

41st

ANNUAL REPORT

2011 – 2012

TEXPLAST

INDUSTRIES LIMITED

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Annual Report 2011-12

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sukumar Nandlal Shah
Mr. Rahul Sukumar Shah
Mr. P. V. Narayanan
Mr. Amit Banshidhar Bothra
Mr. Bharat Nautamlal Doshi
Mr. Sarjerao Bajirao Patil

Chairman & Managing Director
Whole Time Director
Director
Director
Director
Whole Time Director

Compliance Officer
Mr. Shekhar Jangam

Auditor
M/s Anand Jain & Associates

Banker
Indian Overseas Bank
378, Sadhana, Lady Jamshedji Road,
Mumbai – 400 016

Registered Office
Gut No.39/40, Village Nehroli,
Taluka Wada, Thane – 421 312
Phone No. : 91-02526 - 239049 / 239050
Fax : 91- 02526 – 239190
Email ID: accounts@texplast.com

Administrative Office
210, Anand Estate, 2nd Floor,
189/A Sane Guruji Marg, Mumbai-11
Phone No. : 91-22-2307 53019/5308
Fax : 91-22-2307 5016
Email ID: accounts@texplast.com

Share Transfer Agent
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

Managing Director's Letter to Shareholders

Dear Friends,

The Year 2011-12 was fairly eventful as far as our business performance was concerned. The unstinted support of our stakeholders enabled us to achieve our targets. Being at the fulcrum of a growth curve in India infrastructure industry and having achieved the largest road assets portfolio, we move ahead with renewed vigour, with a vision to build a safe, solid and sustainable India.

The overall macro – economic challenges combined with the sluggish growth of India's economy remain a matter of concern. However, our determination to maintain momentum helped us emerge stronger and we move forward with a vision to achieve goals.

Almost four years after the greatest financial and economic upheaval since the Great Depression, the global economy is regaining a measure of stability and confidence. But the risks to growth remain. The situation looks unsteady once again, with the problems in the Euro Zone. The IMF projects that the global economic growth will decline from 4% in 2011 to 3.5% in 2012, before picking up to 4% in 2013. The Euro zone shows sign of slipping into a recession again, though that is expected to be offset by around 2% growth in the US and 6% in the emerging and developing economies. The economies of Africa, particularly sub-Saharan Africa, are demonstrating structural improvement. Japan is on the road to normalcy after the twin disasters of the Tsunami and the Fukushima nuclear reactor accident. The global supply chains, disrupted by the disasters in Japan and the floods in Thailand, have been restored. The financial condition of the large global corporations is extremely strong, and their cash holdings at an all-time high. The worst-case scenarios for the global economy have not come to pass. That, in no small measure, is due to the unprecedented stimulus provided by governments and central banks. Europe has also reached a degree of consensus on fiscal reforms. The European Central bank (ECB) has also put in place firewalls to ward off a widespread economic contagion. Clearly, the road ahead is not yet smooth. The bond, inter-bank and sovereign debt markets in Europe remain jittery. The process of financial deleveraging still has a long way to go. Oil prices remain stubbornly high. Unemployment is proving extremely sticky and concerns about inequality are growing. A major worry is the political gridlock in many major countries, which makes it difficult to strike the right trade-offs between growth and fiscal and monetary restraint.

The Indian economy was quick off the mark in recovering after the 2008 shocks. But the growth momentum has slowed considerably over the past year. GDP growth in the third quarter of FY 2011-12 was 6.1%, down from 8.3% in the corresponding quarter of FY 2010-11. Some of the key indicators are bearish. Gross fixed capital formation has contracted in recent months. Growth in industrial production in the April 2011 - February 2012 period slid to 3.5%, compared to 8.1% during the same period last year. Inflation, particularly in food items, remains high. There have been major slippages on the fiscal side. The current account deficit, in the April-December 2011 period widened to 4.0% of GDP, a clear warning sign. On a trade-weighted basis the Rupee depreciated around 8% in the past year. Given the slippage in growth, RBI's decision to ease monetary policy was timely. Even so monetary policy will not be effective unless it is supported by fiscal restraint. India's economy is poised delicately. The extended pause in reforms, together with some recent retrograde policy moves, has clouded business sentiment.

Since the past four decades, Texplast has pursued business excellence through sheer passion, perseverance and precision and is occupying a strong position in manufacturing jumbo bags, panel bags, circular bags, container bags, conductive / antistatic bags, woven sacks, PP multifilament yarn, liner and tarpaulin are the

new added items and results of its working will be seen partly in the year 2012-2013 and fully in the year 2013-2014. The Company has already undergone expansion programme by enhancing its production capacity, as detailed out in notes to accounts, annexed with this Report.

Comparing to the economies of the World, Indian Economy is well underway. All-round growth is already projected by majority of the Business houses in India in the next two years. Textile Industries continue to contribute 14% of industrial production and 4% of GDP and almost 17% of the country's export earnings. In the current financial scenario, exporting companies will tend to gain benefit in the financial year 2012-13.

As a part of its strategy to grow core business, the Company has already expanded its production capacity as detailed out in notes to accounts annexed with this Report. Company is already under process of execution of new expansion programme to further enhance production capacity.

Your Company remains focused on creating value for its valued customers using the basic principles of TQM Methodology, which we are customizing throughout our organization. We have undertaken various initiatives to further sharpen cost-

competitiveness, effective working capital management, chalking out various expansion programme to further strengthen production capacity.

Your Company has a strong portfolio of products towards satisfaction of customers. We are well placed to maximise on the opportunity in a growing market like India. We will continue to strengthen this advantage with excellence in execution, a sharp focus on the needs of our consumers and continuous improvement in our distribution reach.

At a time when input costs remain high and price volatility brings added challenges, we will continue to focus on the best value for our consumers and customers through innovations and strong cost efficiency programmes. We see these as key drivers of value creation for our business.

Your Company is committed to improving the quality of life of all stakeholders through continuous and purposeful engagement in economic progress, social responsibility and environmental concerns. Your Company takes it as an opportunity to make a difference and remain committed to the issues of social upliftment, sustainability, resource conservation, energy efficiency and environment protection.

In pursuit for growth, your Company believes in ensuring highest concern for health and safety of the employees, contractors and the eco-system around the plant locations. Besides, Texplast has been focused on building organizational capacity by investing in human resource which is the stepping stone to success.

I also convey my appreciation for the untiring enthusiasm and commitment of all members of Texplast without which it would have been impossible to successfully ride through different challenges and I am sure that they will keep on challenging the high standards of operational excellence that they have set for themselves.

We will continue to follow our dreams to become one of the most respected companies through continuous improvement in our efficiency, by innovative practices and further expanding our businesses to emerging markets. I look forward to your continued support and I am sure that together we shall realize our dreams.

As we recharge for growth, we will be on the lookout for opportunities which will sweat the assets and give maximum value to shareholders.

Notice of Annual General Meeting

NOTICE is hereby given that the 41ST Annual General Meeting of the members of TEXPLAST INDUSTRIES LIMITED will be held at the Registered Office of the Company, viz. at Gut No. 39/40, Village Nehroli, Taluka Wada, Dist. Thane - 421 312, Maharashtra, at 11.30 A.M. on Thursday, the 27TH September, 2012, to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss 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 Nautamlal Doshi, who retires by rotation and being eligible offers himself for reappointment.
- 3 To appoint Auditors and fix their remuneration.

Place Mumbai
Date 31st August, 2012
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 The Register of Members and the Share Transfer Books of the Company will remain closed on 27th September, 2012.
- 4 Profile of Director seeking reappointment at the Annual General Meeting as required under Clause 49 of the Listing Agreement is given in Corporate Governance Report.
- 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.
- 6 Members are requested to notify immediately any change in their address/mandate/bank details to the Company, quoting their Folio Number. As an environment friendly initiative, the Ministry of Corporate Affairs (MCA) vide its various circulars has clarified that all communications including notice of meetings, annual reports, etc. sent to the shareholders through electronic mode, would be in compliance with the provisions of Section 53 of the Companies Act, 1956. In support of MCA's Green Initiative in corporate governance, Texplast Industries Limited would like to send documents through Email. Hence, shareholders are requested to intimate the Company about their Email IDs either directly to the Company or to the Company's registrar and share transfer agent (RTA). We solicit your valuable cooperation in our endeavor to contribute to the environment.
- 7 Members holding their shares in physical form are requested to get the shares dematerialized at the earliest as it would benefit them and the Company too.

DIRECTORS' REPORT

The Members

It gives immense pleasure to your Directors in presenting their 41st Annual Report on the working of the Company together with the audited statements of accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS:

Particulars	Rs. in lacs	
	Year Ended 31.03.2012	Year Ended 31.03.2011
Sales & Others Income	7528.90	3321.45
Profit before Financial Charges, Depreciation, Taxation and Prior Period Expenses.	739.27	385.37
Less : Financial Charges	371.49	179.67
Profit/(Loss) before Depreciation and Prior Period Expen.		
Less : Depreciation	216.33	104.35
Profit/(Loss) before Prior Period Expenses.	151.44	101.35
Less : Prior Period Expenses	0.65	1.52
Profit/(Loss) for the Period Before Tax	150.79	99.83
Less : Provision for Tax		
: Current Tax	57.07	19.90
: MAT Credit Entitlement	NIL	(0.27)
: Provision for Deferred Tax	(4.89)	(7.21)
: Provision for Income Tax Relating of earlier years	(0.67)	(4.73)
Net Profit / (Loss) After Tax	99.28	92.14

BUSINESS PERFORMANCE

The consolidated revenue of Texplast Industries Limited is Rs. 7528.90 lacs for the financial year ended 31st March, 2012 as compared to the revenue of Rs.3321.45 lacs for the previous year. It has incurred total operating and other expenses of Rs. 7377.46 lacs during the current year as compared with Rs. 3220.10 lacs of the previous year. The consolidated Net Profit for the fiscal year ended 31st March, 2012 stood at Rs. 99.28 lacs as against the previous year's consolidated Net Profit of Rs. 92.14 lacs.

DIVIDEND

In order to build Reserves for further expansion / modernization of business, Your Directors have not recommended any dividend.

FIXED DEPOSITS

The Company neither invited nor accepted any deposits from public during the year under review.

POSTAL BALLOT

The Company has undertaken an exercise to obtain the approval of its Members under Section 192A of the Companies Act, 1956, pertaining to:

Resolution No. 1: Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for increase in borrowing limits from to Rs. 100 crores or the aggregate of the paid-up capital and free reserves of the Company, whichever is higher.

Resolution No. 2: Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings in terms of resolution No. (1) above.

Resolution No. 3: Special Resolution under Section 17 of the Companies Act, 1956 for insertion of clauses in the Other Objects Clause of Memorandum of Association of Company.

Resolution No. 4: Special Resolution under Section 149(2A) of the Companies Act, 1956 for commencement of new businesses as inserted by above resolution.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(A) INDUSTRIAL STRUCTURE & DEVELOPMENT

Although there is disagreement on exactly where FIBCs were first made and used, it is certain that they have been employed for a variety of packaging purposes since the 1940s. These forerunners of the FIBC as we know it today were manufactured from PVC rubber and generally utilized within the rubber industry for the transportation of carbon black to be used as a reinforcing agent in a variety of rubber products.

By the 1960s, with the development of polypropylene combined with advances in weaving, the bulk bags as we know them today came into being and were rapidly adopted by a wide variety of oil and chemical companies to store and transport powdered and granular products.

It was during the oil crisis of the mid 1970s that the FIBC really came into its own for transporting huge quantities of cement to the Middle East from across Europe for the rapid expansion of the oil producing countries. At its zenith, upwards of 50,000 metric tons of cement was being shipped out on a weekly basis to feed the vast building programme.

Flexible packaging covers materials that have undergone a conversion process including printing, lamination, coating and extrusion, and can involve different substrates such as plastic films, paper and foil. Flexible pack types include plastic bags and sacks, wrapping films and lidding films, paper bags and wrapper, and aluminum foil laminates, foil lidding, blister packaging and foil bags, sachets and pouches.