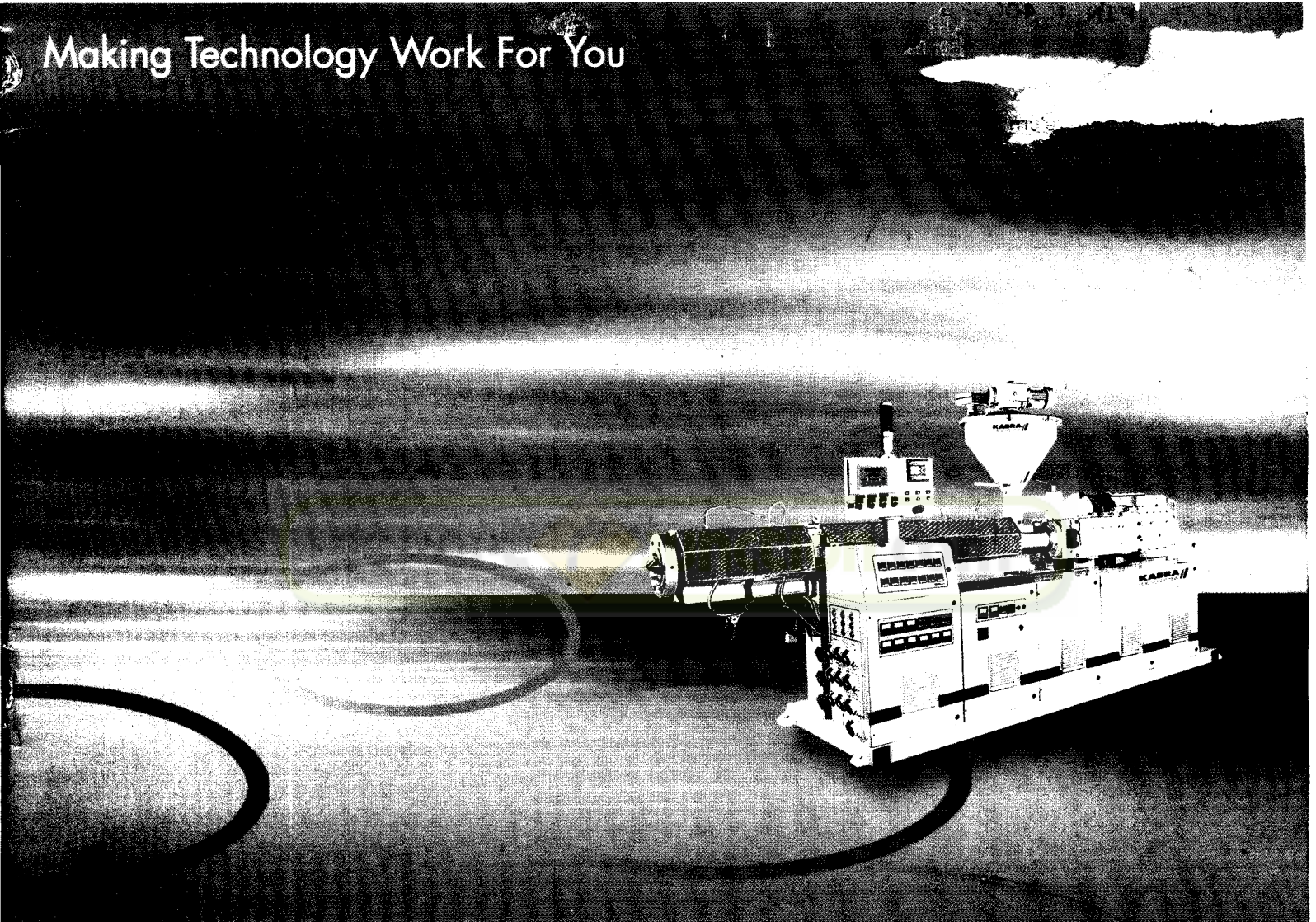


KABRA //
EXTRUSIONTECHNIK //

India's Leading Plastic Extrusion Machinery Manufacturer

Making Technology Work For You



Tradition of Customer Support

23rd Annual Report
2005 - 2006

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2005-06	2004-05	2003-04	2002-03	2001-02
Operating Results					
Sales and Other Income	10388.15	7398.96	8594.50	4281.60	5186.63
Profit before Depreciation, Interest & Tax	1016.30	808.68	1164.62	551.53	716.08
Less : Depreciation	151.29	133.21	122.58	97.11	94.31
Interest	37.71	12.18	16.73	13.98	23.79
Profit before tax	827.30	663.29	1025.31	440.44	597.97
Less : Provision for Tax	210.00	185.00	205.00	130.00	140.00
Less / Add : Provision for Deferred Tax	15.18	(20.17)	(49.42)	37.49	(104.49)
Assets / (Liabilities)					
Less : Taxation of earlier years	—	—	—	13.57	—
Net Profit after tax & deferred tax	632.48	458.12	770.89	334.36	353.49
Retained earnings	268.72	184.39	500.06	214.33	233.46
*Earning per share (EPS) (Rs)	9.00	6.97	11.96	9.05	10.31
<i>(Computed on profit after tax but before deferred tax)</i>					
Dividend (%)	40%	35%	35%	35%	35%
Assets Employed					
Fixed Assets (NET)	2397.09	1781.51	1896.92	1708.90	1459.03
Current Assets (NET)	2593.19	2715.49	1491.06	1579.03	1216.46
Capital Employed	5256.12	4887.86	4355.19	3978.33	3589.36
Financed By					
Share Capital	685.90	685.90	685.90	342.95	342.95
Reserves	3697.46	3428.76	3216.73	3059.62	2860.66
Total Shareholders Funds	4383.36	4114.66	3902.63	3402.57	3203.61
Borrowings	645.97	531.23	230.75	403.38	175.88
Debt : Equity	0.15 : 1	0.13 : 1	0.06 : 1	0.12 : 1	0.05 : 1
Others					
Book Value Per Share (Rs.)	64.00	60.00	56.90	99.21	93.41
Gross Fixed Assets	3407.21	2654.49	2669.17	2371.21	2033.81
Employees Cost	733.43	523.28	448.47	394.92	377.76

* Number of Issued Shares

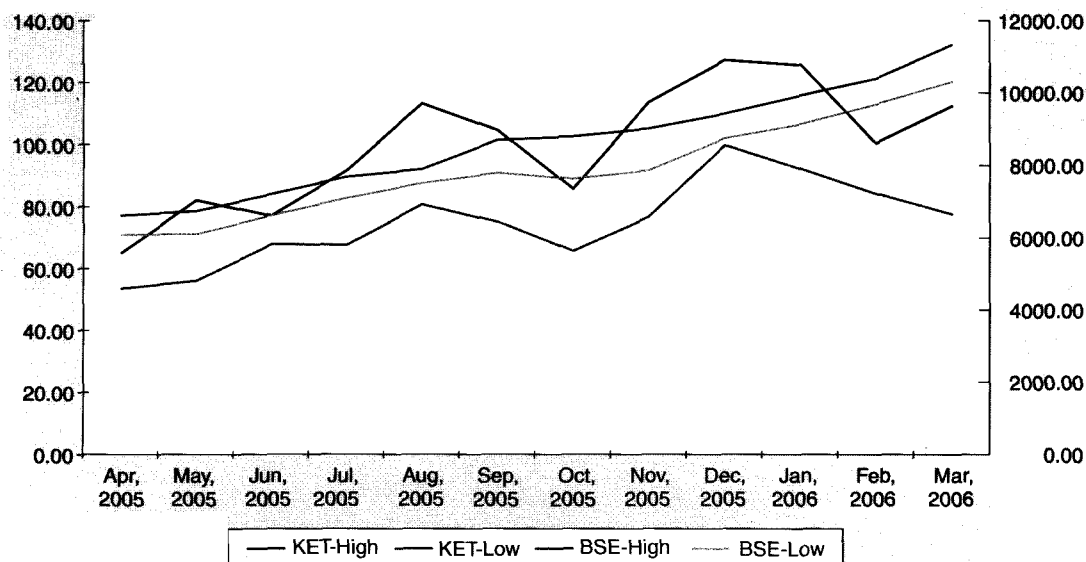
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**STOCK
PERFORMANCE**
 Share Price/ BSE Sensex


BOARD OF DIRECTORS**Shreevallabh G. Kabra**

Chairman & Managing Director

Satyanarayan G. Kabra

Vice-Chairman & Managing Director

Anand S. Kabra

Executive Director

Haridas S. Sanwal

Director

Punamchand C. Parmar

Director

Mahavir Prasad Taparia

Director

Yagnesh B. Desai

Director

Nihalchand C. Chauhan

Additional Director (w.e.f. 21.01.06)

COMPANY SECRETARY

Y. D. Sanghavi

AUDITORS

A. G. Ogale & Co.

Chartered Accountants, Pune

BANKERS

State Bank of India

Industrial Finance Branch, Mumbai - 400 005

SHARE TRANSFER AGENT

M/s. Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai - 400 099

Tel.:022-28215168,28329828 Fax.: 022-28375646

REGISTERED OFFICEKolsite House, Off Veera Desai Road,
Andheri (West), Mumbai - 400 053

Tel.:022-26734822-24 Fax.: 022-26735041

WORKSKabra Industrial Estate,
Kachigam, Daman - 396 210**C O N T E N T S**

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23rd Annual General MeetingDate : 11th August, 2006

Day : Friday

Time : 3:00 P.M.

Venue : Hotel Karl Residency, 38, Lallubhai Park Road,
Next to Lallubhai Park, Andheri (West),
Mumbai - 400 058

ANNUAL REPORT 2005-06**NOTICE**

NOTICE is hereby given that the TWENTYTHIRD ANNUAL GENERAL MEETING of the Members of **KABRA EXTRUSIONTECHNIK LIMITED** will be held at Hotel Karl Residency, 38, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai - 400 058 on Friday, the 11th day of August, 2006 at 3:00 p. m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri. Punamchand C. Parmar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. Haridas S. Sanwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Messrs. A. G. Ogale & Co., Chartered Accountants, as Auditors of the Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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. Nihalchand C. Chauhan, who was appointed as an Additional Director of the Company on 21st January, 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."

Place : Mumbai

Date : 24th June, 2006By Order of the Board
for **Kabra Extrusiontechnik Limited****Registered Office :**Kolsite House, Off. Veera Desai Road,
Andheri (West), Mumbai - 400 053**Y. D. Sanghavi**
Company Secretary**Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER 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 No. 6 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. (i) The unclaimed dividend upto financial year 1993-94 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial years upto 1993-94 may claim their dividend from the Registrar of Companies, Maharashtra, Mumbai by submitting an application in the prescribed form.
- (ii) The details of dividends paid by the Company during the Financial Years 1998-99 to 2004-05 are as under :

Date of declaration of Dividend at AGM	Dividend for the Financial Year	Rate of Dividend	Month & Year of transfer to the Fund
17 th September, 1999	1998-1999	20 %	October, 2006
15 th May, 2000 #	1999-2000	24 %	June, 2007
2 nd August, 2001	2000-2001	30 %	September, 2008
7 th August, 2002	2001-2002	35 %	September, 2009
1 st August, 2003	2002-2003	35 %	September, 2010
30 th July, 2004	2003-2004	35 %	August, 2011
30 th August, 2005	2004-2005	35 %	September, 2012

Paid as interim and subsequently approved as Final at AGM held on 15th September, 2000. **Please claim your unpaid dividend for the financial year 1998-99 immediately as the same is due for transfer in October, 2006 to the credit of Investor Education and Protection fund.**

- (iii) Those members who have not encashed their dividend warrants for the financial years 1998-99 to 2004-05 are requested to return the time barred dividend warrants or forward their claims to the company for issue of duplicate thereof.
- (iv) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1998-99 and thereafter which shall remain unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid dividend account will be transferred to the Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Companies Act, 1956. **It may be noted that once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.**
- (v) Pursuant to the said provisions unclaimed / unpaid dividend for the financial year 1994-95 to 1997-98 have been transferred to the Investor Education and Protection Fund.
- 6. 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.
- 7. Members desirous of obtaining any information with regard to the accounts are requested to write to the Company Secretary at the Registered Office of the Company, at least 10 days in advance before the meeting, so as to compile the same.

ANNEXURE TO NOTICE

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

Item No. 6

Shri. Nihalchand Chunilal Chauhan, aged 71 years, qualified as B.Com (Hons), LL.B, CAIIB was appointed as an Additional Director on 21st January, 2006 by the Board of Directors of the Company. He has experience of over 45 years in professional banking and 2 years as Consultant. During tenure of his service, he was associated with State Bank of India, Commercial & International Banking for a period of 19 years (1958 – 1977) and later with Arab Monetary Fund for 21 years (1979 – 2000) as Treasury Chief. Currently he is advisor / consultant to Financial Technologies of India Ltd. and Multi Commodities Exchange of India Ltd. Mumbai

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

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

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

The Directors recommend this ordinary resolution for your approval.

Except, Shri. Nihalchand C. Chauhan, none of the other Directors is in any way, concerned or interested in the resolution.

By Order of the Board
for Kabra Extrusiontechnik Limited

Y. D. Sanghavi
Company Secretary

Place : Mumbai

Date : 24th June, 2006

Abstract and Memorandum of Interest

(A) The Members of the Company at their 21st Annual General Meeting held on 30th July, 2004, approved the appointment of Shri. S. V. Kabra as a Chairman & Managing Director of the Company w.e.f. 1st April, 2004 for a period of 5 years on a salary of Rs.1,00,000/- per month with a liberty to Board to increase annually up to 10% of above salary. The Board at its meeting held on 24th June, 2006 approved said increment in view of performance achieved by the company. With this increment, salary payable to him has been raised to Rs.1,10,000/- per month w.e.f. 1st April, 2006 and accordingly the amount of house rent allowance, contribution to P.F. & F.P.F. and other perks stands increased proportionately. Such increment is within the ceiling laid down under the Companies Act and Schedule appended thereto. Shri S. V. Kabra is deemed to be concerned or interested to the extent of above variation. Disclosure accordingly is made in terms of Section 302 of the Companies Act, 1956.

(B) The Members of the Company at their 20th Annual General Meeting held on 1st August, 2003, approved the appointment of Shri. S. N. Kabra as a Vice-Chairman & Managing Director of the Company w.e.f. 1st July, 2003 for a period of 5 years on a salary of Rs.40,000/- per month with a liberty to Board to increase his remuneration. The Board at its meeting held on 24th June, 2006 has approved the increase in his salary from Rs.40,000/- to Rs.50,000/- per month w.e.f. 1st April, 2006 in view of performance achieved by the company and accordingly the amount of house rent allowance, contribution to P.F. & F.P.F. and other perks stands increased proportionately. Such increment is within the ceiling laid down under the Companies Act and Schedule appended thereto. Shri. S. N. Kabra is deemed to be concerned or interested to the extent of above variation. Disclosure accordingly herein above is made in terms of Section 302 of the Companies Act, 1956.

They are also deemed to be concerned / interested to the extent of such variation in respect of each other being related.

By Order of the Board
for Kabra Extrusiontechnik Limited

Y. D. Sanghavi
Company Secretary

Place : Mumbai

Date : 24th June, 2006

DIRECTORS' REPORT

To,
The Members,
Kabra Extrusiontechnik Limited, Mumbai

Your Directors are pleased to present the **TWENTYTHIRD ANNUAL REPORT**, together with the **AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2006.

	2005-2006 (Rs. in Lakhs)	2004-2005 (Rs. in Lakhs)
Sales turnover and Other Income	10388.15	7398.96
Profit before interest and depreciation	1016.30	808.68
Less : Interest	37.70	12.18
Depreciation	151.30	133.21
Gross Profit before tax	827.30	663.29
Less : Provision for Taxation	210.00	185.00
Add/(Less): Provision for Deferred Tax – Assets / (Liabilities)	15.18	(20.17)
Net Profit after Tax and Deferred Tax	632.48	458.12
Add/(Less) : Income / (Expense) of earlier year	(0.01)	27.64
Balance b/f from previous year	1783.46	1621.44
Amount available for appropriation	2415.93	2107.20
APPROPRIATIONS :		
Transferred to General Reserves	64.00	50.00
Provision for proposed Dividend	319.02	240.07
Provision for Tax on Proposed Dividend	44.74	33.67
Surplus balance c/f to Balance Sheet	1988.17	1783.46
	2415.93	2107.20

EQUITY ISSUE :

The Company during May 2006, has allotted 1116580 Equity Shares of Rs. 10/- each at a offer price of Rs. 95/- per share (inclusive of premium) to the following foreign companies on preferential allotment basis as approved by the Members at their Extra-Ordinary General Meeting held on 28th April, 2006

Name of the Foreign Companies	No of Shares	% of Post Issue Capital
Battenfeld Extrusionstechnik GmbH, Germany	900000	11.28%
American Maplan Corporation USA	216580	2.72%

Above Shares are under lock-in period of 10 (Ten) years from the date of allotment and they shall be listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd where the existing shares of the Company are listed.

DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs. 4.00 per share of Rs. 10/- each for the year ended 31st March, 2006 (Rs. 3.50 per share for the previous year) subject to the members' approval.

Above dividend is recommended on the enhanced Paid-up Capital of Rs. 7,97,55,800/- which has increased from Rs. 6,85,90,000/- to Rs. 7,97,55,800/- on account of above equity issue. New Shares issued as above should rank pari-passu with the existing shares of the Company in all respects including that of dividend declared for the year ended 31st March, 2006, as required in terms of SEBI circular / letter no. : SMDRP/NSDL/3254/00 dated February 18, 2000 and accordingly provided by the depositories.

Proposed dividend of Rs. 3,19,02,320/- includes Rs. 44,66,320/- of dividend on additional capital of Rs. 1,11,65,800/- in compliance of said requirements. The Company however represented to SEBI in the matter presenting the fact that the said shares have been credited to the Capital account after the end of financial year under review and requested it to consider that the condition of payment of dividend for the year ended 31st March, 2006 to the allottees of the said shares should not be made applicable to the Company. In the opinion of the company such dividend is not payable. SEBI's Clarification in this regard is awaited.

OPERATIONS :

The company has achieved the Operational and Other Income for the year under review at **Rs. 10388.15 lakhs** as against the previous years' operational and other income of Rs. 7398.96 lakhs, an increase of 40% over previous year. The Profit before tax is **Rs. 827.30 lakhs** against the previous years' profit of Rs. 663.29 lakhs. Net Profit of the Company after Tax and Deferred Tax is **Rs. 632.48 lakhs** as against Rs. 458.12 lakhs of the previous year, an increase of 38% over previous year.

Total disbursement made by the Insurance Company till date is **Rs. 820.00 lakhs** against the insurance claim made for damage to assets of the Company due to heavy rain and flash floods occurred on 3rd August, 2004.

The Company during the year under review participated in PLASTINDIA Exhibition 2006 held during February, 2006 at New Delhi. The Company benefited by order booking and enquiries from potential local and overseas customers. The innovation of your company received tremendous response and proved crowd puller at the said exhibition.

EXPORTS :

Exports during the year is **Rs. 3844.35 lakhs**, as against previous years' export of Rs. 3050.20 lakhs, an increase of 26% over previous year.

DIRECTORS :

Shri. Punamchand C. Parmar and Shri. Haridas S. Sanwal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Shri. Anand S. Kabra holds office of Executive Director of the Company till 31st July, 2006 and he is not seeking re-appointment. He will continue to act as a Director of the Company, liable to retire by rotation.

Further to broad base the composition of the Board and in compliance of Clause 49 of the Listing Agreement, Shri. Nihalchand C. Chauhan was appointed as an Additional Director of your Company. The Company has received notice in writing u/s. 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- from a Member proposing his candidature for the office of a Director of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors make the following statement pursuant to Section 217 (2AA) of the Companies Act, 1956 :

- (i) That in the preparation of Annual Accounts for the year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) That they had selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the profits of the Company for the said year.
- (iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That they had prepared the accounts on a "going concern basis".

TECHNOLOGY AGREEMENTS :

The agreement executed on 19th April, 2000 with M/s. Battenfeld Extrusionstechnik GmbH, Germany for a period of 7 years was covering the technology only for manufacture of Single & Twin Screw Extruders. They had agreed to provide technology covering wider range of extrusion lines / machinery and accordingly the aforesaid agreement in force was terminated with mutual consent and a fresh agreement was executed for a period of 10 (Ten) years on 5th April, 2006.

According to the new Technical Collaboration agreement, the Company will have full access to the technology for manufacture of Single / Twin / Conical Extrusion Machineries, cast filter lines, sheet lines, composite pipe lines. American Maplan Corporation, USA had agreed to provide know-how for manufacture of plants to manufacture wood composites including application for decking, fencing, siding. The above products are very much used abroad and in India, a new market will open up once these products are manufactured in India economically with good capacities. They had agreed to accept lump sum payment towards consideration for supply of such know-how and royalty on annual sales will not be payable to them by the Company.

AUDITORS :

Messrs. A G. Ogale & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. They have furnished a certificate of their re-appointment u/s. 224 (I-B) of the Companies Act, 1956 and they are not disqualified under amended section 226(3)(e) of the said Act.

LISTING FEES :

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai for the Financial Year 2006-07 have been paid.

CORPORATE GOVERNANCE :

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in the said Clause-49 of the Listing Agreement is annexed thereto.

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 - I.

EMPLOYEES RELATIONS :

Employees relations continued to be cordial throughout the year. The Directors appreciate the efforts put in by the employees at all levels. There are no employees covered under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and hence no particulars are required to be furnished.

ACKNOWLEDGEMENT :

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Customers, Vendors, Suppliers and employees of the company for their support and co-operation.

For and on behalf of the Board

Mumbai, 24th June, 2006

S. V. Kabra
Chairman & Managing Director

ANNEXURE - I TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of Energy :

- (a) Energy Conservation Measures taken : Continuous efforts are being made by the production team for conservation of energy. Heating time for trials, testing etc. is strictly monitored and certain savings are expected, but total impact of this cannot be measured.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy : None.
- (c) Impact of measures at (a) & (b) above, for reduction of energy consumption and consequent impact on the cost of production of goods : With the implementation of measures indicated in (a) above, it is expected that there would be a corresponding favourable impact on the energy cost per unit of production.

B. Technology Absorption :

Efforts made in technology absorption :

1. Specific areas in which R & D carried out by the Company :

Following extrusion lines have been developed.

- 75mm 350 Kg/Hr Tape Stretching Line with 420 M/min line speed
- First 60mm 1350 LFW, 3 Layer Film Plant with IBC
- 47mm 850 LFW high output Monolayer Film plant
- 2-110-28V twin screw extruder, 950 Kg/Hr with 400mm downstream
- 90mm HDPE Pipe Plant, 700 Kg/Hr with 400 mm downstream

2. Benefits derived as a result of the above R & D : Products range of the Company has been widened and the customers benefitted by unique advantages of highest out-put per unit power consumption, lowest investment with regard to output, space saving by compact design, control by automation / electronic device and ease of operation.**3. Future plan of action :** Your Company is making continuous effort to develop New Model of Plants.**4. Expenditure on R & D :** During the year, the Company spent recurring amount of expenditure on R & D which have been included in the respective expense head. No separate account head for expenditure on R & D has been maintained.**5. Technology imported during the last 5 years :**

Technology for	Imported From	Year of Import	Status
Manufacture of Pipe Extrusion, Profile Extruders, Film & Sheet Extrusion and Planetary Roller Extruders.	M/s. Battenfeld Extrusionstechnik GmbH, Germany	Valid for 10 years from April, 2006	Technology absorption in progress
Manufacture of Pipe & Profile Extruders, Tooling of Extrusion lines for siding, fencing and decking including composite system.	M/s. American Maplan Corporation, USA	Valid for 10 years from April, 2006	Technology absorption in progress

C. Foreign Exchange Earning and Outgo :

	2005-2006	(Rs. in Lakhs) 2004-2005
Foreign Exchange Earned	3,548.12	2,772.21
Foreign Exchange Used	146.62	184.46

Mumbai, 24th June, 2006

For and on behalf of the Board
S. V. Kabra
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND ITS DEVELOPMENTS :

The Company is engaged in Capital Goods sector, manufacturing Plastic Extrusion Machinery, specialising in manufacture of plants to produce a wide range of Plastic Pipes i.e. PVC, HDPE, LDPE, PP, Composite Pipes etc. PVC pipes sector has almost 40% share of total PVC resin business. Pipe extrusion machinery is the largest market and the company has about 65% share in this segment. Demand for pipes is growing due to the thrust on agriculture, water management, telecommunication and other infrastructure areas. Films are finding increasing applications in various kinds of packaging. Tapes are used to make woven sack bags which in turn are used for packing of agriculture products, cement, etc. HDPE pipes in last couple of years are being widely used for telephone ducting. PP pipes are mainly used for chemical industries as well as for plumbing. LDPE pipes are used significantly for drip irrigation.

Consumption of plastics in India is expected to grow multifold as per capita consumption is only 4 kgs against world average of 17 kgs. In view of the expected average growth of 15% to 17% in Polymer consumption, the growth in machinery and capital equipment demand is expected to be atleast 20% or more.

2. OPPORTUNITIES AND THREATS :

Recognising Company's capabilities in building global products at competitive costs, the range of plants being exported is steadily increasing.

The Company continued its efforts to tap new markets and promote exports to various countries. Since the beginning, so far your company has exported 820 plants to 56 countries worldwide.

Your company has been awarded with certificate of Export Excellence by the Engineering Export Promotion Council, India, for Six times in respect of Export Performance during the financial year 1995-96, 1997-98, 1998-99, 2000-01, 2001-02 and 2003-04. As recognition of sustained and excellent export performance, Government of India has accorded "TWO STAR EXPORT HOUSE" status to the Company.

Exports of the Company during the year under review were **Rs.38.44 Crores** which is 38.24% of the annual sales turnover.

Technological obsolescence, Market conditions; growing competition including Imports are considered to be the threats.

3. SEGMENT-WISE PERFORMANCE :

Your Company is operating only in one segment i.e. Plastic Extrusion Machinery and Allied Equipments.

4. OUTLOOK :

Your company's business being global in nature, the outlook for margins and profitability also depends upon overall global economic outlook and demand supply scenario.

The Company's in-house R&D having decades of engineering experience and advanced designing software has enabled it to regularly introduce latest products. The company has entered in to fresh collaboration with Battenfeld Extrusionstechnik, GmbH Germany and American Maplan Corporation, USA valid for a period of 10 (Ten) years w.e.f. April, 2006. This would ensure continuous inflow of latest technology for wider range of extrusion lines.

There are plans to further penetrate into domestic market. This will happen through natural growth of the industry as well as shift from unorganised sector which has a market share of about 50%. The marketing network is well spread across the country and major export markets. Customer relationship is very strong resulting into nearly cent percent repeat business. At the same time, there is no excessive dependence on any single customer.

Your Company's plants are cheaper by about 40% as compared to those from the developed markets. Exports would grow much faster than the domestic market as target markets combined are much bigger than Indian market. Notably, margins are better in the export markets. Like some other engineering businesses, India has the potential to become a sourcing base for products, components, R&D services and after sales services for global plastic machinery industry and the company is well placed to capitalise on such an opportunity.

Considering its leadership, large potential in domestic as well as export markets and continuous technological innovation, the company is confident of recording an even better performance going forward.

5. RISKS AND CONCERNS :

Techonolgy Obsolescence, Market conditions, growing competition including Imports are major risks perceived by the Company that may have adverse effect on Company's business and its margin in future.

ANNUAL REPORT 2005-06

In order to capture, retain and grow market share globally and to showcase and market the innovative technology and machineries of the Company to international buyers, the Company participated in PLASTINDIA – 2006 International Exhibition. The Company in the category – Machinery manufacturers, made an outstanding impression, live demonstrations of its advanced processing plants exhibiting cutting edge technology made a huge impact.

Measures are continuously being taken on all fronts to mitigate and control the risk assessed besides the comprehensive insurance of assets of the Company.

Being aware of risks and in order to mitigate the same, the company has focused on following growth strategy and has initiated effective measures.

The Company's Growth strategy is mainly focused on Innovation of new models of plant with next generation technology; adherence to stringent quality standards; increasing market share; continued thrust to exports; competitive cost structure;

A significant source of strength for your Company has been its business culture that recognise technology driven innovation as the best foundation for a sustainable business. This recognition and the consequent commitments, has contributed to discover, develop, design and deliver the Company's plant, which are clearly differentiated from its competitors and its process that consistently deliver more with less expenditure.

Your Directors are confident that the World Class Products and services of your Company, delivered to the customers by committed professionals will continue to win market share globally and customer confidence.

Focus on cost reduction, safety, environment and increasing its awareness amongst employees are continuing.

Forseeable risks to the Company's assets are adequately covered by comprehensive insurance policies.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Management feels that the internal controls in place are sufficient considering the complexity, size and nature of operations of the Company. Internal Audit team consists of well experienced Members, which constantly reviews various aspects of control systems and conducts audit under well laid out audit programmes to ensure effectiveness of the controls. The said internal audit team continuously reviews the control system and audit of special areas in-depth is also undertaken.

7. FINANCIAL & OPERATIONAL PERFORMANCE :

Sr. No.	Particulars	2005-2006 (Rs.in lacs)	2004-2005 (Rs.in lacs)	% Changes
1.	Sales/Income from Operations (Net of Excise)	10051.43	7014.08	43.30
2.	Other Income	336.73	384.88	-12.51
3.	Net Profit after Interest, Depreciation, Tax and Deferred Tax	632.48	458.12	38.06

Your company has a low debt equity ratio and is well placed to take care of its borrowings made by way of credit facilities.

The company's credit terms and recovery mechanism are effective enough to check the financial defaults by any customers. No financial defaults of whatsoever nature were reported during the year under review.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :

Industrial relations during the year were cordial and peaceful without any disruption of manufacturing activities whatsoever. Training Programmes aimed at skill upgradation and team building were conducted during the year under review.

Manpower as on 31st March, 2006 including Workers, Staffs and Executives : **320**

9. CAUTIONARY STATEMENT :

Actual performance may differ from projections made as the Company's operations are subject to various economic conditions, government regulations and other incidental factors.

For and on behalf of the Board

Mumbai, 24th June, 2006

S. V. Kabra
Chairman & Managing Director