

March 8, 2011

To,  
The Secretary  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

The Secretary  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

Scrip Code : **524109**

Scrip Symbol : **KABRAEXTRU**

Sub. : **Investment in Gloucester Engineering Company Inc. USA a leading supplier of High-end Extrusion Machinery**

Dear Sir / Madam,

The Board of Directors of Kabra Extrusiontechnik Ltd. (KET) at its meeting held today, **has approved the proposal to make financial commitment of more than USD 4 Million (equivalent to approx INR Rs. 20 Crores)** to acquire minority stake in equity and debt in M/s. Gloucester Engineering Co. Inc., (GEC) a USA based company.

It has been agreed that a representative of KET will be a Member on GEC Board of Directors

**About GEC :**

GEC was founded in 1961 and is headquartered in Gloucester, Massachusetts which is north of Boston on Cape Ann. It has additional offices in Africa, Asia, Australia, Europe, North America, the Middle East, and Central and South America. GEC was previously a subsidiary of SMS GmbH.

GEC was formerly known as Battenfeld Gloucester Engineering Co, Inc. and it changed its name to Gloucester Engineering Co. Inc. in 2007.

**GEC is a globally recognized quality driven company** in manufacture of production equipment and systems for the blown film, cast film, sheet & foam markets in plastic machinery industry. It has more than 1200 lines installed around the world.

GEC's products include material handling systems, extruders, dies, air ring systems, internal bubble cooling systems, cages and collapsers, oscillators and nips, winders, bag machine systems, process control systems, tower structures, density systems, and cast film systems. It also provides film casting unit, cast winder, process control, extrusion coating, metering systems, dies and mandrel, pull roll, foam, winder, roll stack, and sheet line systems.

Apart from the proven excellence and reliability of its machinery and technology, GEC's process improvement team offers solutions that allows customer to grow and excel in delivering world class specialty films to their varied customers in food and

beverage, automotive, agricultural, advertising, medical and industrial market segments. GEC is comfortable in meeting the many unique standards of excellence.

GEC has consistently ranked amongst the **world's top five High End Extrusion Machinery** suppliers.

GEC being in capital goods business, was hit adversely by 2008 USA recession. Facing cash crunch, efforts initiated to settle with the outstanding creditors could not materialise. Blue Wolf Capital Partners LLC, a private equity firm of New York being attracted to GEC a leading global supplier of plastic machinery has committed in May, 2010 to invest in the Company. GEC then filed Blue-Wolf financed reorganization plan in September, 2010 in US Bankruptcy Court and secured its confirmation in December, 2010. After the start of the new year 2011, GEC begun to add new orders from customers across the globe.

New majority shareholder of the 49 year old company is Blue Wolf Capital Partners of New York as the controlling equity owner and it gives GEC a clean slate for continuation of its operations.

#### **About Blue Wolf :**

**Blue Wolf Capital Partners LLC (BWC)** is a private equity firm founded in 2005 and operating in USA.

BWC invests in middle-market companies and are specialized in complex situations involving government, labor unions, and financial, operational, or governance distress. **It is highly focused on financials and has a track record of turning round companies.**

BWC's goal is to generate superior risk-adjusted returns for their investors and create and increase value in middle market companies. They expect to do this by making control investments of USD 10 million and up. Their firm includes investment professionals with extensive experience in private equity investing, senior government service and working with and for organized labor.

**BWC is deeply committed to GEC's success and it firmly believes that the company is well on the way to regaining its industry-leading position. GEC now has a clear operating plan and a stable balance sheet and is poised to be an American manufacturing success story.**

#### **GEC's prospects & future plans :**

GEC announced that it has received a new order for a complete multi million dollar, plus 4 meters width cast stretch film line from Scientex, Malaysia. The new equipment, which will showcase GEC's latest designs, will enable Scientex to further increase its total production capacity to 120,000 MT/year with the ability to produce stretch film of various thicknesses ranging from Scientex's new generation super thin 10 micron stretch film to 17 micron seven layer films. Engineering design, fabrication, assembly, and testing of the machine will be done at GEC's newly consolidated facilities in Gloucester, Massachusetts. It is expected to be completed and shipped in June of 2011. Scientex is one of the world's largest producers of stretch films, with an annual

production capacity in excess of 100,000 MT/year. GEC has further announced that it has received a multi-million dollar order for new blown film equipment from the RKW Group, one of Europe's leading manufacturers of polyethylene and polypropylene films, non-wovens and nets with over 53 years experience.

GEC has recently appointed Mr. Mark Steele as CEO to lead it. Mr. Mark Steele is a qualified engineer and an experienced leader who has rare trait of being equally strong in operation, sales & marketing.

GEC with strong and long standing customer relationship and fresh infusion of funds from its new owner BWC will be able to regain fully its market leadership position.

**Benefits to KET :**

The Company will benefit by availability of ongoing, updated technology of GEC through its existing technical license agreement with Kolsite. Proposed investment will deepen and strengthen ties with GEC.

KET & GEC have extensive sales & services network in the market they serve. KET's expertise in manufacturing and sourcing efficiency and GEC's advanced blown film technology will offer domestic and international plastic processors, the combined advantage of high output, high quality blown film lines at globally competitive price and backed by sales & services network worldwide to meet the competition of other European manufacturers.

Mr. Mark Steele, new CEO of GEC announced that "as a new shareholder, Kabra will help GEC to develop opportunity in South-East Asia ensuring that the Company's order position remain robust."

KET through such minority stake will be able to get exposure to newer international customers. KET's sales as of today are mostly restrictive to the African and Asian markets. With this investment, KET would be able to reach out to the customers in the North American, European and South American markets.

**KET is the first Plastic Machinery manufacturer in India, which has acquired equity stake in an overseas Plastic Machinery manufacturing company.**

For additional information about KET, GEC & BWC, investors' may visit [www.kolsite.com](http://www.kolsite.com), [www.gloucesterengineering.com](http://www.gloucesterengineering.com) and [www.blue-wolf.com](http://www.blue-wolf.com) respectively.

Thanking you,  
Yours truly,  
For Kabra Extrusiontechnik Ltd.

  
Chairman & Managing Director