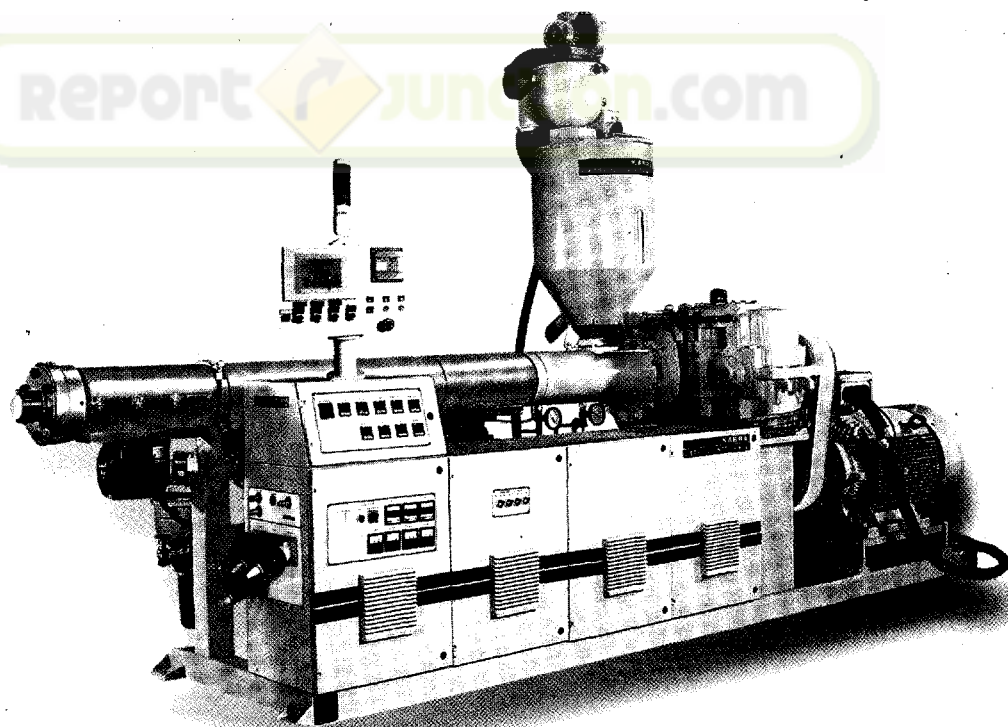




KABRA
EXTRUSIONTECHNIK

Single Screw Extruders for Polyolefin Pipes



KABRA EXTRUSIONTECHNIK LIMITED

22nd Annual Report 2004 - 2005

BOARD OF DIRECTORS

Shreevallabh G. Kabra

Chairman & Managing Director

Satyanarayan G. Kabra

Vice-Chairman & Managing Director

Anand S. Kabra

Executive Director

Punamchand C. Parmar

Director

Haridas S. Sanwal

Director

Mahavir Prasad Taparia

Director

Yagnesh B. Desai

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 OFFICE

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

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

WORKS

Kabra Industrial Estate,
Kachigam, Daman – 396 210

CONTENTS

Notice of Annual General Meeting -----	02
Directors' Report -----	04
Management Discussion & Analysis -----	07
Report on Corporate Governance -----	09
Auditors' Report -----	16
Balance Sheet -----	18
Profit & Loss Account -----	19
Schedules -----	20
Balance Sheet Abstract -----	27
Cash Flow Statement -----	28

22nd Annual General Meeting

Date	:	30 th August, 2005
Day	:	Tuesday
Time	:	2:30 p.m.
Venue	:	Hotel Park View, 38, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai – 400 058

KABRA EXTRUSIONTECHNIK

NOTICE

NOTICE is hereby given that the TWENTYSECOND ANNUAL GENERAL MEETING of the Members of **KABRA EXTRUSIONTECHNIK LIMITED** will be held at Hotel Park View, 38, Lallubhai Park Road, Next to Lallubhai Park, Andheri (West), Mumbai - 400 058 on Tuesday, the 30th day of August, 2005 at 2:30 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2005 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. Mahavir Prasad Taparia, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. Yagnesh B. Desai, 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.

Place : Mumbai

Date : 24th June, 2005

By 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. Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 23rd August, 2005 to Tuesday, the 30th August, 2005 (both days inclusive) .
3. 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 22nd August, 2005 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 22nd August, 2005.
4. (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 at CGO Complex, 2nd Floor, A-Wing, CBD Belapur, Navi Mumbai - 400614 by submitting an application in the prescribed form.
- (ii) Those members who have not encashed their dividend warrants for the financial years 1997-98 to 2003-04 are requested to return the time barred dividend warrants or forward their claims to the company for issue of duplicate thereof.

ANNUAL REPORT**2004 - 2005**

- (iii) The details of dividends paid by the Company during the Financial Years 1997-98 to 2003-04 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
16 th September, 1998	1997-1998	20 %	October, 2005
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

Paid as interim and subsequently approved as Final at the AGM held on 15th September, 2000

Please claim your unpaid dividend for the financial year 1997-98 immediately as the same is due for transfer in October, 2005 to the credit of Investor Education and Protection fund.

- (iv) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1997-98 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 1996-97 have been transferred to the Investor Education and Protection Fund.
5. Members holding shares in Physical Form are requested to lodge/forward their application for Share Transfer, Transmission and request for changes, if any, in their Addresses, Bank Account and Mandate details, Residential Status etc. quoting their folio number/(s) to Company's Share Transfer Agent, viz **M/s. Sharepro Services (India) Pvt. Ltd. (Unit : Kabra Extrusiontechnik Limited)** Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099, **Tel. No. : 022-28215168, 28329828, 28215991, 28348218 FAX No. : 022-28375646; Email : sharepro@vsnl.com.** Members holding shares in physical form can avail of the Nomination facility by filling form 2B (in duplicate) with the said Share Transfer Agent.
6. In case of share held in demat form, intimation regarding change in Residential Address, Bank Details, Status, Nomination have to be lodged with your respective Depository Participant (DP).
7. Brief Profile of 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.
8. Shareholders may avail the facility of Electronic Clearing Services (ECS) for receiving direct credit of dividend to their accounts with Banks for expeditious credit and to protect from loss, theft and postal delay of dividend warrants. Bank Details for the said purpose may be given to the said Share Transfer Agent.
9. 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.

Place : Mumbai
Date : 24th June, 2005

By 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

KABRA EXTRUSIONTECHNIK

DIRECTORS' REPORT

To,
The Members,
Kabra Extrusientechnik Limited
Mumbai

Your Directors are pleased to present the **TWENTYSECOND ANNUAL REPORT**, together with the **AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2005.

	2004-2005 (Rs. in Lakhs)	2003-2004 (Rs. in Lakhs)
Sales Turnover and Other Income	7398.96	8594.50
Profit before interest and depreciation	808.68	1164.62
Less : Interest	12.18	16.73
Depreciation	133.21	122.58
Gross Profit before tax	663.29	1025.31
Less : Provision for Taxation	185.00	205.00
Provision for Deferred Tax - Assets / (Liability)	(20.17)	(49.42)
Net Profit after Tax and Deferred Tax	458.12	770.89
Add : Income of earlier year	27.64	—
Balance b/f from previous year	1621.44	1201.37
Amount available for appropriation	2107.20	1972.26

APPROPRIATIONS :

Transfer to General Reserves	50.00	80.00
Provision for Proposed Dividend	240.06	240.06
Provision for Tax on Proposed Dividend	33.67	30.76
Surplus balance c/f to Balance Sheet	1783.47	1621.44
	2107.20	1972.26

DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs.3.50 per share of Rs. 10/- each for the year ended 31st March, 2005 (Rs. 3.50 per share for the previous year) subject to the Members' approval.

OPERATIONS :

The company has achieved the Operational and Other Income of the year under review at Rs. 7398.96 lakhs as against the previous years' operational and other income of Rs. 8594.50 lakhs. The Profit before tax is Rs. 663.29 lakhs against the previous years' profit of Rs. 1025.31 lakhs. Net Profit of the Company after Tax and Deferred Tax is Rs. 458.12 lakhs as against Rs. 770.89 lakhs of the previous year

Manufacturing facilities of the Company at Daman were affected by heavy rain & flash floods on 3rd August, 2004 which disrupted the operations totally for about 4 weeks and this had caused damages to Plant & Machinery, other assets, stores, spares and raw materials. All assets are covered by re-instatement policy for which insurance claim has been filed and part disbursement received. The final settlement of claim is under process.

The turnover and profitability of the financial year under review have been accordingly adversely affected.

EXPORTS :

Exports during the year is Rs. 3050.20 lakhs, as against previous years' export of Rs. 2923.91 lakhs.

DIRECTORS :

Shri. Mahavir Prasad Taparia and Shri. Yagnesh B. Desai, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

ANNUAL REPORT**2004 - 2005****DIRECTORS' RESPONSIBILITY STATEMENT :**

To the best of their knowledge and belief and according to the information and explanations obtained by them, 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, 2005, 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 judgements 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, 2005 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".

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 The Stock Exchange, Mumbai and National Stock Exchange of India Ltd., Mumbai for the Financial Year 2005-06 have been paid. Equity Shares of the Company have been delisted from The Stock Exchange, Ahmedabad w.e.f. 18th August, 2004 pursuant to the application made by the Company for voluntary delisting in compliance of SEBI De-listing guidelines.

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, Financial Institutions, Customers, Dealers and Suppliers for their support and co-operation.

For and on behalf of the Board

S. V. Kabra

Chairman & Managing Director.

Mumbai, 24th June, 2005

KABRA
EXTRUSIONTECHNIK

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 :

Next generation Plastic Extrusion lines have been developed.

- (a) **Three Layer Blown Film Plant with Internal Bubble Cooling (IBC) System.** IBC increases output levels upto 50% over conventional OBC lines.
- (b) **Single Screw Extruders** for Polyolefin Pipes [HDPE, HDPE PLB ducting, PP, PP-R & LLDPE, LDPE].
2. **Benefits derived as a result of the above R & D :** Products range of the Company have been widened and the customers benefited 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 expenses heads. 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 Twin Screw Plastic Extrusion Machinery Single Screw Extruders for HDPE Pipes, Foam Core Pipes, Multilayer Pipes and Aluminium Composite Pipe System and Dies & Tooling for Windows Profiles.	M/s. Battenfeld Extrusiontechnik GmbH, Germany	Valid for 7 years from April 2000 to March 2007	Technology absorption in progress is performing well

C. Foreign Exchange Earning and Outgo :

(Rs. in Lakhs)

	<u>2004-2005</u>	<u>2003-2004</u>
Foreign Exchange Earned	2765.21	2923.91
Foreign Exchange Used	191.35	219.44

For and on behalf of the Board

S. V. Kabra
Chairman & Managing Director

Mumbai, 24th June, 2005

ANNUAL REPORT**2004 - 2005****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 the various countries. Since the beginning, so far your company has exported 737 plants to 56 countries worldwide.

Your company has been awarded with certificate of Export Excellence by the Engineering Export Promotion Council, India, for Five times in respect of Export Performance during the financial year 1995-96, 1997-98, 1998-99, 2000-01 and 2001-02. 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. 30.50 crores** which is **43 %** of net 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 collaboration with Battenfeld Extrusionstechnik, GmbH Germany, a part of SMS Plastics Technology which is the world's largest manufacturer of plastic extrusion machinery. This ensures continuous inflow of latest technology for certain range of products.

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 :

Technology 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.

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 following :

- 1) Innovation of new models of plant with next generation technology.
- 2) Adherence to stringent quality standards.
- 3) Increasing market share;
- 4) Continued thrust to exports;
- 5) 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.

The Company strives to adapt and respond to the technological advances offered by the competitors and the technological requirements of the customers to maintain its competitive position.

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 safety and environment and increasing its awareness amongst employees are continuing.

Focus on cost reduction on all fronts continued.

Investment of surplus cash resources of the company has been made in Mutual Fund / Equity Shares in a manner which adequately addresses the risks of safety, liquidity and optimising the return.

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.

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

7. FINANCIAL & OPERATIONAL PERFORMANCE :

Sr. No.	Particulars	2004-2005 (Rs.in lacs)	2003-2004 (Rs.in lacs)	% Changes
1.	Sales/Income from Operations (Net of Excise)	7014.08	8005.37	-12.38
2.	Other Income	384.88	589.13	-34.67
3.	Net Profit after Interest, Depreciation, Tax and deferred Tax	458.12	770.89	-40.58

As stated earlier, the performance of the Company has been adversely affected owing to the disruption of operations totally during the month of August 2004.

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 of 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, 2005 including Workers, Staffs and Executives : 311

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

S. V. Kabra

Chairman & Managing Director

Mumbai, 24th June, 2005