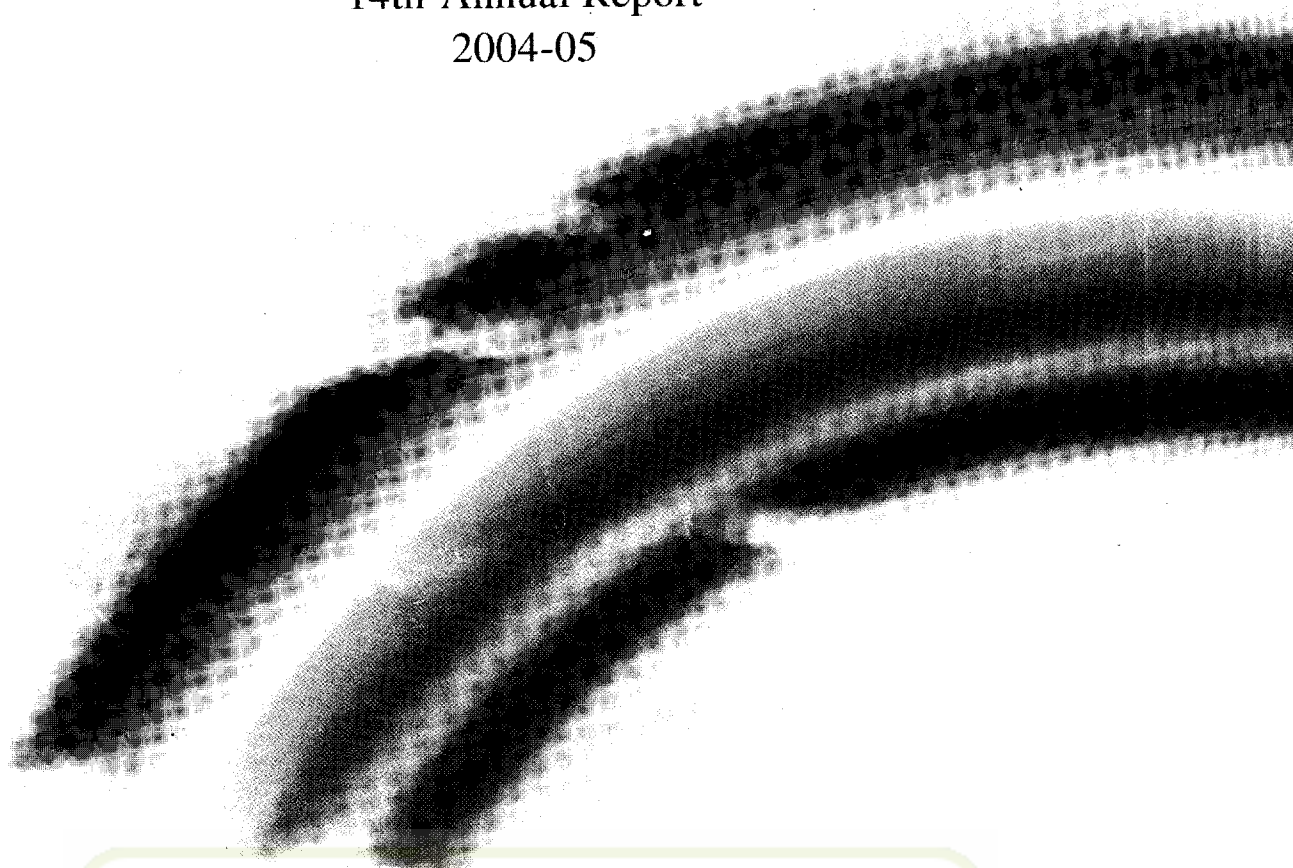


14th Annual Report  
2004-05



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**India Limited**

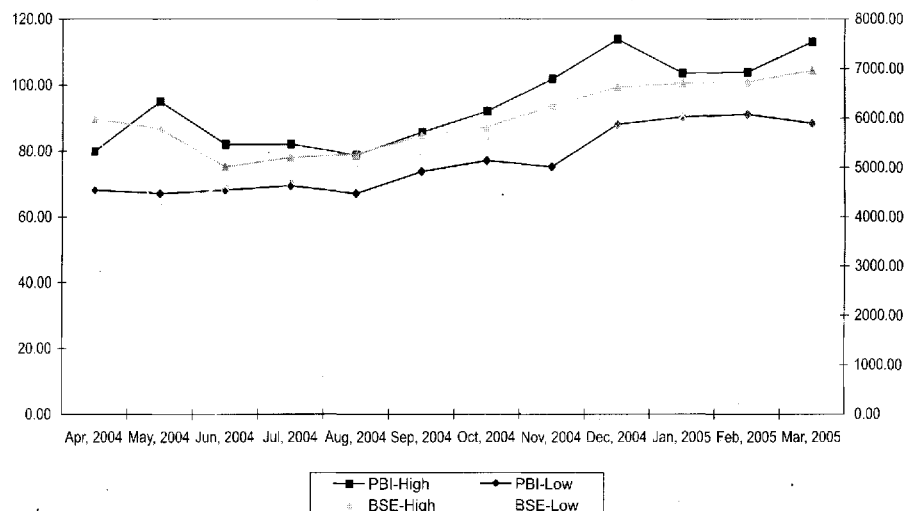


## FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2004-05	2003-04	2002-03	2001-02	2000-01
<b><u>OPERATING RESULTS</u></b>					
Sales and Other Income	9211.26	7646.91	6373.07	5741.89	5635.50
Profit before Depreciation, Interest & Tax	1498.54	1551.32	1235.41	1105.70	1006.74
Less : Depreciation	132.90	118.92	107.54	107.54	98.62
Interest	51.98	90.55	87.44	119.31	140.17
Profit Before Tax	1313.66	1341.85	1040.43	878.85	767.95
Less : Provision for Taxation	226.14	252.58	200.00	166.13	178.09
Net Profit After Tax	1087.52	1089.27	840.43	712.72	589.86
Less : Provision for Deferred Taxation	46.67	27.45	21.46	175.44	0.00
Net Profit after provision of Deferred Taxation	1040.85	1061.82	818.97	537.29	589.86
Retained Earnings	748.47	769.44	585.07	342.37	427.43
Earning per share (EPS) (Rs.)	16.74	16.76	12.94	10.97	9.08
Dividend	45%	45%	36%	30%	25%
<b><u>ASSETS EMPLOYED</u></b>					
Fixed Assets (NET)	1721.17	1553.43	1400.98	1467.74	1471.21
Working Capital (NET)	1150.13	904.23	120.10	274.92	543.85
Capital Employed	5241.41	4537.68	3890.29	3265.65	2898.75
<b><u>FINANCED BY</u></b>					
Share Capital	649.73	649.73	649.73	649.73	649.73
Reserves	3667.27	2959.81	2227.83	1672.73	1355.74
Total Shareholders Fund	4317.00	3609.54	2877.56	2322.46	2005.47
Borrowings	628.00	678.41	790.45	742.37	893.28
Deferred Tax Adjustments	296.41	249.73	222.26	200.82	0.00
Debt : Equity	0.14 : 1	0.19 : 1	0.27 : 1	0.32 : 1	0.45 : 1
<b><u>OTHERS</u></b>					
Book Value Per Share (Rs.)	66.44	55.55	44.29	35.74	30.87
Gross Fixed Assets	2681.21	2393.55	2124.76	2090.25	1987.98
Employees Cost	222.13	201.59	173.41	152.13	138.18

### 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. : +91-22-26736468/56952694-97

Fax : +91-22-26736808

E-mail : pbi@kolsitegroup.com

Website : www.plastiblendsindia.com

**WORKS**

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  
HDFC Bank Ltd.

**SHARE TRANSFER AGENT**

Sharex Dynamic (India) Pvt. Ltd.,  
Unit 1, Luthra Ind. Premises, Safed Pool,  
Andheri-Kurla Road, Andheri (E),  
Mumbai - 400 072.  
Tel. : 022-28515606, 28515644  
Fax : 022-28512885  
Email : sharexindia@vsnl.com

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**14<sup>th</sup> Annual General Meeting**

<b>Day</b>	: Tuesday
<b>Date</b>	: 30 <sup>th</sup> August, 2005
<b>Time</b>	: 4:00 p.m.
<b>Venue</b>	: Hotel Park View, 38, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai - 400 058

**Annual Report 2004-05****NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of **PLASTIBLENDS INDIA LIMITED** will be held on Tuesday, the 30<sup>th</sup> day of August, 2005 at 4:00 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 consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date together with Directors' and Auditors' Report thereon;
2. To declare dividend on Equity Shares for the Financial Year ended 31<sup>st</sup> March, 2005;
3. To appoint a Director in place of Shri. Amir E. Ladhahoy, a Director, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Shri. Haridas S. Sanwal, 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.

Mumbai, June 23, 2005

By Order of the Board  
For **Plastiblends India Limited**

**Registered Office :**

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

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 AND A PROXY NEED NOT BE A MEMBER. 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. Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 23<sup>rd</sup> August, 2005 to Tuesday, the 30<sup>th</sup> August, 2005 (both days inclusive) .
3. 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 Monday, the 22<sup>nd</sup> August, 2005 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 Monday, the 22<sup>nd</sup> August, 2005.
4. (i) Those members who have not encashed their dividend warrants for the Financial Years 1997-1998 to 2003-2004 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 1997-1998 to 2003-2004 are as under :

Date of declaration of Dividend	Dividend for the Year	Rate of Dividend	Month & Year of transfer to the Fund
16 <sup>th</sup> September, 1998	1997-1998	14 %	October, 2005
17 <sup>th</sup> September, 1999	1998-1999	18 %	October, 2006
15 <sup>th</sup> May, 2000 #	1999-2000	21 %	June, 2007
2 <sup>nd</sup> August, 2001	2000-2001	25 %	September, 2008
7 <sup>th</sup> August, 2002	2001-2002	30 %	September, 2009
1 <sup>st</sup> August, 2003	2002-2003	36 %	September, 2010
30 <sup>th</sup> July, 2004	2003-2004	45%	August, 2011

# Paid as interim and subsequently approved as Final at the AGM held on 15<sup>th</sup> September, 2000.

**Please claim your unpaid dividend for Financial Year 1997-98 immediately as the same is due for transfer in October, 2005 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 against the Company / Fund.**
- 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). Any changes in your Bank details may be brought to the notice of the respective Depository Participant immediately.
  - Members holding shares in Physical Form 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.
  - 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.
  - 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.
  - Members holding shares in Physical Form 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 along with a copy of duly cancelled cheque leaf.

Mumbai. June 23, 2005

**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



**Annual Report 2004-05****DIRECTORS' REPORT**

Dear Members,

We have pleasure in presenting the **FOURTEENTH ANNUAL REPORT** together with the **Audited Statement of Accounts** of the Company for the year ended 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS :**

	Year ended 31 <sup>st</sup> March, 05 (Rs. in Lakhs)	Year ended 31 <sup>st</sup> March, 04 (Rs. in Lakhs)
Sales and other Income	9211.26	7646.91
Profit before Interest & Depreciation	1498.54	1551.31
Less : Interest	51.98	90.55
Depreciation	132.90	118.92
Profit Before Tax (PBT)	1313.66	1341.84
Less : Provision for taxation	226.14	252.58
Profit After Tax (PAT)	1087.52	1089.26
Less : Provision for Deferred Taxation	46.67	27.45
Profit After provision of Deferred Taxation	1040.85	1061.81
Add : Balance b/f from previous year	2558.96	1936.99
Profit available for appropriation	3599.81	2998.80

**APPROPRIATIONS :**

Transferred to General Reserves	140.00	110.00
Provision for Proposed Dividend	292.33	292.38
Provision for Tax on Proposed Dividend	41.01	37.46
Surplus balance c/f to Balance Sheet	3126.42	2558.96
	3599.81	2998.80

**DIVIDEND :**

Your Directors are pleased to recommend dividend of Rs. 4.50 per share of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2005 (Rs. 4.50 per share for the previous year).

**OPERATIONS AND OUTLOOK :**

During the year under review, your Company has achieved Operational and other Income of Rs. 9211.26 lakhs as against Operational and other Income of Rs. 7646.91 lakhs, registering an increase of about 20% over the previous year. The Profit after providing for taxes is Rs. 1087.52 lakhs as against Rs. 1089.26 lakhs during the previous year.

The Company has achieved production of 15385 tonnes for the year as compared to 14235 tonnes during the previous year, an increase of 8%. During the year under review the installed capacity was enhanced from 19000 tonnes p.a to 22000 tonnes p.a .

Constant Research & Development efforts are being made by the Company to widen the range of new generation masterbatches like Bio-degradable masterbatches, PET / PP Fibre master batches, conductive compounds based on polyethylene & polypropylene, polymer processing aids, optical brightener, antistatic agents, UV stabilizers, etc.

**EXPORTS :**

Exports during the year under review are Rs. 1000.00 lakhs as against Rs. 522.32 lakhs in the previous financial year, an increase of around 91% over previous year's exports. Good response from overseas buyer for the Company's products, competitive price, and consistent quality have lead to rise in exports.

**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. Amir E. Ladhabhoy and Shri. Haridas S. Sanwal, Directors of the Company will retire by rotation in the ensuing Annual General Meeting and being eligible have offered 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 31<sup>st</sup> March, 2005 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 judgements 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 31<sup>st</sup> March, 2005 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 auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause-49 of the Listing Agreement is annexed thereto.

**AUDITORS :**

M/s. Kishor B. Phadke & Co., Chartered Accountants, 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 confirms that the Annual Listing Fees due to The Stock Exchange, Mumbai for the Financial Year 2005-06 have been paid. The scrip of the Company has been delisted from The Stock Exchange, Ahmedabad w.e.f. 15<sup>th</sup> October, 2004 pursuant to the application made by the Company for voluntary delisting in compliance of SEBI De-listing guidelines.

**CUSTODIAN CHARGES :**

The Company confirms that the Annual Custody Fee for the Financial Year 2005-2006 due to National Securities Depository Ltd. and Central Depository Services (India) Ltd. have been paid to them in compliance of SEBI Circular MRD/DOP/DEP/CIR-4/2005 dated 28/1/2005

**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.

**Annual Report 2004-05****CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**

A statement on 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 the support and co-operation extended by them .

**For and on behalf of the Board**

Sd/-

**S. V. Kabra**

Chairman & Managing Director

Mumbai, June 23, 2005

**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 equipped with a wide range of Lab machines, equipments, instruments and testing facilities and is capable of continuously developing new products as well as upgradation of existing products.

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 EARNING AND OUTGO :**

	<b>2004-2005</b> <b>(Rs. in Lakhs)</b>	<b>2003-2004</b> <b>(Rs. in Lakhs)</b>
Foreign Exchange Earned	<b>933.70</b>	478.89
Foreign Exchange Used	<b>1315.58</b>	1526.87

**For and on behalf of the Board**

Sd/-

**S. V. Kabra**

Chairman & Managing Director

Mumbai, June 23, 2005



## MANAGEMENT DISCUSSION AND ANALYSIS

### I INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is one of the very few players in the organised sector who manufactures various types of master batches and compounds which are imperative ingredients for plastics processing segment.

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 master batch segment is growing from strength to strength and the total demand is estimated at about 80000 tonnes per annum presently. The master batch segment is growing at a compounded growth rate of about 15% p.a. and the demand is likely to reach a level of around 150000 tonnes per annum in next 5 years. The domestic market has significant growth potential as the 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 wide range of master batches that are compatible with Polyolefins like PE, PP, EVA, and the universal master batches supplied are compatible with various plastics like HIPS, PS, ABS etc.

### II OPPORTUNITIES AND THREATS

The threats faced by your company are stiff competition both in domestic and global market, meeting the customers' high expectations, consistent quality and after sales services etc. Over the last few months there has been steep upward movement in the prices of polymers globally which has risen by 10 – 30% and proportionate increase in the domestic prices as well.

Your company has maintained its leadership position amid stiff competition, volatile price fluctuations of the raw materials like polymers, pigments, due to its ability in identifying and meeting the customers' expectation in terms of high quality, prompt services & performance. The management expertise and their association with the plastic industry for more than four decades have always been an added advantage to your company.

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 foreign manufacturers.

Your Company being a part of the Indian Plastic Industry do get affected by such threats but has always come out with positive developments against such threats and has been successful in maintaining its leadership position.

### III SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Your Company operates only in one segment i.e. Master batch which includes white, black, colour and additive master batches.

### IV BUSINESS OUTLOOK

Product obsolescence is a common feature in the master batch industry, hence product innovation is the master key to future growth. Focus on R & D has enabled the company to introduce new products in this segment in addition to the manufacturing of more than 450 types of master batches presently.

Your company has introduced some high volume and speciality products such as master batches for BOPP films, PET filaments and yarns, PP filaments and fibres, conductive compounds and biodegradable additives and compounds.

On account of increased awareness about the use of degradable plastics as well as government's intention in formulating and enacting various laws, the use of degradable plastic bags is going to increase significantly and more awareness towards environment will benefit your company to strengthen itself in this segment.

Your company has been able to penetrate into the global markets by maintaining the global standards of cost and quality thereby enabling your company to grow its exports manifold.