

## Annexure A

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Responsive Industries Limited is a leading India-based manufacturer of polyvinyl chloride (PVC)-based products. The Company's main product verticals are Vinyl Flooring, Synthetic Leather, Luxury Vinyl Tile (LVT) and Shipping Ropes. The Company's products are marketed both in India and outside of it. The Company has been operating for greater than 30 years in the same industry. It has a state-of-the-art manufacturing facility in 65 acres park area located at Boisar, 120 km, north of Mumbai. The Company dominates in manufacturing across flooring and synthetic leather related PVC products. It has established itself as a leading player in India as well as in the world by completing more than 5,000 projects, exporting the products to over 70 countries across the globe and has a wide network of over 300 active distributors spread across India

The Company produces 24 different type of flooring catering to every section of the society, ranging from hospitals, health care, transportation, real estate – offices and residences, which not only giving safety but aesthetic look to the surrounding where it is used. The major segments includes Vinyl flooring, Synthetic leather, LVT, Shipping ropes.

The Company has introduced new type of IMPACT flooring which is hard layer interlocking flooring in wide range of looks substituting wooden flooring, marble, granite and tiles. It is very easy to use and fast to lay, environment friendly as well as good in cost and looks. It is easy and quick to install and a large area can be covered in hours where it would take days to do so.

During the year under review, the Company's performance was satisfactory and the Company was able to meet the demand of PVC product satisfactorily. Despite the short-term challenges of CoVID-19, the Company has extremely strong growth prospects and looks to emerge stronger from the crisis. The Company is trying to realize the dream of our honorable Prime Minister in being a Company on the lines of "Atmanirbhar Bharat".

#### B. OPPORTUNITIES AND THREATS

The Company is among the market leaders in PVC product segment. The consumption of PVC products like PVC leather cloth is increased with reasonable percentage in both commercial and household purposes and for other PVC products like PVC sheeting, flooring the consumption in commercial purposes has been increased. With this growing demand of PVC products in the domestic market as well as the overseas markets for commercial and household application, the Company is expecting several opportunities for profitable growth. The Company is all geared up to meet these challenges and continue to be among the leaders in this sector.

The threats that the Company faces are from geopolitical re-alignments, supply chain disruption and potential shut down due to CoVID-19.

#### C. PERFORMANCE OF COMPANY

The Company is engaged only in single segment of products i.e. PVC products. The Company produces various types, grades and form of PVC flooring, PVC leather cloth, and PVC sheeting. Your Company has achieved Revenue from Operations of Rs. 3,662.46 million & recorded net profit after tax of Rs. 73.43 million for the year ended March 31, 2021.

#### D. OUTLOOK

With Company's increased capacity utilization, strong product development, market efforts, the Company is optimistic about its growth in the coming years.

#### E. RISK AND CONCERNS

Your Company has a clearly documented Risk Management Policy. The management team of the Company regularly identifies, reviews and assesses such risk and decides appropriate guidelines for mitigating the same.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations for smooth conduct of the business. Internal audit is conducted on a regular basis and covers the key areas of operations. It is an independent objective and assurance function responsible for evaluating and improving the effectiveness of risk management control, governance processes etc.

**G. FINANCIAL & OPERATIONAL PERFORMANCE**

Your Company has achieved Revenue from Operations of **Rs. 3662.46** million for the year ended March 31, 2021 as compared to **Rs. 4340.55** million in the previous year. Further, your Company recorded net profit after tax of **Rs. 65.15** million as compared to **Rs. 247.20** million for the previous year.

In terms of geographical market, performance of the Company is as follows.

(Rs. in Million)

Sales	Year ended 31.03.2021	Year ended 31.03.2020
Local	1,784.69	2119.03
Export	1877.77	2221.52
<b>Total</b>	<b>3662.46</b>	<b>4340.55</b>

Details of significant changes in Key Consolidated Ratios, if any (i.e. change of 25% or more as compared to the immediately previous financial year)

- Debt equity ratio stood at 0.20 as on March 31, 2021 as compared to 0.15 as on March 31, 2020. This is attributed to increase in total borrowings during the year.
- Net Profit Margin (%) stands at 3.20% in FY21 as compared to 4.34% in FY20 due the margin was adversely impacted due to Covid-19 pandemic .
- Interest Coverage Ratio stood at 35.39x in FY21 as compared to 5.91x in FY20. Since, the interest expenses decreased to Rs. 38.16 million in FY21 as compared to Rs.212.74 million in FY20.This decrease was mainly attributed to forex gain.(The company earned a forex gain of Rs.51.19 million in FY2021 as against forex loss of Rs. 112.21 million in FY2020)

**H. HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your Company’s biggest asset is its employees. The Company provides suitable environment for development of leadership skills which enables it to recruit and retain quality professionals in all the fields. Your Company’s industrial relation continued to be harmonious during the year under review.

**I. TRANSPRENCY IN SHARING INFORMATION**

Transparency refers to sharing information and acting in an open manner. Processes and information are directly accessible to those concerned with them and enough information is provided to understand and monitor them. Your Company strives to provide maximum possible information in this report to keep the stakeholders updated about the business performance.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis Report describing the Company’s objectives, projections, expectations may constitute a ‘forward looking statements’ within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed and implied.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: August 13, 2021

**Mr. Mehul Vala**  
**Whole-Time Director & CEO**  
**DIN: 08361696**

**Mr. Mrunal Shetty**  
**Director & CFO**  
**DIN:08362895**