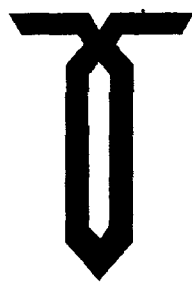


**24th
ANNUAL REPORT
2012-2013**



**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)

Particulars	2012-13	2011-12
Income	4,168.32	3,070.74
Expenditure	3,974.91	2,847.23
Gross Profit / Loss	193.41	223.51
Interest	63.56	81.50
Depreciation	59.04	58.13
Profit before tax	70.81	83.88
Exceptional item	1,411.15	0.00
Provision for tax	00.00	0.00
Profit after tax	1,481.96	83.88
Income/Expenses of earlier Year	(0.50)	(1.02)
Add: Profit brought forward	(3,039.39)	(3,122.25)
Balance Carried Forward	(1,557.93)	(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 vide 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 31st 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 31st 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.