

**37 TH
ANNUAL REPORT
2007 - 2008**

Certified True Copy

For Texplast Industries Limited



Managing Director

**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. Amit B Bothra
Director
- : Mr. Bharat N Doshi
Director
- : Mr. S B Patil
Wholtime Director

AUDITORS

- : M/s. Lukad & Jain
Mumbai

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.

SHARE TRANSFER AGENT

- : Mondkar Computers Pvt. Ltd.
101, Madhukunj, Plot No.285,
Sher E Punjab Society,
Mahakali Caves Road,
Andheri (E), Mumbai - 400 093.
Tel. No. 022-28207203 / 28262920
Telefax 022-28207207

37TH ANNUAL REPORT 2007-2008**NOTICE**

NOTICE is hereby given that the 37th Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 3.00 p.m. on 26th July 2008 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 31st March 2008, and the Profit & Loss Account for the period 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

To consider and if though 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 revised remuneration payable to Mr. S. B. Patil as Whole time Director of the Company revised details as below w. e. f. 01st January, 2008 for the balance period of his employment i.e. till 7th August, 2009.

1. Salary : Rs.55,372/- 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:
 - a) Leave
 - b) Benefits under loan and other scheme in accordance with the practices, rules and regulation in force from time to time.
 - c) Such other benefits as may be provided by the Company to other senior officers from time to time.

TEXPLAST INDUSTRIES LIMITED

5. Other Benefits:

- 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.

Place Mumbai
 Date 13-05-2008
 Regd. Office Gut No.39 / 40,
 Village : Nehroli,
 Tal : Wada,
 Dist : Thane.

For and on behalf of the Board

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 Profile of Director seeking appointment/reappointment in the Annual General Meeting as required under Clause 49 of the Listing Agreement is given in Corporate Governance Report.
- 4 The Register of Members and the Share Transfer Books of the Company will remain closed on 26th July 2008.
- 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.

Place Mumbai
 Date 13-05-2008
 Regd. Office Gut No.39 / 40,
 Village : Nehroli,
 Tal : Wada,
 Dist : Thane.

For and on behalf of the Board

Sukumar N Shah
Chairman & Managing Director

37TH ANNUAL REPORT 2007-2008**DIRECTORS' REPORT**

The Members

Your Directors hereby present their 37th Report on the working of the Company together with the audited statements of accounts for the period ended 31st March 2008.

FINANCIAL HIGHLIGHTS:

Particulars	31.03.2008 (9 Months)	30.06.2007 (9 Months)
Sales & Others Income	2113.32	1874.96
Profit before Financial Charges, Depreciation, Extraordinary Item and Taxation.	190.32	186.48
Less : Financial Charges	131.34	44.24
Profit/(Loss) before Depreciation	58.97	142.24
Less : Depreciation	25.79	24.94
Profit/(Loss) Before Extraordinary Item and Tax	33.18	117.30
Add : Extraordinary Item	21.40	1011.87
Profit/(Loss) for the Period Before Tax	54.59	1129.17
Less : Provision for Fringe Benefit Tax	1.56	1.24
: Provision for Income Tax / MAT	13.49	-
: Provision for Deferred Tax	83.27	221.45
Net Profit / (Loss) After Tax	(43.73)	906.48

DIVIDEND

Your Directors have not recommended any dividend.

MANAGEMENT DISCUSSION & ANALYSIS REPORT**(a) Industrial Structure & Development**

Indian packaging industry is of over 23 billion dollars and growing at a 15% steady pace for several years. Laminated products are growing at 30% annually. Flexible packaging forms about 25 percent of the packaging market. FIBC manufacturers are mainly in organized sector.

The Company is mainly engaged in manufacturing and export of FIBC (Jumbo bags) & Woven Sacks. The export amounts to about 90% of the turnover of the Company. FIBC has better value addition compared to other bags. Booming manufacturing sector and Service industry has contributed its highest ever growth. This has resulted in improved

TEXPLAST INDUSTRIES LIMITED

purchasing power of masses, in turn resulting higher demand. India has become supply hub for labour intensive packing materials like FIBC.

(b) Review of Operations

The Company recorded the total income of Rs. 2013.11 lacs for the nine months period, which shows a jump of 2.30% on year to year basis. The Company earned a pre-tax profit of Rs. 33.18 lacs. The members would appreciate that this turnover is achieved without any need based working capital facility.

During the period the Company made One Time Settlement with Maharashtra State Financial Corporation (MSFC). Consequently, the Company paid an amount of Rs.13.00 Lacs towards full & final settlement. An amount of Rs.21.41 lacs is written back in profit & loss account as an extra ordinary item.

(c) 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. Globalization 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 result, 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 and technological advancements in the industry. This requires investment, which the Company in its present financial condition would find difficult to undertake. In spite of several odds, the Company has spent about Rs. 38.00 lacs on purchasing looms & other equipments to meet customers' demand. 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 threats in the market. The Company also hopes to counter this effect by improved product mix, higher value added products etc.

(d) Internal Control System

The Company has appointed an independent agency, who undertakes periodic audit of different area of operations. The agency directly reports to audit committee. The Company has established operating procedure, which enables the management to obtain regular information. Directors are glad to report that the Company has been rewarded ISO 9001 2000 certification.

37TH ANNUAL REPORT 2007-2008**(e) Human Resource Development**

The Company is giving utmost importance to human resource development. In this direction, the Company is providing intensive training to employees of all levels for improving competence, production, enhancing safety and social values. Achieving the high morale and motivation is the ultimate goal of each training programme. The management expects to continue the customized development programme of employees during the year. Programs such as appreciation awards were well received and liked by all.

The management of the Company enjoys cordial relations with its employees at all levels. The Board of Directors wish to place on record its highest appreciation for the contribution made by all the employees in achieving the excellent growth during the year.

(f) Cautionary Statement

The management Discussion and Analysis Report is a forwarding look Statement based on the Company's projections, estimates and perceptions. These statements reflect the Company's current views with respects to the future events and are subject to risk and uncertainties. Actual results may vary materially from those projected here.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, 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 profit 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.

TEXPLAST INDUSTRIES LIMITED**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.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement, detailed report on Corporate Governance is annexed and forms part of this report.

CONSERVATION ENERGY, ETC.

As required under the provisions of Section, 217 (1) (e) of the Companies Act, 1956, information relating to conservation of energy, technical absorptions, foreign exchange earning and outgo is given in the Annexure 'A' forming part of this report.

RISK MANAGEMENT

All the assets of the Company are adequately insured. The Company is taking adequate steps in minimizing risk in each transaction of exports either by taking ECGC cover and / or confirmed LC's etc.

EMPLOYEES

None of the employees of the Company was in receipt of a remuneration exceeding Rs.2,00,000/- per month or Rs.24,00,000/ per annum. Hence information in pursuance to Section 217(2A) of the Companies Act, 1956 are not furnished.

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 auditors and fix their remuneration.

ACKNOWLEDGEMENTS

Your Directors are thankful to Indian Overseas Bank for its timely support. Your Director also wish to place on record their deep sense of appreciation for unstinted support of customers, suppliers, associates and all employees. Your Director are also grateful to all the shareholder for their confidence reposed in the management of the Company.

Place Mumbai
Date 13-05-2008
Regd.Office Gut No.39 / 40,
 Village : Nehroli,
 Tal : Wada,
 Dist : Thane.

For and on behalf of the Board

Sukumar N Shah
Chairman & Managing Director

37TH ANNUAL REPORT 2007-2008**ANNEXURE To THE DIRECTORS' REPORT**

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

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'

(A) POWER & FUEL CONSUMPTION

	Period Ended 31-03-2008	Period Ended 30-06-2007
1 ELECTRICITY		
a Purchase:		
Units (KWH)	1458888	1394272
Total Amount (Rs. In Lacs)	68.72	69.07
Rate per Unit (Rs.)	4.71	4.94
b Own Generation through Diesel Generator		
Units (KWH)	53424	31508
Total Amount (Rs. In Lacs)	7.33	4.35
Rate per Unit (Rs.)	12.30	14.89
2 FURNACE OIL / SHS / LDO / HSD		
Qty. (K.Ltrs.)	NIL	NIL
Total Amount (Rs. in lacs)	NIL	NIL
Average rate (Rs. / Ltrs.)	NIL	NIL