

32 ND

ANNUAL REPORT

2002 - 2003

**TEXPLAST**

**INDUSTRIES LIMITED**

*CERTIFIED TRUE COPY*

**FOR TEXPLAST INDUSTRIES LIMITED**

*[Signature]*

**MANAGING DIRECTOR**

## 32ND ANNUAL REPORT 2002 - 2003

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## TEXPLAST INDUSTRIES LIMITED

**BOARD OF DIRECTORS** : Mr. Sukumar N Shah Chairman & Managing Director

: Mr. P V Narayanan Director

: Mr. S B Patil Director

**AUDITORS** : M/s. Lukad & Jain  
Mumbai

**LEGAL ADVISOR** : Shivkumar Vats  
Mumbai

**BANKERS** : The South Indian Bank Limited

**REGISTERED OFFICE** : Gut No. 39 / 40  
Village - Nehroli,  
Taluka - Wada,  
Dist. Thana - 421 312.

**WORKS AT** : Gut No. 39 / 40  
Village - Nehroli,  
Taluka - Wada,  
Dist. Thana - 421 312.

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## NOTICE

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 11.00 A.M. on Wednesday, the 31<sup>st</sup> March 2004 at the Registered Office of the Company, viz. at Gut No. 39/40, Village Nehroli, Taluka Wada, Dist. Thane - 421 312, Maharashtra, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 30<sup>th</sup> September 2003, and the Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. P.V.Narayanan, 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 an Ordinary Resolution.

"RESOLVED THAT Mr. S.B.Patil be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation."

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

"RESOLVED THAT consent of the members of the Company be and is hereby accorded to the appointment of Mr. S. B. Patil as Whole-time Director of the Company for a period 3 years with effect from 8<sup>th</sup> August 2003 on the following terms and conditions:

1. Salary : Rs. 19593/- per month
2. Perquisites
  - i) Bonus - As applicable to other senior staff.
3. Contribution to Provident Fund, Superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these singly or puts together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month's salary for each completed year service.
4. Other Benefits
  - i) Leave
  - ii) Benefits under loan and other scheme in accordance with the practices rules and regulation in force from time to time.
  - iii) Such other benefits as may be provided by the Company to other senior officers from time to time.

### OTHER TERMS

- 1) Director shall be entitled to reimbursement of entertainment and all other expenses incurred in course of the Company's business.
- 2) Director, while he continues to hold that office shall not be liable to retire by rotation.
- 3) Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

For and on behalf of the Board

Place : Mumbai  
Date : 28<sup>th</sup> February 2004  
Regd. Office : Gut No. 39/40,  
Village Nehroli  
Tal - Wada, Dist : Thane.

Sukumar N Shah  
Chairman & Managing Director

#### NOTES

- 1) A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND THE MEETING AND VOTE INSTEAD OF HIMSELF AND THAT SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) Proxies in order to be effective should be deposited at the registered office of the Company not less than 48 hours before the meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed on 16<sup>th</sup> April 2004.
- 4) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 is annexed hereto.
- 5) Any member, who wishes to ask any question relating to the accounts of the Company, is requested to intimate the Company in writing at least ten days before the date of meeting.

#### EXPLANATORY STATEMENT PURSUANT TO THE PROVISION OF SECTION 173(2) OF THE COMPANIES ACT, 1956

##### ITEM NO: 4 & 5

The Board of Directors in its meeting held on 8<sup>th</sup> August, 2003 appointed Mr. S. B. Patil as Additional Director and in the same meeting appointed him as Whole-time Director for a period of three years with effect from 08<sup>th</sup> August, 2003 on such remuneration and perquisites as indicated in the resolution.

Pursuant to Section 260 of the Companies Act, 1956, Mr. S. B. Patil will vacate the office on the ensuing Annual General Meeting. The Company has received a notice from its member signifying his intention of proposing the appointment of Mr. Patil as Director in the ensuing general meeting.

Mr. S. B. Patil was working with the Company as Manager (Finance) since 1995. Your Directors feel it prudent to co-opt Mr. S. B. Patil on the Board in the interest of the Company.

A letter of appointment issued to Mr. S. B. Patil is available for inspection by the members during the normal business hours of the Company.

Mr. S. B. Patil may be deemed to be interested in the proposed resolution to the extent of remuneration he will be entitled to as whole time Director. None of the Directors is interested or in any way concerned in the resolution.

The resolution and explanatory statement may be treated as compliance under Section 302 of the Companies Act, 1956.

For and on behalf of the Board

Place : Mumbai  
Date : 28<sup>th</sup> February 2004  
Regd. Office : Gut No. 39/40,  
Village Neheroli  
Tal - Wada, Dist : Thane.

Sukumar N Shah  
Chairman & Managing Director

**DIRECTORS' REPORT****The Members**

Your Directors hereby present their 32<sup>nd</sup> Annual Report on the working of the Company together with the audited statements of accounts for the year ended 30<sup>th</sup> September 2003.

**FINANCIAL HIGHLIGHTS:**

	30.09.2003	(Rs. In Lacs) 30.09.2002
Sales & Other Income	1551.95	1462.37
Profit before Financial Charges, Depreciation & Taxation	48.48	129.57
Less : Financial Charges	182.06	178.25
Loss before Depreciation	133.58	48.68
Add : Depreciation	56.63	66.47
Net Loss	190.21	115.14

**DIVIDEND**

Your Directors have not recommended any dividend.

**YEAR UNDER RETROSPECT:**

For the year under review, both production and sales in term of quantity were higher compared to previous year. However, due to depressed market condition the sales in term of value were only marginally higher. The Company recorded a production and sale of 2349.70 tones and 2211.34 tones respectively as against 2076.58 tones and 1859.14 tones in the previous year. The Export sales of Rs.127.95 lacs were higher by four times compared to previous year.

Depressed market and heavy competition in packaging industry eroded the profit margin. This resulted in a loss of Rs.190.22 lacs against Rs.115.14 in lacs last year.

Since November 2003 the Company suspended the production at Daman and entire plant and machinery were shifted to Wada. Your Board is glad to inform that the Company has paid all the dues of Daman staff and workers.

**MANAGEMENT DISCUSSION & ANALYSIS****Industry Scenario**

The demand of FIBC (Jumbo Bags) during the year was satisfactory. The raw material prices and oil prices touching highest ever narrowed margins. Requirement of working capital went very high.

**Outlook**

After undergoing above lower margins, the prospects of the industry have started showing good demand. The growth expected is 15% in 2003-2004. We expect good business for FIBC in year 2003-2004. Your Company is pursuing cost control measures, increased productivity, improving efficiencies in manufacturing areas and a thrust in sales and better price realization. The performance in the coming months would be largely dependent on the overall industry scenario.

**Opportunities Threats & Challenges**

The consumption of woven sacks in India is increasing at the rate of approximately 5% and of FIBC by 10 to 15%. The demand of FIBC world over is increasing at the average of 10% and is expected to continue for 5 years minimum. This provides a big opportunity for future growth. The Company does not perceive any major threat of imports but local competition is expected to increase as few of manufactures of woven sacks may slowly update for FIBC manufacturing. The continuing industrial and economic demand indicates an immediate upswing in the performance of FIBC industry but the future market potential, opportunities, development of new applications and rationalization should improve the growth for the FIBC industry in the long run.

An important challenge for the Company is to remain competitive in light of energy efficient technological advancements in the industry. This requires investment, which the Company in its present financial condition would find difficult to undertake. The Company is attempting to improve its product-mix to mitigate this difficulty.

Your Company is working on strategies to effectively utilize its strength from skilled manpower and improved technologies to counter known threats in the market. The Company also hopes to counter this effect by improved product mix, higher value added products etc.

#### **Internal Control System**

The Company has adequate internal control system to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. Standard operating procedures and guidelines are issued from time to time to support best practices for internal control. Your Company remains committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the directors hereby confirm that:-

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) Appropriate accounting policies have been selected and applied consistently (except as stated herein after) and judgments and estimates that are reasonable and prudent have been made 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 the loss of the Company for that period.
- c) Proper and sufficient care for 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 frauds and other irregularities have been taken to the best of their knowledge & ability.
- d) The annual accounts have been prepared on a going concern basis.

#### **CONSERVATION ENERGY, ETC.**

As required under the provisions of Section, 212(1) (e) of the Companies Act, 1956 read with the Companies Disclosure of Information in the Report of the Board of Directors) Rules 1988 necessary information is set out in the Annexure forming part of this report.

#### **DIRECTORS**

Directors in its meeting held on 8<sup>th</sup> August 2003 appointed Mr. S.E. Patil as Additional and Whole-time Director. Pursuant to Section 260 of the Companies Act, 1956, Mr. S. B. Patil will vacate the office at the Annual General Meeting. The Company has received a notice from a member under Section 257 of the Act signifying the intention of proposing the appointment of Mr. S.B. Patil as Director in the forthcoming general meeting.

During the year Mrs. Smita S. Shah resigned from the Board. Mrs. Smita Shah was associated with the Company since more than last two decades. The Board of Directors places on record its appreciation for valued services rendered by Mrs. Shah to the Company during her tenure as Director.

To comply with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Mr. P.V. Narayanan will retire at the forthcoming Annual General Meeting and being eligible he seeks reappointment.

#### **AUDITORS**

M/s. Lukad & Jain, Chartered Accountants of the Company, would retire at the ensuing Annual General Meeting. However they are eligible for reappointment, members are requested to appoint and fix their remuneration.

#### **CORPORATE GOVERNANCE**

Efforts are being made to expand the Board by co-opting independent professional Directors. However, since the Company is declared sick by the Board for Industrial & financial Reconstruction of India, the Promoters are finding rather difficult in inviting the professionals to join the Board.

In spite of above difficulties, all out efforts are being made to comply with the requirements pertaining to Corporate Governance in terms of Clause 49 of the Listing Agreement with the Stock Exchange. A detailed report on Corporate Governance has been included in this report.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the support and cooperation received from its Bankers, suppliers, customers and the Government authorize. Your Directors' also place on record their appreciation for efforts put in by employees at all levels.

For and on behalf of the Board

Place : Mumbai  
Date : 28<sup>th</sup> February 2004  
Regd. Office : Gut No. 39/40,  
Village Neheroli  
Tal - Wada, Dist : Thane.

Sukumar N Shah  
Chairman & Managing Director

**FOR TEXPLAST INDUSTRIES LIMITED**

  
**MANAGING DIRECTOR**

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**ANNEXURE " A " To THE DIRECTORS' REPORT**

Additional information as required under the Companies (Disclosure of particulars in the Report Board of Directors) Rules 1988:

- A) **Conservation of Energy**
- Energy conservation measures taken:**  
Optimum use of Plant and machinery:  
Improvement in power factors by controlling maximum demand, to save on demand charges.
  - Additional investment and proposals being implemented for reduction of consumption of energy:-**  
The studies are being carried out to optimum utilization of energy. Since it is an ongoing exercise the investment is made time to time.
  - Impact of measures at (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods:**
  - Total energy consumption and energy consumption per unit of production in prescribed Form 'A'**

	Year Ended 30.09.2013	Year Ended 30.09.2012
<b>Power and Fuel consumption in respect of</b>		
<b>1. Electricity:</b>		
a) <b>Purchased:</b>		
Units (KWH)	1684041	1035856
Total amount (Rs. In lacs)	55.23	40.08
Rate per unit (Rs.)	3.27	3.86
b) <b>Own generation:</b>		
Through diesel generator		
Units (KWH)	246410	745068
Total amount (Rs. In lacs)	20.47	55.04
Rate per unit (Rs.)	8.31	7.38
<b>2. Furnace Oil / SHS / LDO / HSD:</b>		
Qty. (K.Ltrs.)		
Total amount (Rs. In lacs)		
Average rate (Rs. / Ltrs.)		
<b>3. Consumption per unit of production</b>		
Electricity (KWH)	822	858