

**38 TH
ANNUAL REPORT
2008 - 2009**

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**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
Wholetime Director

AUDITORS : M/s. Lukad & Jain
Mumbai

REGISTERED OFFICE : Gut No.39 / 40
Village – Nehroli,
Taluka – Wada
Dist. Thane – 421 312

WORKS AT : Gut No.39 / 40
Village – Nehroli,
Taluka – Wada
Dist. Thane – 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

38TH ANNUAL REPORT 2008-2009**NOTICE**

NOTICE is hereby given that the 38th Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 3.30 p.m. on Tuesday the 18th August, 2009 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 31st March 2009, 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.

SPECIAL BUSINESS

4. 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 upward revision in the monthly salary payable to Mr. S. B. Patil as Whole-time Director and that accordingly he shall be paid a monthly salary of Rs. 63,430/- with effect from 1st January, 2009 till the residual tenure of his office as Whole-time Director i.e. upto 7th August, 2009."

"RESOLVED FURTHER THAT all other terms and conditions of the appointment of Mr. S. B. Patil as a Whole-time Director shall remain unchanged."

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 reappointment of and remuneration payable to Mr. S. B. Patil as Whole-time Director for a period of three years with effect from 8th August 2009 on the following terms and conditions:

- I) Salary: Rs.63,430/- per month.
- II) 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 shall not exceed half a month's salary for each completed year service.

TEXPLAST INDUSTRIES LIMITED**III) Other Benefits:**

- a) Leave: Leave with full pay and allowances for every eleven month's service.
- 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.
- d) Director shall be entitled to reimbursement of entertainment and all other expenses incurred in course of the Company's business
- e) Director, while he continues to hold that office shall not be liable to retire by rotation.
- f) Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

6 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 and remuneration payable to Mr. Rahul S. Shah as General Manager with effect from 1st February 2009 on the following terms & conditions:

- 1) Salary : Rs.45,000/- per month.
- 2) Contribution to Provident Fund, Superannuation fund or annuity fund will be as applicable to other employees of the Company.
- 3) Other Benefits:
 - a) Leave: Leave with full pay and allowances for every eleven month's service.
 - 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."

Place Mumbai
 Date July 3, 2009
 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

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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 in respect of the business under item nos. 4, 5 & 6 is annexed hereto.
- 4 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.
- 5 The Register of Members and the Share Transfer Books of the Company will remain closed on 17th August 2009 & 18th August 2009.
- 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.

For and on behalf of the Board

Place Mumbai
Date July 3, 2009
Regd. Office Gut No.39 / 40
Village : Nehroli,
Tal : Wada, Dist : Thane.

Sukumar N Shah
Chairman & Managing Director

TEXPLAST INDUSTRIES LIMITED

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

ITME NO.4 & 5

Mr. S. B. Patil was appointed as Whole-time Director on 8th August, 2003 and was reappointed on 8th August, 2006 for a further period of three years. Considering the performance of Mr. S. B. Patil, the Board of Director in its meeting held on 29th January, 2009 has decided not only to reappoint him for a period of another 3 years but has also revised his monthly salary upward to Rs.63,430/- p.m. from Rs.55,372/- with effect from 1st January, 2009 for residual period of his exiting tenure.

Mr. S. B. Patil is Commerce graduate and has worked with the Company in various capacities. Directors think it prudent to renew the tenure of Mr. S. B. Patil on revised scale of remuneration. The profile of Mr. S. B. Patil as required under Clause 49 of the listing agreement is given in Corporate Governance report.

A copy of the draft of letter proposed to be issued to Mr. S. B. Patil for his reappointment is available for inspection by shareholders during normal business hours of the Company except on Sunday and public holidays. Mr. S. B. Patil may be deemed to be interested in the resolution to the extent of remuneration he will be entitled to as Whole-time Director. None of the other Director is in any way interested or concerned in the resolution.

ITME NO.6

Mr. Rahul S. Shah was appointed as General Manager, on 29th January, 2009. As Mr. Rahul S. Shah is related to Mr. Sukumar N. Shah Managing Director, his appointment is subject to approval of members in pursuant to Section 314 of the Company Act, 1956.

Mr. Rahul S. Shah is a Bachelor of Commerce from Bombay University, B.B.A. in General Management from U.S.A. and M.B.A. from University of Rochester. He was working with K2 Network Private Limited as an ~~Executive~~ Director-Marketing. He has about 12^{1/2} years experience.

A copy Appointment letter issued to Mr. Rahul S. Shah is available for inspection by shareholders during normal business hours of the Company except on Sunday and public holidays.

Mr. Sukumar N. Shah may be deemed to be interested in the proposed resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

Place Mumbai
Date July 3, 2009
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

38TH ANNUAL REPORT 2008-2009**DIRECTORS' REPORT****The Members**

Your Directors hereby present their 38th Annual Report on the working of the Company together with the audited statements of accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS:

Rs. in lacs

Particulars	31.03.2009 (12 Months)	31.03.2008 (9 Months)
Sales & Others Income	3110.78	2113.32
Profit before Financial Charges, Depreciation, Extraordinary Item and Taxation.	506.04	190.32
Less : Financial Charges	169.08	131.34
Profit/(Loss) before Depreciation	336.96	58.97
Less : Depreciation	56.75	25.79
Profit/(Loss) Before Extraordinary Item and Tax	280.21	33.18
Add : Extraordinary Item	Nil	21.40
Profit/(Loss) for the Period Before Tax	280.21	54.59
Less : Provision for Fringe Benefit Tax	2.37	1.56
: Provision for Income Tax / MAT	32.83	13.49
: Provision for Deferred Tax	88.39	83.27
Net Profit / (Loss) After Tax	156.62	(43.73)

DIVIDEND

Your Directors have not recommended any dividend.

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

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) and Woven Sacks. The export contributes about 95% of the turnover of the Company. FIBC has better value addition compared to other bags. Global recession and economic slow down had a little impact on the business as the Company mainly exports to Europe. The Company has little exports to U.S.A.

(b) Review of Operations

The Company recorded the total revenue of Rs. 3246.28 lacs for the year, which shows a jump of 17.32% on year to year basis. The Export of Rs.2564.97 lacs accounts for 93.35% of the total turnover. The Company earned a pre-tax profit of Rs. 280.21 lacs as against Rs.54.59 lacs in previous year. The cash profit for the

TEXPLAST INDUSTRIES LIMITED

year was Rs.336.95 lacs. The net worth of the Company as on 31st March, 2009 was Rs. 721.47 lacs. The members would appreciate that this commendable results are achieved inspite of paucity of need based working capital.

(c) Opportunities Threats & Challenges

1. The Indian packaging market is growing at 10% 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. During the year Company has invested Rs.2.50 crores in Building and Plant & Machinery.

The management remains focused on the key areas of cost effectiveness, excellence in product quality and customer service, operational productivity and efficiency.

(d) Internal Control System

The Company has proper and adequate system of internal controls. Internal audit is conducted by outside auditing firm. The Internal Audit reports are reviewed by the Audit Committee and top Management.

(e) Human Resource Development

The Company views its employees as valuable resources who are important stakeholders in the growth, prosperity and development of the organization. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of their full potential. The Company is providing in house training to its worker.

During the year Company constructed additional quarters admeasuring about 3000 Sq. Ft. With this, the Company has total labour quarters size of 5500 Sq. Ft.

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. The Company has total 450 employees as on 31st March, 2009.

38TH ANNUAL REPORT 2008-2009**(f) Cautionary Statement**

Certain statements in the 'Management Discussion and Analysis' section may be more than optimistic, and are as perceived in the present situation and are stated as required by relevant prescriptions. Many factors may affect the actual results, which could be different from what the Directors contemplated in respect of future performance and outlook.

(g) Future Prospects

The Company is planning to commence trading in minerals and chemicals. It is also proposed to acquire T Shirt Bags (Zabla) manufacturing plant. The part of the production from this plant will be for captive consumption. This will give additional turnover of approximately Rs.15 crores in the year 2010 - 2011.

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.

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, offer himself for 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.