

15th Annual Report
2005-06

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Plastiblends
India Limited

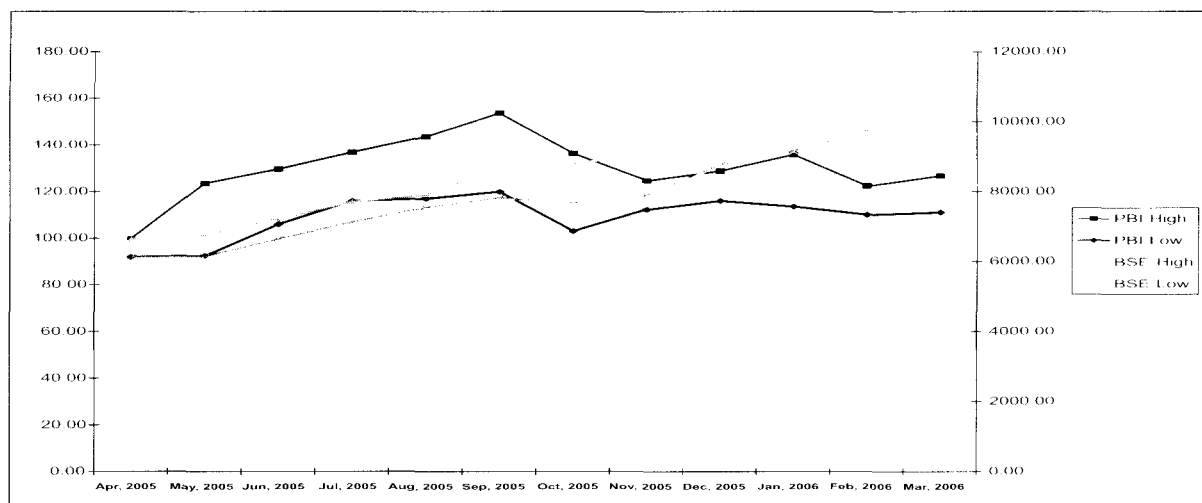
FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2005-06	2004-05	2003-04	2002-03	2001-02
OPERATING RESULTS					
Sales and Other Income	9814.73	9211.26	7646.91	6373.07	5741.89
Profit before Depreciation, Interest & Tax	1695.40	1498.54	1551.32	1235.41	1105.70
Less : Depreciation	143.50	132.90	118.92	107.54	107.54
Interest	37.36	51.98	90.55	87.44	119.31
Profit Before Tax (PBT)	1514.54	1313.66	1341.85	1040.43	878.85
Less : Provision for Tax	200.80	226.14	252.58	200.00	166.13
Profit After Tax (PAT)	1313.74	1087.52	1089.27	840.43	712.72
Less : Provision for Deferred Tax	(51.24)	46.67	27.45	21.46	175.44
Net Profit after provision of Deferred Tax	1364.98	1040.85	1061.82	818.97	537.29
Retained Earnings	942.65	748.47	769.44	585.07	342.37
Earning Per Share (EPS) (Rs.)	20.22	16.74	16.76	12.94	10.97
Dividend (%)	65%	45%	45%	36%	30%
ASSETS EMPLOYED					
Fixed Assets (NET)	1862.35	1721.17	1553.43	1400.98	1467.74
Working Capital (NET)	1080.39	1150.13	904.23	120.10	274.92
Capital Employed	5756.77	5241.41	4537.68	3890.29	3265.65
FINANCED BY					
Share Capital	649.73	649.73	649.73	649.73	649.73
Reserves	4550.70	3667.27	2959.81	2227.83	1672.73
Total Shareholders Fund	5200.43	4317.00	3609.54	2877.56	2322.46
Borrowings	311.17	628.00	678.41	790.45	742.37
Deferred Tax Adjustments	245.17	296.41	249.73	222.28	200.82
Debt : Equity	0.06 : 1	0.14 : 1	0.19 : 1	0.27 : 1	0.32 : 1
OTHERS					
Book Value Per Share (Rs.)	80.04	66.44	55.55	44.29	35.74
Gross Fixed Assets	2953.71	2681.21	2393.55	2124.76	2090.25
Employees Cost	226.18	222.13	201.59	173.41	152.13

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 Anand S. Kabra

Shri Rajkishore S. Mundra (Resigned w.e.f. 19/12/05)

Shri V. Dorairaj (Resigned w.e.f. 23/06/06)

Shri P. R. Singhvi (Additional Director w.e.f. 28/04/06)

Dr. Y.B. Vasudev (Additional Director w.e.f. 23/06/06)

REGISTERED OFFICE

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

Tel. No. : +91-22-26736468/66952694-97

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, Industrial Finance Branch,
World Trade Centre, Mumbai - 400 005.

HDFC Bank Ltd.

Fort Branch, Mumbai - 400 001.

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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15th Annual General Meeting

Day : Friday
Date : 11th August, 2006
Time : 11:00 a.m.
Venue : Hotel Karl Residency, 38, Lallubhai Park Road,
 Next to Lallubhai Park, Andheri (West),
 Mumbai – 400 058.

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **PLASTIBLENDS INDIA LIMITED** will be held on Friday, the 11th day of August, 2006 at 11:00 a.m. at Hotel Karl Residency, 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 31st March, 2006 and the Profit and 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, 2006;
3. To appoint a Director in place of Shri Anand S. Kabra, a Director, who retires by rotation and being eligible, offers himself for re-appointment;
4. 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;
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 said Auditors.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Pushp Raj Singhvi, who was appointed as an Additional Director of the Company on 28th April, 2006 by the Board of Directors, subject to Section 260 of the Companies Act, 1956 and who holds office only up to the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. Yatish B. Vasudeo, who was appointed as an Additional Director of the Company on 23rd June, 2006 by the Board of Directors, subject to Section 260 of the Companies Act, 1956 and who holds office only up to the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act or any re-enactment or modifications thereof and all other applicable statutory provisions, if any, and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Shri Shreevallabh G. Kabra as a Managing Director of the Company, for a

period of 5 (five) years w.e.f. 1st January, 2007 to 31st December, 2011 on the terms, conditions and stipulations including remuneration detailed in the Explanatory Statement annexed hereto (which shall form part hereof), with a liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the terms and conditions of the said appointment and remuneration and/or monetary value of the perquisites as may be agreed upon by the Board of Directors and Shri Shreevallabh G. Kabra, subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII to the said Act, (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his office as a Chairman and Managing Director of the Company, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part-II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

"RESOLVED FURTHER THAT the aforesaid consent of the company is accorded without prejudice to his right of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, subject to the regulatory guidelines and ceiling stipulated in this regard.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be necessary, expedient or desirable in the best interest of the Company."

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

"RESOLVED THAT pursuant to provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act or any re-enactment or modifications thereof and all other applicable statutory provisions, if any, and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment and payment of remuneration to Shri Anand S. Kabra as a Executive Director of the Company, for a period of 5 (five) years w.e.f. 1st August, 2006 to 31st July, 2011 on the terms, conditions and stipulations including remuneration detailed in the Explanatory Statement annexed hereto (which shall form part hereof), with a liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the terms and conditions of the said appointment and remuneration and/or monetary value of the perquisites as may be agreed upon by the Board of Directors and Shri Anand S. Kabra, subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII to the said Act, (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his office as a Executive Director of the Company, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part-II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

"RESOLVED FURTHER THAT the aforesaid consent of the company is accorded without prejudice to his right of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, subject to the regulatory guidelines and ceiling stipulated in this regard.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be necessary, expedient or desirable in the best interest of the Company."

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10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293(1)(d) of the Companies Act, 1956 and Article 23 of the Articles of Association of the Company and all other enabling provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company to borrow for and on behalf of the Company from time to time as they may consider fit any sum or sums of money in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits or otherwise in Indian Rupees or any other foreign currency from any bank or banks or any financial institutions, other person or persons and whether the same be unsecured or secured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, on, over or in respect of all or any of the Company's assets and effects and properties (including raw materials, stores, spares and components in stock or transit) notwithstanding that the monies so borrowed together with the monies, if any, already borrowed by the Company (apart from temporary loans and credits obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that, the total amount so borrowed by the Directors and outstanding at any time shall not exceed Rs. 20.00 Crores (Rupees Twenty Crores only) over and above the paid-up capital of the Company and its free reserves."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to create a further mortgage and/or charge on such terms and conditions and at such time(s) and in such form and manner and with such ranking as to priority as the Board in its absolute discretion thinks fit, on the whole or substantially the whole of the Company's any one or more of the undertakings or of all the undertakings, including the present and/or future properties / assets, whether movable or immovable comprised in any undertaking of the Company, as may be agreed to in favour of the Banks i.e. HDFC Bank Ltd., State Bank of India and / or any other bank / financial institution/(s) (hereinafter referred to as Lender) to secure the present Working Capital facilities granted by them and/or such other amount as may be advanced by such Lender in future as a Cash Credit facility and / or Term Loan up to the extent of sum of Rs. 50.00 Crores (Rupees Fifty Crores only) together with interest on the principal amounts at the respective agreed rates, compound interest, liquidated damages, commitment charges, cost, any other charges, expenses if any, and all other monies payable by the company to the concerned Banks / Institutions under the respective documents entered into / to be entered into by the company.

"RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgage and/or charges already created in favour of the existing Banks and / or to be created in future by the Company in favour of any Lender including existing Banks and as may be agreed to between the concerned parties.

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, the Board or any Committee or Persons authorised by the Board, be and are hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid or otherwise considered to be in the best interest of the Company."

Mumbai, June 23, 2006

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

Registered Office :

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

S. V. Kabra
Chairman & Managing Director

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 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 Nos. 6 to 11 set out above, is annexed hereto.
3. Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 1st August, 2006 to Friday, the 11th August, 2006 (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 Monday, the 31st July, 2006 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 31st July, 2006.
5. Brief Profile of Directors retiring by rotation and being eligible for re-appointment and other Director who is proposed to be appointed at the ensuing Annual General Meeting are furnished in the Corporate Governance Section, which forms part of this Annual Report.
6. Shareholders seeking any information with regard to accounts are requested to write to the Compliance Officer at the Registered Office of the Company at least 15 days in advance, so as to keep the information ready at the Meeting.

ANNEXURE TO NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6 & 7

Shri Pushp Raj Singhvi, qualified as B.Com, LL.B was appointed as an Additional Director on 28th April, 2006 by the Board of Directors of the Company. He has experience of over 36 years in marketing of petrochemicals in India and Abroad. He has successfully established a Multi National Company in India and is an expert in launching / establishing new products / polymers. He is the Managing Director of Borouge (India) Pvt. Ltd.

Dr. Yatish B. Vasudeo, holds a Master of Science Degree in Chemistry from University of Bombay and Doctorate Degree in Polymer Chemistry from UDCT. He has passed licentiate examination in Plastics, a Diploma from Plastics & Rubber Institute, London. He is a Member of the Society of Plastics Engineers (SPE), USA; Life Member of Colour Society; Indian Plastics Institute; Society of Material Science. He is Chairman of Indian Plastics Institute and a Former Member of the Governing Council of CIPET. He was appointed as an Additional Director on 23rd June, 2006 by the Board of Directors of the Company. He has experience of over 25 years in Plastic Industry.

In terms of Section 260 of the Companies Act, 1956, they holds office of Director only up to the date of the ensuing Annual General Meeting of the Company and are eligible to be appointed as Director.

The Company has received notices in writing under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- from Members proposing their candidature for the office of Director.

The Board considers their association beneficial and in the interest of the Company.

The Directors therefore recommends these ordinary resolution for your approval.

Except, Shri Pushp Raj Singhvi and Dr. Yatish B. Vasudeo, to the extent of their respective appointment, none of the other Directors is in any way, concerned or interested in these resolution.

Item No. 8

The Board of Directors of the Company at its meeting held on 23rd June, 2006 approved the re-appointment and payment of remuneration to Shri Shreevallabh G. Kabra as a Chairman & Managing Director of the Company w.e.f. 1st January, 2007 for a period of 5 (Five) years. He is holding similar position in M/s. Kabra Extrusiontechnik Ltd., a company in the same group and paid remuneration therefrom.

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During his previous tenure of 5 years as Chairman & Managing Director, the company has achieved substantial growth both in terms of Sales Turnover and profitability.

The material terms of appointment and remuneration proposed to be payable to him are as set out below :

1. Period of Appointment :

5 (five) years with effect from 1st January, 2007 to 31st December, 2011.

2. Remuneration :

Salary : Rs. 75,000/- (Rupees Seventy Five Thousand Only) per month, with an annual increment to be decided by the Board at such percentage up to 10% of the salary, subject to the same not exceeding at any point of time, the ceiling laid down under the provisions of the Companies Act, 1956 and Schedule thereto.

In addition to the above, he shall be entitled to the following perquisites restricted to an amount equal to his annual salary. Unless the context otherwise requires, perquisites are classified in to three categories 'A', 'B' and 'C' as follows :

CATEGORY – A :

- i. **Housing I :** The expenditure by the Company on hiring furnished accomodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by him
- ii. **Housing II :** In case the accomodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- iii. **Housing III :** In case no accomodation is provided by the Company, he shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.
- iv. **Medical Reimbursement :** For self and his family subject to a ceiling of 1 month salary in a year or three months salary in a block of three years.
- v. **Leave Travel Reimbursement :** For self, spouse and family once in a year incurred in accordance with the rules specified by the Company.
- vi. **Club Fees :** Subject to a maximum of two clubs. This will not include admission and life membership fees.
- vii. **Personal Accident Insurance & Medi-Claim Policy :** For self, spouse and family as per rules of the Company.

Explanation for the purpose of Category 'A' : Family means spouse, dependent children and dependent parents of the said Managing Director.

CATEGORY – B :

- (i) **Provident Fund, Superannuation Fund and Annuity Fund :** Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Schemes of the Company will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income-tax Act, 1961.
- (ii) **Gratuity :** Gratuity payable as per rules of the Company
- (iii) Encashment of leave as per rules of the Company.

CATEGORY – C :

Provision of car and telephone at residence for use of Company's business will not be considered as perquisites. However, personal long distance telephone calls and use of car for private purpose shall be billed by the Company to the Managing Director.

This explanatory statement with the accompanying Notice is to be regarded as an abstract of the terms of agreement and memorandum of concern or interest, under Section 302 of the Companies Act, 1956.

The Directors recommend this ordinary resolution for your approval.

Shri Shreevallabh G. Kabra is concerned or interested in the resolution, since it relates to his own appointment and remuneration.

Further Shri S. N. Kabra and Shri A. S. Kabra are deemed to be interested in this resolution as related to the said appointee.

Save and except the above, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 9

The Board of Directors of the Company at its meeting held on 23rd June, 2006 approved the appointment and payment of remuneration to Shri Anand S. Kabra as a Executive Director of the Company w.e.f. 1st August, 2006 for a period of 5 (Five) years. He is holding position of Executive Director in M/s. Kabra Extrusiontechnik Ltd., (a company in the same group) till 31st July, 2006.

The material terms of appointment and remuneration proposed to be payable to him are as set out below

1. Period of Appointment :

5 (five) years with effect from 1st August, 2006 to 31st July, 2011.

2. Remuneration :

Salary : Rs. 2,00,000/- (Rupees Two Lakhs Only) per month, with an annual increment to be decided by the Board at such percentage up to 10% of the salary, subject to the same not exceeding at any point of time, the ceiling laid down under the provisions of the Companies Act, 1956 and Schedule thereto.

In addition to the above, he shall be entitled to the following perquisites restricted to an amount equal to his annual salary. Unless the context otherwise requires, perquisites are classified in to three categories 'A', 'B' and 'C' as follows :

CATEGORY – A :

- i. **Housing I :** The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by him
- ii. **Housing II :** In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- iii. **Housing III :** In case no accommodation is provided by the Company, he shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.
- iv. **Medical Reimbursement :** For self and his family subject to a ceiling of 1 month salary in a year or three months salary in a block of three years.
- v. **Leave Travel Reimbursement :** For self, spouse and family once in a year incurred in accordance with the rules specified by the Company.
- vi. **Club Fees :** Subject to a maximum of two clubs. This will not include admission and life membership fees.
- vii. **Personal Accident Insurance & Medi-Claim Policy :** For self, spouse and family as per rules of the Company.

Explanation for the purpose of Category 'A' : Family means spouse, dependent children and dependent parents of the said Executive Director

CATEGORY – B :

- (i) **Provident Fund, Superannuation Fund and Annuity Fund :** Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Schemes of the Company will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income-tax Act, 1961.
- (ii) **Gratuity :** Gratuity payable as per rules of the Company
- (iii) **Encashment of leave as per rules of the Company.**

CATEGORY – C :

Provision of car and telephone at residence for use of Company's business will not be considered as perquisites. However, personal long distance telephone calls and use of car for private purpose shall be billed by the Company to the Executive Director

In case of absence or inadequacy of profits in any financial year of the Company during 01.08.2006 to 31.07.2009 Shri Anand S. Kabra will be entitled to the salary, perquisites and other allowances, subject to the limits prescribed in paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

Shri Anand S. Kabra shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committee thereof.

Other particulars, which are required to be disclosed under Section II of Part II of the said Schedule XIII are given in Annexure 'A' to this Explanatory Statement.

This explanatory statement with the accompanying Notice is to be regarded as an abstract of the terms of agreement and memorandum of concern or interest, under Section 302 of the Companies Act, 1956.

The Directors recommend this special resolution for your approval.

Shri Anand S. Kabra is concerned or interested in the resolution, since it relates to his own appointment and remuneration.

Further Shri S. V. Kabra and Shri S. N. Kabra are also be deemed to be interested in this resolution.

Save and except the above, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 10 & 11

Fund and Non-Fund based Working Capital facilities extended to the Company presently by State Bank of India and HDFC Bank Ltd. is Rs.5.60 Crores and Rs.8.60 Crores respectively.

The Company has created charge in favour of State Bank of India by deposit of title deeds of the immovable properties of the Company at Daman and is required to be extended in favour of HDFC Bank Ltd. in addition to the charge already created in its favour by hypothecation of stocks and other current assets. The said banks and/or any financial institutions / banks may further advance the funds to the Company in future either by way of credit facilities and/or term loan and in view

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of above, the Company will be required to create charge in favour of Lender by way of mortgage / hypothecation as per the terms of lending.

Section 293(1)(a) of the Companies Act, 1956 requires that the Board of Directors of the Company shall not, except with the consent of the Company at the General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. The mortgage / charge on all or any of the assets/properties of the company whether movable or Imovable, does not amount to sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company. However your approval in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956 is sought as a matter of abundant caution.

The Directors recommend this ordinary resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the passing of the said resolution.

Mumbai, June 23, 2006

By Order of the Board

S. V. Kabra
Chairman & Managing Director

ANNEXURE 'A' TO THE EXPLANATORY STATEMENT

Statement as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 giving details in respect of appointment of Shri. Anand Shreevallabh Kabra as a Executive Director.

I. GENERAL INFORMATION :

- Nature of Industry** : Plastic Masterbatch (Colour & Additive)
- Date or expected date of commencement of commercial production** : Incorporated on 22nd January, 1991 and Commercial Production was commenced during the financial year 1993-94.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** : N. A.
- Financial performance based on given indicators** :

	Current Year Rs. In lacs	Previous Year Rs. In lacs
Sales and other Income	9814.73	9211.26
Profit After Tax	1313.74	1087.52

- Export performance and net foreign exchange earnings:**
FOB Value of Exports & Foreign Exchange earned 1369.11 933.70
- Foreign investments or collaborators, if any** : NIL

II. INFORMATION ABOUT THE APPOINTEE :

- Background details** - Shri Anand S. Kabra is a B.E. (Mech. Engg.) and has over 8 years experience spanning across various functions viz. Plant Operations, Project Execution, Corporate Planning, Business Development, Marketing, Material and General Management, Quality System & Standards, Technology upgradation on all fronts.
- Past remuneration** - N. A.
- Job profile and suitability** - In view of overall experience and the responsibilities shouldered by him as Executive Director of Kabra Extrusiontechnik Ltd. for a period of 3 years, he is suitable for the proposed position.
- Remuneration proposed** - As mentioned in Explanatory Statement in respect of Item No. 9
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person** - Considering the size of the Company, the industry benchmarks, experience of the appointee and the responsibilities to be shouldered by him, the proposed remuneration is commensurate with the remuneration paid to similar appointees in other companies.
- Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any** - He is related to Shri S. V. Kabra and Shri S. N. Kabra, the Promoter Directors of the Company. He is the son of Shri S. V. Kabra and he is deemed to be concerned / interested in the concern with which the Company do enter into business transactions in ordinary course of business. He has disclosed his interest in those concerns as a Director and/or Member. He is not drawing any remuneration from the company except the sitting fees for the meeting of Board and Committee attended by him and as a Shareholder, he is in receipt of dividend from the Company in respect of Equity Shares of the Company held by him.

III. OTHER INFORMATION :

- Reasons of loss or inadequate profits** - N. A.
- Steps taken or proposed to be taken for improvement** - N. A.
- Expected increase in productivity and profits in measurable terms** - N. A.