

33 RD  
ANNUAL REPORT  
2003 - 2004

**TEXPLAST**  
**INDUSTRIES LIMITED**

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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 33<sup>rd</sup> Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 11.00 A.M. on 28<sup>th</sup> March 2005 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 2004, 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

For and on behalf of the Board

Place : Mumbai  
January 29, 2005  
Regd. Office : Gut No. 39 / 40  
Village Nehoroli  
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 25<sup>th</sup> March 2005 to 28<sup>th</sup> March 2005.
4. 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.

For and on behalf of the Board

Place : Mumbai  
January 29, 2005  
Regd. Office : Gut No. 39 / 40  
Village Nehoroli  
Tal : Wada, Dist : Thane

Sukumar N Shah  
Chairman & Managing Director

## DIRECTORS' REPORT

### The Members

Your Directors hereby present their 33<sup>rd</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 2004.

### FINANCIAL HIGHLIGHTS:

	(Rs. In Lacs)	
	30.09.2004	30.09.2003
Sales & Other Income	1089.23	1551.95
Profit before Financial Charges, Depreciation & Taxation	28.66	48.48
Less : Financial Charges	174.68	182.06
Loss before Depreciation	----- 146.02	----- 133.58
Add : Depreciation	48.16	56.63
Net Loss	----- 194.18 =====	----- 190.21 =====

### DIVIDEND

Your Directors have not recommended any dividend.

### YEAR UNDER RETROSPECT:

As reported by the Board in its last report, the company has reduced production of small bags, which had over a period become uneconomical and as a result the plant at Daman was closed down and machineries were shifted at Wada unit. Due to reduction of production of small bags at Daman and production loss of about six months, on accounts of shifting of machineries at Wada, it resulted in drop in sales for the accounting year ended 30/09/2004.

Steep increase in price of petrochemicals particularly that of PP, LDPE & LLDPE Polymers, (the main raw material) drastically effected the profit margin.

Sales & other income amounted to Rs.1089.23 lacs for the year under review as against Rs.1551.95 lacs in the last year. The Company incurred a loss of Rs.194.18 lacs.

### MANAGEMENT DISCUSSION & ANALYSIS

#### Outlook

After undergoing above lower margins, the prospects of the industry have started showing good demand. The growth expected is 15% in 2004-2005. We expect good business for FIBC in the next year. Our sales for the quarter ending Oct. to Dec. 2004 is Rs.269.84 lacs in which 65% is export. We expect to do sales of Rs.4.00 crores for the quarter ending March 2005. Where approx. 70% is export. The trend is upward by 25%. The sale of last year is expected to be achieved in 9 months & a result is going to be encouraging. 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

1. The Indian packaging market is growing at 15% per annum three times higher than the global average and the potential for further growth is huge.
2. Currently per capital consumption of plastics in India is around one tenth of the worldwide figure.
3. Globalisation and consumer demands are the major forces of change.
4. Local brands are now forced to compete with the best in the world for the country's 1 billion consumers, and are gearing up to compete in global markets. As a results, the demand for more sophisticated packaging is soaring.
5. The highest growth rates are being seen in packaging, with FIBC right at the top.

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 proper and adequate system of internal control 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 setout in the Annexure forming part of this report.

## **DIRECTORS**

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.

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 authorities. 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 : January 29, 2005**  
**Regd. Office : Gut No. 39/40,**  
**Village Nehoroli**  
**Tal - Wada, Dist : Thane.**

**Sukumar N Shah**  
**Chairman & Managing Director**

## 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 30.09.2004	Year Ended 30.09.2003
Power and Fuel consumption in respect of :		
1. Electricity:		
a) Purchased:		
Units (KWH)	1345340	1684041
Total amount (Rs. In lacs)	38.64	55.23
Rate per unit (Rs).	2.37	3.27
b) Own generation:		
Through diesel generator:		
Units (KWH)	71360	246400
Total amount (Rs. In lacs)	9.18	20.47
Rate per unit (Rs).	12.87	8.31
2. Furnace Oil / SHS / LDO / HSD:		
Qty. (K.Ltrs.)	Nil	Nil
Total amount (Rs. In lacs)	Nil	Nil
Average rate (Rs. / Ltrs.)	Nil	Nil
3. Consumption per unit of production		
Electricity (KWH)	832	822

- B) To reduce power consumption we have taken following steps:
- Installation of fluorescent tube lights (Ballistic Tube light) to reduce power consumption
  - We have successfully installed LPG gas system (at cost of Rs.3.41 lacs) & Blower (at a cost of Rs.60000/-) which has reduced the power consumption.
- C) Technology Absorption  
Efforts made in technology absorption in prescribed form ' B '.
- Research and Development
- Specific areas in which the Company carried out R&D** - Improvement of product quality and production process.
  - Benefits derived** - Increase in the production and reduction in the cost of product.
  - Future plan of action** - The company's effort will continue in the above area of Research & Development.



4. **Expenditure on R & D** - The petty expenses incurred on R & D are merged with the other heads of expenses.
5. **Technology Absorption, Adoption and Innovation** - The Company will continue the activities to be focussed on the assimilation of high-level technology bought out to manufacture products with international levels of product quality and productivity.

D) Foreign Exchange Earning and outgo

Total foreign exchange used and earned:

I	Foreign exchange earning (sales)	Rs. 256.97 lacs (P. Y 150.60 lacs)
II	Foreign exchange outgo (Raw Materials)	Rs. Nil (P. Y. 34.30 lacs)
III	Foreign Tour Expenses	Rs. Nil (P. Y. 1.38 lacs)

For and on behalf of the Board

Place : Mumbai

Date : January 29, 2005

Sukumar N Shah

Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company strongly believes in fair, efficient and transparent business operations, fairness to all stakeholders in the company, proper disclosure of relevant financial and non-financial information and enhancing shareholder value on a continuing basis.

### II. BOARD OF DIRECTORS

#### (a) Composition and Category of Directors

Name of the Director	Category	No. of Other Directorship in Public Ltd. Co.	No. of other Board / committee / s of which he is a member	No. of other Board / committee / s of which he is a Chairperson
Mr. S. N. Shah	Managing Director	None	None	None
Mr. P. V. Narayanan	Additional Director	Two	None	One
Mr. S. B. Patil	Whole Time Director	None	None	None

#### (b) Number of Board meeting held during 2003 – 2004

The Board meets at least once in a quarter to consider amongst other business the performance of the company and financial results.

Five Board Meetings were held during the year. The dates on which the meetings were held are as follows:

30/10/2003, 30/01/2004, 28/02/2004, 29/04/2004, 31/07/2004

#### (c) Attendance of each Director at the Board Meeting and at the last AGM

Name of the Director	No. of Meetings attended during 2003 – 2004	Whether present at the last AGM held on 31.03.2004
Mr. S. N. Shah	5	Yes
Mr. P. V. Narayanan	5	Yes
Mr. S. B. Patil	5	Yes