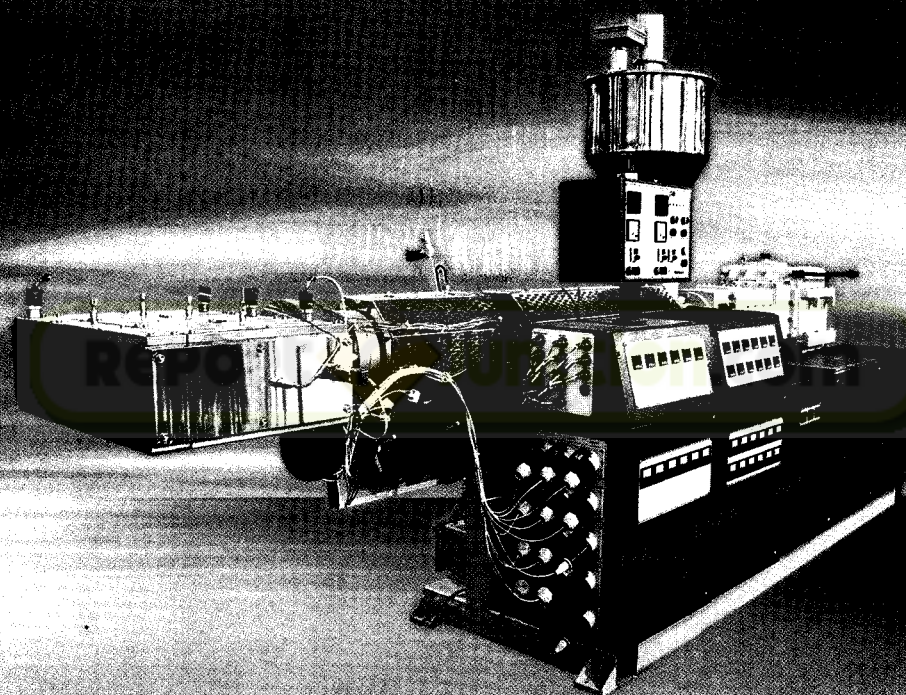


KABRA //
EXTRUSIONTECHNIK //

India's Leading Plastic Extrusion Machinery Manufacturer

Making Technology Work For You



Tradition of Customer Support

24th Annual Report
2006 - 2007

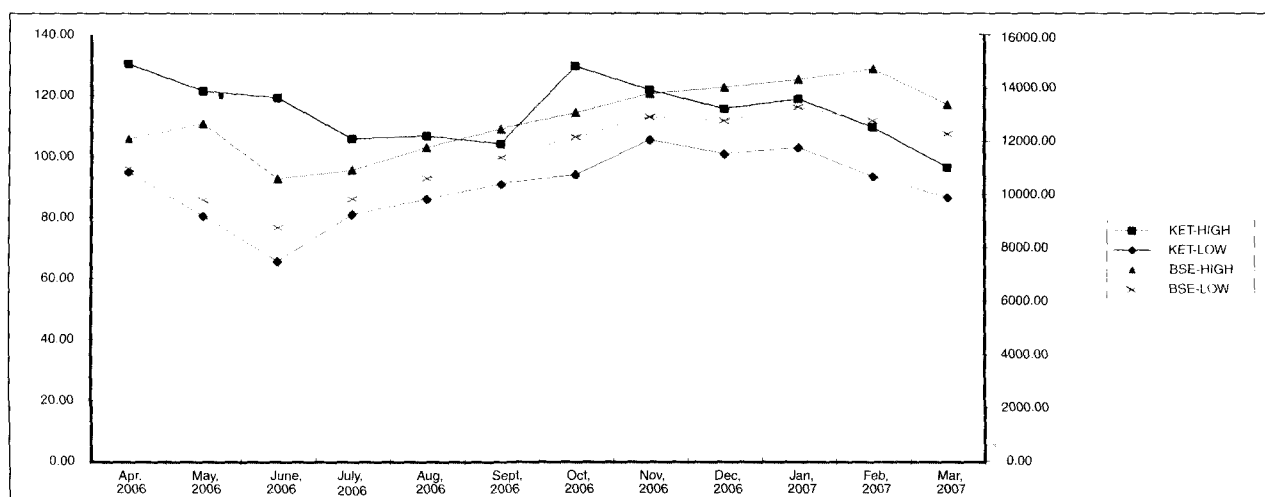
FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2006-07	2005-06	2004-05	2003-04	2002-03
Operating Results					
Sales and Other Income	12870.30	10388.15	7398.96	8594.50	4281.60
Profit before Depreciation, Interest & Tax	1393.62	1016.30	808.68	1164.62	551.53
Less : Depreciation	304.34	151.29	133.21	122.58	97.11
Interest	49.14	37.71	12.18	16.73	13.98
Profit before tax	1040.14	827.30	663.29	1025.31	440.44
Less : Provision for Taxation	255.00	210.00	185.00	205.00	130.00
(Less)/Add : Provision for Deferred Tax Assets/(Liabilities)	(58.96)	15.18	(20.17)	(49.42)	37.49
Less : Taxation of earlier years	—	—	—	—	13.57
Net Profit after tax & deferred tax	726.19	632.48	458.12	770.89	334.36
Retained earnings		268.72	212.03	500.06	198.95
*Earning per share (EPS) (Rs.)	9.11	9.22	6.68	11.24	9.75
(Computed on profit after Tax and Deferred Tax)					
Dividend (%)	45%	40%	35%	35%	35%
Assets Employed					
Fixed Assets (NET)	3767.44	2397.09	1781.51	1896.92	1708.90
Current Assets (NET)	2095.43	2593.19	2715.49	1491.06	1579.03
Capital Employed	6877.72	5256.12	4887.86	4355.19	3978.33
Financed By					
Share Capital	797.56	685.90	685.90	685.90	342.95
Reserves	4952.85	3697.46	3428.76	3216.73	3059.62
Total Shareholders Funds	5750.40	4383.36	4114.66	3902.63	3402.57
Borrowings	841.56	645.97	531.23	230.75	403.38
Debt : Equity	0.15 : 1	0.15 : 1	0.13 : 1	0.06 : 1	0.12 : 1
Others					
Book Value Per Share (Rs.)	72.10	64.00	60.00	56.90	99.21
Gross Fixed Assets	5077.77	3407.21	2654.49	2669.17	2371.21
Employees Cost	856.54	733.43	523.28	448.47	394.92
* Number of Issued shares	7975580	6859000	6859000	6859000	3429500

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

Director

Punamchand C. Parmar

Director

Haridas S. Sanwal

Director

Mahavir Prasad Taparia

Director

Yagnesh B. Desai

Director

Nihalchand C. Chauhan

Director

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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24th Annual General Meeting

Date : 17th August, 2007
Day : Friday
Time : 2:30 p.m.
Venue : Hotel Karl Residency, 36, Lallubhai Park Road,
 Next to Lallubhai Park, Andheri (West),
 Mumbai – 400 058

ANNUAL REPORT 2006-07**NOTICE**

NOTICE is hereby given that the **TWENTYFOURTH ANNUAL GENERAL MEETING** of the Members of **KABRA EXTRUSIONTECHNIK LIMITED** will be held on Friday, the 17th day of August, 2007 at 2:30 p. m. at Hotel Karl Residency, 36, Lallubhai Park Road, Next to Lallubhai Park, Andheri (W), Mumbai – 400 058 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the report of the Directors' and Auditors' thereon.
2. To declare a dividend on Equity Shares for the Financial Year ended 31st March, 2007.
3. To appoint a Director in place of Shri Anand S. Kabra, a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Mahavir Prasad Taparia, a Director, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. A.G Ogale & Co., Chartered Accountants, Pune, as Auditors of the Company to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting on such remuneration and reimbursement of out of pocket expenses, if any, as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create further mortgage and/or charge and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company on such terms and conditions and at such time(s) and in such form and manner and with such ranking as to priority, as the Board in its absolute discretion thinks fit, on the whole or substantially the whole of one or more of the undertakings or of all the undertakings, of the Company, including the present and/or future properties, whether movable or immovable comprised in any undertaking of the Company, as may be agreed to in favour of the Banks, i.e. State Bank of India and / or any other bank / financial institution/(s) (hereinafter referred to as Lender) to secure the present Working Capital facilities granted by them and/or such other amount as may be advanced by such Lender in future as a Cash Credit facility and / or Term Loan up to the extent of sum of Rs. 40 Crores (Rupees Forty Crores Only) together with interest on the principal amounts at the respective agreed rates, compound interest, liquidated damages, commitment charges, cost, any other charges, expenses if any, and all other monies payable by the Company to the concerned Banks / Institutions under the respective documents entered in to / to be entered in to by the Company."

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

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

gth fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

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

By Order of the Board
For Kabra Extrusiontechnik Limited

Registered Office:

Kolsite House, Off. Veera Desai Road,
Andheri (West), Mumbai – 400 053.

Date: 27th June, 2007

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 Item. No.6 & 7 above, is annexed hereto.
3. Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 10th August, 2007 to Friday, the 17th August, 2007 (both days inclusive).
4. The dividend, as recommended by the Board, if sanctioned at the ensuing Annual General Meeting, will be paid to those persons whose names appear as Beneficial Owners as at the end of business hours on Thursday, the 9th August, 2007 as per the list to be furnished by the National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form and to the Members holding shares in physical mode as per Register of Members of the Company as on Friday, the 17th August 2007, after giving effect to all valid transfer in respect of which request were lodged with the R & T Agent of the Company on or before 9th August 2007.
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) Those members who have not encashed their dividend warrants for the financial year 2000-2001 to 2005-2006 are requested to return the time barred dividend warrants or forward their claims to the Company for issue of duplicate thereof.
(iii) Pursuant to the provisions of Section 205A & 205 C (2) (a) of the Companies Act, 1956, as amended, dividend for the financial year 2000-2001 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 Investors Education & Protection Fund and **no claim shall lie in respect of such amount.**
(iv) Pursuant to the said provisions unclaimed / unpaid dividend for the financial year 1994-95 to 1998-99 have been transferred to the Investor Education and Protection Fund and during July, 2007 the company would be transferring unpaid/unclaimed interim dividend for the year ended 31st March, 2000 which was subsequently declared as final at the AGM held for the said financial year.
6. Brief profile of the Directors retiring by rotation and being eligible for re-appointment 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 accounts are requested to write to the Company Secretary at the Registered Office of the Company, at least 10 days in advance, so as to compile the same.

ANNEXURE TO NOTICE

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

Item No. 6 & 7:

Fund and Non-Fund based Working Capital facilities extended to the Company presently by State Bank of India is Rs. 21.00 Crores which includes the Term Loan Rs.10 Crores. The Company has created charge in favour of State Bank of India by deposit of title deeds of the immovable properties of the Company at Daman in addition to the charge already created in its favour by hypothecation of stocks and other current assets. The said banks and/or any financial institutions / banks may further advance the funds to the Company in future either by way of credit facilities and/or term loan and in view of above, the Company will have to create further charge in favour of the Lender by way of mortgage / hypothecation as per the terms of lending.

The Board of Directors feel that it will be necessary to raise further monies to meet the cost of ongoing capital expenditure and working capital as and when required which may exceed the limit stipulated therefore.

The proposed borrowings of the company may, if necessary have to be secured by way of Mortgage/Charge on Immovable properties and/or hypothecation of the moveable properties of the company, both present and future, as may be agreed to with the concerned banks/financial institutions, since the mortgage and/or charge/hypothecation to be created as aforesaid may attract, the provision of section 293(1) (a) of the Companies Act, 1956, which provides that the Board of Directors of the Company shall not, except with the consent of the Members at the General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. As per Section 293(1) (d) of the Companies Act, 1956, the Company can borrow to the extent of aggregate of paid-up share capital and free reserves. It is therefore considered necessary to obtain the consent of the Members authorising the Board to borrow money over and above the paid-up share capital and free reserves. Your approval is sought accordingly as per ordinary resolution set out at item no. 7 in the notice.

The Directors accordingly commend the resolutions in item no. 6 & 7 of the accompanying notice for the approval of the Members.

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

Place: Mumbai

Date: 27th June, 2007

By Order of the Board
For Kabra Extrusiontechnik Limited
Y.D. Sanghavi
Company Secretary

ANNUAL REPORT 2006-07**DIRECTORS' REPORT**

To,
The Members of,
Kabra Extrusiontechnik Limited, Mumbai.

Your Directors take pleasure to present the **TWENTYFOURTH ANNUAL REPORT** and the **AUDITED STATEMENT OF ACCOUNTS** for the year ended 31st March, 2007.

1. FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	2006-2007 (Current Year)	2005-2006 (Previous Year)
Sales Turnover and Other Income	12870.30	10388.15
Gross Profit before Interest & Depreciation	1393.62	1016.30
Less: Interest	49.14	37.70
Depreciation	304.34	151.30
Gross Profit Before Tax (PBT)	1040.14	827.30
Less : Provision for Taxation	255.00	210.00
Add/(Less): Provision for Deferred Tax – Assets/(Liabilities)	(58.95)	15.18
Net Profit After Tax & Deferred Tax	726.19	632.48
Add/(Less) : Income/(Expense) of earlier year	Nil	(0.01)
Balance B/f from previous year	1988.17	1783.46
Amount available for appropriation	2714.36	2415.93
APPROPRIATIONS:		
Transferred to General Reserves	75.00	64.00
Provision for Proposed Dividend	358.90	319.02
Provision for Tax on Proposed Dividend	61.00	44.74
Surplus balance carried to balance sheet	2219.46	1988.17
	2714.36	2415.93

2. DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs. **4.50** per share of Rs.10/- each for the year ended 31st March, 2007, (Rs. 4.00 per share for the previous year) subject to the Members' approval.

3. OPERATION AND OUTLOOK:

The Company has achieved the Operational and Other Income for the year under review at **Rs. 12870.30 Lacs** as against the previous years' Operational and Other Income of Rs.10388.15 Lacs, an increase of **23.89 %** over previous year. Profit Before Tax is **Rs. 1040.14 Lacs** against the previous years' profit of Rs. 827.30 Lacs. Net Profit of the Company after Tax & Deferred Tax is **Rs. 726.19 Lacs** as against Rs. 632.48 Lacs of the previous year, an increase of **14.82 %** over previous year.

4. INSURANCE CLAIM:

Against the total claim of Rs. 1676.52 Lacs, the Company has received Rs. 1532.84 Lacs from the Insurance Company towards the claim made for damages caused to the assets of the factory of the Company located at Daman due to the floods that occurred on 3rd August, 2004 and Rs. 72.63 Lacs received by sale of scrap / damaged assets. Balance of Rs. 71.05 Lacs has been written off. However, the company has been advised to go in for arbitration.

5. PREFERENTIAL ALLOTMENT OF EQUITY SHARES:

The Company during May 2006, had allotted 1116580 Equity Shares of Rs.10/- each at an offer price of Rs. 95 per share (inclusive of premium) to foreign companies on preferential allotment basis.

The Company has paid dividend on the said Equity Shares in respect of financial year ended 31st March, 2006 in compliance with the SEBI clarification in this regard.

These shares have been listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and also admitted for dematerialization by both the depositories.

The Company has received Rs.1060.75 Lacs towards the proceeds of the aforesaid issue, and the same were utilized in accordance with the object of the issue. Rs. 400.00 Lacs were utilized for making part payment towards technical know-how and the balance of Rs. 660.75 Lacs for working capital requirements.

6. EXPORTS :

Exports during the year is **Rs. 5209.83** Lacs, as against previous years' export of Rs.3844.35 Lacs, an increase of **35.52 %** over previous year.

7. DIRECTORS:

In accordance with the Articles of Association of the Company and in view of provisions of Section 255 of the Companies Act, 1956, Shri Anand S. Kabra and Shri Mahavir Prasad Taparia, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) in the preparation of annual accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected appropriate accounting policies and applied them consistently, and made judgements and estimates that were reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at 31st March, 2007, and of the profits of the Company for the said financial year;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the said accounts on a "going concern basis".

9. AUDITORS :

M/s. A.G. Ogale & Co., Chartered Accountants, Auditors of the Company will retire from the office of the Auditors at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate of their eligibility for re-appointment u/s.224 (1-B) of the Companies Act, 1956 and they are not disqualified under amended section 226(3)(e) of the said Act.

10. 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 2007-08 have been paid.

11. CORPORATE GOVERNANCE :

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

12. 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**.

13. EMPLOYEES RELATIONS :

Employees relations continued to be cordial throughout the year. The Directors appreciate the efforts put in by the employees at all the 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 no particulars are required to be furnished.

14. ACKNOWLEDGEMENT :

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Financial Institutions, Govt Authorities & Stock Exchanges, Customers, Dealers and Suppliers for their valuable support and co-operation.

For and on behalf of the Board

Place: Mumbai

Date: 27th June, 2007

S.V.Kabra

Chairman & Managing Director

ANNUAL REPORT 2006-07**ANNEXURE- I TO 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: During the year under review, the company invested Rs. 8 Lacs (Rupees Eight Lacs Only) for Centralisation of compressed air system, Automatic lighting control system and Automatic power factor control system to reduce consumption of energy.
- (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:**1. Specific areas in which R & D carried out by the Company :**

Following extrusion lines have been developed.

- 105mm Kabrastar Tape Stretching Line for FIBC Application, 485 kg/hr, with CIC, Auto Screen Changer;
- 190/200 kg. High speed Mixer Cooler;
- 52-18V, 68-28V Profile Plant with Jari Die and Calibration Table - for door frame;
- 60mm 3 Layer Film Plant with IBC for FIBC Liner Application and Universal Deep Gusseting;
- 35mm Mini Monolayer Film Plant, 35 kg/hr, 450 LFW.

2. **Benefits derived as a result of the above R & D :** Product range of the Company has been widened and the customers benefited by unique advantages of highest out-put per unit power consumption, lowest investment with regards 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 Imported	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	The company receives on an ongoing basis valuable technical knowhow and support. As a consequence, the Company is able to introduce a wide range of products in Extrusion lines and improve quality of critical components.
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	

C. Foreign Exchange Earnings and Outgo:

	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
Foreign Exchange Earned	5005.62	3548.12
Foreign Exchange Used	1295.15	146.62

For and on behalf of the Board

Place: Mumbai
Date: 27th June, 2007

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.

Polymer producers and processors have planned major investments for capacity expansion. The extrusion machinery industry, being linked to plastic consumption, has significant growth potential. The domestic production of extrusion machinery is around Rs. 500 cr. It consists of plants for making pipes (Rs. 100 cr.), films (Rs. 100 cr.), tapes (Rs. 90 cr.), sheet lines, profiles, pelletising, etc. (Rs. 210 cr.). Demand is growing at around 15 %, driven by 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.

Global extrusion machinery industry is worth over US \$ 3 billion. India has the potential to become an outsourcing hub due to its low cost, strong manufacturing base, strategic location and intellectual capabilities.

The Company continued its efforts to tap new markets and promote exports to the various countries. Since the beginning, so far your Company has exported 965 plants to various 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 "STAR EXPORT HOUSE" status to the Company.

Exports of the Company during the year under review were **Rs. 52.09 Crores** and contribute **41.68%** of the net annual sales turnover.

Technology 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 collaboration with Battenfeld Extrusionstechnik, GmbH Germany and American Maplan Corporation, USA valid for a period of 10 (Ten) years from April, 2006. This would ensure continuous inflow of latest technology for wider range of extrusion lines and no royalty on annual sales would be payable as they were paid lumpsum of about Rs. 11 Crores for supply of technology on an ongoing basis.

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%. 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 capitalize 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.