

**40<sup>th</sup>**  
**ANNUAL REPORT**  
**2010-2011**

**TEXPLAST**  
**INDUSTRIES LIMITED**

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<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>	:	Anand Jain & Associates (formerly known as Lukad & Jain) <i>Mumbai</i>
<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>BANKER</b>	:	Indian Overseas Bank 378, Lady Jamshedji Road, Mumbai – 400 016
<b>SHARE TRANSFER AGENT</b>	:	Universal Capital Securities Pvt.Ltd. 21 Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (E), Mumbai–400 093. Tel. No. 022-28207203 / 28262920 Telefax 022-28207207

## **NOTICE**

NOTICE is hereby given that the 40<sup>TH</sup> Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at 11.30 A.M. on Thursday, the 29<sup>th</sup> September, 2011 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, 2011 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 a Special Resolution:

“RESOLVED THAT in 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 to the appointment of Mr. S.B. Patil as Whole-time Director, for a period of five years w.e.f. 1<sup>st</sup> August, 2011 to 31<sup>st</sup> July, 2016 with following terms for a period of three years w.e.f. 1<sup>st</sup> August, 2011 to 31<sup>st</sup> July, 2014:

1. Salary: Rs. 70343/- per month.
2. Perquisites: Shall be entitled to various perquisites as per Company's policies.
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 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.



**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

**5. Other Benefits:**

- a) Director shall be entitled to reimbursement of entertainment and all other expenses incurred in course of the Company's business.
- b) Director, while he continues to hold that office shall not be liable to retire by rotation.
- c) Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.

- 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 revised remuneration payable to Mr. Rahul S. Shah as Whole-time Director the Company revised details as below w.e.f. 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014:

- 1. Salary: Rs. 1,86,095/- per month
- 2. Perquisites: Shall be entitled to various perquisites as per Company's policies.
- 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

**5. Other Benefits:**

- a) Director shall be entitled to reimbursement of entertainment and all other expenses incurred in course of the Company's business.
- b) Director, while he continues to hold that office shall not be liable to retire by rotation.
- c) 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 the authority of the Company be and is hereby accorded in pursuance to provisions of the listing agreement entered into by the Company with the Stock exchanges to re-issue 35,600 equity shares which have been forfeited, to such persons at such price as the Board may determine including reissue of such shares at such price not less than that may be determined in accordance with the preferential allotment guidelines as contained in the SEBI (DIP) Guidelines, 2000.”

Place : Mumbai  
Date : 5<sup>th</sup> September, 2011  
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 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 29<sup>th</sup> September, 2011.
- 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 PROVISION OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

### ITEM NO. 4

Mr. S. B. Patil is a Commerce graduate and has worked with the Company in various capacities. In view of existing and proposed expansion plans, the role and involvement of Mr. S.B. Patil assumes significance. The Board approved plans to reappoint Mr. S.B. Patil as Whole-time Director w.e.f. 1<sup>st</sup> August, 2011 for a period of five years. The remuneration payable to Mr. S.B. Patil is approved for a period of three years from 1<sup>st</sup> August, 2011. The profile of Mr. S. B. Patil as required under Clause 49 of the listing agreement is given in the Corporate Governance Report.

A copy of the draft of letter proposed to be issued to Mr. S. B. Patil in respect of his terms of appointment is available for inspection by shareholders during normal business hours of the Company except on sundays 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 Directors is in any way interested or concerned in the resolution.

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

#### 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 a public limited company 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 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 manufacture of HDPE bags (small size). As the net worth of the Company was negative, the Company was declared Sick by BIFR in the year 1999. The Company diversified its activities and commenced manufacturing of FIBC (Jumbo Bags). The management also concentrated on international market rather depending upon domestic. As on to-day, the Company derives about 80% of its total turnover from exports. The financial position of the Company in the year 2011 vis-à-vis 31<sup>st</sup> March, 2011 are under.

	(Rs. In Lacs)
Share Capital	Rs. 509.26
Loans	Rs. 1712.78
Current Liabilities	Rs. 1076.27
Net Fixed Assets	Rs. 838.12
Usable Current Assets	Rs. 2327.79
Cumulative Loss / Misc. Exp.	Rs. Nil
Net Worth	Rs. 0799.72

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

Liabilities					(Rs. In Lacs)
Particulars	31/03/2010	31/03/2009	31/03/2008	30/06/2007	30/09/2006
Equity Share Capital	509.26	507.47	507.47	507.47	507.47
Preference Share Capital	NIL	0.50	0.50	0.50	0.50
Reserves and Surplus	691.15	692.44	692.44	295.04	295.04
Secured Loans	799.22	559.85	384.14	42.69	1592.58
Unsecured Loans	144.26	148.95	240.11	556.73	195.20
Total	2143.89	1909.21	1824.66	1402.43	2590.79

Assets					
Particulars	31/03/2010	31/03/2009	31/03/2008	30/06/2007	30/09/2006
Net Block	657.13	497.34	305.86	326.91	300.03
Deferred Tax Assets	3.90	60.88	149.27	232.54	453.98
Investments	0.17	0.17	0.17	0.17	0.17
Current Assets	1580.85	1241.55	1135.81	1085.83	1104.90
(-) Current Liab. & Prov.	498.85	369.67	402.12	437.64	369.48
Net Current Assets	1082.00	871.88	733.69	648.19	735.42
Misc. Expenditure	NIL	NIL	0.11	0.19	0.28
Profit and Loss A/c	400.69	478.94	635.56	194.43	1100.91
Total	2143.89	1909.21	1824.66	1402.43	2590.79

Particulars	31/03/2010	31/03/2009	31/03/2008	30/06/2007	30/09/2006
Total Income	3055.82	3246.28	2034.52	2979.80	1875.60
Total Expenditure	2720.74	2740.24	1822.79	1781.45	1732.70
Interest & Financial Charges	133.39	169.08	131.34	44.24	131.87
Depreciation	76.40	56.75	25.80	24.94	29.14
Provision for Tax	46.54	123.59	98.32	217.76	-452.26
Profit	78.75	156.62	-43.73	911.41	434.15
Foreign Exchange Earning	2015.44	1821.46	374.11	83.75	1285.58
Foreign Exchange Outgo	234.41	121.15	3.84	NIL	1.83

1. Information about concerned managerial personnel:

Mr. S. B. Patil, aged 47 years, is a Bachelor of Commerce graduate from the University of Mumbai. He joined the Company as Manager in the year 1995. In view of the existing and proposed expansion plans of the Company, the role and involvement of Mr. S.B. Patil assumes significance. The Board approved plans to reappoint Mr. S.B. Patil as Whole-time Director.

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.

2. Reasons for loss and inadequate profit:

The Company was mainly manufacturing HDPE bags of small size. Due to steep competition from unorganized sector as well as un-favourable government policies favouring Jute producing farmers and non-availability of power at Wada plant, the Company suffered heavy losses during the period 1997-98. The Company was declared sick under the provision of the Sick Companies (Special Provision) Act, 1985 (SICA) in the year 1998. To reduce the losses the Company concentrated on manufacturing of jumbo Bags and export markets. This strategy enabled the Company to reduce its losses and come out from the purview of BIFR. Though the Company is making profits, the profits can be termed as inadequate. However, the proposed remuneration of Mr. S.B. Patil is well within the ceilings prescribed under Schedule XIII.

**ITEM No. 5**

The Board of Directors at its meeting held on 5<sup>th</sup> September, 2011 agreed to revise remuneration payable to Mr. Rahul S. Shah w.e.f. 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014 to reward him for his invaluable contribution since his association with the Company and in anticipation of work to be performed by him in time to come.

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

**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 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.

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<b>Loans</b>	<b>Rs. 1712.78</b>
<b>Current Liabilities</b>	<b>Rs. 1076.27</b>
<b>Net Fixed Assets</b>	<b>Rs. 838.12</b>
<b>Usable Current Assets</b>	<b>Rs. 2327.79</b>
<b>Cumulative Loss / Misc. Exp.</b>	<b>Rs. Nil</b>
<b>Net Worth</b>	<b>Rs. 0799.72</b>

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

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Investments	0.17	0.17	0.17	0.17	0.17	
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