

**23rd
ANNUAL REPORT
2011-2012**



**TEXEL
INDUSTRIES
LIMITED**

BOARD OF DIRECTORS

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

AUDITORS

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

COMPANY SECRETARY (CONSULTING)

D. A. Rupawala

BANKERS

Union Bank of India
 Industrial Finance Branch,
 Ahmedabad

REGISTERED OFFICE & WORKS

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

NOTICE

NOTICE is hereby given that the Twenty - Third Annual General Meeting of Texel Industries Limited will be held on 29th September, 2012, Saturday 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, 2012, 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.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution

Re-appointment of Managing Director

"RESOLVED THAT pursuant to Section 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals if any, as may be required the consent and approval of the Board be and is hereby accorded to the re-appointment Mr. Shailesh R. Mehta as Managing Director of the company for a period of further 5 years w. e. f. 14th February, 2012 on following terms and conditions as mentioned in explanatory statement."

By order of the Board

Shailesh Mehta
(Managing Director)

Date: **31st August, 2012**
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 **23rd September, 2012 to 29th September, 2012** 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.

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

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

EXPLANATORY STATEMENT

[Pursuant to Section 173 (2) of the Companies Act, 1956]

Re-appointment of Managing Director

1. Term :

Five years with effect from 14th February, 2012.

2. Remuneration :

Mr. Shailesh R. Mehta shall be entitled to the following emoluments, benefits and perquisites subject to the provisions of Section 198, 309, 310 and Schedule XIII to the Companies Act, 1956.

i. Salary

Rs.2, 00,000/- (Rupees Two Lac only) per month or as may be decided by the Board of Directors from time to time

ii. Perquisites

In addition to salary, Mr. Shailesh R. Mehta to be entitled to the following perquisites as per the rules of the Company which shall include:

- The expenditure incurred by the company on this perquisite shall be valued as per the Income Tax Rules, 1962.
- Club Fees: Reimbursement of fees of one club not including admission and life membership;
- Reimbursement of medical expenses incurred for self and family
- Education Allowance

- e. Leave Travel Assistance
- f. Reimbursement of professional membership fees;
- g. Hard furnishings valued as per the Income Tax Rules, 1962
- h. Expenditure on his Electrical and water as per the Income Tax Rules, 1962.
- i. Any other benefit / perquisite as may be decided by the Board of Directors from time to time within the aforesaid limit.

iii. Benefits & Amenities

The following shall not be included for the purpose of Amenities computation of remuneration or perquisites as aforesaid:

- a. Company's contribution to Provident Fund and Superannuation Fund as per Company's Rules;
- b. Gratuity as per Company's Rules;
- c. Encashment of accumulated privilege leave at the end of tenure as per Company's Rules;
- d. Company maintained car;
- e. Telephone; Personal long distance telephone calls shall be billed to Mr. Shailesh R. Mehta by the Company.

iv. Minimum Remuneration

Notwithstanding anything contained above where in any Remuneration financial year during the tenure of Mr. Shailesh R. Mehta as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable by the Company to Mr. Shailesh R. Mehta shall be subject to the provisions of Section II of Part II of Schedule XIII to the Act or any other law or enactment for the time being or from time to time, in force

Mr. Shailesh Mehta and Mr. Naresh Mehta being interested Directors in this resolution.

The Board of Directors recommend this resolution.

DIRECTORS' REPORT

To,
The Members,
 Texel Industries Limited.

Your Directors are pleased to present you the Twenty- Third Annual Report and the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

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

Particulrs	2011-12	2010-11
Income	3,070.74	2,683.91
Expenditure	2,847.23	2,498.73
Gross Profit/Loss	223.51	185.18
Interest	81.50	34.98
Depreciation	58.13	58.76
Profit before Tax	83.88	91.44
Provision for Tax	0.00	0.00
Profit after Tax	83.88	91.44
Income/Expenses of earlier year	(1.02)	(0.28)
Add : Profit brought forward	(3,122.25)	(3,213.41)
Balance carried forward	(3,039.39)	(3,122.25)

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. 3063.12 lakhs and a cash profit of Rs. 223.51 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 Sushilkumar Pachisia retires by rotation and being eligible, offers himself for reappointment.

Mr. Shailesh R. Mehta has been re-appointed as Managing Director of the Company for further five years w.e.f. 14.02.2012 vide resolution passed at meeting of Board of Directors of the Company held on 30.04.2012 and subject to approval of shareholders in ensuing annual general meeting. Your directors commend the resolutions for the re-appointment and payment of remuneration to Mr. Shailesh R. Mehta for your approval.

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 2012, 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 2012-2013 except for Ahmedabad Stock Exchange. The directors are taking steps to clear the same at the earliest.

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 2012-13. 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.

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 : 31st August, 2012
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.

	2011-12	2010-11
Electricity		
(1) Purchased		
Quantity (Units)	23,90,084	27,21,840
Total Amount (Rs.)	1,49,06,799	1,56,70,752
Average Rate (Rs.)	06.24	05.76
(2) (A) Own Generation		
Unit (kHz)	970	1,207
Unit/Liters of diesel oil	3.40	3.40
Cost / Unit	13.76	12.25
(B) Own Generation		
Unit / (kHz)	0	85,597
Unit/kgs. of Gas	0	19.00
Cost/Unit	0	2.54

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:

	2011-12 (Rs. In lacs)	2010-11 (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

Although volatile and uneven, the Indian economy recovered in 2011-12. Specifically the latter half of 2011-12 saw a significant improvement with the positive turnaround of the industrial and external trade segments of the Indian economy.

Industry Structure and Development

The financial year 2011-12 was a challenging one for most of the economies globally. Tarpaulins and Woven Fabrics industry also remained under pressure and there was no significant growth.

Your Company registered increase in sale by 20% during the year.

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 industry because of increased usage of 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 reduction in prices and increased expenses.

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 31st March 2012 were Rs.3063.11 Lacs as compared to Rs.2681.28 Lacs for the previous year. The Profit after Depreciation & Taxation was Rs.82.86 Lacs for the year under review as compared to Rs.91.15 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.