

## **Annual Report 2006-2007**

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**PODDAR PIGMENTS LTD.**

## BOARD OF DIRECTORS

Smt. Kusum Poddar

Shri M.K. Sonthalia

Shri N. Gopalaswamy

Shri R.K. Sureka, CEO

Shri S.S. Poddar, Managing Director

Shri V. K. Fogla

## AUDITORS

M/s. K.N. Gutgutia & Company

Chartered Accountants

New Delhi

## BANKERS

State Bank of India

Punjab National Bank

## REGISTERED OFFICE & WORKS

RILCO Industrial Area,

Sitapura, Jaipur - 302 022

(Rajasthan)

## CORPORATE OFFICE

301, 'Abhishek'

Off New Link Road,

Andheri (West), Mumbai - 400 053

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## NOTICE

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at E-10, 11 & F-14 to 16, RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302022 (RAJASTHAN) on Saturday, the 8th September, 2007 at 11.00 A.M. to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri V.K. Fogla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and subject to statutory approvals, if any, consent be and is hereby accorded for re-appointment of Sh. S.S. Poddar, as Managing Director of the Company for a period of 3 years from 1<sup>st</sup> October, 2007 to 30<sup>th</sup> September, 2010 on the following terms and conditions:-

The remuneration to the Managing Director shall be subject to the maximum of Rs. 3,00,000/- per month on account of Basic Salary and perquisites mentioned at category 'A' below:-

1. Basic Salary Rs. 1,50,000/- Per Month
2. Perquisites - In addition to the salary, the following perquisites will be allowed :-

The perquisites are classified into three categories 'A', 'B' and 'C' as below:-

#### CATEGORY - A

- (a) Rent Free Accommodation or House Rent

Allowance upto a maximum of 60% of Basic Salary.

- (b) Expenditure incurred on gas, electricity and water shall be paid/reimbursed by the company.
- (c) Medical Expenses incurred for self and family.
- (d) Leave Travel Concession for self & family once in a year to any destination in India or Abroad.
- (e) Fee of Clubs .
- (f) Premium for Personal Accident Insurance.
- (g) Premium for Personal Life Insurance.
- (h) Performance Bonus linked to the Net Profits of the Company subject to a maximum of 100% of Basic Salary.
- (i) Any other perquisites as per the Company's Rules within the ceiling of perquisites of Rs 1,50,000/- per month.

Note: All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).

#### CATEGORY -B

The following perquisites shall also be paid to the Managing Director and these will not be included in the computation of the ceiling on perquisites mentioned above:

- (a) Company's contribution to Provident Fund & Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity not exceeding half a month's salary for each completed year of service.
- (c) Encashment of leave at the end of the tenure in accordance with the Company's Rules.

#### CATEGORY-C

- (a) Car-Provision of car with driver for use on Company's business (not considered as a perquisite). The use of car for private purpose shall be billed by the Company to the Managing Director.



- (b) Telephone-Provision of telephone at the residence of the Managing Director at Company's cost (not considered as a perquisite). Personal long distance calls shall be billed by the Company to the Managing Director.

**"RESOLVED FURTHER THAT** in pursuance of the provisions of Section 198(4) of The Companies Act, 1956 the remuneration including perquisites as mentioned above may be paid as the minimum remuneration to the Managing Director in the absence of or inadequacy of Profits in any Year."

**"RESOLVED FURTHER THAT** Commission @ 1% of Net Profits of the Company may be paid to the Managing Director in addition to the

minimum remuneration as above, in case of adequacy of Profits, within the overall limit of 5% and 10% of the Net Profits of the Company, as may be permissible under the Act".

By order of the Board

**N.D. DUJARI**

**COMPANY SECRETARY**

**Registered Office :**

E-10,11 & F-14 to 16

RIICO Industrial Area, Sitapura,

Jaipur - 302 022

**DATE : 26th JULY, 2007**

**NOTES :**

1. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
Proxies, in order to be effective, must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 01.09.2007 to 08.09.2007 (both days inclusive).
4. Details of Shri V. K. Fogla, required to be provided pursuant to Clause 49 of the Listing Agreement, are furnished in the Corporate Governance Report published elsewhere in the Annual Report.
5. Members are requested :-
  - a. to bring their copy of the Annual Report at the Meeting.
  - b. to notify any change in their address to M/s Intime (R&T Agent)/ Company
6. In case of transfer of physical shares, the instrument of Share Transfer complete in all respect, should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to the closure of the Register of Members as stated above.
7. The copies of relevant documents can be inspected at the Registered Office of the company on any working day between 10.30 A.M. to 12.30 P.M., till the date of Sixteenth Annual General Meeting.



## ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

### Item No. 4

The present tenure of appointment of Shri S.S. Poddar, Managing Director is expiring on 30.09.2007 and the Remuneration Committee of the Board at its meeting held on 26.06.2007 recommended the re-appointment of Shri S.S. Poddar as Managing Director for a further period of 3 years from 01.10.2007 to 30.09.2010 on the terms and conditions set out in the Resolution.

Permission of members is required under Schedule XIII of the Companies Act, 1956. The Directors, therefore, recommend this resolution for members' approval.

As required under Para (B) of Section – II of Part – II of the amended Schedule XIII to the Companies Act, 1956 the relevant details to be sent alongwith the notice calling the General Meeting are as under:

### I GENERAL INFORMATION

- Nature of Industry :** Masterbatch and Engineering Plastic Compounds.
- Date or expected date of commencement of commercial production :** The Company has already commenced commercial production from 1st March, 1995.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not Applicable
- Financial performance based on given indicators :**

Particulars for the financial year ended 31.03.2007	Rs. in lacs
Sales including other Income	10273
Operating Profit (before Interest, Depreciation and Tax)	627
Profit Before Tax	301

- Export Performance and net foreign exchange earnings and collaborations :** The earning in Foreign Exchange by Exports & others for the year

ended 31.03.2007 was Rs. 2424 lacs.

- Foreign investment of collaborators, if any :** Not Applicable

### II INFORMATION ABOUT THE MANAGING DIRECTOR :

- Background, recognition and award details :** Shri S.S. Poddar, a graduate Engineer, aged 58 years is Managing Director of the Company since 01.07.1994. He has wide industrial experience spanning over 35 years. The company has progressed substantially under his leadership.
- Past Remuneration :** The last remuneration of Shri S.S. Poddar approved by the Members of the company at their Annual General Meeting held on 13.09.2004 is as under :

A. Basic Salary	: Rs. 1,25,000/- P.M.
B. Perquisites	: Rs. 1,75,000/- P.M.
Total Remuneration	: Rs. 3,00,000/- P.M.

Commission @ 1% of the Net Profits subject to adequacy of Profits as calculated under section 349 & 350 of the Companies Act, 1956.

- Job Profile and his suitability :** Sh. S. S. Poddar, Managing Director of the Company is responsible for overall management of affairs of the Company. He is vested with substantial powers of Management under the supervision, control and direction of the Board of Directors. He has been instrumental in deciding Company's policy planning, long term vision and is responsible to evolve strategies to combat competition and to attain targets of the Company besides inculcating Corporate Governance and ensuring co-ordination among Board.
- Remuneration Proposed :** The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 26<sup>th</sup> June 2007 and 26<sup>th</sup> July, 2007 approved the terms of remuneration for the three years tenure of Shri S. S. Poddar commencing from 1<sup>st</sup> October, 2007 as under :

A. Basic Salary	: Rs. 1,50,000/- P.M.
B. Perquisites	: Rs. 1,50,000/- P.M.
Total Remuneration	: Rs. 3,00,000/- P.M.



Commission @ 1% of the Net Profits subject to adequacy of Profits as calculated under section 349 & 350 of the Companies Act, 1956.

5. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :** The executives' remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee" constituted by the Board in terms of the said Schedule perused remuneration of managerial persons in the industry and other companies comparable with the size of the company, industry benchmarks in general, profile and responsibilities of Shri S.S. Poddar before approving the remuneration as proposed herein before.
6. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any :** Besides the remuneration proposed, Shri S.S. Poddar does not have any pecuniary relationship with the company. Smt. Kusum Poddar, Director of the Company is wife of Shri S.S. Poddar.

### III OTHER INFORMATION :

1. **Reasons of loss or inadequate profits :** Masterbatch Industry is a high-tech industry and requires continuous R&D both on the existing product line and new product development to retain and expand market share. Competition in the industry is increasing which coupled with increase in cost of raw-materials and other inputs is creating pressure on margins. During the coming years, the Company may have inadequate profits in terms of Section 349 & 350 of the Companies Act, 1956.
2. **Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :** With a view to improve overall profitability and financial health, the company has taken major steps which inter-alia includes conversion of high interest rate debts into lower interest rate, major marketing re-structuring for exports, reduction in

production cost through implementation of energy saving measures, sourcing of cheaper raw materials, increase in productivity through better combination of product mix, increase in product range to cater requirement of different segments and strengthening of its R & D division on continuous basis. The direct exports of the company has increased by 67% in the year 2006-07 over the previous year. In the current financial year, the company expects further increase in turnover and profits.

The proposed remuneration of Shri S.S. Poddar has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 26<sup>th</sup> June, 2007. The Company has not made any default in payment of any of its debts (including deposits) or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person. The specified information required to be given to the shareholders alongwith the Notice is given in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

The Resolution and Explanatory Statement be treated as an abstract under section 302 of the Companies Act, 1956.

None of the Directors except Sh. S.S. Poddar being the Managing Director and Smt. Kusum Poddar being relative of Sh. S. S. Poddar is concerned or interested in this resolution.

By order of the Board

**N.D. DUJARI**  
**COMPANY SECRETARY**

**Registered Office :**  
E-10,11 & F-14 to 16  
RIICO Industrial Area, Sitapura,  
Jaipur - 302 022

**DATE : 26th JULY, 2007**



## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Sixteenth Annual Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2007.

### FINANCIAL RESULTS [Rs. in Lacs]

PARTICULARS	2006-2007	2005-2006
Sales	10 176	8 507
Other Income	97	79
Sales including other income	10 273	8 586
Operating Profit before Interest, Depreciation & Tax	627	472
Interest	100	82
Depreciation	226	223
Net Profit before tax	301	167
Provision for Tax		
– Current	127	59
– Deferred	(6)	(23)
– Fringe Benefit Tax	9	12
Net Profit after tax	171	119
Balance brought forward from previous year	137	101
Profit available for appropriations	308	220
<b>APPROPRIATIONS</b>		
General Reserve	150	83
Balance Carried forward to Balance Sheet	158	137

### OPERATIONS

During the year, the Company has earned gross revenue of Rs. 10176 lacs as against Rs. 8507 lacs in the previous year registering an increase of 19.62% over the previous year. Although the margins continued to be under pressure due to severe competition and increase in overall expenses due to general increase in in-put cost, the Company has achieved much better results during the current financial year due to implementation of various cost-cutting measures and improvement in the product mix. This trend is expected to continue.

### MARKETING

Demand for the Company's products remained buoyant

and has helped in facing price competition in both domestic and international markets and also increase in sales. The direct exports have registered an increase of 67% over the last year. With sustained continuous efforts and international quality standards, we expect further improvement in performance during the current year. The Company will continue seeking newer markets and consolidate its hold over the existing customers.

### RESEARCH AND DEVELOPMENT

The R & D division of the Company, located at its plant, is being continuously strengthened as per International Standards / new developments.

### EXPANSION

Considering the global scenario and the increased demand for the Company's products, further expansion in the capacity is under consideration.

### DIVIDEND

In order to augment resources, your Directors do not recommend any dividend for the year.

### DIRECTORS

Shri V. K. Fogla retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, and being eligible, has offered himself for re-appointment.

### CORPORATE GOVERNANCE

Your Company has been practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The report on Corporate Governance (in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges) along with the Auditors' certificate on its compliance by the Company and the Management Discussion & Analysis, which forms part of this report, has been included in the Annual Report.

### COMPLIANCE WITH THE CODE OF CONDUCT

The Company has put in place a Code of Conduct from 23<sup>rd</sup> January, 2006 and reaffirmed on 22<sup>nd</sup> January, 2007 for its Board Members and Senior Management Personnel. The same is available on the website of the Company. Declarations of compliance with the Code of Conduct have been received from all concerned.





A certificate to this effect from Shri S.S. Poddar, Managing Director, forms a part of this report.

### DEPOSITS

The Company has not accepted any deposits during the year under review and there are no fixed deposits outstanding at the year end.

### EMPLOYEES

No employee of the Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### AUDITORS

M/s K. N. Gutgutia & Co, Chartered Accountants who were appointed the Auditors of the Company at the Fifteenth Annual General Meeting of the Company held on 07<sup>th</sup> September, 2006 retire at the conclusion of the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

### ENVIRONMENT, SAFETY, ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Safety and Environment Performance is integral to the business of your Company and received continued focus throughout the year. The only acceptable standard of safety performance for your Company is "zero accidents".

Your Company's safety journey on behavioural aspects as well as continual improvements in engineering controls and safety management systems made good progress.

Particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act 1956 are enclosed as a part of the report.

### RISK AND INTERNAL ADEQUACY

Your Company has a low debt-equity ratio and is well placed to take care of its borrowings. Your Company is progressively moving towards a "net foreign-exchange earner" and the transactions are suitably covered.

The Company's internal controls systems are more than

adequate, and are routinely tested and certified by our statutory as well as internal auditors. Moreover, the Company continuously upgrades these systems.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm :-

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the period ended on that date;
- (iii) that the directors 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) that the directors have prepared the Annual Accounts on a going concern basis.

### ACKNOWLEDGEMENT

The Management is grateful to the various Government and Semi-Government Authorities, Bankers, Investors, Marketing Dealers, Vendors and Customers for their valued support and co-operation.

The Directors also wish to place on record their appreciation for the dedication and excellent contribution of the employees in realising the objectives of the Company.

**For and on behalf of the Board of Directors**

**PLACE : JAIPUR**

**R. K. Sureka**

**S. S. Poddar**

**DATE : 30th JUNE, 2007**

**DIRECTOR & CEO**

**MANAGING DIRECTOR**

## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, S.S. Poddar, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel, at a meeting of the Board of Directors held on 23<sup>rd</sup> January, 2006 and reaffirmed on 22<sup>nd</sup> January, 2007. The Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

**For PODDAR PIGMENTS LIMITED**

**S. S. Poddar**

**MANAGING DIRECTOR**

**DATE : 30th JUNE, 2007**





## ANNEXURE TO THE DIRECTORS' REPORT

### I. ENERGY CONSERVATION

The Company continues to accord high priority to conservation of energy on an ongoing basis.

#### Particulars with respect to conservation of energy :-

(A) Power & Fuel consumption	Current Year ended on 31.03.2007	Previous Year ended on 31.03.2006
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#### Electricity

(a) Purchased :		
Units (Nos.)	43 49 970	43 55 665
Total Amount (Rs.)	1 91 81 987	1 92 69 649
Rate/Unit (Rs.)	4.41	4.42

#### (b) Own generation :-

Through Diesel		
Units (Nos.)	2 79 346	3 45 122
Units per Ltr of Diesel	3.40	3.37
Cost/ Unit (Rs.)	9.12	8.38

#### (B) Consumption per unit of production :-

Production of Masterbatches & Plastic Compounds. (M.T.)	5 560.88	5 277.00
Electricity per M.T. of Production ( Units )	832.48	890.81

### II. RESEARCH AND DEVELOPMENT ( R & D )

1. Specific areas in which R&D was carried out by the Company.	Research & Development of new Range of Masterbatches & Plastic Compounds and process improvement in existing and new target applications. Imparting new properties in existing range of Masterbatches & Plastic Compounds.
2. Benefits derived as a result of the above R&D.	(i) Wider Range of the Masterbatches & Plastic Compounds. (ii) Increase in Productivity. (iii) Improved customer satisfaction. (iv) Enhanced quality.
3. Future plan of action	To continue development of new range of Masterbatches & Plastic Compounds for different applications.
4. Expenditure on R&D	
(a) Capital	Rs. 18.21 lacs
(b) Recurring	Rs. 67.32 lacs
(c) Total	Rs. 85.53 lacs
(d) Total R&D expenditure as a percentage of total turnover.	0.841 per cent

### III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	(i) Continuous efforts are made to secure and utilise the latest available technology, to keep pace with the latest manufacturing trends, keeping in mind the quality, cost reduction and capacity utilisation (ii) Interaction with academic institutions for research. (iii) In-house trials on new technology of mixing.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, Import substitution, etc.	(i) The Company has been able to achieve superior quality production, which will result in higher realisation of finished goods. (ii) Introduction of new products. (iii) Technology upgradation. (iv) Leadership in the products of the Company.
3. Technology imported during last five years.	NIL
(i) Technology Imported for manufacture	N.A.
(ii) Year of Import	N.A.
(iii) Has technology been fully absorbed.	N.A.

### IV. FOREIGN EXCHANGE EARNED AND USED.

	[Rs. in Lacs]	
	2006-2007	2005-2006
1. Foreign Exchange Earned	2 424.05	1 450.33
2. Foreign Exchange Used:-		
Travelling Expenses	16.00	26.43
Import of Capital Goods	22.51	-
Technical Consultancy	10.62	2.40
Import of Raw Material & Stores	3 975.45	3 369.11
Others	2.04	17.40

For and on behalf of the Board of Directors

PLACE : JAIPUR  
DATE : 30th JUNE, 2007

R. K. Sureka  
DIRECTOR & CEO

S. S. Poddar  
MANAGING DIRECTOR



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Developments

#### **Masterbatch**

Masterbatches are colour concentrates dispersed in a polymer media like Polyester, polypropylene, etc and available in granular form. Other than the use as a colouring agents, masterbatches also impart functional properties like fire retardancy, anti-microbial, light fastness, etc.

Masterbatches are used widely in textile industries, plastics, commodity and automotive industries. The advantages of use of masterbatch is manifold compared to other alternative methods. Being granules, it is easy to transport, have a very long shelf-life, clean working condition and is environment friendly. Furthermore, due to advancement in technology and intensive research and development, the acceptability and necessity of materbatches is on the increasing trend.

The masterbatch industry can be broadly classified into three: organised, medium and small sector. A substantial part of the market is catered to by the small sector, comprising of a large number of small manufacturing units spread throughout the country. These units mostly cater to their respective localised markets. The medium sector is much smaller in size though it caters to a larger market. The organised sector comprises of select players including your Company and caters to the organised and quality conscious market. Due to high technology and quality requirement of the product, imports also play a major role. It is felt that the organized sector is taking over the market share from the small and medium sector due to increased quality consciousness.

Over the years, the customers have gained confidence in the company for being a quality conscious and technology-driven corporate. Your Company has constantly endeavoured to innovate and take various measures to reduce cost and pass on the benefit of such reduction to its customers and this is the reason why the company has not only maintained its existing customers but have also added new customers. The exports of the Company during the year has increased by 67% over the previous year. The policy of the company is to provide 'niche' products to the industry and to maintain its novelty and exclusivity which has paid rich dividend even in the highly competitive market.

The outlook in terms of growth in Masterbatch industry is bright due to its unique features. It has been estimated that the Masterbatch industry will grow at the rate of 15% for the next few years. To meet the increasing demand of the products on timely basis, your Company is planning further expansion of capacity during 2007-08.

#### **Engineering Plastic Compounds**

In spite of stiff competition, the Company's products have been well accepted by users and results are encouraging. However, the company could not achieve its target as estimated while venturing in this new activity due to non-availability of adequate production capacity. It is expected that the year 2007-08 will be promising for Company's new products.

The Company will leverage on quality and consistency of its products as well as on its R&D strength to meet the requirements of the customers.

### 2. Opportunities and Threats

#### *(i) The key opportunity includes:*

The Company is pioneer in manufacturing masterbatches for the synthetic fibre industry for speciality and general purpose applications such as automotive, carpets, home-furnishings, apparels, non-woven fabrics, technical fibres, etc.

Due to superior quality of its products, the Company has been recognised by the market and it is expected that the demand of Quality Masterbatches and EPC products shall continue to grow.