

ISO 9001 : 2000

**India's
First
Masterbatch
Manufacturing
Company
Accredited
with
ISO
9001 : 2000**

Plastiblends

India Limited

**Government of India recognised
"Export House"**

**Annual Report
2003-2004**

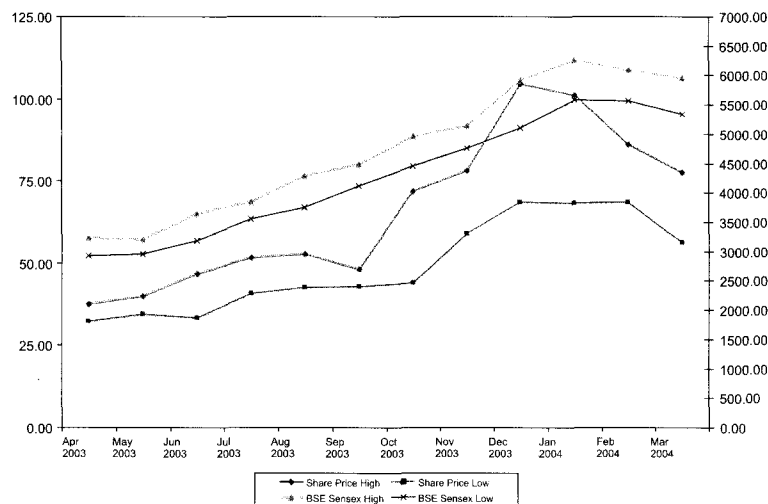
FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2003-04	2002-03	2001-02	2000-01	1999-00
<u>OPERATING RESULTS</u>					
Sales and Other Income	7646.91	6373.07	5741.89	5635.50	4384.17
Profit before Depreciation, Interest & Tax	1551.31	1235.41	1105.70	1006.74	750.78
Less : Depreciation	118.92	107.54	107.54	98.62	83.41
Interest	90.55	87.44	119.31	140.17	137.40
Profit Before Tax	1341.84	1040.43	878.85	767.95	529.97
Less : Provision for Taxation	252.58	200.00	166.13	178.09	90.18
Net Profit After Tax	1089.26	840.43	712.72	589.86	439.79
Less : Provision for Deferred Taxation	27.45	21.46	175.44	0.00	0.00
Net Profit after provision of Deferred Taxation	1061.81	818.97	537.29	589.86	439.79
Retained Earnings	769.43	585.07	342.37	427.43	303.34
Earning per share (EPS) (Rs.)	16.76	12.94	10.97	9.08	6.77
Dividend	45%	36%	30%	25%	21%
<u>ASSETS EMPLOYED</u>					
Fixed Assets (NET)	1553.43	1400.98	1467.74	1471.21	1414.69
Working Capital (NET)	904.23	120.10	274.92	543.85	607.99
Capital Employed	4537.68	3890.29	3265.65	2898.75	2685.16
<u>FINANCED BY</u>					
Share Capital	649.73	649.73	649.73	649.73	649.73
Reserves	2959.81	2227.83	1672.73	1355.74	944.88
Total Shareholders Fund	3609.54	2877.56	2322.46	2005.47	1594.61
Borrowings	678.41	790.45	742.37	893.28	1090.55
Deferred Tax Adjustments	249.73	222.28	200.82	0.00	0.00
Debt : Equity	0.19 : 1	0.27 : 1	0.32 : 1	0.45 : 1	0.68 : 1
<u>OTHERS</u>					
Book Value Per Share (Rs.)	55.55	44.29	35.74	30.87	24.54
Gross Fixed Assets	2393.55	2124.76	2090.25	1987.98	1835.79
Employees Cost	201.59	173.41	152.13	138.18	114.31

STOCK PERFORMANCE

(Share Price / BSE Sensex)



BOARD OF DIRECTORS

Shri Shreevallabh G. Kabra
 (Chairman & Managing Director)
 Shri Satyanarayan G. Kabra
 (Vice-Chairman & Managing Director)
 Shri Punamchand C. Parmar
 Shri Haridas S. Sanwal
 Shri Amir E. Ladhabhoy
 Shri V. Dorairaj
 Shri Anand S. Kabra
 Shri Rajkishore S. Mundra

COMPANY SECRETARY

Ms. Jignasha N. Shah

REGISTERED OFFICE

B-45, Mahashree Compound, New Link Road,
 Andheri (West), Mumbai - 400 053
 Tel. No. : +91-22-26736468/56952694-98
 Fax : +91-22-26736808
 E-mail : pbi@kolsitegroup.com
 Website : www.plastiblendsindia.com

WORKS

74/1, 74/2 and 75/3 Daman Industrial Estate,
 Kadaiya Village, Daman-396 210
 Tel. No. : 0260-2221772-74 Fax : 0260-2221771

110/1,3,4,5 & 6, Daman Industrial Estate,
 Kadaiya Village, Daman-396 210
 Tel. No. : 0260-2221772-74 Fax : 0260-2221771

AUDITORS

Kishor B. Phadke & Co.
 Chartered Accountants, Pune

BANKERS

State Bank of India
 Industrial Finance Branch,
 Mumbai-400 005

SHARE TRANSFER AGENT

Sharex (India) Pvt. Ltd.,
 17/B, Dena Bank Building, 2nd Floor,
 Horniman Circle, Fort, Mumbai - 400 001
 Tel. No. : +91-22-22702485, 22641376
 Fax : +91-22-22641349
 E-mail : sharexindia@vsnl.com

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13th Annual General Meeting

Day : Friday
Date : 30th July, 2004
Time : 4:30 p.m.
Venue : Hotel Park View, 38, Lallubhai Park Road,
 Next to Lallubhai Park, Andheri (West),
 Mumbai – 400 058

Annual Report 2003-04**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of **PLASTIBLENDS INDIA LIMITED** will be held on Friday, the 30th day of July, 2004 at 4:30 p.m. at Hotel Park View, 38, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai – 400 058 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditors' Report thereon;
2. To declare a dividend on Equity Shares for the Financial Year ended 31st March, 2004;
3. To appoint a Director in place of Shri. Punamchand C. Parmar, a Director, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Shri. V. Dorairaj, a Director, who retires by rotation and being eligible offers himself for re-appointment;
5. To appoint Kishor B. Phadke & Co., Chartered Accountants, Pune as Auditors of the Company to hold such office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting, on such remuneration plus out of pocket expenses, if any, as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (hereinafter referred to as 'delisting guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any Committee thereof), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchange, Ahmedabad.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committees or any of its Directors or any of the Officers of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution".

Mumbai, May 24, 2004
Registered Office :
 B-45 Mahashree Compound,
 New Link Road,
 Andheri (West),
 Mumbai – 400 053

By Order of the Board
For Plastiblends India Limited

Sd/-
Jignasha N. Shah
 Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business Item No. 6 set out above, is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 21st July, 2004 to Friday, the 30th July, 2004 (both days inclusive).
4. The dividend as recommended by the Board, if sanctioned at the ensuing Annual General Meeting will be paid to those members or their mandates whose names stand registered on the Company's Register of Members :-
 - a) as Beneficial Owners as at the end of business on Tuesday, the 20th July, 2004 as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form.
 - b) as Members holding shares in Physical Mode as per Register of Members of the Company as on Tuesday, the 20th July, 2004.
5. (i) Those members who have not encashed their dividend warrants for the financial years 1996-97 to 2002-2003 are requested to return the time barred dividend warrants or forward their claims to the company.
- (ii) The details of dividends paid by the Company during the Financial Years 1996-1997 to 2002-2003 are as under:

Date of declaration of Dividend	Dividend for the Year	Rate of Dividend	Month & Year of transfer to the Fund
18 th September, 1997	1996-1997	10 %	October, 2004
16 th September, 1998	1997-1998	14 %	October, 2005
17 th September, 1999	1998-1999	18 %	October, 2006
15 th May, 2000 #	1999-2000	21 %	June, 2007
2 nd August, 2001	2000-2001	25 %	September, 2008
7 th August, 2002	2001-2002	30 %	September, 2009
1 st August, 2003	2002-2003	36 %	September, 2010

Paid as Interim and subsequently approved as Final at the AGM held on 15th September, 2000.

Please claim your unpaid dividend for financial year 1996-97 immediately as the same is due for transfer in October 2004 to the credit of Investor Education and Protection Fund.

- (iii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1996-97 and thereafter which shall remain unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid dividend account will be transferred to the Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Companies Act, 1956. **It may be noted that once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.**
6. Shareholders holding shares in Electronic mode may please note that the Company will accept and print on the dividend warrants, the bank details as furnished by the respective Depositories, as advised by the Securities and Exchange Board of India (SEBI).

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7. Members holding shares in Physical mode are requested to lodge share transfer, transmission and intimate changes, if any, in their registered addresses, bank account and mandate details, residential status etc. quoting their folio number/(s) to Company's Share Transfer Agent.
8. Shareholders seeking any information with regard to accounts are requested to write to the Company Secretary at the Registered Office of the Company at least 10 days in advance, so as to keep the information ready at the Meeting.
9. Brief Profile of Directors retiring by rotation and being eligible for re-appointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Section, which forms part of this Annual Report.
10. Shareholders may avail the facility of Electronic Clearing Services (ECS) for receiving direct credit of dividend to their accounts with Banks for expeditious credit and to protect from loss, theft and postal delay of dividend warrants. Bank details for the said purpose may be given to the Company's Share Transfer Agent, as per ECS mandate format.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 6 :**

In order to provide liquidity to the shareholders and investors, the Company's Equity Shares were listed on the Stock Exchanges at Mumbai (BSE) and Ahmedabad (ASE). The bulk of the trading in the Company's Equity Shares takes place only on BSE.

It has been observed that since last few years trading in Equity Shares of the Company on the Stock Exchange, Ahmedabad (ASE) is negligible owing to expansion of BSE and extension of its terminals to other cities where investors have access to on-line dealings in the Company's Equity Shares on such terminals across the country.

The Company's Equity Shares are one of the scrips which the Securities and Exchange Board of India has specified for settlement only in dematerialised form by all investors since 7th May, 2001. Accordingly, there is no physical movement of share certificates in transactions taking place on the Stock Exchanges.

Further, the Company has been spending considerable amount of money and time in respect of compliance of various provisions of the Listing Agreement, facsimile communication etc. with the Stock Exchange, Ahmedabad and no particular benefit is available to the shareholders of the Company by continuing the listing of the Equity Shares on the said Stock Exchange.

It is therefore considered desirable to delist the Equity Shares of the Company from ASE, subject to the Company complying the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions in this regard.

The Company's Equity Shares, however, will continue to be listed on BSE.

The proposed delisting of the Company's Equity Shares on the said Stock Exchanges will not be prejudicial to, or affect the interest of the investors due to availability of trading facilities on the connectivity of BSE in most of the cities across the country. The exact date on which delisting will take place will be suitably notified at that time. The Directors recommend the Special Resolution for the approval of the members.

None of the Directors are deemed to be concerned or interested in the resolution, except as Shareholders of the Company, wherever applicable.

Mumbai, May 24, 2004

Registered Office :

B-45 Mahashree Compound,
New Link Road,
Andheri (West),
Mumbai – 400 053

By Order of the Board
For Plastiblends India Limited

Sd/-
Jignasha N. Shah
Company Secretary

DIRECTORS' REPORT

Dear Members,

We have pleasure in presenting the **THIRTEENTH ANNUAL REPORT** together with the **Audited Statement of Accounts** of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS :

	Year ended 31 st March, 04 (Rs. in Lakhs)	Year ended 31 st March, 03 (Rs. in Lakhs)
Sales and other Income	7646.91	6373.07
Profit before Interest & Depreciation	1551.31	1235.41
Less : Interest	90.55	87.44
Depreciation	118.92	107.54
Profit Before Tax (PBT)	1341.84	1040.43
Less : Provision for taxation	252.58	200.00
Net Profit After Tax (PAT)	1089.26	840.43
Less : Provision for Deferred Taxation	27.45	21.46
Net Profit After provision of Deferred Taxation	1061.81	818.97
Add : Balance b/f from previous year	1936.99	1466.88
Profit available for appropriation	2998.80	2285.85
APPROPRIATIONS :		
Transferred to General Reserves	110.00	85.00
Provision for Proposed Dividend	292.38	233.90
Provision for Tax on Proposed Dividend	37.46	29.96
Surplus balance c/f to Balance Sheet	2558.96	1936.99
	2998.80	2285.85

DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs. 4.50 per share of Rs. 10/- each for the year ended 31st March, 2004 (Rs. 3.60 per share for the previous year).

OPERATIONS AND OUTLOOK :

During the year under review, your Company has achieved Operational and other Income of Rs. 7646.91 lakhs as against Operational and other Income of Rs. 6373.07 lakhs, an increase of about 20% over the previous year. The Profit after providing for taxes is Rs. 1089.26 lakhs as against Rs. 840.43 lakhs during the previous year, an increase of 29.61% over previous year. The Company has achieved production of 14235 tonnes for the year as compared to 11295 tonnes during previous year which is an increase of 26% over the previous year.

Members will be delighted to know that during the year under review, your Company has commenced the commercial production at its New Unit (Factory No. 2) on 1st June, 2003 with an additional installed capacity of 4000 tonnes per annum, with this addition the total installed capacity has now been enhanced to 19000 tonnes per annum.

Your Company is making constant Research & Development efforts to widen the range of new generation masterbatches like Bio-degradable masterbatches, PET / PP Fibre masterbatches, conductive compounds based on polyethylene & polypropylene, polymer processing aids, optical brightener, antistatic agents, UV stabilizers etc.

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EXPORTS :

Exports during the year under review are Rs. 522.32 lakhs as against Rs. 387.53 lakhs in the previous Financial Year, an increase of around 35% over previous year's exports. Your Company has been accorded with the status of an Export House by the Government of India.

DIRECTORS :

In accordance with the Articles of Association of the Company and in view of provisions of Section 255 of the Companies Act, 1956, Shri. Punamchand C. Parmar and Shri. V. Dorairaj, Directors of the Company will retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956, subject to the disclosures in the Annual Accounts, observations of the Audit Committee and on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under :

- (i) That in the preparation of Annual Accounts for the year ended 31st March, 2004 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) That the directors had selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the profits of the Company for the said year;
- (iii) That the directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts on a "going concern basis".

CORPORATE GOVERNANCE :

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditor confirming the compliance of conditions on Corporate Governance as stipulated in the Clause-49 of the Listing Agreement is annexed thereto.

AUDITORS :

M/s. Kishor B. Phadke & Co., Chartered Accountants, Pune, Auditors of the Company will retire from the office of the Auditors at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate of their eligibility for appointment u/s. 224 (1-B) of the Companies Act, 1956 and they are not disqualified under amended section 226(3)(e) of the said Act.

LISTING FEES :

The Company declares that its Securities are listed on the Stock Exchanges at Mumbai & Ahmedabad and it has paid Annual Listing Fees due to both Stock Exchanges for the year 2004-2005.

PARTICULARS OF EMPLOYERS AND EMPLOYEES RELATIONS :

There are no employees covered under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and hence no particulars are required to be furnished.

The relation between the Employees and the Management remained cordial during the year under review. Your Directors wish to place on record their appreciation for the contribution made by the Employees at all levels.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms part of this report as ANNEXURE.

ACKNOWLEDGEMENT :

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Financial Institutions, Customers, Dealers and Suppliers for their support and co-operation.

For and on behalf of the Board

Sd/-

S. V. Kabra

Chairman & Managing Director

Mumbai, May 24, 2004

ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and pursuant to Section 217 (1) (e) of the Companies Act, 1956 :

A. CONSERVATION OF ENERGY :

- (a) **Energy Conservation Measures taken :** The Company has installed the state-of-the-art technology machines which are energy conservative.
- (b) **Additional Investments and proposals, if any, for reduction of consumption of energy :** None
- (c) **Impact of measures at (a) & (b) above :** With the sophisticated Plant and Machinery, the Company expects energy consumption to be lower but the total impact of this cannot be measured.

B. TECHNOLOGY ABSORPTION :

The Company has in-house full-fledged Research & Development Department with sophisticated and latest technologies which is making continuous effort to develop wide range of new generation masterbatches.

During the year, the Company spent recurring amount of expenditure on R & D which have been included in the respective expenses heads. No separate account head for expenditure on R & D has been maintained.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	2003-2004 (Rs. in Lakhs)	2002-2003 (Rs. in Lakhs)
Foreign Exchange Earned	478.89	387.53
Foreign Exchange Used	1526.87	1296.58

For and on behalf of the Board

Sd/-

S. V. Kabra

Chairman & Managing Director

Mumbai, May 24, 2004

Annual Report 2003-04**MANAGEMENT DISCUSSION AND ANALYSIS****I INDUSTRY STRUCTURE AND DEVELOPMENTS**

Your Company, a part of the Kolsite Group, is located in the union territory of Daman, is engaged in Plastics Industry by catering to Plastics Processing Segment through manufacture of various types of Masterbatches and Compounds.

Masterbatches are used to impart colors and special properties to plastic end-products. Cost of masterbatches is hardly 1-2% in final plastic product but its quality is very important for durability and properties of the product.

In general, the masterbatch segment where your Company is operating can be broadly classified into Organised Sector and Small Scale Sector. Your Company being one of the very few players in the Organised Sector has always focussed on its core business pertaining to Plastic Industry and met demands for world quality standards.

The masterbatch segment is linked very closely with the plastics polymer industry. The masterbatch consumption in India has been growing at a very fast pace and it has been seen historically that the masterbatch segment grows faster than the polymer segment in India. The masterbatch segment in India has grown from strength to strength and the total demand is estimated at about 70000 tonnes per annum presently. The masterbatch segment is growing at a compounded growth rate of about 15% and the demand is likely to reach a level of around 150000 tonnes per annum in next 5 years. Consumption of plastics in India is expected to grow multifold, as per capita consumption is only 4 kgs against world average of 17 kgs.

Your Company produces a large range of masterbatches which are compatible with Polyolefins like PE, PP, EVA, etc. The Company supplies universal masterbatches compatible with various plastics like HIPS, PS, ABS etc.

II OPPORTUNITIES AND THREATS

With many developments in Indian Economy as triggered by globalisation, one world market and cut-throat competition, the prime opportunity lies in meeting customer's raised expectations in terms of high quality, prompt response time, services & performance and the same opportunities were regularly grabbed by your Company since its inception.

The threats which the Indian Plastics Industry foresees are slow down of Indian Economy, myths and misconceptions about plastics and its impact on environment and competition from the Global market.

Your Company being one of the players in the Indian Plastic Industry do get affected by such threats but has always come out with positive developments against such threats and maintained its number one position.

Your Company's plant is based on state-of-the-art technology currently used in the developed countries. The plant is equipped with fully computerised process controls and computerised gravimetric feeding system which ensures consistent quality. Your Company has been now accredited with ISO 9001:2000 Certification by TUV America, Inc in October 2003 for adhering to stringent quality standards in the manufacture of masterbatches.

Your Company is increasing its activity in the Global Market and has achieved Export turnover of Rs. 522.32 lakhs during the year under review.

Your Company has been able to maintain its leadership position amongst Indian masterbatch manufacturers through continuous R & D, innovative approach and measures towards improving productivity.

III SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Your Company operates only in one segment i.e. Masterbatches which includes white, black, colour and additive masterbatches.

IV BUSINESS OUTLOOK

The company plans to grow its business through natural industry growth, higher market share and penetration into exports markets. It is fully committed to ongoing research and investments in plants, processes, personnel and marketing network. Exports would grow at a much faster pace with tapping of new markets.

The company has been consistently meeting global standards for quality, service and performance. Focus on latest manufacturing technologies has enabled it to improve productivity and reduce material costs. It has recently introduced high-value masterbatches for synthetic fibre industry and is poised to grab a significant market share with winning of a leading customer.

Major customers of the company are polymer producers including Reliance, IPCL, GAIL, etc. and polymer processors including Supreme Industries, Cosmo Films, Garware Polyesters, etc. With a base of around 2300 customers, there is no excessive dependence on any single customer.