



**Plastiblends**

India Limited

**19<sup>TH</sup> ANNUAL REPORT**

**2009-10**

Flourishing With Firm Foundation

**Adding Colors and Performance Properties to Plastics**

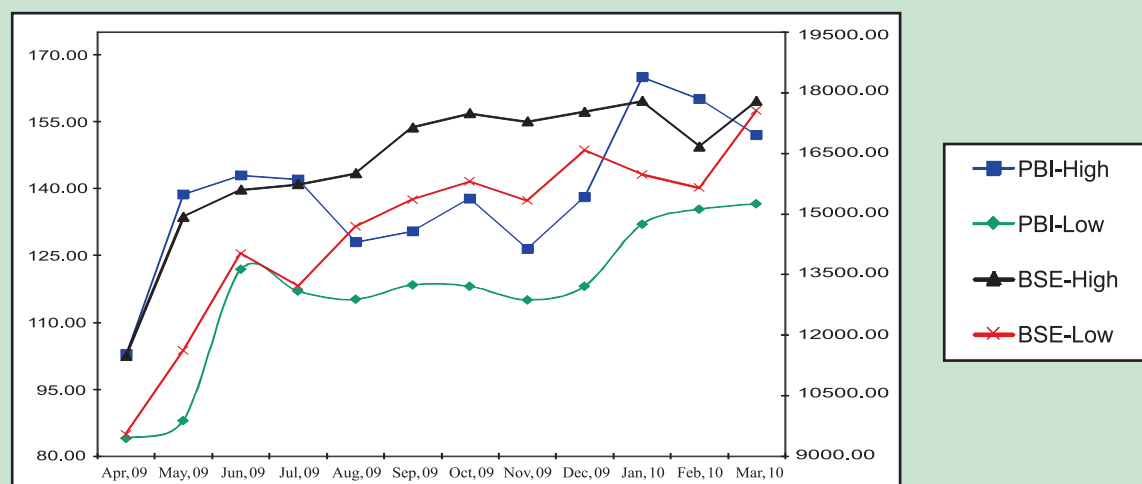
## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06
<b>OPERATING RESULTS</b>					
Sales and Other Income	21028.68	17094.64	16130.21	12670.67	9814.73
Profit before Depreciation, Interest & Tax	2016.47	2109.87	2284.75	1583.31	1695.40
Less : Depreciation	344.91	310.25	235.40	163.68	143.50
Interest	237.59	251.00	200.42	54.82	37.36
Profit Before Tax	1433.97	1548.62	1848.93	1364.81	1514.54
Less : Provision for Taxation - Current Year	360.00	320.00	200.00	175.00	200.00
Provision for Taxation - Earlier Year	6.45	—	0.17	—	1.70
Add : Provision no longer required	0.69	0.51	—	0.11	0.90
Net Profit After Tax	1081.11	1229.13	1648.76	1189.92	1313.74
Less : Provision for Deferred Taxation	38.12	51.80	56.63	18.00	51.24
Net Profit After Provision of Deferred Taxation	1042.99	1177.33	1592.13	1207.92	1364.98
Retained Earnings	586.90	645.23	1060.02	713.83	883.43
Earning per share (EPS) (Rs.)	16.05	18.12	24.50	18.59	21.01
Dividend (%)	60%	70%	70%	65%	65%
<b>FINANCIAL SUMMARY</b>					
Fixed Assets (NET)	5446.14	5383.69	4694.39	2431.10	1862.35
Working Capital (NET)	3163.59	2441.79	1889.93	766.39	1080.39
Capital Employed	10757.05	9033.10	9181.94	7578.15	5756.77
<b>FINANCED BY</b>					
Share Capital	649.73	649.73	649.73	649.73	649.73
Reserves	7556.68	6969.79	6324.55	5264.53	4550.70
Total Shareholders Funds	8206.41	7619.52	6974.28	5914.26	5200.43
Borrowings	2176.93	1077.99	1923.86	1436.72	311.17
Deferred Tax Adjustments	373.71	335.59	283.79	227.17	245.17
Debt : Equity	0.34 : 1	0.14 : 1	0.27 : 1	0.24 : 1	0.06 : 1
<b>OTHERS</b>					
Book Value Per Share (Rs.)	126.30	117.27	107.34	91.03	80.04
Gross Fixed Assets	7559.89	7159.60	6178.94	3683.26	2953.71
Employees Cost	579.90	535.36	449.08	298.54	226.18

## 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 Anand S. Kabra  
(Executive Director)

Shri Haridas S. Sanwal

Shri Pushp Raj Singhvi

Dr. Yatish B. Vasudeo

Shri Sudarshan K. Parab

**COMPANY SECRETARY**

Ms. Phalguni H. Shah

**REGISTERED OFFICE**

31, Shah Indl. Estate, Kolsite House, 2<sup>nd</sup> Floor,  
Off. Veera Desai Road, Andheri (West),  
Mumbai - 400 053

**Tel. No. :** +91-22-26736468/66952696-97/67205200

**Fax :** +91-22-26736808

**E-mail :** pbi@kolsitegroup.com

**Website :** www.plastiblendsindia.com

**WORKS**

**Daman**

Daman Industrial Estate,  
Kadaiya Village, Daman-396 210

**Roorkee**

Khasara No. 216, Village Raipur,  
Pargana : Bhagwanpur, Tehsil : Roorkee,  
Distt. Haridwar, Uttarakhand - 247667

**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 Indl. 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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**19<sup>th</sup> Annual General Meeting**

<b>Date</b>	: 6 <sup>th</sup> August, 2010
<b>Day</b>	: Friday
<b>Time</b>	: 4:15 p.m.
<b>Venue</b>	: Hotel Karl Residency, 36, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai – 400 058



## NOTICE

**NOTICE** is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of **PLASTIBLENDS INDIA LIMITED** will be held on Friday, the 6<sup>th</sup> day of August, 2010 at 4.15 p. m. at Hotel Karl Residency, 36, Lallubhai Park Road, 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, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2010;
3. 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;
4. To appoint a Director in place of Shri Pushp Raj Singhvi, a Director, who retires by rotation and being eligible, offers himself for re-appointment;
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** subject to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messers. A. G. Ogale & Co., Chartered Accountants, Pune, be and are hereby appointed as Statutory Auditors of the Company, to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, in respect of whom the Company has received a Special Notice from a Member signifying the intention to propose their appointment as the auditors in place of the retiring auditors Messers. Kishor B. Phadke & Co., Chartered Accountants, who do not seek re-appointment.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors.”

**By order of the Board  
For Plastiblends India Ltd.**

Place: Mumbai  
Date: 26<sup>th</sup> May, 2010

**Phalguni H. Shah  
Company Secretary**

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**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT PROXY TO ATTEND AND, ON A POLL VOTE, INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
3. Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 3<sup>rd</sup> day of August, 2010 to Friday, the 6<sup>th</sup> day of August, 2010 (both days inclusive)
4. The dividend, as recommended by the Board, if sanctioned at the ensuing Annual General Meeting will be paid to those persons whose names appear as Beneficial Owners as at the end of business hours on Monday, the 2<sup>nd</sup> day of August, 2010 as per the list to be furnished by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form and to the Members holding shares in physical mode as per Register of Members of the Company as on Friday, the 6<sup>th</sup> day of August, 2010 after giving effect to all valid transfers in respect of which request were lodged on or before 3<sup>rd</sup> August, 2010.
5. (i) Those shareholders who have so far not claimed their dividend for the financial years 2002-03 to 2008-09 are requested to return the time barred dividend warrants or forward their claims to the Company for issue of duplicate thereof.

- (ii) Pursuant to the provisions of Section 205A & 205C (2) (a) of the Companies Act, 1956, as amended, dividend for the financial year 2002-2003 and thereafter which shall remain unclaimed / unpaid for a period of Seven (7) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors Education & Protection Fund (IEPF). **Accordingly, during September, 2010, the Company would be transferring such unclaimed or unpaid dividend for the financial year ended 31<sup>st</sup> March, 2003. Members are therefore requested to make claim thereof, before August, 2010 otherwise no claim shall lie in respect of such amount.**
- (iii) Pursuant to the said provisions unclaimed / unpaid dividend for the financial year 1996-97 to 2001-02 have been transferred to the said Fund.
7. Brief profile of the Directors retiring by rotation and being eligible for re-appointment at the ensuing Annual General Meeting is furnished in the section of Corporate Governance, forming part of this Annual Report.
8. The Annual Report of the Company for the year 2009-2010 circulated to the members of the Company, will also be made available on the Company's website [www.plastiblendsindia.com](http://www.plastiblendsindia.com). Members who wish to obtain information of the Company or view the Accounts for the financial year ended 31<sup>st</sup> March, 2010, may visit the Company's corporate website mentioned above. Queries if any, should be sent at least 15 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.

## **ANNEXURE TO NOTICE**

### **Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Item No.5**

#### **Item No. 5**

The Members of the Company, had at their Eighteenth Annual General Meeting (AGM) held on 6<sup>th</sup> August, 2009 appointed Messers. Kishor B. Phadke & Co., Chartered Accountants, Pune, who are retiring at this AGM. However, they have not offered themselves for re-appointment at this AGM and given notice to the Company in writing of their unwillingness to be re-appointed.

Further, the Company has received a Special Notice from a Member of the Company under Section 190 and 225(1) of the Companies Act, 1956 ('the Act') signifying the Member's intention to propose the appointment of Messers. A. G. Ogale & Co., Chartered Accountants, Pune as the Auditors of the Company in place of retiring Auditors Messers. Kishor B. Phadke & Co.

Messers. A. G. Ogale & Co., a well experienced firm of Chartered Accountants having two partners have expressed their willingness to act as Statutory Auditors of the Company, if appointed and have further confirmed that the said appointment, if made, would be in conformity with the provisions of Section 224(1B) of the Act. They have specialized knowledge in Audits, Income Tax, Service Tax etc.

In view of above and the Special Notice received from a Member under Section 225(1) of the Companies Act, 1956 and based on the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 26<sup>th</sup> May, 2010 proposed the appointment of Messers. A. G. Ogale & Co., Chartered Accountants as the Statutory Auditors in place of retiring Auditors.

Members' approval is being sought to the appointment of Messers. A. G. Ogale & Co., Chartered Accountants as Statutory Auditors and to authorize the Board of Directors on the recommendation of Audit Committee to determine their remuneration and reimbursement of out-of-pocket expenses, if any, payable to them.

The Directors recommend the Resolution for acceptance by the Members.

Above referred notices and consent are available for inspection at Registered Office of the Company on any working days between 11:00 a.m. to 1:00 p.m. up to the date of this AGM and at this meeting.

None of the Directors of the Company is concerned or interested in this Resolution.

**By order of the Board  
For Plastiblends India Ltd.**

Place: Mumbai  
Date: 26<sup>th</sup> May, 2010

**Phalguni H. Shah  
Company Secretary**

## DIRECTORS' REPORT

To  
The Members of  
**Plastiblends India Limited.**

Your Directors have pleasure in presenting the **NINETEENTH ANNUAL REPORT** and the **Audited Financial Statements** for the financial year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

PARTICULARS	Year ended 31 <sup>st</sup> March 10 (Rs. in Lacs)	Year ended 31 <sup>st</sup> March 09 (Rs. in Lacs)
Sales and Other Income	<b>21028.68</b>	17094.64
Gross Profit before Interest & Depreciation	<b>2016.47</b>	2109.87
Less: Interest	<b>237.59</b>	251.00
Depreciation	<b>344.91</b>	310.24
<b>Profit Before Tax (PBT)</b>	<b>1433.97</b>	1548.63
Less :Provision for Taxation (including earlier year)	<b>353.55</b>	320.00
Add :Provision no longer required	<b>0.69</b>	0.51
<b>Profit After Tax (PAT)</b>	<b>1081.11</b>	1229.14
Less : Provision for Deferred Tax Liability	<b>38.12</b>	51.80
<b>Net Profit after provision of Deferred Tax</b>	<b>1042.99</b>	1177.34
Add: Balance b/f from previous year	<b>5868.94</b>	5348.71
<b>Profit available for appropriation</b>	<b>6911.93</b>	6526.05

### APPROPRIATIONS:

Transferred to General Reserves	<b>105.00</b>	125.00
Provision for Proposed Dividend	<b>389.84</b>	454.81
Provision for Tax on Proposed Dividend	<b>66.25</b>	77.30
Surplus balance c/f to Balance Sheet	<b>6350.84</b>	5868.94
	<b>6911.93</b>	6526.05

### DIVIDEND :

Your Directors are pleased to recommend a dividend of **Rs. 6/-** per share of the face value of Rs.10/- each for the year ended 31<sup>st</sup> March, 2010 (Rs. 7/- per share for the previous year) subject to the Members' approval. The dividend payment amounts to Rs. 389.84 lacs. In addition Rs. 66.25 lacs is payable towards tax on dividend.

### OPERATIONS :

During the year under review, your Company has achieved Operational and Other Income of **Rs. 21028.68 lacs** as against Operational and Other Income of Rs. 17094.64 lacs during the previous year, registering an increase of about **23.01 %** over the previous year. Profit after providing for taxes is **Rs. 1042.99 lacs** as against Rs. 1177.34 lacs during the previous year.

The Company has achieved production of **33900 tons** for the year as compared to 24230 tons during the previous year. Your Company has sold **32691 tons** for the year under review as compared to 24794 tones during the previous year.

### EXPORTS :

Exports during the year under review were **Rs. 49.01 crores** as against Rs. 35.39 crores in the previous financial year and contributed **23.30%** to the net sales (an increase of 38.49 % compared to previous year). Company exports to over 30 countries around the globe with strong presence in Middle East, Africa & Europe.

In recognition of above the Company has been awarded by PLEXCONCIL consecutively since last six (6) years, which also signifies your company's expertise as well as trust by the customers.

### 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 Haridas S. Sanwal and Shri Pushp Raj Singhvi, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible seeks re-appointment.

Shri Amir E. Ladhahoy, Director of the Company resigned w.e.f. 10<sup>th</sup> August, 2009. The Board place on its record the valuable contribution made and guidance given by him from time to time during his tenure as a Board Member.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that :

- (i) in the preparation of annual accounts for the year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected such appropriate accounting policies and applied them consistently, and made judgements and estimates that were reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010, and of the profits of the Company for the said financial year;
- (iii) they have 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) they have prepared the said accounts on a "going concern basis".

**CORPORATE GOVERNANCE :**

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended along with a Certificate of Compliance from the Auditors, forming part of this report.

The Board of Directors of the Company adopted the Code of Conduct and the same is posted on the Company's website. The Directors and Senior Management personnel have affirmed their compliance with the said code.

**AUDITORS :**

The Auditors M/s. Kishor B. Phadke & Co., Chartered Accountants, Pune, retire at the ensuing Annual General Meeting (AGM). However, they have not offered themselves for re-appointment at the said AGM.

In view of Special Notice received from a Member under Section 225(1) of the Companies Act, 1956 (the Act) and as recommended by the Audit Committee, it is proposed to appoint Messers. A. G. Ogale & Co., Chartered Accountants, Pune, as the Statutory Auditors in place of retiring Auditors.

Messers. A. G. Ogale & Co., a well experienced firm of Chartered Accountants, Pune having two partners have expressed their willingness to act as Auditors of the Company. They have specialized knowledge in Audits, Income Tax, Service Tax etc. They have furnished a certificate of their eligibility for appointment u/s.224 (1-B) of the Act.

They are not disqualified in any manner in terms of Section 226(3) of the Act.

The Shareholders are requested to consider their appointment in place of retiring auditors.

The Board of Directors place on its record, the contribution made and support extended from time to time by retiring Auditors.

**LISTING FEES :**

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. for the financial year 2010-11 have been paid.

**CUSTODIAN CHARGES :**

The Company confirms that the Custodian Charges due to National Securities Depository Ltd., and Central Depository Services (India) Ltd., have been paid for the financial year 2010-11 as applicable and payable as per the SEBI circular in this regard.

**PARTICULARS OF EMPLOYEES:**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, Shri Anand S. Kabra, Executive Director is a sole employee covered in the statement which forms part of to this report as **ANNEXURE 'A'**.

**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 'B'**.

**ACKNOWLEDGEMENT :**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Shareholders, Bankers, Government Authorities, Export Promotion Council, Other Semi Government Authorities, Stock Exchanges, Customers, Dealers, Suppliers and Business Associates at all levels during the year under review. Your Directors also wish to place on record their appreciation for the committed services of the executives, staff and workers of the Company.

**For and on behalf of the Board**

Place : Mumbai

Date : 26<sup>th</sup> May, 2010

**S. V. Kabra**

**Chairman & Managing Director**

## ANNEXURES TO DIRECTORS' REPORT

### ANNEXURE 'A'

Statement pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, for the year ended 31<sup>st</sup> March, 2010 and forming part of the Directors Report for the said financial year.

- a. Employed throughout the year under review and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- p.a.

Name of the Employee	Age (years)	Qualifications	Designation	Date of Commencement of employment	Experience (years)	Gross Remuneration (Rs)	Particulars of last employment
Shri Anand S. Kabra	36	BE (Mechanical) MBA in Family Business	Executive Director	1-08-2006	12	44,88,000	Executive Director of Kabra Extrusiontechnik Ltd.

- b. Employed for the part of the year under review and were in receipt of remuneration in aggregate of not less than Rs.2,00,000/- p.m.: **None**

#### Notes:

- Above appointment is contractual.
- Remuneration includes salary, house rent allowance and other allowances, Company's contribution to Provident Fund, Superannuation Fund, Leave Travel and Medical reimbursement, but excludes contribution to Group Gratuity Scheme.
- Other terms and conditions of employment are as per special resolution passed in the Annual General Meeting of the Company held on 11<sup>th</sup> August, 2006.
- Shri Anand S. Kabra is son of Shri S. V. Kabra, Chairman & Managing Director of the Company and accordingly a relative within the meaning of Section 6 of the Companies Act, 1956 and Schedule 1-A appended to the said Act.

### ANNEXURE 'B'

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 & Machinery and on account of restructuring of machinery, the energy consumption for manufacturing Masterbatches has been reduced.

#### B. TECHNOLOGY ABSORPTION: None

The Company has in-house full-fledged Research & Development Department equipped with a wide range of lab machines, equipments, instruments and testing facilities that enables to deliver a broad spectrum of new & customized solution for tailor made product and formulations like bio-degradable masterbatches and masterbatches for BOPP Films, PP Yarns, Fibres etc. with excellent price benefit ratio. The Company also has technical experts with latest technical know-how & innovative abilities focusing on upgradation of the existing Masterbatches and development of new products. The manufacturing units are highly automatic and equipped with sophisticated laboratory facilities to conduct stringent tests.

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

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Foreign Exchange Earned	5170.50	3887.92
Foreign Exchange Used	5994.40	3731.32

For and on behalf of the Board

Place : Mumbai  
Date : 26<sup>th</sup> May, 2010

S. V. Kabra  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company has been a Leader in the Organised Sector, manufacturing various types of Masterbatches and Compounds which are essential ingredients for the Plastic Processing Industry which is growing rapidly in India and has shown growth rate that is twice of the GDP growth rate. The growth rate of this industry will be maintained due to large consuming middle class population.

Masterbatches, where your Company is operating, are used to impart colour and various special properties to the products manufactured from plastics. Though the cost of Masterbatches in the final plastic product is very low, but its quality is very important for attaining the desired properties of the end product. In general, Masterbatch Industry can be broadly classified into Organized Sector and Small Scale Sector. Your Company has always focused on its core business of Masterbatches for the plastic industry and has been meeting the demands for world quality standards consistently for many years.

The Masterbatch segment has been achieving a good growth rate year after year and the total demand for 2010-11 is estimated at about 120000 Tons for white, black, colours and additive Masterbatches. This is a high value added segment with total value of Rs. 1200 crores. In addition, there is a requirement for about 240000 tons for Antifibrillation Masterbatches which are required by Woven Sack Industry. This is a low value added segment with a total value of Rs. 600 crores. This demand has gone up in the last three (3) years because of continuous increase in polymer prices and consequent increase in percentage loading of Filler Masterbatches from an average of 5 % to an average of 20-25 %. The Woven Sack Industry where there is major consumption of Antifibrillation Masterbatches has been growing at the rate of 15 % per annum.

The Masterbatch segment is growing at a compounded growth rate of about 15 % per annum and the demand is likely to cross 600000 tons per annum in the next 5 years. Your Company has a market share of about 12 % in Masterbatch segment and around 5-6 % in Antifibrillation Masterbatch segment. The domestic market has significant growth potential as the per capita consumption is only 5 kgs against world average of 17 kgs. The per capita growth is expected to grow to 10.5 kgs by 2012.

Your Company produces a wide range of commodity and speciality Masterbatches and other Plastic Products which are compatible with Polyolefins like PE, PP, PET, PS, EVA etc. The Company is continuously doing research and development work at the modern R & D Plant in Daman which has resulted in introduction of new generation products like bio-degradable masterbatches, conductive compounds, optical brighteners, UV Stabilizers etc.

The plastic sector is making a significant contribution to the economic development & growth of the country and it is heartening to note that exports from this sector continue to show a positive growth during the year despite the adverse global economic situation.

### II. OPPORTUNITIES AND THREATS

The threats faced by your Company are stiff competition both in domestic and global market, meeting customers' high expectations, consistent quality, after sales services etc.

Your Company has maintained its leadership position, amid intense competition 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 last four decades have always been an added advantage to your Company.

During the year under review, exports of your Company is to the extent of 23.31 % of the total sales. This emphasizes the fact that in overseas markets also our products are well accepted and used inspite of acute global competition. 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 in one segment only which includes wide range of masterbatches, compounds, colours, plastic products etc.

### IV. BUSINESS OUTLOOK

Product obsolescence is a common feature in the Masterbatch and other Plastic Product 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 masterbatches. Apart from product obsolescence, packaging made by various companies is changing drastically to attract buyers and for extending self life. Higher consumption of packaged goods have made manufacturers to pack products at higher speed. New and modified packaging machines, esthetic appeal of packages has created need for speciality products which your Company is developing in its R & D laboratory. The food grains segment has been opened up for packing in synthetic bags.