

**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:**

<b>Name of director</b>	<b>Brief particulars</b>	<b>Details of other Directorship</b>	<b>Details of membership of other Company</b>
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 14<sup>th</sup> 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:

- a. The expenditure incurred by the company on this perquisite shall be valued as per the Income Tax Rules, 1962.
- b. Club Fees: Reimbursement of fees of one club not including admission and life membership;
- c. Reimbursement of medical expenses incurred for self and family
- d. 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	<b>3,070.74</b>	2,683.91
Expenditure	<b>2,847.23</b>	2,498.73
Gross Profit/Loss	<b>223.51</b>	185.18
Interest	<b>81.50</b>	34.98
Depreciation	<b>58.13</b>	58.76
Profit before Tax	<b>83.88</b>	91.44
Provision for Tax	<b>0.00</b>	0.00
Profit after Tax	<b>83.88</b>	91.44
Income/Expenses of earlier year	<b>(1.02)</b>	(0.28)
Add : Profit brought forward	<b>(3,122.25)</b>	(3,213.41)
Balance carried forward	<b>(3,039.39)</b>	(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:**

	<b>2011-12</b> (Rs. In lacs)	<b>2010-11</b> (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 31<sup>st</sup> 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.

**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 2011-2012 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 31-3-2012**

Name of Directors	Category	Category Executive/ Non executive	No of Directorship As on 31-3-2012
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.

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	4	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 31-3-2012. The date of such Board Meeting are 30.04.2011, 31.07.2011, 31.08.2011, 30.10.2011, 31.01.2012 and 30.03.2012.

**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 31.03.2012 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

**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 31.03.2012 is as under.

<b>Members</b>	<b>Category</b>	<b>Meeting Attended</b>
(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 : 2  
 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 remuneration payable for the first time to Mr. Shailesh Mehta, Managing Director of the Company.

**Director's Remuneration**

Directors Remuneration during the Accounting year ended 31.03.2012

<b>Name of Director</b>	<b>Sitting Fees</b>	<b>Salary &amp; Perks</b>	<b>Total Rs.</b>
Shri Shailesh R. Mehta	–	18,00,000	18,00,000
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.

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.

**NOTES ON DIRECTORS REAPPOINTMENT**

Shri Sushilkumar Pachisia retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Sushilkumar Pachisia has huge experience in development and marketing of plastic products.

Details of other directorship: Nil

**SHAREHOLDERS INFORMATION**

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

YEARS	AGM	LOCATION	DATE & TIME
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.
2008-2009	AGM	Block No. 2106 Santej Khatraj Road, Village: Santej, Tal: Kalol, Pin: 382721	30.09.2009 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**

(a) Disclosure on materially significant related party transaction, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relative etc, that may have potential conflict with the interests of company at large.

**NONE**

(b) 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.

**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 : **29.09.2012 9.30 A.M.**  
 Block No. 2106, Santej – Khatraj Road,  
 Village: Santej, Tal: Kalol, Pin: 382721.

**(B) Financial Calendar:  
 Particulars**

<b>Financial Reporting For</b>	<b>Date</b>
Quarter ended June 30, 2012	4th Week of July '2012
Quarter ended September 30, 2012	4th Week of October '2012
Quarter ended December 31, 2012	4th Week of January '2013
Quarter ended March, 2013	4th Week of April '2013
<b>Book closure Date</b>	<b>: 23.09.2012 to 29.09.2012 (Both Days Inclusive)</b>
<b>Dividend payment date</b>	<b>: N.A.</b>

**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.

The Company has paid annual Listing Fees to the above Stock Exchange for the year 2012- 2013 except Ahmedabad Stock Exchange.

**(c) Stock Code: -**

<b>Name of Stock Exchange</b>	<b>Stock Code</b>
The Stock Exchange Ahmedabad Kamdhenu Complex, Nr. Panjrapole, Ambavadi, Ahmedabad-380 015	<b>60449</b>
The Stock Exchange Mumbai, Phirozjeebhoy tower Dalal Street Mumbai	<b>26638</b>

**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 2011-2012.

**REGISTRAR & SHARE TRANSFER AGENTS**

**For physical mode:** The Company has appointed M/s Sharepro Sevices (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 31-03-2012**

From Nos.	Shareholding To Nos	Shareholders Numbers	% Total Nos.	Shares Amount in Rs.	% of Total Nos.
Upto	- 5000	5064	98.03	2,16,57,830	35.24%
5001	- 10000	46	0.89	35,18,620	5.72%
10001	- 20000	28	0.54	45,02,200	7.33 %
20001	- 30000	8	0.15	18,92,000	3.08%
30001	- 40000	4	0.08	14,69,420	2.39 %
40001	- 50000	3	0.06	13,39,000	2.18%
50001	- 100000	4	0.08	30,25,500	4.92 %
100001	- and above	9	0.17	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 31-03-2012**

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 31-03-2012 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.

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

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



**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 31st March, 2012 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 investors 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: **31st August, 2012**

**Aseem L. Thakkar**  
(Partner)

## CEO CERTIFICATION

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

Re: Financial Statements for the year 2011-12 - 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 31st March, 2012 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 transactions entered into by the Company during the year ended 31st March, 2012 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: **Santej**  
Date: **31st August, 2012**

**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 31<sup>st</sup> March 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, 2012
    - 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: **31st August, 2012**  
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 three 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. According to the information and explanations given to us, we are of the opinion that the particulars of contracts of arrangements referred to in section 301 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**

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.

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

- a. according to the records of the company, the company is not 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 31st March, 2012 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	Provident Fund	1,93,446
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.57.88 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.
Incometax Act	Income Tax	C.I.T.(Appeals)	11,86,477
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 31st March 2012. 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: **31st August, 2012**  
Place: **Ahmedabad**

**Aseem L. Thakker**  
Partner

BALANCE SHEET AS ON 31ST MARCH 2012

Particulars	Note No.	As At 31-3-2012 (Amount Rs.)	As At 31-3-2011 (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	-27,57,61,980	-28,39,31,364
(c) Money received against share warrants		<u>0</u>	<u>0</u>
		<b>-20,93,03,560</b>	<b>-21,74,72,944</b>
<b>2. Share application money pending allotment</b>		<b>0</b>	<b>0</b>
<b>3. Non-current liabilities</b>			
(a) Long-term borrowings	2.3	12,51,38,346	12,53,60,162
(b) Deferred tax liabilities (net)		<u>0</u>	<u>0</u>
(c) Other long-term liabilities	2.4	87,97,509	84,63,807
(d) Long-term provisions	2.5	<u>20,69,66,751</u>	<u>20,69,66,751</u>
		<b>34,09,02,606</b>	<b>34,07,90,720</b>
<b>4. Current Liabilities</b>			
(a) Short-term borrowings		<u>0</u>	<u>0</u>
(b) Trade payables	2.6	5,96,68,736	5,80,91,973
(c) Other current liabilities	2.7	98,89,164	81,87,335
(d) Short-term provisions	2.8	<u>1,57,596</u>	<u>96,586</u>
		<b>6,97,15,496</b>	<b>6,63,75,894</b>
<b>Total</b>		<b><u>20,13,14,542</u></b>	<b><u>18,96,93,670</u></b>
<b>B ASSETS</b>			
<b>1. Non-current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets		4,68,65,073	4,93,25,003
(ii) Intangible Assets		<u>0</u>	<u>0</u>
(iii) Capital Work-in-progress		<u>0</u>	<u>0</u>
(iv) Intangible Assets under development		<u>0</u>	<u>0</u>
(v) Fixed Assets held for sale		<u>0</u>	<u>0</u>
		<b>4,68,65,073</b>	<b>4,93,25,003</b>
(b) Non-current Investments		<u>0</u>	<u>0</u>
(c) Deferred Tax Assets (net)		<u>0</u>	<u>0</u>
(d) Long-term loans and advances	2.10	2,32,00,117	1,65,36,516
(e) Other non-current Assets	2.11	<u>1,40,34,567</u>	<u>2,55,52,026</u>
		<b>3,72,34,684</b>	<b>4,20,88,542</b>

BALANCE SHEET AS ON 31ST MARCH 2012 (Contd.)

Particulars	Note No.	As At 31-3-2012 (Amount Rs.)	As At 31-3-2011 (Amount Rs.)
<b>2. Current Assets</b>			
(a) Current Investments		0	0
(b) Inventories	2.12	3,76,17,030	3,70,82,699
(c) Trade receivables	2.13	5,57,96,843	3,75,62,775
(d) Cash and cash equivalents	2.14	58,14,773	59,10,524
(e) Short-term Loans and Advances	2.15	1,79,86,139	1,77,24,127
(f) Other current assets		0	0
		<u>11,72,14,785</u>	<u>9,82,80,125</u>
<b>Total</b>		<u><u>20,13,14,542</u></u>	<u><u>18,96,93,670</u></u>
<b>Significant Accounting Policies and Notes on Accounts</b>	1&2		

In terms of our report attached  
For, **A. L. Thakkar & Company**  
Chartered Accountants

**Aseem L. Thakkar**  
Partner

Date : **31st August, 2012**  
Place : **Ahmedabad**

For and on behalf of the Board of Directors

**Shailesh R. Mehta**  
Managing Director

**Sushil Kumar Pachisia**  
Director

Date : **31st August, 2012**  
Place : **Santej**



STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A CONTINUING OPERATIONS</b>			
1. Revenue from operations (Gross)	2.16	33,77,00,844	29,69,01,946
Less : Excise Duty	2.16	3,13,89,283	2,87,72,986
Revenue from operations (Net)		30,63,11,561	26,81,28,960
2. Other Income	2.17	7,61,975	2,62,175
3. <b>Total Revenue (1+2)</b>		<b>30,70,73,536</b>	<b>26,83,91,135</b>
4. Expenses			
(a) Cost of Materials consumed	2.18a	21,28,26,419	20,81,34,429
(b) Purchases of Stock-in-Trade	2.18b	1,08,43,908	26,14,203
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	2.18c	8,81,137	-1,47,91,756
(d) Employees benefits expenses	2.19	1,12,02,875	37,70,362
(e) Finance Costs	2.20	81,50,008	34,97,520
(f) Depreciation and amortisation expenses	2.9A	58,13,116	58,76,172
(g) Other expenses	2.21	4,89,67,311	5,01,46,626
<b>Total Expenses</b>		<b>29,86,84,774</b>	<b>25,92,47,556</b>
5. Profit/(Loss) before exceptional and extraordinary items		83,88,762	91,43,579
6. Exceptional Items		0	0
7. Profit/(Loss) before extraordinary items and tax (5 + 6)		83,88,762	91,43,579
8. Extraordinary items - Prior Period Expenses		1,02,342	27,892
9. Profit/(Loss) before tax (7 + 8)		82,86,420	91,15,687
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)		82,86,420	91,15,687

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012 (Contd.)

Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
12.i. Earnings per Share (of Rs.10/- each)			
From continuing operations			
Basic	2.22	1.35	1.48
Diluted	2.22	1.35	1.48
12. ii Earnings per share (excluding extraordinary items)			
From continuing operations			
Basic	2.22	1.36	1.48
Diluted	2.22	1.36	1.48
<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

**Aseem L. Thakkar**  
*Partner*

Date : **31st August, 2012**  
Place : **Ahmedabad**

For and on behalf of the Board of Directors

**Shailesh R. Mehta**  
*Managing Director*

**Sushil Kumar Pachisia**  
*Director*

Date : **31st August, 2012**  
Place : **Santej**

NOTES FORMING PART OF THE ACCOUNTS as at March 31st, 2012

Particulars	As at March 31st 2012		As at March 31st, 2011	
	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 of reporting period**

Particulars	As at March 31st 2012		As at March 31st, 2011	
	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 2012		As at March 31st, 2011	
	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.

Particulars	As at 31-03-2012	As at 31-03-2011
<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	4,61,241	5,78,277
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	3,44,205	4,61,241
(d) General reserve As per last Balancesheet	50,00,000	50,00,000
(e) Profit and loss account Opening balance	-31,22,25,605	-32,13,41,292
Add: Profit / (Loss) for the year	82,86,420	91,15,687
Closing balance	-30,39,39,185	-31,22,25,605
<b>Total</b>	<b>-27,57,61,980</b>	<b>-28,39,31,364</b>

**Note 2.3 Long-term borrowings**

Particulars	As at 31-03-2012	As at 31-03-2011
<b>(a) Term loans</b>		
From banks		
Secured		
<b>The Saraswati Co Op Bank Limited</b>	7,35,990	7,40,580
(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.2424312/- as on 31 March, 2012 Which is not provide in the Books of Account.)		
<b>Standard Chartered Bank</b>	0	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 borrowings)		

Particulars	As at 31-03-2012	As at 31-03-2011
<b>From Others</b>		
<b>Secured</b>		
<b>Skypoint Technical Texttile Private limited</b>	<b>4,74,77,313</b>	<b>0</b>
(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 borrowings) (Refer Note No.2.35)		
<b>Gujarat Lease Finance Lintied</b>	<b>14,426</b>	<b>14,426</b>
(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. 12,03,908/- as on 31 March, 2012 which is not provided in the Books of Account)		
<b>Gujarat State Financial Services Ltd</b>	<b>79,647</b>	<b>79,647</b>
(Under higher purchase scheme secured by macchinery) (The Company is not Paying Installment & Interest accrued there on since Long. The Interest accrued on the above Loan of Rs. 11,17,051/- as on 31 March, 2012 which is not provided in the Books of Account)		
<b>(b) Deposits</b>		
Unsecured		
Intercorporate deposit	<b>60,30,375</b>	<b>60,47,601</b>
<b>(c) Loans and advances from parties</b>		
Unsecured		
From Related Parties	<b>15,66,562</b>	<b>15,66,562</b>
From Others	<b>26,94,578</b>	<b>28,94,578</b>
<b>(d) Other Loan and Advance</b>		
Secured		
Uniion Bank of india	<b>6,65,39,455</b>	<b>6,65,39,455</b>
(secured by first charges by way of Hypothecation of Raw Materilas, 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) (As per the compromise settlement Latter dated 21 March, 2008 received form Union Bank Of India the company has fulfilled all the terms & conditions of the above latter. But as per the terms & conditions of above latter the bank has to issue the no due certificate till date the Bank has not given the no due certificate, hence we couldnot transfer the above Amount to respective Account)		
<b>Total</b>	<b>12,51,38,346</b>	<b>12,53,60,162</b>

Particulars	As at 31-03-2012	As at 31-03-2011
<b>Note 2.4 Other long-term Liabilities</b>		
<b>(a) Trade Payables</b>		
(i) Acceptances	65,04,260	59,69,161
<b>(b) Others:</b>		
(i) Payables on purchase of fixed assets	15,57,864	15,57,864
(ii) Trade / security deposits received	80,000	80,000
(iii) Others (specify nature)		
Provident fund outstanding	5,66,489	7,53,394
ESI Payable	63,916	63,916
CST Payable	8,838	23,330
Unpaid dividend	16,142	16,142
<b>Total</b>	<b>87,97,509</b>	<b>84,63,807</b>
<b>Note 2.5 Long-term provisions</b>		
(i) Provision - others (Bank Interest)	20,69,66,751	20,69,66,751
<b>Total</b>	<b>20,69,66,751</b>	<b>20,69,66,751</b>
<b>Note 2.6 Trade payables</b>		
<b>Trade payables:</b>		
Acceptances	5,96,68,736	5,80,91,973
<b>Total</b>	<b>5,96,68,736</b>	<b>5,80,91,973</b>
<b>Note 2.7 Other Current Liabilities</b>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	26,28,320	10,56,106
(ii) Advances from customers	72,60,844	71,31,229
<b>Total</b>	<b>98,89,164</b>	<b>81,87,335</b>
<b>Note 2.8 Short Term Provision</b>		
Provision for Bonus	1,57,596	96,586
<b>Total</b>	<b>1,57,596</b>	<b>96,586</b>
<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	1,56,193	1,35,848
(c) VAT credit receivable	37,632	37,632
(d) Service Tax credit receivable	0	4,618
(e) Others -advance against goods and services Unsecured, considered good	1,84,89,957	1,18,42,083
<b>Total</b>	<b>2,32,00,117</b>	<b>1,65,36,516</b>

Particulars	As at 31-03-2012	As at 31-03-2011
<b>Note 2.11 Other Non-current Assets</b>		
Trade receivable	1,40,34,567	2,55,52,026
<b>Total</b>	<u>1,40,34,567</u>	<u>2,55,52,026</u>
<b>Note 2.12 Inventories</b> (At lower of cost and net realisable value)		
(a) Raw materials	1,57,12,331	1,17,32,820
(b) Work-in-progress ( Tarpulin )	2,13,37,011	2,50,63,939
(e) Stores and spares	3,82,146	1,46,241
(g) Others -Waste	1,85,542	1,39,699
<b>Total</b>	<u>3,76,17,030</u>	<u>3,70,82,699</u>
<b>Note 2.13 Trade receivable</b>		
Trade receivable ( Unsecured, consider good)	5,57,96,843	3,75,62,775
<b>Total</b>	<u>5,57,96,843</u>	<u>3,75,62,775</u>
<b>Note 2.14 Cash and cash equivalent</b>		
(a) Cash on hand	22,50,582	18,63,255
(b) Cheques, drafts on hand	14,53,101	0
(c) Balances with banks		
(i) In current accounts	9,79,399	5,50,078
(ii) In deposit accounts	11,31,691	34,97,191
<b>Total</b>	<u>58,14,773</u>	<u>59,10,524</u>
<b>Note 2.2</b> Balance with banks include deposit amounting to Rs. 1131691/- (As at 31 March, 2011 Rs.3497191/-) Which have original maturity of more than 12 Month.		
<b>Note 2.15 Short-term loans and advances</b>		
(a) <b>Loans and advances to related parties</b>		
Unsecured, considered good	0	7,44,653
(b) <b>Security deposits</b>		
Unsecured, considered good	13,76,000	12,20,000
(d) <b>Prepaid expenses</b>	61,976	21,657
(e) <b>Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT credit receivable	86,767	2,83,225
(ii) Service Tax credit receivable	1,76,283	3,88,451
(g) <b>Others -advance against goods and services</b>		
Unsecured, considered good	1,62,85,113	1,50,66,141
<b>Total</b>	<u>1,79,86,139</u>	<u>1,77,24,127</u>

Note 2.9 Fixed Assets

Tangible Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at 01-04-11	Additions	Balance as at 31-03-12	Balance as at 01-04-11	Depriciation/ Amortisation expenses for the year	Balance as at 31-03-12	Balance as at 31-03-11	Balance as at 31-03-12
(a) Land Freehold	2403616	0	2403616	0	0	0	2403616	2403616
(b) Buildings Own use	29758435	374327	30132762	12861006	969067	13830073	16897429	16302689
(c) Plant and Equipment Owned	91599709	2946026	94545735	64824314	4419149	69243463	26775392	25302272
(d) Furniture and Fixtures Owned	6243750	0	6243750	6188058	55692	6243750	55695	0
(e) Vehicles Owned	1466690	0	1466690	1466690	0	1466690	0	0
(f) Office equipment Owned	5086992	127220	5214212	3951829	171493	4123322	1135163	1090890
(g) Others -Electric instalation Owned	6607957	22649	6630606	4550249	314751	4865000	2057708	1765606
<b>Total</b>	<b>143167149</b>	<b>3470222</b>	<b>146637371</b>	<b>93842146</b>	<b>5930152</b>	<b>99772298</b>	<b>49325003</b>	<b>46865073</b>
<b>Previous year</b>	<b>137429486</b>	<b>5737663</b>	<b>143167149</b>	<b>87848938</b>	<b>5993208</b>	<b>93842146</b>	<b>49580548</b>	<b>49325003</b>

Note 2.9A Fixed Assets (Contd.)

Depreciation and amortisation relating to continuing operations

	For the year ended 31-03-2012	For the year ended 31-03-2011
Depreciation and amortisation for the year on tangible assets as per Note 2.9	5930152	5993208
Less: Utilised from revaluation reserve	117036	117036
Depreciation and amortisation relating to continuing operations	5813116	5876172

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				
	31-03-2012	31-03-2011	31-03-2010	Prior Year 2009	Prior Year 2008
Opening balance	461241	578277	695313	812349	929385
Written off on reduction of capital					
Date					
Amount					
Written off on revaluation					
Date	31-3-2012	31-3-2011	31-3-2010	31-3-2009	31-3-2008
Amount	117036	117036	117036	117036	117036
Added on revaluation					
Date					
Amount					
Balance as at 31 March	344205	461241	578277	695313	812349

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 chared to Profit and Loss Account



Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
<b>Note 2.16 Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	32,98,15,139	28,15,77,856
(b) Sale of services (Refer Note (ii) below)	0	77,22,542
(c) Other operating revenues (Refer Note (iii) below)	78,85,705	76,01,548
Total	33,77,00,844	29,69,01,946
Less :		
(d) Excise duty	3,13,89,283	2,87,72,986
<b>Total</b>	30,63,11,561	26,81,28,960
 (i) Sale of products comprises		
<u>Manufactured goods</u>		
Tarpaulin	31,87,49,926	27,82,24,637
Total - Sale of manufactured goods	31,87,49,926	27,82,24,637
 <u>Traded goods</u>		
Granuals	1,08,25,442	24,23,339
Niligiri	2,27,880	9,29,880
Films	11,891	0
<b>Total - Sale of traded goods</b>	1,10,65,213	33,53,219
<b>Total - Sale of products</b>	32,98,15,139	28,15,77,856
 (ii) Sale of services comprises		
Jobwork	0	77,22,542
<b>Total - Sale of services</b>	0	77,22,542
 (iii) Other operating revenues comprise:		
Sale of Waste	78,08,776	75,76,118
Duty drawback and other export incentives	76,929	25,430
<b>Total - Other operating revenues</b>	78,85,705	76,01,548

**Note 2.17 OTHER INCOME**

**Other Income**

Interest Income

Deposit Interest Income

1,19,689

65,109

Other Interest Income

1,52,726

1,48,418

**Non Operating Income**

Subsidy

4,89,560

0

Amount written off

0

48,648

**Total**

7,61,975

2,62,175

Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
<b>Note 2.18a Cost of Materials consumed including Packing Materials</b>		
Opening stock	1,18,72,519	52,75,344
Add: Purchases	<u>21,40,05,982</u>	<u>21,47,31,604</u>
	<b>22,58,78,501</b>	<b>22,00,06,948</b>
Less: Closing stock	<u>1,30,52,082</u>	<u>1,18,72,519</u>
<b>Cost of material consumed</b>	<b>21,28,26,419</b>	<b>2,08,134,429</b>
<b>Note 2.18b Purchase of Traded Goods</b>		
Traded good : Niligiri	2,23,322	3,94,355
Traded good : Granuals	1,06,08,933	22,19,848
Traded good Films	11,653	0
<b>Total</b>	<u>1,08,43,908</u>	<u>26,14,203</u>
<b>Note 2.18c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	28,45,791	0
Work-in-progress	<u>2,13,37,011</u>	<u>2,50,63,939</u>
	<b>2,41,82,802</b>	<b>2,50,63,939</b>
<u>Inventories at the beginning of the year:</u>		
Work-in-progress	2,50,63,939	1,02,72,183
<b>Net (increase) / decrease</b>	<u>8,81,137</u>	<u>-1,47,91,756</u>
<b>Note 2.19 Employee Benefits Expenses</b>		
Salaries and wages	1,05,70,328	33,10,334
Gratuity to Employee	32,749	25,300
Contributions to provident and other funds	2,01,249	1,23,542
Staff welfare expenses	3,98,549	3,11,186
<b>Total</b>	<u>1,12,02,875</u>	<u>37,70,362</u>
<b>Note 2.20 Finance Costs</b>		
(a) Interest expense on:		
(i) Borrowings	1,36,089	1,56,634
(ii) Trade payables	75,74,008	32,24,220
(iii) Others		
- Interest on Excise duty	53,715	45,390
- Interest on CST/Vat	2,70,716	0
- Interest on TDS	61,702	1,551
- Interest on others	355	1,050
- Bank Charges & Commission	52,803	66,409
(b) Other borrowing costs Paid to Bank on T.O.D	620	2,266
<b>Total</b>	<u>81,50,008</u>	<u>34,97,520</u>

Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
<b>Note 2.21 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumption of stores and spare parts	44,39,511	54,41,272
Power and fuel	1,49,19,452	1,56,85,543
Repairs and maintenance - Buildings	6,35,370	5,66,985
Repairs and maintenance - Machinery	3,20,166	6,28,219
Repairs and maintenance - Others	2,34,065	2,39,566
Freight Inward	8,97,018	10,12,277
Freight Inward (OGS)	11,97,058	4,69,671
Packing & forwarding exp.	4,955	0
Factory Exp	1,59,303	1,64,462
Testing Exp	1,64,489	1,18,003
Job Work Exp	24,13,079	27,45,399
Labour Job Charges	98,94,001	75,57,218
<b>Total</b>	<b>3,52,78,467</b>	<b>3,46,28,615</b>
<b>Rates and taxes</b>		
Municipal Tax	53,781	47,613
Vat Exp.	25,54,516	26,33,444
Gram panchayat	42,694	0
Service Tax	44,121	1,57,605
<b>Total</b>	<b>26,95,112</b>	<b>28,38,662</b>
<b>Others</b>		
Insurance	1,62,183	72,044
Telephone Exp.	1,85,133	1,62,430
Post & Telegram	88,602	84,162
Travelling Exp.	4,82,001	4,25,199
Conveyance Exp.	3,05,961	2,34,476
Printing and stationery	2,28,516	1,87,123
Freight and forwarding	27,01,877	40,41,224
Sales commission	32,01,062	46,62,198
Sales discount	16,75,539	5,90,864
Business promotion	1,11,029	1,55,167
Donations and contributions	18,001	0
Legal and professional	9,06,831	9,82,033
Payments to auditors	35,000	45,000
Bad trade and other receivables, loans and advances written off	26,264	4,78,506
Computer Exp	1,45,470	85,110
Director Setting Fees	12,000	12,000
Maintance Exp	23,528	6,000
Office Exp	1,43,270	1,04,074
Penlty & Dameges	32,800	25,300
Profesional Tax	2,500	2,500
Security Charges	2,41,920	1,64,640
Training & Seminar	17,760	11,250
Vechicle Exps	1,38,519	68,739
Power Exp. (A'Bad Office)	1,740	690
Advertisment Exp	99,226	47,560
Tender Fees	7,000	31,060
<b>Total</b>	<b>1,09,93,732</b>	<b>1,26,79,349</b>
<b>Total</b>	<b>4,89,67,311</b>	<b>5,01,46,626</b>

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

Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
Number of Shares considered for basic and diluted E.P.S.	61,45,842	61,45,842

**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, 2012 and balances outstanding as at 31 March, 2012:**

Description of relationship	KMP	Relatives of KMP	Entities in which KMP/relatives of KMP have significant influence	Total
Receiving of services	4,42,289 (4,63,049)	0 (0)	0 (0)	442289 (463049)
<b>Balances outstanding at the end of the year</b>				0 (0)
Loans and advances	0 (7,44,653)	0 (0)	1615209 (16,15,209)	1615209 (23,59,862)
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	18,12,000 (12,000)	0 (0)	0 (0)	18,12,000 (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 a single segment i.e. Mfg & Job work 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 accounts 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.

<b>2.33 Contingent Liabilities</b>	(Rs in Lacs) 2011-12	(Rs in Lacs) 2010-11
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	11.86	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.

**2.35** M/s. Skypoint Technical Texttile Private limited had approached Standard Chartered Bank to Assign the 1<sup>st</sup> charge on the assets of the company along with the underlying securities in Its favour. The company had given its assent to this proposal. The Standard Chartered Bank Has assign the underline security to M/s. Skypoint Technical Texttile Private limited vide deed Of assignment dated 09-08-2011.

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**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**  
*Partner*

**Shailesh R. Mehta**  
*Managing Director*

**Sushil Kumar Pachisia**  
*Director*

Date : **31st August, 2012**  
Place : **Ahmedabad**

Date : **31st August, 2012**  
Place : **Santej**

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Cash Flow Statement for the year ended 31st March, 2012

Particulars	For the Year ended 31-03-2012	For the Year ended 31-03-2011
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	83,88,762	91,43,579
<i>Adjustments for:</i>		
Depreciation and amortisation	58,13,116	58,76,172
(Profit) / loss on sale / write off of assets	0	0
Finance costs	81,50,008	34,97,520
Interest income	-2,66,350	-2,13,527
Other non-cash charges-sundry written off	0	-48,648
	<u>1,36,96,774</u>	<u>91,11,517</u>
Operating profit / (loss) before working capital changes	2,20,85,536	1,82,55,096
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	5,34,331	2,12,18,932
Trade receivables	1,82,34,068	-91,45,747
Short-term loans and advances	2,62,012	-28,31,462
Long-term loans and advances	66,63,601	5,74,479
Other current assets	0	0
Other non-current assets	-1,15,17,459	1,19,18,496
	<u>1,41,76,553</u>	<u>21,7,34,698</u>
	79,08,983	-34,79,602
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	15,76,763	1,39,72,967
Other current liabilities	17,01,829	18,98,087
Other long-term liabilities	3,33,702	6,06,988
Short-term provisions	61,010	0
Long-term provisions	0	1,64,78,042
	<u>36,73,304</u>	<u>1,64,78,042</u>
	1,15,82,287	1,29,98,440
Cash flow from extraordinary items	0	0
Cash generated from operations	1,15,82,287	1,29,98,440
Net income tax (paid) / refunds	0	0
<b>Net cash flow from / (used in) operating activities (A)</b>	<u>1,15,82,287</u>	<u>1,29,98,440</u>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	-34,70,222	-57,37,663
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
- Matured		0
Interest received		
- Others	2,66,350	2,13,527
	<u>-32,03,872</u>	<u>-55,24,136</u>
Cash flow from extraordinary items	0	48,648
Net income tax (paid) / refunds	0	0
<b>Net cash flow from / (used in) investing activities (B)</b>	<u>-32,03,872</u>	<u>-54,75,488</u>



Cash Flow Statement for the year ended 31st March, 2012 (contd.)

Particulars	For the Year ended 31-03-2012	For the Year ended 31-03-2011
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	-2,21,816	-4,74,426
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	<u>-81,50,008</u>	<u>-34,97,520</u>
Cash flow from extraordinary items-prior yr exps	<u>-1,02,342</u>	<u>-27892</u>
	<b>-84,74,166</b>	<b>-39,99,838</b>
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>-84,74,166</b>	<b>-39,99,838</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>-95,751</b>	<b>35,23,114</b>
Cash and cash equivalents at the beginning of the year	<b>59,10,524</b>	23,87,410
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>5814773</b>	<b>5910524</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	<u>58,14,773</u>	<u>59,10,524</u>
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>5814773</b>	<b>5910524</b>
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	
<b>Cash and cash equivalents at the end of the year</b>	<u>58,14,773</u>	<u>59,10,524</u>
Comprises:		
(a) Cash on hand	<b>22,50,582</b>	18,63,255
(b) Cheques, drafts on hand	<b>14,53,101</b>	0
(c) Balances with banks		
(i) In current accounts	<b>9,79,399</b>	5,50,078
(ii) In deposit accounts with original maturity of more than 12 months	<b>11,31,691</b>	34,97,191
(d) Others	<u>58,14,773</u>	<u>59,10,524</u>

**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 and on behalf of the Board of Directors

For, A. L. Thakkar & Company

Chartered Accountants

Aseem L. Thakkar

Partner

Shailesh R. Mehta

Managing Director

Sushil Kumar Pachisia

Director

Date : 31st August, 2012

Place : Ahmedabad

Date : 31st August, 2012

Place : Santej

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of TEXEL INDUSTRIES LIMITED for the year ended 31st March, 2012. 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, 2012 covered by our Report dated 31st August, 2012 to the Members of the Company.

Date : **31st August, 2012**  
Place : **Ahmedabad**

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

**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. \_\_\_\_\_

I/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 23rd Annual General Meeting of the Company to be held on Saturday, 29th September, 2012.

As witness my hand/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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.

# **TEXEL INDUSTRIES LIMITED**

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