

34 TH
ANNUAL REPORT
2004 - 2005

TEXPLAST

INDUSTRIES LIMITED

34 TH ANNUAL REPORT 2004 - 2005**CONTENTS**

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TEXPLAST INDUSTRIES LIMITED

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

: Amit B Bothra
Director

: Mr. P V Narayanan
Director

: Bharat N Doshi
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.

NOTICE

Notice is hereby given that the 34th Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 11.00 A.M. on 29th March 2006 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 30th September 2005, 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 Resoulution:
"RESOLVED THAT Mr. Amit Bothra be and is hereby appointed as a Director of the Company."
- 5 To consider & if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resoulution:
"RESOLVED THAT Mr. Bharat Doshi be and is hereby appointed as a Director of the Company."

For and on behalf of the Board

Place Mumbai
Date 27th January 2006
Regd. Office : Gut No.39/40
Village Nchoroli
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 An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed.
- 4 Details of the Directors retired by rotation and Seeking reappointment as well as Directors proposed to be appointed in the Annual General Meeting is annexed in pursuant to Clause 49 of the Listing Agreement.
- 5 The Register of Members and the Share Transfer Books of the Company will remain closed on 29th March 2006.
- 6 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 PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 & 5

The Board of Directors in its meeting held on 27.01.2006 had appointed Mr. Amit Bothra and Mr. Bharat Doshi as Additional Directors of the Company. Pursuant to Section 260 of the Companies Act, 1956, both Mr. Amit Bothra and Mr. Bharat Doshi will be vacating the office at the forthcoming Annual General Meeting. The Company has received notices from some of its members under Section 257 of the Companies Act, 1956 along with refundable deposit signifying their intention to propose their appointment as Directors in the coming Annual General Meeting.

Mr. Amit Bothra is a Chartered Accountant. Mr. Bharat Doshi has wide business experience in ferrous and non ferrous metal business. He is Ex-President of Bombay Metal Exchange Ltd.

Mr. Amit Bothra and Mr. Bharat Doshi be deemed to be interested in their respective appointment. None of the other Directors is interested or concerned in the resolutions.

**PROFILE OF DIRECTORS RETIRED BY ROTATION AND SEEKING REAPPOINTMENT
AND PROPOSE TO BE APPOINTED IN 34TH ANNUAL GENERAL MEETING.**

As required by Clause 49 of Listing Agreement, the particulars of Directors who are propose to be reappointed as well as propose to be appointed at the 34th Annual General Meeting are given below.

Name	Mr. P.V. Narayanan
Age	65 years
Qualification	Post Graduate in Physical Chemistry (M. Sc.) Certificate Course in Plastics Technology. DMM - Diploma in Marketing Management
Experience	2 years in Academics (Mumbai University) 2 years in Research & Development (Plastics Industry) Since 1967- in the field of Packaging Sciences & Technology. Since 2001 April - Chair Professor & Director, SIES School of Packaging Also General Secretary: Indian Flexible Intermediate Bulk Container Association (IFIBCA) Secretary General: Institute of Packaging Machinery Manufacturers of India (IPMMI) Executive Secretary: Label Manufacturers Association of India (LMAI) Advisor - Indian Centre for Plastics in the Environment (ICPE)
Other Directorships	1. The Paper Products Ltd., Mumbai. 2. Balmer Lawrie Van Leer Ltd., Mumbai
Other Board/Committee Member	1. Audit Committee – Balmer Lawrie Van Leer Ltd., Mumbai 2. Audit Committee -The Paper Products Ltd., Mumbai
Chairman of Board Committee	1. Audit Committee, The Paper Products Ltd., Mumbai

DIRECTORS' REPORT

The Members

Your Directors hereby present their 34th Annual Report on the working of the Company together with the audited statements of accounts for the year ended 30th September 2005

FINANCIAL HIGHLIGHTS:

	(Rs. In Lacs)	
	30.09.2005	30.09.2004
Sales & Others Income	1312.61	1032.48
Profit before Financial Charges, Depreciation & Taxation	116.81	28.66
Less : Financial Charges	133.24	174.68
Loss before Depreciation	16.43	146.02
Add : Depreciation	35.54	48.16
Net Loss	51.97	194.18
Less : Expenses for Prior Period	2.39	2.86
Provision for Fringe Benefit Tax	0.85	-
	55.22	197.04

DIVIDEND

Your Directors have not recommended any dividend.

YEAR UNDER RETROSPECT:

Better productmix and increased exports have enabled the Company to reduce the loss substantially inspite of acute shortage of need based Working Capital and high volatility in Raw Material prices. The Company recorded the total income at Rs. 1312.61 lacs as against Rs.1032.48 lacs in previous year, an increase of 27.13%. The Company incurred a loss of Rs. 51.97 lacs after providing the Depreciation.

MANAGEMENT DISCUSSION & ANALYSIS

OUT LOOK :

Your Director regret to inform about an unexpected heavy cyclonical storm with heavy rain, resulting in damages. This also resulted in production loss and subsequent delay in export shipments. As the members are aware, the Company's Bankers are not committed in financing any loss, the products have brought in Rs. 35 Lacs and effects are being made to bridge the gap.

Though the industries is expected to grow by 15% in 2005 – 06 and export of FIBC is excepted to increase many fold volatility of polymers prices erodes the margin. The Company is concentrating on improved productive and higher exports of FIBC bags. Your Company is pursuing cost control measures increased productivity, improving efficiencies in manufacturing areas and thrust in sales and better price realisation. 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 set out in the Annexure forming part of this report.

DIRECTORS

The Board in its meeting held on 27.1.2006 had appointed Mr. Amit Bothra and Mr. Bharat Doshi as Additinal Directors. Both Mr. Amit Bothra and Mr. Bharat Doshi will vacate their office at the ensuing Annual General Meeting in pursuance to Section 260 of the Companies Act, 1956. The Company has recived notice alonge with refundable deposit from its members signifying their intention to propose the appointments of Mr. Amit Bothra and Mr. Bharat Doshi.

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.

AUDIT COMMITTEE

The Board of Directors in its meeting held on 27.1.2006 had constituted an Audit Committee comprising of Mr. Amit Bothra as the Chairman and Mr. Bharat Doshi and Mr. P V Narayanan as members. Mr. Shekhar Jangam compliance officer will act as secretary to the committee.

AUDITORS

M/s. Lukad & Jain, Chartered Accountants, Auditors 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.

As required under Clause 49 of the Listing Agreement, detailed report on Corporate Governance annexed and terms part of 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 27th January, 2006
Regd. Office : Gut No.39/40
Village Nehoroli
Tal : Wada, Dist : Thane

Sukumar N Shah
Chairman & Managing Director