


**19<sup>TH</sup>**

**ANNUAL REPORT**

**2007 - 2008**

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 **TEXEL  
INDUSTRIES  
LIMITED**

# TEXEL INDUSTRIES LIMITED

Annual Report 2007-2008

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## 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

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## BANKERS

Union Bank of India,  
Industrial Finance Branch,  
Ahmedabad.

## REGISTERED OFFICE & WORKS

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

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008****NOTICE**

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of Texel Industries Limited will be held on 30th September, 2008, Tuesday 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, 2008, 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: **30th August, 2008**

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 24th September, 2008 to 30th September, 2008 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:**

<b>Name of director</b>	<b>Brief particulars</b>	<b>Details of other Directorship</b>	<b>Details of membership of other Company</b>
Mr. Naresh Mehta	He is Plastic Engineer having rich experience in the industry.	Nil	Nil

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008****DIRECTORS' REPORT**

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

Your Directors are pleased to present you the Nineteenth Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

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

<b>Particulars</b>	<b>2007-08</b>	<b>2006-07</b>
Income	<b>1,831.11</b>	789.75
Expenditure	<b>1,688.14</b>	660.30
Gross Profit / Loss	<b>142.97</b>	129.45
Interest	<b>38.25</b>	13.14
Depreciation	<b>58.83</b>	58.29
Profit before tax	<b>45.89</b>	58.02
Provision for tax	<b>0.00</b>	Nil
Profit after tax	<b>45.89</b>	58.02
Income/Expenses of earlier Year	<b>(1.15)</b>	(4.50)
Add: Profit brought forward	<b>(3,616.36)</b>	(3,669.88)
Balance Carried Forward	<b>(3,571.62)</b>	(3,616.36)

**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. 1,816.45 lakhs and a cash profit of Rs. 142.97 lakhs before interest and deprecation 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 is a sick company under the provisions of sick industrial companies (special provisions) Act, 1985 (SICA). The company has been declared Sick Industrial Company vide order-dated 24.05.02 of BIFR New Delhi. The rehabilitation proposal was submitted to the operating agency. The operating agency has submitted its report to the BIFR and has suggested to the company for a comprehensive OTS. The OTS has been submitted to the operating agency, and is under their active consideration.

**DIRECTORS**

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

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008****PARTICULARS OF EMPLOYEES:**

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

It is hereby confirmed:

1. That in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2008, 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 2007-2008 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: 30th August, 2008

Place: Santej

**Shailesh Mehta**  
(Managing Director)

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008****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.**

	2007-08	2006-07
<b>Electricity</b>		
(1) Purchased		
Quantity (Units)	27,59,040	26,68,440
Total Amount (Rs.)	1,30,71,988	1,26,06,187
Average Rate (Rs.)	4.74	4.72
(2) (A) Own Generation		
Unit (kHz)	354.42	996
Unit/Liters of diesel oil	3.40	3.40
Cost / Unit	10.45	10.85
(B) Own Generation		
Unit / (kHz)	1,24,944	1,16,508
Unit/kgs. of Gas	19.00	19.00
Cost/Unit	2.47	2.24

**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

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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 a 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:

	2007-08 (Rs. in Lacs)	2006-07 (Rs. in Lacs)
Foreign Exchange Outgo	Nil	Nil
Foreign Exchange earnings	Nil	Nil

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008****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 0 3 0 8
		D M Y

(Amount in Rs. Thousand)

**II. Capital raised during the year**

Public Issue	Right Issue
NIL	NIL
Bond Issue	Private Placement
NIL	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	Total Assets
2 3 5 9 9 9	2 3 5 9 9 9

**Sources of Funds**

Paid up Capital	Reserves & Surplus
5 8 4 5 8	2 8 6 4 5

**Application of Funds**

Secured Loans	Unsecured Loans
1 3 4 6 2 6	1 4 2 6 9
Net Fixed Assets	Investments
5 8 6 8 0	NIL
Net Current Assets	Misc. Expenditure
-1 7 9 8 4 3	NIL

**IV. Performance of the Company**

Gross Revenue	Total Expenditure
1 8 3 1 1 1	1 7 8 5 2 2
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
4 5 8 9	4 4 7 4

EPS on equity shares	Dividend Rate %
0.84	NIL

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

I.T.C. Code	Product Description
3 9 2 6 9 0 0 9 . 9 0	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 : 30th August, 2008  
Place : Ahmedabad

Date : 30th August, 2008  
Place : Santej



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**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 2007-2008 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 31-03-08**

<b>Name of Directors</b>	<b>Category</b>	<b>Category Executive/ Non-Executive</b>	<b>No of Directorship As on 31-3-2008</b>
Shri Shailesh R. Mehta	Managing Director	Executive Director	Nil
Shri Naresh R. Mehta	Director	Director	Nil
Shri Kirit Mehta	Director	Independent	Nil
Shri Sushil Kumar Pachisia	Director	Independent	Nil

**BOARD PROCEDURE**

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

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

**TEXEL INDUSTRIES LIMITED****Annual Report 2007-2008**

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.

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 31-3-2008. The date of such Board Meetings are 30.04.2007, 14.07.2007, 09.08.2007, 30.10.2007, 31.01.2008 and 25.03.2008.

**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 Sushil 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 31.03.2008 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