

**39 TH  
ANNUAL REPORT  
2009 - 2010**



**TEXPLAST  
INDUSTRIES LIMITED**

**CONTENTS**

Corporate Information	:	3
Notice	:	4
Directors' Report	:	15
Corporate Governance	:	23
Auditors' Report	:	33
Balance Sheet	:	38
Profit & Loss Account	:	39
Cash Flow Statement	:	40
Schedules	:	41
Notes on Accounts	:	48
Schedule VI information	:	56

## **TEXPLAST INDUSTRIES LIMITED**

<b>BOARD OF DIRECTORS</b>	:	Mr. Sukumar N. Shah <b><i>Chairman &amp; Managing Director</i></b> Mr. Rahul S. Shah <b><i>Wholetime Director</i></b> Mr. P. V. Narayanan <b><i>Director</i></b> Mr. Amit B. Bothra <b><i>Director</i></b> Mr. Bharat N. Doshi <b><i>Director</i></b> Mr. S. B. Patil <b><i>Wholetime Director</i></b>
<b>AUDITORS</b>	:	M/s. Lukad & Jain <b><i>Mumbai</i></b>
<b>REGISTERED OFFICE</b>	:	Gut No.39 / 40 Village Nehroli, Taluka Wada Dist. Thane 421 312
<b>WORKS AT</b>	:	Gut No.39 / 40 Village Nehroli, Taluka Wada Dist. Thane 421 312
<b>SHARE TRANSFER AGENT</b>	:	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

## **39<sup>TH</sup> ANNUAL REPORT 2009-2010**

### **NOTICE**

NOTICE is hereby given that the 39th Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 3.30 p.m. on Saturday, the 28<sup>th</sup> August, 2010 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 31<sup>st</sup> March, 2010 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. Amit B. Bothra, 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 Resolution:  
"RESOLVED THAT Mr. Rahul S. Shah be and is hereby appointed as Director of the Company."
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 appointment of and remuneration payable to Mr. Rahul S. Shah as Whole-time Director for a period of three years with effect from 1<sup>st</sup> November, 2009 on the following terms and conditions:
  - I) Salary: Rs.1,27,430/- per month.
  - II) Perquisites: Bonus as applicable to other senior staff.
  - III) 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.
  - IV) 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



## TEXPLAST INDUSTRIES LIMITED

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 subject to approval of the Central Government pursuance to the provisions of Section 309, 310, 198, 269 and any other applicable provision of the Companies Act, 1956 read with Schedule XIII, consent of the members of the Company be and is hereby accorded for increase in remuneration payable to Mr. Sukumar N. Shah, Managing Director, for his residual tenure w.e.f. 1<sup>st</sup> September, 2009 to 16<sup>th</sup> August, 2010 as indicated below:

- 1) Salary : Rs.2,00,000/- per month
- 2) Special Allowance : Rs.19,20,000/- per annum but not exceeding the annual salary.

"RESOLVED FURTHER THAT other terms and conditions as to remuneration shall remains unchanged.

- 7 To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to approval of the Central Government pursuance to provisions section 309, 310, 198, 269 and any applicable provision of the Companies Act, 1956 read with schedule XIII consent of the members of the Company be and is hereby accorded to the reappointment of and remuneration payable to Mr. Sukumar N. Shah as Managing Director of the Company for a period of three years with effect from 16<sup>th</sup> August, 2010 on the following term and conditions:

- 1. Salary: Rs. 2,00,000/- per month plus commission at the rate 1% on net profit.
- 2. Special Allowance: Special Allowance shall be restricted to an amount equal to the annual salary or Rs.19,20,000/- per annum whichever is less.

## 39<sup>TH</sup> ANNUAL REPORT 2009-2010

### 3. Perquisites:

#### Category 'A'

#### a. Housing:

- i. In case of unfurnished accommodation hired by the Company such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.
- ii. In case the Managing Director is provided accommodation owned by the Company, 10% of the salary of Managing Director shall be deducted by the Company.
- iii. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling of 60% of the salary.

#### b. Medical Reimbursement:

Reimbursement of expenses incurred by the Managing Director for self and family subject to ceiling of one month's salary in a year or three months salary in a block of three years.

#### c. Leave Travel Concession:

Leave Travel Concession for the Managing Director and his family, once in a year, in accordance with the rules of the Company.

#### d. Medi-claim Insurance:

Personal Accident / Medi-claim Insurance of an amount, the annual premium of which does not exceed Rs.20,000/- per annum for Managing Director and his family.

#### e. Club Fees:

Fees of clubs subject to a maximum of three clubs.

#### Category 'B'

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 put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month's salary for each completed year service.

## TEXPLAST INDUSTRIES LIMITED

### OTHER BENEFITS

- i) Leave: One month's leave with full pay and allowance for every eleventh months of service. However, leave accumulated but not availed of will be allowed to be encashed.
- ii) Benefits under loan and other scheme in accordance with the practice, rules and regulation in force from time to time.
- iii) Such other benefits as may be provided by the Company to other senior officers from time to time.

### OTHER TERMS

- i) Managing Director shall be entitled to reimbursement and all other expenses incurred in course of the Company's business.
- ii) Managing Director, while he continues to hold that office shall not be liable to retire by rotation.
- iii) Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
- iv) Head quarter of the Managing Director shall be Mumbai;

In case the Company has no profit or its profit is inadequate in any financial year during the tenure of the Managing Director, remuneration by way of salary and perquisites as specified above shall be the minimum remuneration payable to the Managing Director."

"RESOLVED FURTHER THAT in case of loss or in adequacy of profit, the aforesaid remuneration or such other remuneration as may be approved by the Central Government shall be paid as minimum remuneration."

Place                      Mumbai  
Date                        24<sup>th</sup> July, 2010  
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 An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item nos. 4 to 7 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 28<sup>th</sup> August, 2010.
- 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.

## **TEXPLAST INDUSTRIES LIMITED**

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

#### **ITME NO.4 & 5**

The Board of Directors in its meeting held on 28<sup>th</sup> October, 2009 had appointed Mr. Rahul S. Shah as Additional Director and subsequently in the same meeting subject to approval of members of the Company, he was appointed as Whole-time Director on such remuneration and terms as enumerated in the resolution proposed to be passed in the ensuing Annual General Meeting.

Pursuant to Section 260 of the Companies Act, 1956 Mr. Rahul S. Shah shall vacate the office of Director in the ensuing Annual General Meeting. However, the Company has received a notice from a member along with refundable deposit u/s 257 of the Companies Act, 1956 signifying intention of proposing the appointment of Mr. Rahul S. Shah as Director.

Mr. Rahul S. Shah and Mr. Sukumar N. Shah being related, be deemed to be interested in the proposed resolution to the extent of remuneration which shall be drawn by Mr. Rahul S. Shah as Whole-time Director.

The proposed resolution and the explanatory statement attached to the notice convening the meeting may be treated as an abstract as required under section 302 of the Companies Act, 1956. A draft copy of the letter of appointment proposed to be issued to Mr. Rahul S. Shah is open for inspection by members between 2.00 p.m. to 4 p.m. on any working day at the Registered Office of the Company, except on Sunday and public holidays.

Information sought to be disclosed to the Shareholders under Schedule XIII of the Companies Act, 1956 for appointment of Mr. Rahul S. Shah as Whole-time Director:

#### **1. General Information:**

Texplast Industries Limited was incorporated on 31<sup>st</sup> December, 1970 in the name and style Texplast Engineers Private Limited. The Company was converted into Public Limited and a fresh Certificate of Incorporation dated 29<sup>th</sup> September, 1994 was issued by the Registrar of Companies, Maharashtra. The Company's shares were listed on the Bombay Stock Exchange Ltd. and the Ahmedabad Stock Exchange in the year 1995. The name of the Company was subsequently changed to Texplast Industries Limited w.e.f. 14<sup>th</sup> October, 1996.

The Company was engaged in manufacturing of Woven Sacks. The Company diversified its activities and commenced manufacturing of FIBC (Jumbo Bags) in the year 1995. As on today, the Company derives about 80% of its total turnover from exports of FIBC i.e. Jumbo Bags.

## 39<sup>TH</sup> ANNUAL REPORT 2009-2010

The detailed financial position of the Company for last 5 years are as under:

Liabilities (Rs. In Lacs)

Particulars	31/03/2009	31/03/2008	30/06/2007	30/09/2006	30/09/2005
Equity Share Capital	507.47	507.47	507.47	507.47	507.47
Preference Share Capital	0.50	0.50	0.50	0.50	0.50
Reserves and Surplus	692.44	692.44	295.04	295.04	295.04
Secured Loans	559.85	384.14	42.69	1592.58	1521.68
Unsecured Loans	148.95	240.11	556.73	195.20	110.63
Total	1909.21	1824.66	1402.43	2590.79	2435.32

Assets

Particulars	31/03/2009	31/03/2008	30/06/2007	30/09/2006	30/09/2005
Net Block	497.34	305.86	326.91	300.03	299.08
Deferred Tax Assets	60.88	149.27	232.54	453.98	NIL
Investments	0.17	0.17	0.17	0.17	0.17
Current Assets	1241.55	1135.81	1085.83	1104.90	834.86
(-) Current Liab. & Prov.	369.67	402.12	437.64	369.48	234.24
Net Current Assets	871.88	733.69	648.19	735.42	600.62
Misc. Expenditure	NIL	0.11	0.19	0.28	0.39
Profit and Loss A/c	478.94	635.56	194.43	1100.91	1535.06
Total	1909.21	1824.66	1402.43	2590.79	2435.32

Particulars	31/03/2009	31/03/2008	30/06/2007	30/09/2006	30/09/2005
Total Income	3246.28	2034.52	2979.80	1875.60	1373.40
Total Expenditure	2740.24	1822.79	1781.45	1732.70	1258.99
Interest & Financial Charges	169.08	131.34	44.24	131.87	133.24
Depreciation	56.75	25.80	24.94	29.14	35.54
Provision for Tax	123.59	98.32	217.76	-452.26	0.85
Profit	156.62	-43.73	911.41	434.15	-55.22
Foreign Exchange Earning	1821.46	374.11	83.75	1285.58	334.94
Foreign Exchange Outgo	121.15	3.84	NIL	1.83	3.08

### 2. Information about appointee:

Mr. Rahul S. Shah, aged 35 years, is a Bachelor of Commerce from the Mumbai University, B.B.A. in General Management from U.S.A. and M.B.A. from University of Rochester. He joined the Company as General Manager in the year 2009. Considering his performance, the Board of Directors decided to elevate his position and appointed him as Whole-time Director on 28<sup>th</sup> October, 2009. Prior to his appointment as General Manager, Mr. Rahul S. Shah was working with K2 Network Private Limited as Director-Marketing. He has eleven years experience in marketing.

His total remuneration package as indicated in the proposed resolution is quite reasonable compared to still higher remuneration package prevailing in the comparable industry for senior positions.