than six months		Pr. Yr.	2,55,52,027	1,36,33,530
Considered good	2,55,52,027	1,36,33,530		
Considered doubtful	0	0		
Less than six months			<u>3,75,62,775</u>	<u>4,62,36,654</u>
			<u>6,31,14,802</u>	<u>5,98,70,184</u>

Particulars	As At 31-3-2011	As At 31-3-2010
SCHEDULE 8 : CASH AND BANK BALANCE		
Cash on hand	18,63,255	15,56,995
With schedule Bank in Fixed Deposit (Lodged with Banks as security against Bank Guarantee and Letter of Credit)	33,15,789	6,96,384
With Co-op Bank in Fixed Deposits	3,00,000	3,00,000
Current Account	<u>4,31,480</u>	<u>-1,65,969</u>
	<u>59,10,524</u>	<u>23,87,410</u>
SCHEDULE 9 : LOANS AND ADVANCES (Unsecured considered good unless otherwise stated)		
Deposit with Govt. Dept. & Others	32,43,632	79,42,315
Loan to Staff	0	0
Security Deposit	21,22,477	21,22,477
Loans and Advances (Considered doubtful Rs. Nil Pr. Yr. Rs.Nil)	2,81,49,881	2,61,80,050
	<u>3,35,15,990</u>	<u>3,62,44,842</u>
SCHEDULE 10 : CURRENT LIABILITIES		
Sundry Creditors (For Goods)	4,02,15,719	3,84,06,426
Sundry Creditors (For Expenses)	2,58,54,890	1,46,79,417
Sundry Creditors (For Capital & other items)	15,57,864	15,57,864
Other Current Liabilities	<u>71,31,229</u>	<u>36,37,953</u>
	<u>7,47,59,702</u>	<u>5,82,81,660</u>
PROVISIONS		
Provision for Bank Interest	<u>20,69,66,751</u>	<u>20,69,66,751</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Particulars	Year ended 31-3-2011 (Amount Rs.)	Year ended 31-3-2010 (Amount Rs.)
SCHEDULE 11 : SALES		
Sales	26,25,93,672	26,64,03,010
Job Work Sales	<u>55,35,288</u>	<u>3,58,779</u>
	<u>26,81,28,960</u>	<u>26,67,61,789</u>
SCHEDULE 12 : OTHER INCOME		
Interest Income	2,13,527	1,45,102
Profit on sale of Assets	0	0
Income of earlier year	48,648	5,43,447
Sundry Balances written off	<u>0</u>	<u>16,479</u>
	<u>2,62,175</u>	<u>7,05,028</u>

Particulars	Year ended 31-3-2011 (Amount Rs.)	Year ended 31-3-2010 (Amount Rs.)
SCHEDULE 13 : RAW MATERIAL CONSUMED		
Opening Stock	1,55,47,527	2,87,73,927
Add : Purchases	21,73,45,807	18,08,85,920
Less : Closing Stock	<u>-3,69,36,458</u>	<u>-1,55,47,527</u>
	<u>19,59,56,876</u>	<u>19,41,12,320</u>
SCHEDULE 14 : MANUFACTURING & OPERATING EXPENSES		
Freight, Octroi & Cartage	14,81,948	14,58,683
Power	1,56,85,543	1,44,69,605
Repairs & Maintenance	14,34,770	12,63,059
Consumable Stores & Spares	54,41,272	65,83,756
Factory Expenses	4,40,070	6,58,073
Conversion Charges	1,03,02,617	1,61,95,889
Gujarat Sales Tax/Vat	26,33,444	70,283
Central Sales Tax	0	3,56,399
Custom Duty	0	0
	<u>3,74,19,664</u>	<u>4,10,55,747</u>
SCHEDULE 15 : PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries & Wages	33,35,634	27,52,110
Staff Welfare, perquisites & other expenses	4,34,728	3,20,715
	<u>37,70,362</u>	<u>30,72,825</u>
SCHEDULE 16 : ADMINISTRATION & OTHER EXPENSES		
Audit Fees	45,000	25,000
Computer Expenses	85,110	87,165
Conveyance	2,34,476	2,30,763
Donation	0	6,146
Electricity Expenses	690	5,786
Fringe Benefit Tax	0	0
Gram Panchayat Tax	0	0
Insurance Charges	72,044	1,00,153
Legal & Professional Charges	9,82,033	11,21,634
Loss on sale of Assets	0	9,22,691
Maintenance Expenses	6,000	24,192
Municipal Tax	47,613	47,613
Office Expenses	1,04,074	2,57,761
Penalty & Damages	25,300	32,912
Professional Tax	2,500	2,500
Post & Telegram	84,162	91,921
Printing & Stationery	1,87,123	1,50,550
Security Expenses	1,64,640	1,26,000
Rent Expenses	0	0
Land Revenue	0	0
Training & Seminar	11,250	0
Sitting Fees	12,000	12,000
Telephone Expenses	1,62,430	2,07,141
Vehicle Expenses	68,739	74,270
	<u>22,95,184</u>	<u>35,26,198</u>

Particulars	Year ended 31-3-2011 (Amount Rs.)	Year ended 31-3-2010 (Amount Rs.)
SCHEDULE 17 : SELLING & DISTRIBUTION EXPENSES		
Advertisement Expenses	47,560	60,430
Discount & Kasar	5,90,864	12,03,107
Freight Outward Expenses	40,41,224	25,79,683
Sales Commission	46,62,198	11,66,356
Sales Promotion Expenses	1,55,167	3,20,922
Sundry written off	4,78,506	0
Tender Fees	31,060	17,100
Travelling Expenses	4,25,199	4,50,392
	<u>1,04,31,778</u>	<u>57,97,990</u>
SCHEDULE 18 : FINANCIAL CHARGES		
Bank Charges & Commission	66,409	1,24,876
Interest	34,31,111	75,52,082
	<u>34,97,520</u>	<u>76,76,958</u>

SCHEDULE: 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

1. Significant Accounting Policies

Historical Cost Basis:

The financial statements are prepared under the historical cost convention on accrual basis and ongoing concern basis and in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India as applicable and relevant presentation requirements of the Companies Act, 1956.

2. Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the balance of assets and liabilities and disclosures relating to the contingent liability as at the date of financial statement and reported amounts of income and expenses like provision of doubtful debts, allowances for slow or non moving inventories, useful lives of fixed assets, provision for taxation and provision of employee benefits etc. during the period. Management believes the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

3 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.

4 Fixed Assets and Depreciation :

(I) 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 which proper disclosure is made in accounts. Refer Note –17.

(II) **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 Valuation of 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 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.

8 Foreign currency transaction:

Foreign currency transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year end restatements are dealt with in profit and loss account.

9) Provisions,Contingent Liabilities and Contingent Assets:

- i) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
 - A) the company has a present obligation as a result of a past event.
 - B) A probable outflow of resources is expected to settle the obligation and
 - C) The amount of obligation can be reliably estimated.
- ii) Contingent liability is stated in case of :
 - a) a present obligation arising from a past event, when it is not probable that an outflow of resources will required to settle the obligation.
 - b) A possible obligation, unless the probability of outflow of resources in remote.
- iii) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.
- iv) Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard AS-29 on Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India.

10 Accounting for Taxes of Income:

i) Current Tax

Provision for current income tax is made in accordance with provisions of Incom Tax Act 1961.

ii) Deferred Tax

Provision for deferred tax is calculated at the current rate of Income Tax rates enacted or substantially enacted as at the balance sheet date and recognized on timing difference, being the difference between taxable income and accounting income that origin in one period and are capable of reversal in one or more subsequent period.

Deferred tax asset, subject to the consideration of prudence is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future income will be available against which such deferred tax asset can be set off.

11 Impairment of Fixed Assets:

Factors giving rise to any indication of impairment of the carrying amounts of the companies assets are appraised at each Balance Sheet date to determine and provide/reverse an impairment loss. There is no impairment in carrying cost of company's Assets.

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)

	Current Year Not Applicable	Previous Year Not Applicable
(a) Licensed Capacity	Not Applicable	Not Applicable
(b) Instalied Capacity	4522.00	4522.00
(c) Production (M. T.)		
Own Production	2,608.40	2,892.81
Job Work production	238.94	20.21
	2,847.34	2,913.02
(d) Sales (M. T.)	2,845.65	2,928.31
(e) Raw Materials		

Item	Unit	Opening Stock	Receipt	Consumption /Resale	Closing Stock
Polymers	M. T.	211.04	2931.75	2593.26	549.53
(Include WIP & MB)	(Rs. Lacs)	154.13	2090.50	1876.67	367.97
Packing Materials	(Rs. Lacs)	0.00	50.98	50.98	0.00
Total	(Rs. Lacs)	154.13	2141.48	1927.65	367.97

(f) Finished Goods Particulars

		Opening Stock	Closing Stock
Quantity (M.T.)	2010-11	0.00	0.00
	2009-10	4.22	0.00
Value (Rs. Lacs)	2010-11	0.00	0.00
	2009-10	3.48	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, 2011.
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 2011 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. The audit has been carried out on the basis of the fresh comuterised output reconciled.

9. 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.

10. 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
(a) Loans and Advances			
Given during the year	Nil	7,44,653	Nil
Returned during the year	Nil	Nil	Nil
Balance as on 31-3-2011	Nil	7,44,653	16,15,209
(b) Unsecured Loans			
Received during the year	Nil	3,98,213	Nil
Returned during the year	Nil	6,70,997	Nil
Balance as on 31-3-2011	Nil	15,66,562	2,00,000
(c) Sundry Creditors			
Received during the year	Nil	36,250	Nil
Paid during the year	Nil	28,150	Nil
Balance as on 31-3-2011	Nil	4,63,049	Nil
(d) Sitting Fees			
Paid during the year	Nil	12,000	Nil

10. EARNING PER SHARE

	2010-11	2009-10
Profit/(Loss) after Tax	91,15,687	63,88,079
No. of Equity Shares	61,45,842	61,45,842
Earning per Share (EPS)	1.48	1.04

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

	2010-11 (Rs.)	2009-10 (Rs.)
Audit Fees	35,000	25,000

16. Contingent Liabilities :	(Rs. in Lacs)	(Rs. in Lacs)
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. Excise duty in respect of which the company has filed an appeal	6.48	6.48
c. Dividend in respect of 18 % Redeemable Cumulative Preference Shares issued during the year 1996-97	53.51	53.51
d. Legal undertakings in favour of Customs	27.83	27.83
e. Income Tax in respect of which the company has filed an appeal	11.86	11.86
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 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.		
19 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.		
20. M/s. Sky Point Investments Pvt. Ltd. had approached Standard Chartered Bank to assign the 1st charge on the assets of the Company along with the underlying securities in its favour. The Company had given its assent to this proposal.		

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

Aseem L. Thakkar
Partner

Date : **31st August, 2011**
Place : **Ahmedabad**

For and on behalf of the Board of Directors

Shailesh R. Mehta
Managing Director

Sushil Kumar Pachisia
Director

Date : **31st August, 2011**
Place : **Santej**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2011

Particulars	(Amount in Rs '000)	
	20010-11	2009-10
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES	9144	6448
Addback :		
a. Depreciation	5876	5777
b. Financial Charges	3498	7677
c. Loss on sale of Assets	0	923
d. Other Income	(262)	(705)
	9122	13672
Operating profits before working capital changes	18256	20120
Deduct :		
a. Increase in Trade Receivables	3245	22359
b. Increase in Loans & Advances	(2729)	437
c. Increase in Inventories	21219	(13125)
	21735	9671
	(3479)	10449
Add :		
Increase in Trade Payables	16478	5466
Increase in Provisions	0	0
	16478	5466
	12999	15915
Deduct :		
Interest Paid	3498	7677
Prior yr Exps.	28	60
	3526	7737
A. NET CASH (OUTFLOW) IN COURSE OF OPERATING ACTIVITIES	9473	8178
B. CASH FLOW ARISING FROM INVESTMENT ACTIVITIES		
INFLOW :		
a. Other income inciuding interest	262	705
b. State Capital Subsidy/sale of Asset	0	140
	262	845
OUTFLOW : Acquisition of Fixed Assets	5738	3241
NET CASH (OUTFLOW)IN COURSE OF INVESTMENT ACTIVITIES	(5476)	(2396)
C. CASH FLOW ARISING FROM FINANCIING ACTIVITIES		
INFLOW :		
a. Share Capital issued	0	8000
b. Proceedings from borrowings	(474)	(13415)
	(474)	(5415)
NET CASH INFLOW IN COURSE OF FINANCING ACTIVITIES		
Net increase in Cash/Cash equivalent (A+B+C)	3523	367
Add : Balance at the beginning of the year	2388	2021
Cash equivalent at the close of the year	5911	2388

For and on behalf of the Board of Directors

Date : 31st August, 2011
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, 2011. 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, 2011 covered by our Report dated 31st August, 2011 to the Members of the Company.

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

Date : 31st August, 2011
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. _____

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 22nd Annual General Meeting of the Company to be held on Friday, 30th September, 2011.

As witness my hand/our hand(s) this _____ day of _____ 2011.

Signed by the said _____ (as per specimen with the Company)

Affix
Rs.1/-
Revenue
Stamp

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.

