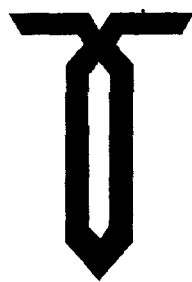


**24th  
ANNUAL REPORT  
2012-2013**



**TEXEL  
INDUSTRIES  
LIMITED**

**BOARD OF DIRECTORS**

Shailesh R. Mehta	:	Managing Director
Naresh R. Mehta	:	Director
Kirit Mehta	:	Director
Sushil Kumar Pachisia	:	Director
Dr. Christy Fernandez	:	Special Director (BIFR Nominee)

**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-Fourth Annual General Meeting of Texel Industries Limited will be held on 30th September, 2013, Monday, 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, 2013, 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. Kirit Mehta who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**Special Business.**

4. Delisting of Shares from Ahmedabad Stock Exchange.

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

**Special Resolution**

**"RESOLVED THAT** pursuant to the applicable provisions of the Securities and Exchange Board of India(Delisting of Securities) guidelines 2003,and subject to the provisions of the Companies Act,1956 including any statutory modification(s) or re-enactment thereof for the time being in force, Securities Contracts(Regulation) Act,1956 and the rules framed there under, Listing Agreements and all other applicable rules, regulations and guidelines and subject to approval, consent, permission or sanction of the Securities Exchange Board of India, Stock Exchanges where the shares of the company are listed and any other appropriate authorities, institutions or regulators, as may be necessary and subject to the necessary conditions and modifications, if any as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company(hereinafter referred to as the Board, which term shall be deemed to include any committee thereof for the time being exercising powers conferred on the Board by the resolution)the consent of the Company be and is hereby accorded to the Board of Directors to de-list the equity shares of the Company from the Ahmedabad Stock Exchange."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary for the purpose and to settle any questions, difficulties or doubts that may arise for the above said purpose."

By order of the Board

**Shailesh Mehta**  
(Managing Director)

Date: **14th August, 2013**  
Place: **Mumbai**

**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 **23rd September, 2013 to 30th September, 2013** both days inclusive.

- (e) The Explanatory Statement U/s 173 of the Companies 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. Kirit Mehta	He is practising Chartered Accountant He is having rich experience in Finance, Audit, Taxation matters etc.	1. Simpex Engineering (India) Private Limited 2. Petrogas Service Private Limited	Nil

He holds 10,200 Equity Shares of the Company.

**Explanatory statement u/s 173(2) of The Companies Act, 1956**

**Item No. 4**

The Equity Shares of the company are listed on Mumbai stock exchange and Ahmedabad stock exchange. The Directors proposed to delist the shares from Ahmedabad stock exchange as shares are suspended from trading and stock exchange itself is not functioning. The Mumbai stock exchange trading platform is available throughout India. The dual listing is not required. As per provisions of The Companies Act, 1956 and other rules and regulations the shareholders consent is required by passing resolution as special resolution.

Your Directors recommend the proposed resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the said resolution.

By order of the Board

**Shailesh Mehta**  
(Managing Director)

Date: 14th August, 2013  
Place: Mumbai

**DIRECTORS' REPORT**

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

Your Directors are pleased to present you the Twenty-Fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2013.

**FINANCIAL RESULTS**

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

Particurlrs	2012-13	2011-12
Income	<b>4,168.32</b>	3,070.74
Expenditure	<b>3,974.91</b>	2,847.23
Gross Profit / Loss	<b>193.41</b>	223.51
Interest	<b>63.56</b>	81.50
Depreciation	<b>59.04</b>	58.13
Profit before tax	<b>70.81</b>	83.88
Exceptional item	<b>1,411.15</b>	0.00
Provision for tax	<b>00.00</b>	0.00
Profit after tax	<b>1,481.96</b>	83.88
Income/Expenses of earlier Year	<b>(0.50)</b>	(1.02)
Add: Profit brought forward	<b>(3,039.39)</b>	(3,122.25)
Balance Carried Forward	<b>(1,557.93)</b>	(3,039.39)

**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. 4160.20 lakhs and a cash profit of Rs. 193.41 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 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. Kirit Mehta retires by rotation and being eligible, offers himself for reappointment.

Dr. Christy Fernandez was appointed as special Director by BIFR on Board of Directors of the Company.

**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 2013, 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.

**COST AUDITORS**

Pursuant to the provisions of Section 233B of The Companies Act, 1956 & The Companies (Cost Audit Report) Rules, 2011, M/s K V M & Co, Cost Accountants have been appointed to conduct the cost audit of the company for the year ended 31<sup>st</sup> March, 2013. The Cost Audit Report shall be filed by the due date.

**AUDITORS AND AUDITOR'S REPORT**

Your Company's Auditors, M/s A.L Thakkar & Company, Chartered Accountants, Ahmedabad will retire at the conclusion of the forthcoming Annual General Meeting and they have consented to be re-appointed for the financial year 2013-14. The Company has received a letter from M/s A.L Thakkar & Company, stating that their appointment as auditors, if made, would be within the limits specified under section 224(1-B) of the Companies Act, 1956.

The auditors qualifications in respect of Statutory dues. The directors are taking necessary steps to make the payment of outstanding statutory dues. The company is taking appropriate action in respect of disputed liabilities.

**FIXED DEPOSIT**

The company has not accepted any fixed deposit during the year. No amount on account of principal or interest on fixed deposit was outstanding as on the date of Balance sheet.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis on the business and operations of the company is attached herewith and forms part of this Annual Report.

**CORPORATE GOVERNANCE**

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges are complied within letter and spirit. A certificate issued by the auditors of the Company regarding compliance of conditions of corporate governance, is also annexed. The matters relating to Corporate Governance as per the Listing Agreement are attached to this report. The management discussion and analysis report as required by listing agreement is also enclosed which forms part of 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 : 14th August, 2013  
Place : Mumbai

**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:  
We have made in energy saving equipments during the year. We are anticipating substantial savings in energy cost in coming years.
- 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.

	2012-13	2011-12
Electricity		
(1) Purchased		
Quantity (Units)	27,28,360	23,90,084
Total Amount (Rs.)	1,82,93,925	1,49,06,799
Average Rate (Rs.)	06.71	06.24
(2) Own Generation		
Unit (kHz)	835	970
Unit/Liters of diesel oil	3.40	3.40
Cost / Unit	14.55	13.76

**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:

	2012-13 (Rs. In lacs)	2011-12 (Rs. In lacs)
Foreign Exchange outgo	Nil	Nil
Foreign Exchange earnings	Nil	Nil

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **Disclaimer**

Readers are cautioned that this discussion and analysis contains forward looking statements that involve risks and uncertainties. The company undertakes no obligations to publicly update or revised any forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performance or achievements, risks and opportunities could differ materially from those expressed or implied in these forward looking statements.

#### **Overview**

The Indian Economy has been observing reduction in growth, high inflation and a high current account deficit and high fiscal deficit.

These all macro factors which may impact growth in the coming years.

The management has also evaluated the impact of these factors on the Indian Economy and in turn on the performance of the company.

The management due to its persistent efforts has managed to change slowly the product mix and concentrate the company's focus more on value added products.

#### **Industry Structure and Development**

The financial year 2012-13 was a challenging one for the company in terms of both productivity and growth in sales.

Though the margins were under pressure, the company managed to show a reasonable growth in top line.

The Company registered increase in sale by 35.48% during the year under review.

Despite falling prices and intense competition from imported as well as low cost producers, your Company was able to sustain its performance due to introduction of new products and improvement in product efficiency.

#### **Opportunities, Threats, Risks, Concern & Future Outlook**

There is considerable scope for growth of tarpaulin and Geosynthetics industry because of increased usage of the same in day-to-day life. However competition from importers and unorganized sector has been increasing day by day. Therefore the Indian industry will have to really strive hard to sustain against global competition as well as competition from unorganized markets. The steep competition has led to an impact on profitability.

#### **Segment Wise Performance**

As such the Company deals only in one segment – Tarpaulin and Woven Fabrics, hence there is no specific differential information pertaining to this section.

#### **Financial Performance**

The sales for the year ended 31<sup>st</sup> March 2013 were Rs.4160.20 Lacs as compared to Rs.3063.12 Lacs for the previous year. The Profit after Depreciation & Taxation was Rs.70.81 Lacs and after exceptional items Rs.1481.46 for the year under review as compared to Rs.82.86 Lacs for the previous year.

#### **Internal Control Systems and Their Adequacy**

The Company has adequate Internal control systems commensurate with its size and operations to ensure orderly and efficient conduct of business while safeguarding the assets, quality, safety, procurements, finance and accounts and reducing and detecting error.



The Company also has appointed an external firm of Chartered Accountants to supplement the efficient Internal Audit.

**Material Development in Human Resources and Industrial Relations Front**

The Company routinely undertakes employee development activities keeping in mind the professional requirements of the employees as well as the growth of the Company.

The Industrial Relations were cordial throughout the year with no incidence of strike or lockouts.

**ANNEXURE “B“  
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 2012-2013 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 five, whose composition is given below:

- One Director
- One Executive Director
- Two Independent Directors
- One Nominee Director

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 31-3-2013**

Name of Directors	Category	Category Executive/ Non executive	No of Directorship As on 31-3-2013
Shri Shailesh R.Mehta	Managing Director	Executive Director - Promoter	Nil
Shri Naresh R.Mehta	Director	Non-Executive Director - Promoter	Nil
Shri Kirit Mehta	Director	Independent - Non-Executive	2
Shri Sushil kumar Pachisia	Director	Independent - Non-Executive	Nil

Dr. Christy Fernandez Special Director was nominated by BIFR on the Board of Directors on 04.06.2013.

**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 Meetings Attended		Last Annual General Meeting Attended
	Held	Attended	
Shri Shailesh R.Mehta	7	7	Yes
Shri Naresh R.Mehta	7	1	No
Shri Kirit Mehta	7	4	No
Shri Sushil kumar Pachisia	7	6	Yes

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

Seven Board Meetings were held during the 12 months accounting period ended 31-3-2013. The date of such Board Meeting are 30.04.2012, 31.07.2012, 31.08.2012, 30.10.2012, 15.01.2013, 31.01.2013 and 30.03.2013.

**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 Sushilkumar 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 31.03.2013 is as under.

Members	Category	No. of Meetings	Meetings Attended
(1) Shri Shailesh R. Mehta	Managing Director	5	5
(2) Shri Sushil kumar Pachisia	Chairman	5	5
(3) Shri Kirit Mehta	Member	5	5

**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 31.03.2013 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 : 1  
 Number of complaints not resolved to the satisfaction of Shareholders : Nil  
 Number of pending Share Transfer : Nil

**Remuneration committee**

The Board has set up a Remuneration committee for the Company which decides the Remuneration of all the directors and senior management members of the Company. The Committee comprises of Mr. Kirit Mehta (Chairman), Mr. Sushilkumar Pachisia and Mr. Naresh R Mehta.

All the members are Non-Executive and independent directors except Mr. Naresh Mehta. During the year one meeting was held to determine revision in remuneration payable to Mr. Shailesh Mehta, Managing Director of the Company.

**Director’s Remuneration**

Directors Remuneration during the Accounting year ended 31.03.2013

Name of Director	Sitting Fees	Salary & Perks	Total Rs.
Shri Shailesh R. Mehta	--	24,77,586	24,77,586
Shri Naresh R. Mehta	--	--	--
Shri Kirit Mehta	--	--	--
Shri Sushilkumar Pachisia	12,000	--	12,000

Sitting fees constitutes fees paid to Non-Executive Directors for attending the Board and Committee meetings.

**NOTES ON DIRECTORS REAPPOINTMENT**

Shri Kirit Mehta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Kirit Mehta has more than 38 years experience in the financial sector being a Chartered Accountant.

Details of other directorship: Nil

**SHAREHOLDERS INFORMATION**

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

YEARS	AGM/EGM	LOCATION	DATE & TIME
2011-2012	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	29.09.2012 9.30 A.M.
2010-2011	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	30.09.2011 9.30 A.M
2009-2010	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	30.09.2010 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**

**RELATED PART TRANSACTIONS**

The company has entered into related party transactions as set out in notes on financial statements which are not likely to have conflict with the interest of the company at large. Details of all significant transactions with related parties are periodically placed before the audit committee.

**ACCOUNTING TREATMENT**

The company has complied with the applicable accounting standards issued by the Institute of Chartered Accountants of India(ICAI) in preparation of financial statements.

**DETAILS OF NON COMPLIANCE**

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.

**SUBSIDIARY COMPANIES**

The company does not have a subsidiary company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis report forms part of the Annual Report and includes discussions on various matters specified under clause 49 of the listing agreement.

**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 : 30.09.2013 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, 2013	2nd Week of August, 2013
Quarter ended September 30, 2013	2nd Week of November, 2013
Quarter ended December 31, 2013	2nd Week of February, 2014
Quarter ended March, 2014	4th Week of May, 2014

**Book closure Date** : 23.09.2013 to 30.09.2013 (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,  
 Dalal Street, Mumbai.

**Listing Fees :**

The Company has paid annual Listing Fees to the above Stock Exchange for the year 2013- 2014 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, Phirozjeebhoy tower Dalal 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 2012-2013.

**REGISTRAR & SHARE TRANSFER AGENTS**

**For physical mode:** The Company has appointed M/s Sharepro Seviles (India) Private Limited, 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad-380006 to handle physical transfer of shares and maintainance of shareholders register.

**For electronic mode:** The Company is not able to obtain connectivity with NSDL & CDSL due to registration of Company with BIFR.

**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 31-03-2013**

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

**CATEGORIES OF SHAREHOLDING AS ON 31-03-2013**

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 %
<b>Total</b>	<b>61,45,842</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 31-03-2013. 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.

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

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

**Excusive e-mail ID for Redressal of investor’s complaints.**

The company has designated e-mail ID [tilstj2004@yahoo.com](mailto:tilstj2004@yahoo.com) excusively for the purpose of registering complaints by investors.

**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, 2013 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 investor's 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

Place: **Ahmedabad**  
Date: **14th August, 2013**

**Aseem L. Thakkar**  
(Partner)

**CEO CERTIFICATION**

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

Re: Financial Statements for the year 2012-13-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 31<sup>st</sup> March, 2013 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 transaction entered into by the Company during the year ended 31<sup>st</sup> March, 2013 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: **Mumbai**  
Date: **14th August, 2013**

**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 2013 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, 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, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 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, 2013
  - 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: **14th August, 2013**  
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 two parties covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.15.67 Lacs and the year-end balance of loans taken from such parties was Rs.15.67 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 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 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 commensurate with the size of the company and the nature of its business.

**8. In respect of maintenance of cost records**

We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records.

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

**A. According to the records of the company, the company is 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 investor's 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, 2013 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	Interest & Damages	3,73,043
E.S.I. Act	E.S.I.	63,917

**B. The disputed statutory due aggregating to Rs.46.02 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.
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 31<sup>st</sup> March 2013. 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: 14th August, 2013  
Place: Ahmedabad

**Aseem L. Thakker**  
Partner

BALANCE SHEET AS ON 31ST MARCH 2013

Particulars	Note No.	As At 31-3-2013 (Amount Rs.)	As At 31-3-2012 (Amount Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2.1	6,64,58,420	6,64,58,420
(b) Reserves & Surplus	2.2	-12,77,33,136	-27,57,61,980
(c) Money received against share warrants		0	0
		<u>-6,12,74,716</u>	<u>-20,93,03,560</u>
<b>2. Share application money pending allotment</b>		0	0
<b>3. Non-current liabilities</b>			
(a) Long-term borrowings	2.3	6,28,79,763	12,51,38,346
(b) Deferred tax liabilities (net)		0	0
(c) Other long-term liabilities	2.4	79,94,575	87,97,509
(d) Long-term provisions	2.5	13,23,90,258	20,69,66,751
		<u>20,32,64,596</u>	<u>34,09,02,606</u>
<b>4. Current Liabilities</b>			
(a) Short-term borrowings		0	0
(b) Trade payables	2.6	8,26,53,595	5,96,68,736
(c) Other current liabilities	2.7	1,28,52,042	98,89,164
(d) Short-term provisions	2.8	2,02,458	1,57,596
		<u>9,57,08,095</u>	<u>6,97,15,496</u>
<b>Total</b>		<u><u>23,76,97,975</u></u>	<u><u>20,13,14,542</u></u>
<b>B ASSETS</b>			
<b>1. Non-current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets		4,39,39,609	4,68,65,073
(ii) Intangible Assets		0	0
(iii) Capital Work-in-progress		0	0
(iv) Intangible Assets under development		0	0
(v) Fixed Assets held for sale		0	0
		<u>4,39,39,609</u>	<u>4,68,65,073</u>
(b) Non-current Investments		0	0
(c) Deferred Tax Assets (net)		0	0
(d) Long-term loans and advances	2.10	3,44,75,254	2,32,00,117
(e) Other non-current Assets	2.11	2,18,73,884	1,40,34,567
		<u>5,63,49,138</u>	<u>3,72,34,684</u>
<b>2. Current Assets</b>			
(a) Current Investments		0	0
(b) Inventories	2.12	5,73,62,204	3,76,17,030
(c) Trade receivables	2.13	6,92,62,473	5,57,96,843
(d) Cash and cash equivalents	2.14	56,57,679	58,14,773
(e) Short-term Loans and Advances	2.15	51,26,872	1,79,86,139
(f) Other current assets		0	0
		<u>13,74,09,228</u>	<u>11,72,14,785</u>
<b>Total</b>		<u><u>23,76,97,975</u></u>	<u><u>20,13,14,542</u></u>
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>1&amp;2</b>		

In terms of our report attached  
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

Sushilkumar Pachisia  
Director

Date : 14th August, 2013  
Place : Ahmedabad

Date : 14th August, 2013  
Place : Mumbai

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>A CONTINUING OPERATIONS</b>			
1. Revenue from operations (Gross)	2.16	46,68,35,368	33,77,00,844
Less : Excise Duty	2.16	5,08,15,511	3,13,89,283
Revenue from operations (Net)		41,60,19,857	30,63,11,561
2. Other Income	2.17	8,11,957	7,61,975
<b>3. Total Revenue (1+2)</b>		<b>41,68,31,814</b>	<b>30,70,73,536</b>
4. Expenses			
(a) Cost of Materials consumed	2.18a	33,80,74,087	21,28,26,419
(b) Purchases of Stock-in-Trade	2.18b	1,00,11,406	1,08,43,908
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	2.18c	-1,34,66,477	8,81,137
(d) Employees benefits expenses	2.19	1,17,29,236	1,12,02,875
(e) Finance Costs	2.20	63,56,465	81,50,008
(f) Depreciation and amortisation expenses	2.9A	59,03,799	58,13,116
(g) Other expenses	2.21	5,11,42,782	4,89,67,311
<b>Total Expenses</b>		<b>40,97,51,298</b>	<b>29,86,84,774</b>
5. Profit/(Loss) before exceptional and extraordinary items		70,80,516	83,88,762
6. Exceptional Items			
Union Bank of India CC Account - Principal Amount Written Off		6,65,39,455	0
Interest provision written back		7,45,76,493	0
7. Profit/(Loss) before extraordinary items and tax (5 + 6)		14,81,96,464	83,88,762
8. Extraordinary items - Prior Period Expenses		50,584	1,02,342
9. Profit/(Loss) before tax (7 + 8)		14,81,45,880	82,86,420
10. Tax Expenses			
(a) Current Tax expense for current year		0	0
(b) (Less) MAT Credit (where applicable)		0	0
(c) Current Tax expense relating to prior years		0	0
(d) Net current tax expense		0	0
(e) Deferred Tax		0	0
11. Profit/(Loss) after tax from continuing operations (9 + 10)		14,81,45,880	82,86,420
12.i. Earnings per Share (of Rs.10/- each)			
From continuing operations			
Basic	2.22	1.07	1.35
Diluted	2.22	1.07	1.35
12. ii Earnings per share (excluding extraordinary items)			
From continuing operations			
Basic	2.22	24.11	1.36
Diluted	2.22	24.11	1.36
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>1&amp;2</b>		
<b>In terms of our report attached For, A. L. Thakkar &amp; Company Chartered Accountants</b>	<b>For and on behalf of the Board of Directors</b>		
<b>Aseem L. Thakkar Partner</b>	<b>Shailesh R. Mehta Managing Director</b>	<b>Sushilkumar Pachisia Director</b>	
Date : 14th August, 2013 Place : Ahmedabad	Date : 14th August, 2013 Place : Mumbai		

NOTES FORMING PART OF THE ACCOUNTS as at March 31st, 20123

Particulars	As at March 31st 2013		As at March 31st, 2012	
	Number	Amount	Number	Amount
<b>NOTE : 2.1</b>				
<b>a. Equity Share Capital</b>				
<b>Authorised Share Capital</b>				
80,00,000 (P.Y. 80,00,000) Equity Shares of Rs. 10/- each	80,00,000	<u>8,00,00,000</u>	80,00,000	<u>8,00,00,000</u>
Issued, Subscribed & Paid-up Capital 61,45,842 (P.Y. 61,45,842) Equity Shares of Rs.10/- each	61,45,842	<u>6,14,58,420</u>	61,45,842	<u>6,14,58,420</u>
<b>b. Preference Share Capital</b>				
<b>Authorised Share Capital</b>				
5,00,000 (P.Y. 5,00,000) Equity Shares of Rs. 10/- each	5,00,000	<u>50,00,000</u>	5,00,000	<u>50,00,000</u>
Issued, Subscribed & Paid-up Capital 5,00,000 (P.Y. 5,00,000) Equity Shares of Rs.10/- each	5,00,000	<u>50,00,000</u>	5,00,000	<u>50,00,000</u>
Total	66,45,842	<u>6,64,58,420</u>	66,45,842	<u>6,64,58,420</u>

**b. Reconciliation of the number of shares outstanding at the beginning and at the end of reporting period**

Particulars	As at March 31st 2013		As at March 31st, 2012	
	Number	Amount	Number	Amount
<b>I. Equity Share Capital</b>				
Shares outstanding at the beginning of				
1. the year	61,45,842	<u>6,14,58,420</u>	61,45,842	6,14,58,420
2. Shares issued during the year	0	<u>0</u>	0	0
3. Shares bought back during the year	0	<u>0</u>	0	0
4. Shares outstanding at the end of the year	61,45,842	<u>6,14,58,420</u>	61,45,842	6,14,58,420
<b>II. Preference Share Capital</b>				
Shares outstanding at the beginning of				
1. the year	5,00,000	<u>50,00,000</u>	5,00,000	50,00,000
2. Shares issued during the year	0	<u>0</u>	0	0
3. Shares bought back during the year	0	<u>0</u>	0	0
4. Shares outstanding at the end of the year	5,00,000	<u>50,00,000</u>	5,00,000	50,00,000

**c. Shareholding(s) holding more than 5% of shares**

Particulars	As at March 31st 2013		As at March 31st, 2012	
	Number of shares held	% of holding	Number of shares held	% of holding
<b>I. Equity Share Capital</b>				
1. Standard Chartered Bank	8,00,000	13.02%	8,00,000	13.02%
<b>II Preference Share Capital</b>				
1. National Insurance Company Ltd.	2,50,000	50%	2,50,000	50%
2. The New India Assurance Company Ltd.	2,50,000	50%	2,50,000	50%

**Note 2.1 :** 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 carried forward of loss, the Company couldnot have transferred required amount to Capital Redemption Reserve, hence the same could not be redeemed so far.

Particulars	As at 31-03-2013	As at 31-03-2012
<b>Note 2.2 Reserves and Surplus</b>		
(a) Capital redemption reserve As per last Balancesheet	33,33,332	33,33,332
(b) Securities premium account As per last Balancesheet	1,94,99,668	1,94,99,668
(c) Revaluation reserve Opening balance	34,42,205	4,61,241
Add: Addition on revaluations during the year		
Less: Utilised for set off against depreciation	1,17,036	1,17,036
Written back / other utilisations during the year (Refer Note 9.C)		
Closing balance	2,27,169	3,44,205
(d) General reserve As per last Balancesheet	50,00,000	50,00,000
(e) Profit and loss account Opening balance	-30,39,39,185	-31,22,25,605
Add: Profit / (Loss) for the year	14,81,45,880	82,86,420
Closing balance	-15,57,93,305	-30,39,39,185
<b>Total</b>	<b>-12,77,33,136</b>	<b>-27,57,61,980</b>

**Note 2.3 Long-term borrowings**

Particulars	As at 31-03-2013	As at 31-03-2012
<b>(a) Term loans</b>		
<b>From banks</b>		
Secured		
<b>The Saraswati Co Op Bank Limited</b>	<b>7,31,400</b>	<b>7,35,990</b>
(Under higher purchase scheme secured by cars) (The Company is not Paying Installment & Interest accrued there on since Long. The Interest accrued on the above Loan of Rs.29,17,481/- as on 31 March, 2013 Which is not provided in the Books of Account)		
<b>From others</b>		
Secured		
Skypoint Technical Textile Pvt. Ltd.	4,74,77,313	4,74,77,313
(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)		



Particulars	As at 31-03-2013	As at 31-03-2012
<b>Gujarat Lease Finance Limited</b>	<b>14,426</b>	14,426
(Under higher purchase scheme secured by car) (The Company is not Paying Installment & Interest accrued there on since Long. The Interest accrued on the above Loan of Rs.14,96,308/- as on 31 March, 2013 which is not provided in the Books of Account)		
<b>Gujarat State Financial Services Ltd</b>	<b>79,647</b>	79,647
(Under higher purchase scheme secured by machinery) (The Company is not Paying Installment & Interest accrued there on since Long. The Interest accrued on the above Loan of Rs.14,04,259/- as on 31 March, 2013 which is not provided in the Books of Account)		
<b>(b) Deposits</b>		
Unsecured		
Intercompany deposit	<b>1,10,40,837</b>	60,30,375
<b>(c) Loans and advances from parties</b>		
Unsecured		
From Related Parties	<b>15,66,562</b>	15,66,562
From Others	<b>19,69,578</b>	26,94,578
<b>(d) Other Loan and Advance</b>		
Secured		
Union Bank of India	<b>0</b>	6,65,39,455
(secured by first charges by way of Hypothecation of Raw Materials, Stock in Process, Finished Goods, Store & Spares, Packing Materials & Books Debts, Further secured by second charge on the Land & Building, Plant & machinery & Personal Guarantee of two Directors of the Company)		
<b>Total</b>	<b>6,28,79,763</b>	<b>12,51,38,346</b>

Particulars	As at 31-03-2013	As at 31-03-2012
<b>Note 2.4 Other long-term Liabilities</b>		
<b>(a) Trade Payables</b>		
(i) Acceptances	<b>60,04,721</b>	65,04,260
<b>(b) Others:</b>		
(i) Payables on purchase of fixed assets	<b>15,57,864</b>	15,57,864
(ii) Trade / security deposits received	<b>80,000</b>	80,000
(iii) Others (specify nature)		
Provident fund outstanding	<b>2,71,931</b>	5,66,489
ESI Payable	<b>63,916</b>	63,916
CST Payable	<b>0</b>	8,838
Unpaid dividend	<b>16,143</b>	16,142
<b>Total</b>	<b>79,94,575</b>	<b>87,97,509</b>

Particulars	As at 31-03-2013	As at 31-03-2012
<b>Note 2.5 Long-term provisions</b>		
(i) Provision - others (Bank Interest)	13,23,90,258	20,69,66,751
<b>Total</b>	<u>13,23,90,258</u>	<u>20,69,66,751</u>
<b>Note 2.6 Trade payables</b>		
<b>Trade payables:</b>		
Acceptances	8,26,53,595	5,96,68,736
<b>Total</b>	<u>8,26,53,595</u>	<u>5,96,68,736</u>
<b>Note 2.7 Other Current Liabilities</b>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	29,54,657	26,28,320
(ii) Advances from customers	98,97,385	72,60,844
<b>Total</b>	<u>1,28,52,042</u>	<u>98,89,164</u>
<b>Note 2.8 Short Term Provision</b>		
Provision for Bonus	2,02,458	1,57,596
Provision for Tax - MAT	0	0
<b>Total</b>	<u>2,02,458</u>	<u>1,57,596</u>
<b>Note 2.10 Long-term loans and advances</b>		
(a) Security deposits Unsecured, considered good )	45,16,335	45,16,335
(b) Advance income tax	2,01,793	1,56,193
(c) VAT credit receivable	37,632	37,632
(d) Others -advance against goods and services Unsecured, considered good	2,97,19,494	1,84,89,957
<b>Total</b>	<u>3,44,75,254</u>	<u>2,32,00,117</u>
<b>Note 2.11 Other Non-current Assets</b>		
Trade receivable	2,18,73,884	1,40,34,567
<b>Total</b>	<u>2,18,73,884</u>	<u>1,40,34,567</u>
<b>Note 2.12 Inventories</b> (At lower of cost and net realisable value)		
(a) Raw materials	2,03,03,718	1,57,12,331
(b) Work-in-progress ( Tarpulin )	3,54,70,780	2,13,37,011
(e) Stores and spares	14,86,212	3,82,146
(g) Others -Waste	1,01,494	1,85,542
<b>Total</b>	<u>5,73,62,204</u>	<u>3,76,17,030</u>
<b>Note 2.13 Trade receivable</b>		
Trade receivable ( Unsecured, consider good)	6,92,62,473	5,57,96,843
<b>Total</b>	<u>6,92,62,473</u>	<u>5,57,96,843</u>

**Note 2.9 Fixed Assets**

Tangible Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at 01-04-12	Additions	Balance as at 31-03-13	Balance as at 01-04-12	Depreciation/ Amortisation expenses for the year	Balance as at 31-03-13	Balance as at 31-03-12	Balance as at 31-03-13
(a) Land Freehold	2403616	0	2403616	0	0	0	2403616	2403616
(b) Buildings Own use	30132762	804243	30937005	13830073	982812	14812885	16302689	16124120
(c) Plant and Equipment Owned	94545735	1474317	96020052	69243463	4526311	73769774	25302272	22250278
(d) Furniture and Fixtures Owned	6243750	334492	6578242	6243750	2553	6246303	0	331939
(e) Vehicles Owned	1466690	0	1466690	1466690	0	1466690	0	0
(f) Office equipment Owned	5214212	207448	5421660	4123322	186523	4309845	1090890	1111815
(g) Others -Electric Installation - Owned	6630606	274871	6905477	4865000	322636	5187636	1765606	1717841
<b>Total</b>	<b>146637371</b>	<b>3095371</b>	<b>149732742</b>	<b>99772298</b>	<b>6020835</b>	<b>105793133</b>	<b>46865073</b>	<b>43939609</b>
<b>Previous year</b>	143167149	3470222	146637371	93842146	5930152	99772298	49325003	46865073

**Note 2.9A Fixed Assets (Contd.)**

**Depreciation and amortisation relating to continuing operations**

	For the year ended 31-03-2013	For the year ended 31-03-2012
Depreciation and amortisation for the year on tangible assets as per Note 2.9	6020835	5930152
Less: Utilised from revaluation reserve	117036	117036
Depreciation and amortisation relating to continuing operations	5903799	5813116

**Notes :** Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:

Particulars	Year				
	31-03-2013	31-03-2012	31-03-2011	Prior Year 2010	Prior Year 2009
Opening balance	344205	461241	578277	695313	812349
Written off on reduction of capital					
Date					
Amount					
Written off on revaluation					
Date	31-3-2013	31-3-2012	31-3-2011	31-3-2010	31-3-2009
Amount	117036	117036	117036	117036	117036
Added on revaluation					
Date					
Amount					
Balance as at 31 March	227169	344205	461241	578277	695313

**Note 2.3** 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 31st March,1994 in respect of certain items of Plant and 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 charred to Profit and Loss Account.

Particulars	As at 31-03-2013	As at 31-03-2012
<b>Note 2.14 Cash and cash equivalents</b>		
(a) Cash on hand	23,56,268	22,50,582
(b) Cheques, drafts on hand	0	14,53,101
(c) Balances with banks		
(i) In current accounts	3,12,237	9,79,399
(ii) In deposit accounts	29,89,174	11,31,691
<b>Total</b>	<b>56,57,679</b>	<b>58,14,773</b>
<b>Note 2.2</b> Balance with banks include deposit amounting to Rs.29,89,174/- (As at 31 March, 2012 Rs.29,89,174/-) which have original maturity of more than 12 Months.		
<b>Note 2.15 Short-term loans and advances</b>		
<b>(a) Loans and advances to related parties</b>		
Unsecured, considered good	0	0
<b>(b) Security deposits</b>		
Unsecured, considered good	7,60,000	13,76,000
<b>(d) Prepaid expenses</b>		
	80,195	61,976
<b>(e) Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT credit receivable	6,27,330	86,767
(ii) Service Tax credit receivable	2,78,468	1,76,283
<b>(g) Others -advance against goods and services</b>		
Unsecured, considered good	33,80,879	1,62,85,113
<b>Total</b>	<b>51,26,872</b>	<b>1,79,86,139</b>

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>Note 2.16 Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	45,57,26,110	32,98,15,139
(b) Sale of services (Refer Note (ii) below)	0	0
(c) Other operating revenues (Refer Note (iii) below)	1,11,09,258	78,85,705
<b>Total</b>	<b>46,68,35,368</b>	<b>33,77,00,844</b>
Less :		
(d) Excise duty	5,08,15,511	3,13,89,283
<b>Total</b>	<b>41,60,19,857</b>	<b>30,63,11,561</b>
<b>(i) Sale of products comprises</b>		
<u>Manufactured goods</u>		
Tarpaulin	44,57,14,704	31,87,49,926
<b>Total - Sale of manufactured goods</b>	<b>44,57,14,704</b>	<b>31,87,49,926</b>
<u>Traded goods</u>		
Granuals	1,00,11,406	1,08,25,442
Niligiri	0	2,27,880
Films	0	11,891
<b>Total - Sale of traded goods</b>	<b>1,00,11,406</b>	<b>1,10,65,213</b>
<b>Total - Sale of products</b>	<b>45,57,26,110</b>	<b>32,98,15,139</b>

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
(ii) Other operating revenues comprise:		
Sale of Waste	1,11,09,258	78,08,776
Duty drawback and other export incentives	0	76,929
<b>Total - Other operating revenues</b>	<b>1,11,09,258</b>	<b>78,85,705</b>

**Note 2.17 OTHER INCOME**

**Other Income**

**Interest Income**

Deposit Interest Income	3,50,408	1,19,689
Other Interest Income	1,58,142	1,52,726

**Non Operating Income**

Subsidy	0	4,89,560
Income of earlier years	3,03,407	0

<b>Total</b>	<b>8,11,957</b>	<b>7,61,975</b>
--------------	-----------------	-----------------

**Note 2.18a Cost of Materials consumed including Packing Materials**

Opening stock	1,30,52,082	1,18,72,519
Add: Purchases	34,32,48,718	21,40,05,982
	<u>35,63,00,800</u>	<u>22,58,78,501</u>
Less: Closing stock	1,82,26,713	1,30,52,082
<b>Cost of material consumed</b>	<b>33,80,74,087</b>	<b>21,28,26,419</b>

**Note 2.18b Purchase of Traded Goods**

Traded good : Niligiri	0	2,23,322
Traded good : Granuals	1,00,11,406	1,06,08,933
Traded good Films	0	11,653
<b>Total</b>	<b>1,00,11,406</b>	<b>1,08,43,908</b>

**Note 2.18c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

Inventories at the end of the year:

Finished goods	21,78,499	28,45,791
Work-in-progress	3,54,70,780	2,13,37,011
	<b>3,76,49,279</b>	<b>2,41,82,802</b>

Inventories at the beginning of the year:

Finished Goods	28,45,791	0
Work-in-progress	2,13,37,011	2,50,63,939

<b>Net (increase) / decrease</b>	<b>-1,34,66,477</b>	<b>8,81,137</b>
----------------------------------	---------------------	-----------------

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>Note 2.19 Employee Benefits Expenses</b>		
Salaries and wages	1,09,61,715	1,05,70,328
Gratuity to Employee	0	32,749
Contributions to provident and other funds	2,67,320	2,01,249
Staff welfare expenses	5,00,201	3,98,549
<b>Total</b>	<b>1,17,29,236</b>	<b>1,12,02,875</b>
<b>Note 2.20 Finance Costs</b>		
(a) Interest expense on:		
(i) Borrowings	5,77,375	1,36,089
(ii) Trade payables	50,51,738	75,74,008
(iii) Others		
- Interest on Excise duty	54,451	53,715
- Interest on CST/Vat	2,56,199	2,70,716
- Interest on TDS	2,39,763	61,702
- Interest on Service Tax	27,238	0
- Interest on others	2,358	355
- Bank Charges & Commission	1,28,074	52,803
(b) Other borrowing costs Paid to Bank on T.O.D	19,269	620
<b>Total</b>	<b>63,56,465</b>	<b>81,50,008</b>
<b>Note 2.21 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumption of stores and spare parts	33,79,042	44,39,511
Power and fuel	1,83,06,069	1,49,19,452
Repairs and maintenance - Buildings	6,94,633	6,35,370
Repairs and maintenance - Machinery	3,39,545	3,20,166
Repairs and maintenance - Others	16,223	2,34,065
Freight Inward	10,27,338	8,97,018
Freight Inward (OGS)	18,66,966	11,97,058
Packing & forwarding exp.	0	4,955
Factory Exp	2,83,694	1,59,303
Testing Exp	4,24,561	1,64,489
Job Work Exp	2,94,695	24,13,079
Labour Job Charges	1,06,60,310	98,94,001
<b>Total</b>	<b>3,72,93,076</b>	<b>3,52,78,467</b>
<b>Rates and taxes</b>		
Municipal Tax	62,248	53,781
Vat Exp.	51,13,509	25,54,516
Gram panchayat	31,967	42,694
Professional Tax	2,500	2,500
CST	8,299	0
Service Tax	3,54,376	44,121
<b>Total</b>	<b>55,72,899</b>	<b>26,95,112</b>
<b>Others</b>		
Insurance	2,47,544	1,62,183
Telephone Exp.	1,88,472	1,85,133
Post & Telegram	1,40,004	88,602
Travelling Exp.	3,27,272	4,82,001
Conveyance Exp.	3,02,014	3,05,961
Printing and stationery	3,23,618	2,28,516
Freight and forwarding	17,35,926	27,01,877

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
Sales commission	12,58,060	32,01,062
Sales discount	5,73,369	16,75,539
Business promotion	98,433	1,11,029
Donations and contributions	11,111	18,001
Legal and professional	18,30,837	9,06,831
Payments to auditors	35,000	35,000
Bad trade and other receivables, loans and advances written off	1,45,648	26,264
Computer Exp	63,465	1,45,470
Director Setting Fees	12,000	12,000
Maintance Exp	0	23,528
Office Exp	1,88,172	1,43,270
Penalty & Damages	4,000	32,800
Security Charges	3,60,335	2,41,920
Training & Seminar	0	17,760
Vehicle Exps	83,874	1,38,519
Power Exp. (A'Bad Office)	25,910	1,740
Advertisement Exp	2,08,117	99,226
Land Revenue	10,726	0
Tender Fees	1,02,900	7,000
<b>Sub-Total</b>	<b>82,76,807</b>	<b>1,09,91,232</b>
<b>Total</b>	<b>5,11,42,782</b>	<b>4,89,67,311</b>

**Note 2.22 Reconciliations of Basic and Diluted Shares used in computing earnings per share**

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
Number of Shares considered for basic and diluted E.P.S.	<u>61,45,842</u>	<u>61,45,842</u>

**Note 2.23 Related party transactions**

**Details of related parties:**

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Shailesh R Mehta Mr. Naresh R Mehta Mr. Kirit N Mehta Mr. Sushilkumar Pachisia
Relatives of KMP	Mrs. Muktaben R Mehta
Company in which KMP / Relatives of KMP can exercise significant influence	Crossland Finance & Construction Pvt. Ltd. Mehta & Dholabhai

**Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013 :**

Description of relationship	KMP	Relatives of KMP	Entities in which KMP/ relatives of KMP have significant influence	Total
Receiving of services	5,95,089 (4,42,289)	0 (0)	0 (0)	5,95,089 (442289)
<b>Balances outstanding at the end of the year</b>				0 (0)
Loans and advances	0 (0)	0 (0)	16,15,209 (16,15,209)	16,15,209 (16,15,209)
Borrowings	13,66,562 (13,66,562)	2,00,000 (2,00,000)	0 (0)	15,66,562 (15,66,562)
Salary and Other Benefits	24,89,586 (18,12,000)	0 (0)	0 (0)	24,89,586 (18,12,000)

Note: Figures in bracket relates to the previous year

- 2.24 Balance of Sundry creditors, debtors, loans and advances are subjects to confirmation.
- 2.25 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.
- 2.26 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.
- 2.27 The audit has been carried out on the basis of the fresh computerised output reconciled.



**NOTE: 1.SIGNIFICANT ACCOUNTING POLICIES.**

**1.1 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.

**1.2 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 of slow and 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.

**1.3 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.

**1.4 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 for which proper disclosure is made in accounts.

**(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.

**1.5 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.

**1.6 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.

**1.7 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.

**1.8 Foreign currency transaction:**

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

**1.9 Provisions, Contingent Liabilities and Contingent Assets:**

- i) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation if,
  - a) The company has present obligation as a result of 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 stated in case of:
  - a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - b) A possible obligation, unless the probability of outflow of resources is remote.
- iii) Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.
- 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.

**1.10 Accounting for Taxes of Income:**

i) Current Tax

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

ii) Deferred Tax

Provision for deferred tax is calculated at the current rate of Income Tax 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 originates in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets, 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 assets can be set off.

**1.11 Impairment of Fixed Assets:**

Factors giving rise to any indication of impairment of the carrying amounts of the company's 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.

**2.28 SEGMENTATION REPORTING:**

The company is dealing in single segment i.e. manufacturing 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 is not made.

**2.29 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 virtually 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.

**2.30** 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.

**2.31** Paise are rounded up to the nearest rupee.

**2.32** Previous years figures are regrouped and rearranged wherever necessary.

**2.33 Contingent Liabilities**

	(Rs in Lacs) 2012-13	(Rs in Lacs) 2011-12
1. Estimated amount of contract remaining to be executed on capital account	—Nil—	— Nil—
2. Contingent Liabilities not provided for In respect of:	—Nil—	—Nil—
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	00.00	11.86

**2.34** 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.

**Signature to Note 1 to 2**

**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**

**Shailesh R. Mehta**

**Sushilkumar Pachisia**

*Partner*

*Managing Director*

*Director*

Date : **14th August, 2013**

Date : **14th August, 2013**

Place : **Ahmedabad**

Place : **Mumbai**

Cash Flow Statement for the year ended 31st March, 2013

Particulars	For the	Year ended	For the	Year ended
	31-03-2013	31-03-2013	31-03-2012	31-03-2012
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		70,80,516		83,88,762
<i>Adjustments for:</i>				
Depreciation and amortisation	59,03,799		58,13,116	
(Profit) / loss on sale / write off of assets	0		0	
Finance costs	63,56,465		81,50,008	
Interest income	-5,08,550		-2,66,350	
Other non-cash charges-sundry written off	0		0	
	<u>1,17,51,714</u>		<u>1,36,96,774</u>	
Operating profit / (loss) before working capital changes		1,88,32,230		2,20,85,536
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	1,97,45,174		5,34,331	
Trade receivables	1,34,65,630		1,82,34,068	
Short-term loans and advances	-1,11,44,267		2,62,012	
Long-term loans and advances	95,60,137		66,63,601	
Other current assets	0		0	
Other non-current assets	78,39,317	3,94,65,991	-1,15,17,459	1,41,76,553
				79,08,983
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	2,30,06,919		15,76,763	
Other current liabilities	29,62,878		17,01,829	
Other long-term liabilities	-8,24,994		3,33,702	
Short-term provisions	44,862		61,010	
Long-term provisions	-7,45,76,493	-4,93,86,828	0	36,73,304
		-7,00,20,589		1,15,82,287
Cash flow from extraordinary items		6,65,39,455		0
Cash generated from operations		-34,81,134		1,15,82,287
Net income tax (paid) / refunds		0		0
<b>Net cash flow from / (used in) operating activities (A)</b>		<u>-34,81,134</u>		<u>1,15,82,287</u>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	-30,95,371		-34,70,222	
Proceeds from sale of fixed assets	0		0	
Inter-corporate deposits (net)	0		0	
Bank balances not considered as Cash and cash equivalents				
- Placed	0		0	
- Matured	0		0	
Interest received				
- Others	5,08,550	-25,86,821	2,66,350	-32,03,872
Cash flow from extraordinary items		7,45,76,493		0
Net income tax (paid) / refunds		0		0
<b>Net cash flow from / (used in) investing activities (B)</b>		<u>7,19,89,672</u>		<u>-32,03,872</u>

Cash Flow Statement for the year ended 31st March, 2013 (contd.)

Particulars	For the	Year ended	For the	Year ended
		31-03-2013		31-03-2012
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	-6,22,58,583		-2,21,816	
Repayment of long-term borrowings	0		0	
Net increase / (decrease) in working capital borrowings	0		0	
Proceeds from other short-term borrowings	0		0	
Repayment of other short-term borrowings	0		0	
Finance cost-81,50,008	-63,56,465	<b>-6,86,15,048</b>	-81,50,008	-83,71,824
Cash flow from extraordinary items-prior yr exps		<b>-50,584</b>		-1,02,342
		<b>-6,86,65,632</b>		-84,74,166
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>-6,86,65,632</b>		-84,74,166
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>-1,57,094</b>		-95,751
Cash and cash equivalents at the beginning of the year		<b>58,14,773</b>		59,10,524
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		0		0
<b>Cash and cash equivalents at the end of the year</b>		<b>56,57,679</b>		58,14,773
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 14)		<b>56,57,679</b>		58,14,773
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		0		0
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 14		<b>56,57,679</b>		58,14,773
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		0		0
<b>Cash and cash equivalents at the end of the year</b>		<b>56,57,679</b>		58,14,773
Comprises:				
(a) Cash on hand		<b>23,56,268</b>		22,50,582
(b) Cheques, drafts on hand		0		14,53,101
(c) Balances with banks				
(i) In current accounts		<b>3,12,237</b>		9,79,399
(ii) In deposit accounts with original maturity of more than 12 months		<b>29,89,174</b>		11,31,691
(d) Others				
		<b>56,57,679</b>		58,14,773

**Notes :** (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

See accompanying notes forming part of the financial statements.

In terms of our report attached  
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

Sushilkumar Pachisia  
Director

Date : 14th August, 2013  
Place : Ahmedabad

Date : 14th August, 2013  
Place : Mumbai

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of TEXEL INDUSTRIES LIMITED for the year ended 31st March, 2013. 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, 2013 covered by our Report dated 14th August, 2013 to the Members of the Company.

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

Date : **14th August, 2013**  
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 24th Annual General Meeting of the Company to be held on Monday, 30th September, 2013.

As witness my hand/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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.

If undelivered please return to

**TEXEL INDUSTRIES LIMITED**

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