Three alphabets.
One compelling human emotion.

When you extend your horizon internally and externally.

When you explore new insights, knowledge, experience and relationships.

When you integrate new cultures and nationalities, transcending conventional barriers.

When you evolve into a new way of thinking and doing.

When you redefine your limits.

More than a product manufacturer. A brand.

More than a company with a global footprint. A multinational with a manufacturing presence in six countries.

More than just an Indian identity. An employer of approximately 5,400 global resources.

More than a consumer product company. An organisation enriching people's lives.

Who we are

- Primarily a textile company, Sintex was incorporated as a public limited company in1931
- Acquired by the existing management (Mr. Dinesh B. Patel and Mr. Arun P. Patel) in 1955
- Ventured into the plastics segment in 1975
- Name changed from The Bharat Vijay Mills Limited to Sintex Industries Limited in June 1995

What we do

- The Company operates in the plastics and the textiles segment
- In the plastics division, the Company manufactures the following: storage solutions for water, oil and fuel; prefabricated structures, monolithic structures, industrial custom moulded products, consumer custom moulded products and interiors products
- In the textiles division, the Company manufactures high-value, yarn-dyed structured fabrics, corduroy and items relating to home textiles

What we acquired

- Acquired 74% stake in Zeppelin Mobile Systems India Limited
- Acquired 81% stake in Wasaukee Composites Inc., USA
- Acquired 100% stake in Nief Plastic SA, a French company
- Acquired the automotive business division of Bright Brothers Limited
- Wasaukee acquired a 100% stake of its competitor, Nero Plastic Inc., USA

Where we are located

- Eight manufacturing facilities located at Kalol (N.G.), Kolkata, Daman, Bangalore, Nagpur, Baddi, Salem and Bhachau (Gujarat) in India
- Located in six countries with 14 manufacturing facilities in India and 16 abroad
- Headquartered in Kalol (N.G.), Gujarat, with 13 branch offices across India

We are proud of

- Possessing 12 plastic processing technologies in one facility (Kalol)
- Manufacturing over 3,500 types of plastics and related products of various shapes
- Pioneering the introduction of plastic water storage tanks in India in 1975
- Pioneering the concept of the pre-fabricated and monolithic structures in India
- Retaining its position as the largest manufacturer of corduroy fabric in India
- Possessing one of the largest distribution networks, comprising over 650 distributors/dealers and 25,000 retailers

What we achieved in 2007-08

- The Company made a successful launch of its QIB and FCCB issue and mobilised Rs. 589.50 cr and Rs. 898.85 cr, respectively in December 2007 and January 2008
- Issued 26,88,000 warrants to promoters at a price of Rs. 454.74
- Achieved Super Brand status for the first time, translating into a visible brand equity and stakeholder confidence
- Received the Dun & Bradstreet award – the best in India, in the plastic processing category – following several decades of pioneering effort
- Received an excellence award for excellence in quality, productivity, innovation and management
- Mr. Amit D. Patel, Managing Director, was conferred the Udyog Rattan Award

At Sintex, we don't quite believe in shouting from the rooftops. But if you review our performance in 2007-08, you might have excused us for doing so.

WOW!

SOMETHING TO SHOUT FROM THE ROOFTOPS

Another year. Another successful year.

The evidence lies in the health of our triple bottomline. How we enriched the consumers. How we enhanced shareholder wealth. How we protected the environment.

Community: We sold Rs. 1,665.70 cr of quality products to customers the world over, 48.12% higher than in the previous year. We reported a 88.82% increase in the production of plastic that benefited diverse users across various countries.

Shareholders: We reported a positive EVA – Rs. 30.10 cr – for 2007-08, indicating that we more than met the expectations of our owners during the year under review.

Environment: We used environment-friendly technologies, we released no effluents into the neighbourhood, we minimised waste and we complied with the demanding requirements of various statutory agencies.

Owners. Neighbours. World. Any company servicing the complete requirements of these three constituencies would perhaps have something to write about in the annual report. Or else, tell that something to the world from rooftops.

Chairman's strategy audit

Dinesh B. Patel, *Chairman* reviews the Company's performance in 2007-08.

"We started the year with manufacturing presence in a single country and nine global units but ended the year on an extremely successful note; with a presence across six countries and possessing 30 global units!"

Dear Shareholders,

I am pleased to report that we won over worlds during the year under review, which incidentally is also the theme of this year's report.

We started 2007-08 with a manufacturing presence in a single country; we finished the year with a presence in six.

We started 2007-08 with nine global units; we finished the year with 30.

Acquisitions

During the course of the year under review, we acquired two companies in the US and one in Europe. These acquisitions enabled us to leverage complementary technologies, capitalise on rich intellectual capital, outsource product manufacture to our Indian facilities and enhance organisational value.

More importantly, these acquisitions helped us achieve a diverse geographic footprint, a widening customer base and an economies of scale that can finally be termed as world-class.

Rationale for being a global company

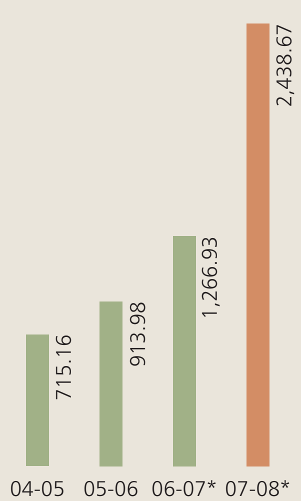
For a number of years, Sintex was a global company from the perspective of marketing and technology alliances.

What was the rationale and urgency to acquire companies abroad?

In my opinion, Sintex's decision to acquire global assets was not only prudent, but absolutely necessary for a number of reasons:

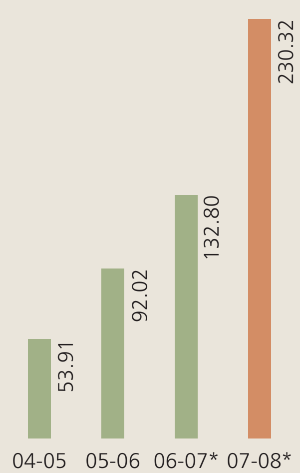
- It got progressively cheaper to acquire global assets, especially in dollar terms, accelerating our projected payback
- Our focus is the substitution of expensive steel with alternative lower cost materials; our global acquisitions will provide us with the understanding of what products represent the best value from a global and enduring perspective
- We didn't just need a rich insight into products that we could re-engineer; we also needed to accelerate our entry into customers and markets, which each of our acquisitions has provided
- We needed to enrich our technologies repository to graduate into a research-driven organisation with deep innovation skills that our acquisitions have provided
- In the competitive business of steel-substituting plastic and composite materials, we needed scale that an

Turnover (Rs. cr)



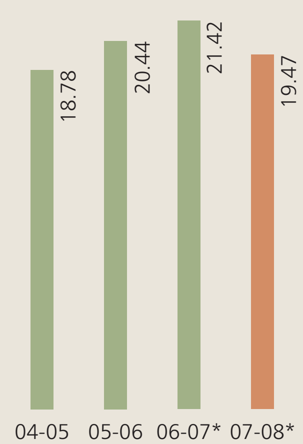
*Consolidated numbers

Net profit (Rs. cr)



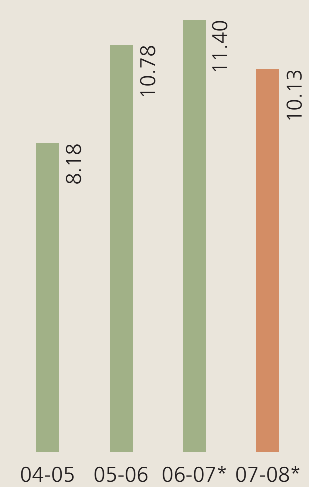
*Consolidated numbers

EBIDTA margin (%)



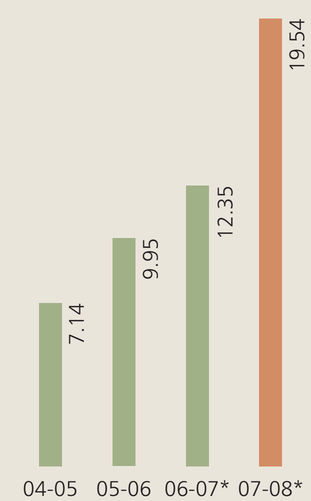
*Consolidated numbers

Net profit margin (%)



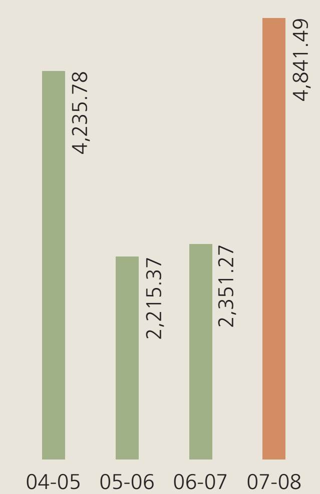
*Consolidated numbers

Basic earnings per share (Rs.)



*Consolidated numbers

Market capitalisation (Rs. /cr)



exclusively Indian presence would not have been able to provide

- In a progressively de-tariffed and borderless world, we needed stronger de-risking through a manufacturing presence proximate to the markets being served, which remains a critical success driver in the processed polymer business

- Our business is particularly marked by consumer preferences, which can often shift, based on cost and convenience. This makes it imperative to be present across large and diverse market stretches, which our international presence will facilitate

- We see a distinctive high-cost structure of the developed West, now working to their disadvantage in the manufacture of competitive products. On the contrary, we see the East-West convergence as an effective strategy to leverage scale to negotiate better for raw material costs and to segregate products manufacture based on what units are best equipped to address them

- The successful companies of the future will be those that can integrate people of different cultures and nationalities, understand their aspirations and reconcile that with their global vision

- It is my conviction that people within companies need ongoing challenges, whereby they can extend their professional competencies; merely enhancing market shares within established geographic pockets of the same country would have led to satiation, disappointment and attrition. On the contrary, our extension into a number of countries is now being perceived as a learning opportunity, attracting the best talent

- A globalised manufacturing base represents effective economic and political de-risking from an excessive dependence in one or few countries

We also acquired the automotive products division of Bright Brothers in 2007-08, which will facilitate our entry into the manufacture of plastic automotive components for the passenger car segment.

Challenges

It would be simplistic to assume that our global acquisitions will be the sesame to robust and sustainable growth. At Sintex, we recognise that we will need to extend our managerial bandwidth to ensure the cultural integration of the subsidiaries into our quintessential Sintex way of doing things.

Vision

At Sintex, I am optimistic that our WOW strategy will translate into revenues of USD 2 billion by 2011-12.

Outlook

I am optimistic of our prospects for the following reasons:

- We enjoy a downstream presence across the automotive, electrical, wind energy, mass transit, aerospace, Defence and related sectors

- We enjoy a leadership in water storage solutions, prefabricated building systems and composites as well as an entrenched global presence in the area of composites and high value structured shirting

- Our businesses are aligned to the high-growth sectors of infrastructure, telecom, capital expenditure projects and power, riding on growing government spending in the area of healthcare, education and sanitation on the one hand and the private spending in the country's infrastructure

- Our strategy to address the niche continues to be relevant in the textile industry where we enjoy one of the highest EBIDTA margins

- In plastics, we expect to drive volume growth through a blend of acquisitions, new products and technologies, aligned to high-growth segment, resulting in higher margins

Sincerely,

Dinesh B. Patel
Chairman

Managing Director's review

Rahul Patel, *Managing Director,* analyses the Company's performance of 2007-08.

"We are confident of transforming into a USD 2-billion company by 2011 due to initiatives that we embarked upon in 2007-08."

Were you pleased with the Company's performance in 2007-08?

Before I answer this question, I must provide the right background against which our performance must be appraised.

One, oil prices rose from USD 70 per barrel at year-start to USD 140 per barrel by June 2008 with corresponding implications for polymer prices. In this challenging environment, Sintex reported an increase in EBIDTA margins from 22% in 2006-07 to 24% in 2007-08.

Two, in a year when the rupee appreciated and affected the competitiveness of most textile manufacturers – 21% of our revenues were derived from textiles during the year under review – we reported an EBIDTA margin of 24% and grew our textile division revenues by 10%.

These numbers provide a critical insight into our business model and why we have always outperformed our industry average. But more than these numbers, we strengthened our business to report large and sustainable revenue increases over the coming years.

In what way?

One needs to take a holistic perspective of the business to answer this question faithfully. We were an India-centric company with only a negligible portion of revenues derived from exports, even as late as in 2006-07. We recognised that our existing strategy would need to graduate for important reasons: each time we introduced a futuristic product in India, we had to collaborate for imported technology, manufacture the product in India and market the product abroad.

We recognised why this approach was proving to be limiting. At a time, when we perceived a vast appetite for our products in India and abroad, we felt progressively constrained by our limited access to technologies and various markets. We felt that if we went about growing both only through the conventional route, it would take us a fair amount of time to absorb the technologies and then grow our market share from scratch.

As an organisation, we felt that we merely needed to reframe the situation: instead of scaling from scratch, we needed to acquire with urgency. In a single stroke, we would acquire access to technologies, products, customers and market shares. In acquiring these units or companies, we would drive topline growth at one level, while de-risking from an excessive select-products dependence on the other.

For a company that had made five acquisitions in two years, we now underlined our seriousness of intent through the acquisition of three companies across the world and one unit in India within a mere 10 months in 2007-08. We demonstrated selectivity, speed and prudence: all these units or companies possessed complementary competences, each of them was profit-making and the acquisition of each will be value-accretive for Sintex.

Shareholders would be keen to know what kind of companies Sintex will invest in and what kind of companies it will not. This will be critical in understanding how Sintex expects to enhance shareholder value through acquisitions over the coming years.

It would be pertinent to explain our acquisition rationale.

Managing Director's review

We acquired Digvijay Communication and Networks Private Limited (DCNPL), a leading provider of telecom infrastructure services in central India in a Rs.5.4 billion deal. The acquisition offers us significant opportunity in the communication infrastructure space and will enable us to further penetrate central India in providing complete telecom support solutions to major telecom companies.

First of all, we will appraise the managements of the acquired companies or units—we will not change them as we believe in operational and cultural stability—and buy into those companies and units where this stability will be reasonably protected over time. We will invest in companies that possess the intellectual capital to grow from one level to another, but are wanting of capital, which we will infuse. We will invest in companies where we can help their customers migrate from one process to another with attractive savings. We will invest in those companies where we can leverage attractive cross synergies – exploit their technology on the one hand and leverage our low cost manufacturing capability on the other – as in the instance where Nief will make products for Bright and Bright will make products for Nief. As a result, our acquisition strategy will be governed by a clear understanding of how it will translate into enhanced shareholder value.

What reasons would you ascribe for the growth in the Company's plastics division?

Over the last decade, we resolved that we would focus on the relevant substitution of metal with plastic in areas that required specialised technology, were relatively under populated by competition, were nascent, where the need for material substitution would be marked and where our presence would help them to grow attractively enough for us to earn a payback within a few years from entry. If you read these lines carefully you will get a flavour of our business model for the plastics division – niche, high margins and growing volumes.

These are precisely the reasons why our plastics division grew by 63.68% in 2007-08. We catalysed market spaces and we grew our presence in them: for instance, we emerged as a leader in pre-fabricated structures, custom moulding and other businesses. Besides, we leveraged the country's robust infrastructure growth, comprising capex programmes in power T&D utilities (through electrical accessories), telecommunication infrastructure (BT shelters) and auto-components on the one hand as well as the government's increased spending in education, healthcare, housing and roads.

You hinted at innovation to create new plastic products. Can you elaborate?

This is more critical than most observers would care to note for some good reasons. One, we are principally engaged in a business where we would rather create products that have never been created before (time-consuming and expensive) or profitably reengineer products with the objective to substitute alternative materials with plastic. This substitution may appear simple, but is not. We need to innovate aggressively and understand whether that substitution will indeed be beneficial, whether we can do it within certain cost guidelines, whether it would enhance functionality, whether we can market the concept to prospective customers and whether we can make our customers' customer comfortable with the switch.

That we have been able to grow over the last number of years in a sustainable way is an index of our ability to innovate across each of these areas. For instance, in BT shelters we introduced complete value-added services like cable management, tunnel management and thermal management, leading to a one-stop customer solution. In the case of waste water treatment, we pioneered the development of packaged and decentralised waste water system, addressing individuals, groups and small scale industries. We created the bio-digester that will feed on kitchen waste to create electricity in locations where conventional grid energy is simply not available. In the area of prefab products, we are in the process of introducing pre-engineered buildings with cost and commissioning advantages. Similarly, we created a product to replace porcelain insulators in electric transmission towers with polymeric composite insulators. So it would be reasonable to say that all the buoyancy that you see in our revenue or profit growth is being driven by innovation breakthroughs across our organisation.

How do you expect to drive the growth of the plastics business?

There are two ways of doing this. One, we can grow each of our business lines in line with their respective status and scope. This is going to be significant when you consider that most of our products are either in their nascent growth cycle or within largely under-penetrated geographies in the auto and electrical engineering businesses. At Sintex, we are optimistic of sustainable growth being derived from this segment of our business, vindicating our decision to extend our footprint to new locations in 2007-08. All the acquisitions accounted for 27% of our turnover during the year under review. Two, we will continue to scout for opportunities to acquire large European or US-based companies with deep technology competencies in the composites business or Indian companies with attractive manufacturing expertise.

What role does prefabricated structures, monolithic construction and industrial custom moulding play in driving the growth of the plastics division?

The prefabs business promises to grow attractively with new product launches — Sintex recently launched prefabricated bunkhouses for housing and commercial applications — introduction of new technology and more product applications. We are already in the process of scaling operations to leverage the first mover's advantage.

The prefabricated structures business is primarily execution-driven and the key differentiators remain an intelligent erection strategy and building a trained workforce to deliver the product seamlessly. So, we have commissioned prefabricated structures across five Indian locations in India for enhanced presence.

The prefabricated structures business is a largely untapped market in India although it has been gaining widespread acceptance, with the principal demand originating from various government agencies and corporates. We expect to penetrate the rural market initially, while catering to the growing demand from the telecom and power sectors, particularly in South and West India.

With several projects on the anvil, the potential for monolithic constructions business is also significant. As per the market survey, currently there is a potential market of Rs. 9,00,000 mn of which Sintex can at least address a market of Rs. 9,000 mn. Sintex plans to capitalise on this opportunity for exciting business growth. Moreover, government schemes like the National Urban Housing and Habitat Policy 2006 propose to promote foreign direct

Managing Director's review

In BT shelters we introduced complete value-added services like cable management, tunnel management and thermal management, leading to a one-stop customer solution.

investment in integrated townships, real estate, and public-private partnerships, etc. where 10-15% of the land is earmarked for providing dwelling units for the economically weaker sections and low-income group segments.

In addition, our industrial custom-moulding segment is also growing robustly, primarily on account of the commencement of different power transmission projects across several states, resulting in a strong performance in the electrical segment. The Company is currently working with several state electricity boards across the country, supplying equipment like SMC enclosures, polymeric enclosures, polymeric insulators and cross arms for power transmission grids. Also, the auto components business has performed consistently, thanks to enduring business relations with Cummins and other MNCs.

Let us come to the textiles division. How did it perform in 2007-08?

It was the kind of year where the business model of the textiles division completely vindicated itself as we focused on the class-end of the business over the mass-end. During the financial year under review, the rupee strengthened from Rs. 43.47 to Rs. 40.11 against the US dollar, affecting the profitability of the entire sector in India. Sintex acquitted itself favourably in this challenging environment; the division reported a 9% topline and 5% bottomline growth in 2007-08; besides, the EBIDTA margin remained constant at 29%, which could have been worse, had it not been for the Company's focus on high-value, yarn-dyed structured fabrics for shirtings, enjoying average realisations of around USD 7-8 per metre, compared with USD 1.5-3 per meter for normal shirting fabric.

How did this business strengthen its industry positioning?

The division reinforced its industry position through three distinctive initiatives:

- An increase in its manufacturing capacity from 24 mn metres per annum to 29 mn meters per annum by 2009
- An entry into high-end women's shirting
- Products marketing to established brands like Ann Taylor, Banana Republic, Marks & Spencer, ColorPlus, ITC Wills, Spencer's, Pantaloons, Louis Philippe and Van Heusen, among others
- The development of our 'Nano Care' finish – water and oil repellent for a longer duration – reinforced our value addition and product differentiation
- A renewed agreement with a reputed UK-based company with rich consumer knowledge, helping us access nearly 9,000 designs per quarter, save packaging costs and identify evolving client requirements
- A renewed agreement with European design houses to leverage our back-end manufacturing capability and enhance our asset utilisation, while they leverage this low-cost manufacturing solution to market their designed products to the European markets. Besides, the arrangement permits Sintex to freely use their designs following a year of the expiry of design patent
- An extension into home furnishings with a prestigious order from Volvo buses in France

What would be the Company's outlook over the foreseeable future?

In our business it is important for shareholders to respect one reality: that it is important to sit on adequate cash during industry slowdowns in anticipation of attractive acquisition opportunities. Therefore, during these periods, there could be temporarily low ROCE due to the relatively low returns from this idle corpus. At Sintex, our objective will be to minimise the deployment lag and invest in companies or units where our decision can prove immediately accretive.

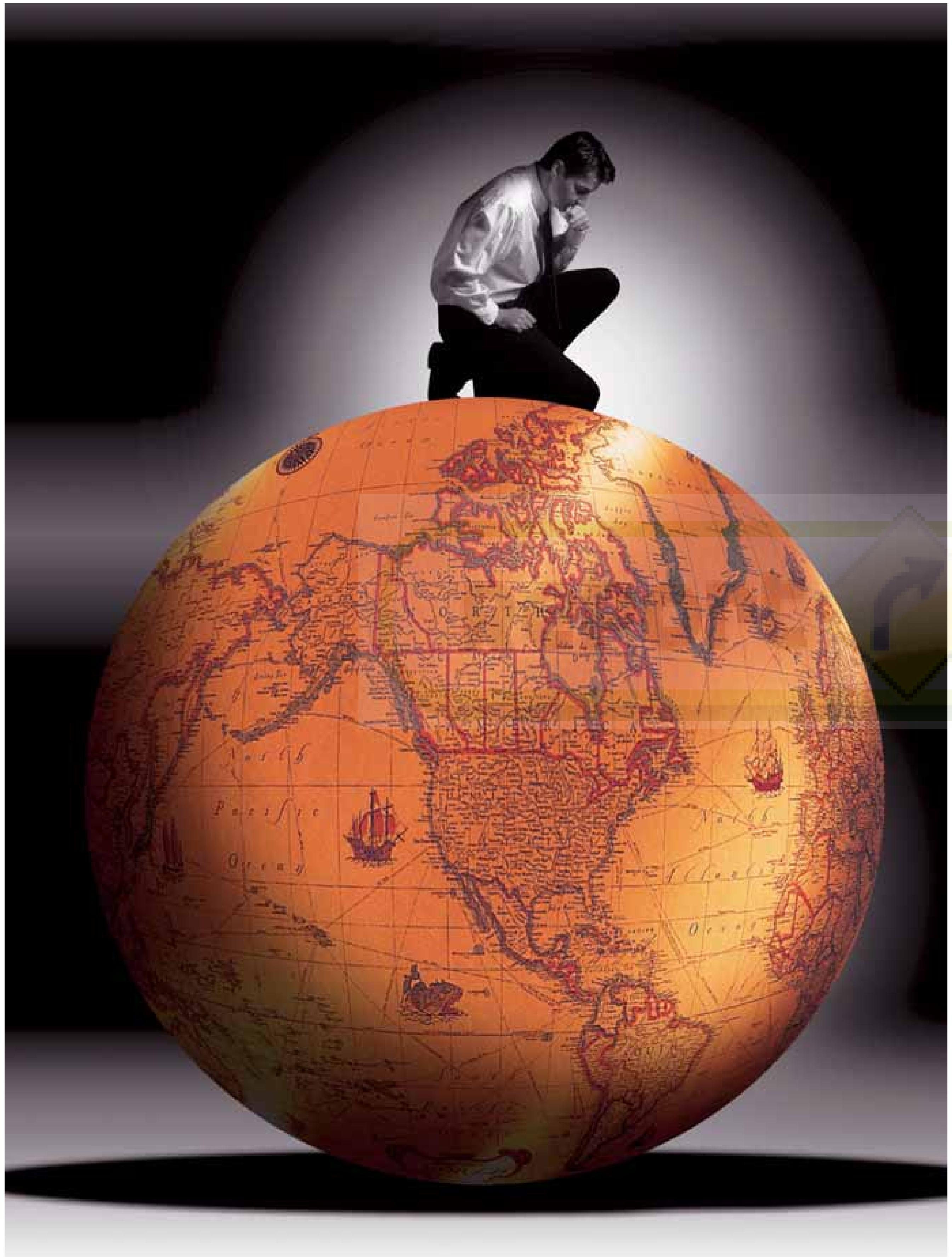
I am pleased to state that we enjoy precisely this positioning. Last year we had a balance sheet size of around Rs. 1,350 cr (debt plus equity) and a 1:1 gearing. This year we have a balance sheet size of nearly Rs. 3,100 cr, without compromising our gearing including Rs. [] cr in cash. We feel that in a global environment, prefiguring sluggish growth, this is a relatively de-risked financial model and an attractive foundation to take our Company into a different league.

Shareholders would be keen to know how the Company will perform in 2008-09?

We are increasing our total polymer processing capacity from 75.26 mn kgs to 92.30 mn kgs and the impact of our expanded textile capacity will go into play in 2008-09. There are two points to be made here: in contrast to most businesses that need to shed their margins to grow, Sintex has demonstrated that as its business scales, the margins increase concurrently. So as our plastics business grows in line with the expanded capacities, the economies of scale will kick in even stronger and enhance value. Secondly, it would be early to predict cotton prices for 2008-09, but there is one assurance that even if cotton prices rise disproportionately, the Company is adequately hedged through its presence in the value-added segment.

We expect that our operating subsidiaries, which contributed Rs. 618.53 cr in revenues in 2007-08, will grow in the same pace in 2008-09 as well.

Finally, I must point out that with the kind of cash that we have on our books, we will be able to acquire companies or units significantly larger than we have done over the last year and this could take us into an entirely different league. In view of these factors, I must state that our past achievements could well pale when compared with what we may achieve over the foreseeable future.



At Sintex, we don't quite permit ourselves the luxury of feeling on top of the world. Even if there is some credible evidence to think that way.

WOW!

ON TOP OF THE WORLD

At Sintex, we take the term 'on top of the world' literally and metaphorically.

In the space of just 24 months, we (including subsidiaries) acquired five units or companies. Two Indian. Three international.

In the process, we grew from a manufacturing presence in one country to six countries and from eight manufacturing locations to 30.

Result: Revenues from exports or global locations increased from Rs. 4.14 cr in 2004-05 to Rs. 40.04 cr in 2007-08.

Business segment analysis

Plastic

Growth blueprint

Sintex operates in the area of pre-fabricated structures, monolithic construction, industrial custom moulding, storage tanks and containers in the plastics business division. Within just 24 months, the Company established a global footprint through acquisitions and alliances, resulting in transfer of knowledge, intellectual property, technologies and customers. Sintex emerged as a preferred partner for international majors due to the following realities:

- Fourteen manufacturing facilities within India and 16 global locations
- Use of 12 state-of-the-art plastic processing technologies
- Market leader in roto moulding products
- Retail and institutional clients across regions and countries

Organic initiatives, 2007-08

- The Company expanded its capacities in the prefab structures to 80,000 square feet per day. It developed capabilities in monolithic construction through collaboration with the National Mission on Bamboo Applications (NBMA)

Inorganic initiatives, 2007-08

Sintex and its subsidiaries successfully concluded four acquisitions during the year under review in the fields of composite plastic, blow-moulding and bi-injection moulding with downstream applications in the auto, electrical and aero-Defence sectors.

Acquisition

Why we acquired Nief Plastic Groupe

In October 2007, Sintex acquired a 100% stake in Nief Plastic Groupe for 34.77 mn (100% equity value).

Nief Plastic Groupe: A snapshot

- Ranked first in the French composites industry with a competence in superior insert moulding and bi-polymer injection technology
- Possessed 11 manufacturing plants (seven in France and one each in Hungary, Slovakia, Tunisia and Morocco); facilities conformed to globally benchmarked quality standards, managed by experienced executives
- Possessed 284 presses for injection of thermoplastics, 33 presses for injection of thermo sets and 30 presses for compression of thermo sets.
- Possessed certifications like ISO 9001, ISO/TS 16949, ISO 14001, EN 9100 and AQAP 2120
- Enjoyed enduring relationships with multinationals like Renault, GM, Schneider Electric, ABB, Faurecia and Alstom on account of quality standards, technical skills and high performance polymer expertise
- People strength of 1,120 (720 for the French unit and 400 in other locations)

Market segments

The Company specialised in custom moulding and bi-polymer injection moulding. It derived its revenues from the automotive (50%), electrical (28%), building materials (4%), household appliances (3%) and aerospace and Defence (2%) sectors.

Strategy

The Company commissioned state-of-the-art manufacturing facilities in low-cost Tunisia, Morocco, Slovakia and other EU countries to penetrate the plastic auto components and aero-Defence sectors.

Competitive advantage at Nief

The Company serviced customers with just-in-time product delivery through proximate manufacturing facilities in Eastern Europe and North Africa.

Rationale for acquisition

- **State-of-the-art manufacturing technology:** To access superior manufacturing technologies like injection of thermoplastics, injection and compression of thermosets, over-moulding of bi-materials, precision moulding, high performance polymers with thermo-stables, decoration, post moulding assembly and surface finishing, which will strengthen competitive pricing and technical qualifications on the one hand and facilitate Sintex's entry into the large European plastic component market on the other
- **Access to a large customer base:** The Company was a long-standing supplier of products to international automotive (Faurecia, Bosch, Delphi, Renault, Thyssen Krupp), electrical (Schneider Electric, Siemens, OTIS, Legrand), aeronautics and defense (Dassault Aviation, Thales, GIAT Industries) majors, resulting in an immediate access for Sintex
- **Diversified product portfolio and market reach:** The Company possessed a range of exterior and interior plastic component systems and thermosets with applications in electrical, automotive, aerospace, household appliances, construction, sports and leisure sectors