

**20TH
ANNUAL REPORT
2008-2009**



**TEXEL
INDUSTRIES
LIMITED**

BOARD OF DIRECTORS

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

AUDITORS

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

COMPANY SECRETARY (CONSULTING)

D. A. Rupawala

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BANKERS

Union Bank of India
Industrial Finance Branch,
Ahmedabad

REGISTERED OFFICE & WORKS

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

TEXEL INDUSTRIES LIMITED**Annual Report 2008-2009****NOTICE**

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

ORDINARY BUSINESS

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

By order of the Board

Shailesh Mehta
(Managing Director)

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

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

NOTES

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

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

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

TEXEL INDUSTRIES LIMITED**Annual Report 2008-2009****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 31st March 2009.

FINANCIAL RESULTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

COMPANY'S PERFORMANCE

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

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

DIVIDEND

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

DECLARED AS SICK COMPANY

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

TEXEL INDUSTRIES LIMITED**Annual Report 2008-2009****DIRECTORS**

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

It is hereby confirmed:

1. That in the preparation of the Annual Accounts for the year ended 31st March 2009, the applicable accounting standards have been followed and there were no material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.
3. That the Directors have been taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

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

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

LISTING

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

AUDITORS AND AUDITOR'S REPORT

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

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Date : 31st July, 2009
Place : Santej

Shailesh Mehta
(Managing Director)

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY****a. Energy conservation measures:**

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

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

No additional investments are planned at this stage.

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

Consumption of energy has been optimised to the extent possible.

d. Total energy consumption per unit of production.

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

B TECHNOLOGY ABSORPTION**1. Research and Development (R & D):****(a) Specific area in which R & D carried out by the Company:**

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

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

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

(c) Future plan of action:

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

TEXEL INDUSTRIES LIMITED**Annual Report 2008-2009****(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:

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


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TEXEL INDUSTRIES LIMITED

Annual Report 2008-2009

ANNEXURE 'B'

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details

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

(Amount in Rs. Thousand)

II. Capital raised during the year

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

III. Position of Mobilisation and Deployment of Funds

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

IV. Performance of the Company

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

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

I.T.C. Code	Product Description
39269009.90	Tarpaulins

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

For and on behalf of the Board of Directors

Aseem L. Thakkar
Partner

Shailesh R. Mehta
Managing Director

Sushil Kumar Pachisia
Director

Date : 31st July, 2009
Place : Ahmedabad

Date : 31st July, 2009
Place : Santej

ANNEXURE "C "
TEXEL INDUSTRIES LTD
CORPORATE GOVERNANCE

INTRODUCTION

Company's philosophy on corporate governance

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

BOARD OF DIRECTORS

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

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

One Director
 One Executive Director
 Two Independent Directors

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

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

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

Name of Directors	Category	Category Executive/ Non executive	No of Directorship As on 31-3-2009
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 2008-2009**

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

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

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

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

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

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

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

AUDIT COMMITTEE:

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

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

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

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

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