



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Kabra Extrusiontechnik Ltd. (KET) is the flagship company of Kolsite group and one of the largest players in the plastic extrusion machinery known for its innovative offerings. KET specializes in delivering high performance extrusion solutions for manufacturing pipes and films. The Biodegradable plastics are gaining popularity and is one of the most evolving businesses in recent times. Process upgradation, Technology Upgradation along with R&D activities is important for development of an industry and to be ahead of the competitors as it results to Quality Improvement, increase in efficiency as well as cost saving. The Covid-19 pandemic has reemphasized the indispensable role of plastics in our daily life. Plastics in terms of personal protective equipment (PPEs) and other medical equipment along with packaging solutions owing to their inherent properties have emerged as a life-savior for protecting the health and safety of the frontline health workers and the common citizens during this pandemic.

The Company continued its focus on improving its operational efficiencies and marketing activities during the year under review. Despite a tough market environment impacted by repeated lockdowns, the Company was able to maintain its share with large clients, focus on niche market opportunities and execute on new product development work.

### 2. BUSINESS OVERVIEW AND OUTLOOK:

The year has been a challenging one due to the ongoing economic slowdown. The global economy reported de-growth of 3.5% in 2020. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and consequent suspension of economic activities across the world. The actions taken by various governments to contain the spread of Covid-19 pandemic, such as lockdowns, travel restrictions, resulted in disruption to people and businesses. Consequently, market demand and supply chains have been affected, increasing the risk of global economic recession. Currency fluctuations and declining interest rates may affect the operations in the current fiscal.

The Company will continue expanding its global footprint with high focus on market penetration, enhance customer delight, and sustain investments in technology to support growth and further strengthen engagement programmes across platforms. The Company is in the process of identifying new avenues of growth and effective utilization of its existing resources. The Company continues to focus on innovations and is also exploring in new opportunities in e-commerce for its business. The necessity to develop energy storage devices of various kinds has been recognized globally and its demand is growing gradually. It offers an attractive long-term business opportunity. The Company is fully geared up for stepping into the Green Era with Next-Gen Technology through Battrix.

The Emergency Credit Line Guarantee Scheme launched by the Government of India provided much needed relief to stressed sectors by helping entities sustain and meet liabilities. The campaigns of "Atmanirbhar Bharat" and "Ease of doing Business" announced by our Hon'ble Prime Minister, Shri Narendra Modiji are also expected to boost investment in the Industry. Therefore Indian economy is expected to witness a recovery in the coming period once the normalcy returns after the disruption caused by the pandemic.

### 3. KET's COMPETITIVE POSITIONING:

KET's competitive positioning lies in its understanding of the indigenous markets with strong client relationship, coupled with continuous efforts towards enhancing its technological expertise. The Company has enhanced its competitive edge by providing customized solutions and new products. Being a market leader in the extrusion market over five decades of promoter experience in the industry, it has a strong brand loyalty and customer base. The Technological collaborations with the renowned global players, forged by Company over a period of time have helped it to capture the market in India and expand its geographical base to more than 91 countries globally. Your Company continues to derive sustainable benefit from the strong foundation and long tradition of R&D. Our R&D function actively searches for ways to translate the trends in consumer preference into new technologies for incorporation into future products. KET has one of the largest R & D team in the Plastics Machinery Industry with qualified engineers working in different areas of processing, manufacturing, application development, design, controls and automation.

Battrix is positioned to provide higher range and longer battery life to the electrical vehicles segment and safe and reliable energy storage system with its customized wide range of advanced battery modules, packs and BMS. Battrix technology is committed to offer light weight, high efficiency, long life, maintenance free, high power density with low charging time, low energy cost, smaller carbon footprint and wide temperature range of lithium-ion battery packs with BMS compared to conventional lead acid batteries. At present, the Company's infrastructure can handle both cylindrical and prismatic cells to manufacture modules and packs with in-house built advanced BMS integration. The R&D centre at Chakan, Pune is equipped with state-of-the-art equipment and infrastructure for comprehensive evaluation of cell quality, battery pack design, rapid prototyping and reliability / environmental testing. The facility ensures adherence to all international safety standards specific to lithium-ion battery packs and facilitates development of battery pack using any cell chemistry and form factor.

### 4. SEGMENT-WISE PERFORMANCE:

Your Company is operating in two segments i.e. Plastic Extrusion Machinery and Allied Equipment and Energy Storage Systems (ESS). Both the segments have performed satisfactorily, despite several operating constraints during the year.

**5. RISKS AND CONCERNS:**

The Company's business operations may fluctuate due to a variety of factors such as Technology obsolescence, unforeseen contingencies such as Covid-19, market conditions, growing competition, including imports and unorganized sector that may have adverse effect on Company's business and its margin in future. A risk identification and mitigation framework has been adopted by the Company. Major risks have been identified by the businesses and functions and the Company will adopt various measures at different points in time to counter these risks successfully on a continuing basis. The Company is geared up to provide a technological solution to face the upcoming challenges to process reusable, recyclable or compostable Plastic as well as Lead-Free stabilizers by upgrading the existing set up of its customers.

The Company has diversified its business into a segment of Energy Storage Systems (ESS), to reduce the dependency on single segment business. The Company will leverage its ability to adapt new technologies to manufacture advance Lithium-ion Battery Packs equipped with Battery Management Systems (BMS) under the brand name "BATTRIX" to power the growth of India's transition to green energy storage and electric transportation.

**6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company's internal audit system is geared towards ensuring adequate internal controls commensurate with the size complexity and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliance with applicable laws and regulations and safeguarding of assets from unauthorized use. The Company has appointed a firm of Chartered Accountants as Internal Auditors in compliance of Section 138 of the Companies Act, 2013 to conduct internal audit of functions and activities of the Company. They report on quarterly basis to the Company on their findings. Their Report is reviewed by the Audit Committee Members and Statutory Auditors.

**7. FINANCIAL & OPERATIONAL PERFORMANCE:**

(₹ in Lakhs)

Sr. No.	Particulars	FY 2020 - 21	FY 2019 - 20
1.	Income from Operations	27,424.29	22,018.99
2.	Other Income	286.76	294.36
3.	Net Profit after Finance Cost, Depreciation, Tax and Deferred Tax	2,418.65	747.09

The operational revenue has increased by 25% in FY 2020-21. No financial defaults of whatsoever nature were reported during the year under review.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:**

Industrial relations during the year were cordial and peaceful without any disruption of manufacturing activities, except to the extent of temporary suspension of operations on account of Covid-19 related lockdown. Programmes aiming at leadership development and upgradation with advancing technology on all fronts were conducted during the year. The Company provided sanitizers, face masks, etc. to its employees and also carried out sanitization at work places at regular intervals as a preventive measure to ensure staff safety. In addition, the Company also facilitated for vaccination of all eligible employees. Manpower as on March 31, 2021 including Workers, Staff and Executives was 405.

**9. SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS AND CHANGE IN RETURN ON NET WORTH:**

Sr. No.	Particulars	% Change Increase / (Decrease)	Reason(s) for variation
1.	Debtors Turnover	(4.10%)	Higher receivables in FY 2020-21
2.	Inventory Turnover	42.16%	Reduction in inventory and higher sales in FY 2020-21
3.	Interest Coverage Ratio	106.74%	Higher EBIDTA during FY 2020-21
4.	Current Ratio	18.84%	Increase in working capital in FY 2020-21
5.	Debt Equity Ratio	(25.01%)	Reduction in debt and higher profit during FY 2020-21
6.	Operating Profit Margin	419.68%	Higher sales and profit during FY 2020-21
7.	Net Profit Margin	160.68%	Higher sales and profit during FY 2020-21

**CHANGE IN RETURN ON NET WORTH** as compared to the immediately previous financial year along with a detailed explanation thereof: Increased by 19.59% due to higher sales and profitability during the year under review.

**10. CAUTIONARY STATEMENT:**

Actual performance may differ from projections made, as the Company's operations are subject to various economic conditions, government regulations, natural calamities and other incidental factors over which the Company may not have any direct / indirect control.

For and on behalf of the Board

Place : Mumbai

Date : May 21, 2021

**S. V. Kabra**  
Chairman & Managing Director  
(DIN: 00015415)