

35 TH
ANNUAL REPORT
2005 - 2006

T E X P L A S T
INDUSTRIES LIMITED

35 TH ANNUAL REPORT 2005 - 2006

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TEXPLAST INDUSTRIES LIMITED**BOARD OF DIRECTORS**

: Mr. Sukumar N Shah
Chairman & Managing Director

: Mr. P V Narayanan
Director

: Mr. Amit B Bothra
Director

: Mr. Bharat N Doshi
Director

: Mr. S B Patil
Director

AUDITORS

: M/s. Lukad & Jain
Mumbai

LEGAL ADVISOR

: Mr. 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 35th Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held on 27th March, 2007 at 11.00 a.m. 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 at 30th September 2006, 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. Bharat N Doshi, 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
Date 25th January, 2007
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 Details of the Directors retired by rotation and Seeking reappointment as well as Directors proposed to be appointed in the Annual General Meeting is annex in pursuant to Clause 49 of the Listing Agreement.
- 4 The Register of Members and the Share Transfer Books of the Company will remain closed on 27th March, 2007.
- 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.

PROFILE OF DIRECTOR RETIRED BY ROTATION AND SEEKING REAPPOINTMENT AND PROPOSE TO BE APPOINTED IN 35TH ANNUAL GENERAL MEETING

Name	Mr. Bharat N Doshi
Age	63 Years
Qualification	H. S. C.
Experience	Ex President of Bombay Metal Exchange Ltd. from 1984 to 1988
Other Directorships	Nil

For and on behalf of the Board

Place Mumbai
Date 25.01.2007
Regd. Office Gut No.39 / 40
 Village : Nehroli,
 Tal : Wada, Dist : Thane.

Sukumar N Shah
Chairman & Managing Director

DIRECTORS' REPORT

The Members

Your Directors hereby present their 35th Annual Report on the working of the Company together with the audited statements of accounts for the year ended 30th September, 2006.

FINANCIAL HIGHLIGHTS:

	(Rupees in Lacs)	
	30.09.2006	30.09.2005
Sales & Others Income	1883.01	1312.61
Profit before Financial Charges, Depreciation & Taxation	142.98	116.81
Less : Financial Charges	131.87	133.24
Profit / (Loss) before Depreciation / Tax	11.11	(16.43)
Less : Depreciation	29.14	35.54
Net Profit / (Loss)	(18.03)	(51.97)
Less : Expenses for Prior Period	0.08	2.39
Provision for Fringe Benefit Tax	(1.72)	0.85
Provision for Deferred Tax	9.08	Nil
	(10.75)	(55.21)

DIVIDEND

Your Directors have not recommended any dividend.

YEAR UNDER RETROSPECT:

As reported earlier, the Company continued its focus on increasing exports. Director are pleased to report that the total exports for the accounting year under review was 96.38% higher compared to previous accounting year. This strategy has enabled the Company to reduce the loss by 65.30%.

The Company recorded export sales of Rs.1362.45 lacs as against Rs.693.79 lacs in the previous accounting year. The total income was Rs.1883.01 lacs as, a jump of 43.45%. The Company incurred a Net Loss of Rs.10.75 lacs as against Rs.55.21 lacs in the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

OUT LOOK:

Indian packaging industry is over 18 billion dollars and growing at a 15% steady pace for several years. Lamination products are growing at 30% annually. Flexible packaging forms about 25 percent of the packaging market.

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 prices 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 capita 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. Bharat N Doshi will retire at the forthcoming Annual General Meeting and being eligible he seeks reappointment.

AUDIT COMMITTEE

The Board has already constituted an Audit Committee comprising of Mr. Amit Bothra as the Chairman and Mr. Bharat Doshi and Mr. Sarjerao B. Patil as members. Mr. Shekhar Jangam as a 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

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.

AUDITOR'S REPORT

Regarding remarks made by the Auditors in their report about Non-Provision of Gratuity, your Directors wish to state that considering sickness of the Company, it was thought prudent not to make provision. However, it is decided to make provisions for the gratuity also in accounts in the coming year.

For and on behalf of the Board

Place Mumbai
Date 25th January, 2007
Regd. Office Gut No.39 / 40
Village : Nehroli,
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:

1 CONSERVATION OF ENERGY

- a Energy conservation measures taken:
Optimum use of Plant and machinery:
Improvement in power factors by controlling maximum demand, to save on demand charges.
- b 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.
- c Impact of measures at (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods:
- d Total energy consumption and energy consumption per unit of production in prescribed Form ' A '

	Year Ended 30.09.2006	Year Ended 30.09.2005
A POWER & FUEL CONSUMPTION		
1 Electricity:		
a Purchase:		
Units (KWH)	1566288	1357740
Total Amount (Rs. in Lacs)	64.77	48.29
Rate Per Unit (Rs.)	4.14	3.56
b Own Generation		
Through diesel Generator		
Units (KWH)	26109	30194
Total Amount (Rs. in Lacs)	4.23	4.27
Rate Per Unit (Rs.)	16.22	14.16
2 Furnace Oil/SHS/LDO/HSD		
Qty. (Ltrs.)	Nil	Nil
Total Amount (Rs. in Lacs)	Nil	Nil
Average rate (Rs. / Ltrs.)	Nil	Nil
B CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (KWH)	1325	979.00

2 TECHNOLOGY ABSORPTION

Efforts made in technology absorption in prescribed form ' B '.

A Research and Development

- a Specific areas in which the Company carried out R & D - Improvement of product quality and production process.
- b Benefits derived - Increase in the production and reduction in the cost of product.
- c Future plan of action - The company's effort will continue in the above area of Research & Development.
- d Expenditure on R & D - The petty expenses incurred on R & D is merged with the other heads of expenses.

B Technology Absorption, Adoption and Innovation

- a **Efforts in brief made towards technology absorption, adaptation and innovation:** We have installed Twister & Fabrillator to start inhouse manufacturing of Thread.

We have also installed new heavy duty Bale Press Machine.

- b **Benefits derived as result of above efforts:** With installation Twister & Fabrillator, we are now independent for Thread, which is main accessory of Jumbo Bags. This will also save money.

With installation of new Heavy Duty Bale Press Machine, we will be able to load 15% to 20% more material in the container which will save steamer freight.

3 FOREIGN EXCHANGE EARNING AND OUTGO**Total foreign exchange used and earned:**

	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
a Foreign exchange earning	1285.58	334.94
b Foreign exchange outgo (Raw Materials)	Nil	Nil
c Foreign Tour Expenses	1.83	1.37

For and on behalf of the Board

Place **Mumbai**
Date **25th January, 2007**

Sukumar N Shah
Chairman & Managing Director