

# MANAGEMENT DISCUSSION & ANALYSIS

## INTRODUCTION

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development.

Ramky Infra focused on reducing its financial leverage by demonetization of assets of the Company and will be focusing to reduce the financial leverage and will be driving organizational change that aimed to deliver operational robustness and sustained long-term profitability.

## CURRENT SCENARIO:

### Current Dimension of Infrastructure in India:

- **Demand:** India Requires Investment to the tune of INR 50 Trillion by FY 2022 to make the country sustainable development.
- **Opportunities:** In order to achieve the above, the country provides immense opportunity to Infrastructure Investments wherein as on date only 24% of the National Highway Network is Four (4) Lane. In addition Regional Connectivity Schemes also provide opportunities for entities to invest in infrastructure.
- **Government policy:** 100% FDI is allowed under automatic route in Infrastructure Sector. In addition National Bank for Financing Infrastructure and Development (NabFID) has been set up by the Government. Government in Budget 2021 has allocated INR 13,750 Crores towards Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities Mission.
- **The Leap:** Around INR 23.99 Billion FDI was received in FY 2020-21 for Infrastructure Sector which accounted for 13% of Total FDI Inflow in FY 2020-21. In addition the setting up of Reliance Digital Fibre Infrastructure Trust with Investment of USD 1 Billion has provided a much needed push to the Infrastructure sector and confidence in FII and FDI.

## GOVERNMENT INITIATIVES:

Keeping in mind the Governmental policies and the Budgetary Allocations the following are the reflection of confidence of players in infrastructure sector

- Highway Construction Increased on Compounded annual growth rate (CAGR) of 21.44 between FY 2016-19.
- The Government has decided to use plastic in construction of roads in furtherance of which Daula Kaun Road (New Delhi) is the recent road laid. The government in addition plans to Construct Delhi-Meerut and Gurugram-Sohna in this manner.
- In January 2021 GOI and New Development bank (Erstwhile BRICS Development Bank) has entered into USD 646 Million for State highway and District road network in Andhra Pradesh.
- Ministry of Road transport and Highways has announced that they have 37 Kms per day summing up to 13,298 Kilometers in FY 21 Alone.
- Network Survey Vehicle (NSV) has been deployed by NHAH which makes survey once every 6 months for evaluation and certification of road conditions.
- The GOI Targets Road constructions worth INR 15 Lakh Crores by FY 2023.
- The GOI has allocated INR 60,241 Crores for Road Network and INR 57,350 Crores for national Highways.
- In Road Sector GOI Plans to construct 8500 Kms of roads and 11000 Kms of national Highway Corridors by march 2022.

- In Construction Sector the GOI has allocated INR 1,18,101 Crores for Ministry of Road transport and highways and in Bharatmala Pariyojana Project in outlay of INR 5,35,000 Crores approximately INR 3,30,000 Crores works have already been awarded.

## INITIATIVES BY MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

- Bharatmala Pariyojana (BP): Under the Bharatmala Pariyojana Approved by the Cabinet committee on Economic Affairs from 2018-18 till 2021-22 a total of 34,800 kilometres outlaying INR 5,35,000 Crores has been done. The program includes economic corridors, inter corridors and feeder Routes, National Corridor efficiency improvement, Border and international connectivity roads, Coastal and port connectivity roads, Green field expressways. Under BP 35 Multi Modal Logistics parks are being developed on "HUB AND SPOKE" Model by NHAH and NHIDCL to act as inter modal freight handling facilities.
- National Highway Connectivity for Ports is being accomplished under Bharatmala Pariyojana by "National Highways Logistics Management Limited" (NHLML) a subsidiary of NHAH out of which 2026 Kms of works 652 is being undertaken by NHLML.
- Hybrid Annuity Model has been introduced w.e.f 2019, wherein Toll collection fees are securitized with banks for financing of long term financing from banks.
- National Electronic Toll Collection program (NETC) in which National Payment Corporation of India (NPCI) is the Central Clearing House (CCH) has tied up with 26 banks for issuance of FASTag to road users towards 100% collection of road usage charges electronically.
- A total of 13,658 Kms is being developed in North East Region by GOI.
- The National Highway & Infrastructure Development Corporation Limited (NHIDCL) has been set up which has been entrusted with the task of developing and improving connectivity in North East region to the extent of 13000 Kms through e-office, e-tendering, e-Monitoring, e-Access.

## COMPANY PERSPECTIVE

The flagship company of the Ramky Group, Ramky Infrastructure Ltd. is one of the leading infrastructure companies in India with a wide sectorial presence. Determined continually to foray into fast-growing infrastructure segments across India, the Company has diverse and extensive execution experience across key sectors of growth. Over the years core competence has been further developed by the engineering, planning and project execution skills. Ramky Infra has diversified its business portfolio which helps us to mitigate risk of slowdown in any one particular segment. The Company is professionally managed with very well-qualified and experienced personnel in all following areas including but not limited to engineering, procurement, legal, secretarial, finance and administration combined with a full-fledged MIS system.

### Ramky Infra operates through the following 2 principal business modes:

- i. Engineering, Procurement & Construction (EPC) Business, which is operated by the Company,
- ii. Developer Business which is operated mainly through the special purpose vehicles.

## EPC BUSINESS

The Company operates the EPC business in the following sectors:

- i. Water and Waste-Water projects such as water treatment plants, water transmission and distribution systems, elevated and ground level service reservoirs, sewage treatment plants, common effluent treatment plants, tertiary treatment plants, underground drainage systems and lake restorations;

- ii. Roads & Bridges projects such as expressways, highways, bridges, flyovers, rural roads, terminals and dedicated service corridors;
- iii. Building Construction, which includes commercial, residential, public, institutional and corporate buildings, mass housing, High-Rise, Healthcare Infrastructure, Integrated Townships projects and related infrastructure facilities such as hospitals and shopping malls; and
- iv. Irrigation projects such as cross-drainage works, barrages, lift irrigation projects, canals, feeder channels;

## A LIST OF THE KEY OPERATING SPVS / SUBSIDIARIES ALONG WITH THE DETAILS OF PROJECTS:

S.No.	Name of SPV	Nature of business
1	Ramky Pharma City (India) Limited	A joint venture with Government of Andhra Pradesh to build, operate and maintain pharma industrial park at Visakhapatnam, Andhra Pradesh.
2	MDDA-Ramky IS Bus Terminal Limited	A joint venture with Mussoorie Dehradun Development Authority (MDDA) to operate Bus Terminal and Commercial Mall, in Dehradun, Uttarakhand.
3	Ramky Elsamex Hyderabad Ring Road Limited	A subsidiary company which developed the Outer Ring Road Project in State of Telangana under Built-Operate & Transfer model
4	Ramky Towers Limited	A joint venture with State Government of Telangana to develop residential towers in Hyderabad
5	Srinagar Banihal Expressway Limited	A subsidiary company which developed the Road project to NHAI in the State of Jammu & Kashmir

## FINANCIAL PERFORMANCE:

### DISCUSSION ON FINANCIAL PERFORMANCE - STANDALONE

#### Revenues

Ramky Infra recorded the revenue of Rs. 9121.96 Millions during 2020-21 as compared to Rs. 12535.76 Millions in 2019-20.

#### Other Incomes

The Other incomes for 2020-21 of Rs. 969.72 Millions has increased, compared to Rs.886.87 Millions in 2019-20.

#### Expenditure

The expenses for 2020-21 of Rs. 9480.82 Millions has reduced, compared to Rs. 13311.42 Millions in 2019-20.

#### Finance Costs

The finance costs for 2020-21 has been Rs. 751.55 Millions has decreased, compared to Rs. 894.97 Millions in 2019-20.

#### Profit Before Tax

There is Profit Before Tax for 2020-21 of Rs. 610.86 Millions compared to Profit Before Tax of Rs. 111.21 Millions in 2019-20

#### Profits after Tax

The Profit After Tax for 2020-21 of Rs. 538.22 Millions as against Profit After Tax of Rs. 32.82 Millions in the previous year 2019-20.

#### Earnings Per Share

The EPS for 2020-21 Increase to Rs. 7.80 as compared to Rs. 0.41 in Previous Year.

### DISCUSSION ON FINANCIAL PERFORMANCE – CONSOLIDATED

The consolidated financial statements have been prepared and presented in accordance with Indian Accounting Standards (IND AS) as per the Companies

(Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Act. The Current year results include the results of 15 Companies including 14 subsidiaries. These companies broadly operate in Roads, Bus Terminal, Industrial Parks and others sectors.

#### Revenue

The consolidated turnover of the company for 2020-21 is Rs. 10562.96 Millions has reduced as compared to Rs. 13,870.84 Millions in 2019-20.

#### Profit / Loss after Tax

The consolidated Profit after Tax for 2020-21 is Rs. 189.84 Millions compared to consolidated Loss of Rs. (2655.06) Millions in 2019-20.

#### Earnings per Share

The consolidated EPS for 2020-21 has increased to Rs. 2.83 from Rs. (29.43) in Previous Year.

### OPPORTUNITIES & THREATS

#### Strengths & Opportunities

Ramky Infra is an Integrated Infrastructure company with inherent strengths of experienced management team with broad geographic and operational base. It has an execution expertise over diversified array of projects and being considered as one stop shop for end to end project execution.

- Growing Competition of Indian industry due to focus on efficient and quality.
- Vast export market to explore.
- Growing recognition of “Made in India” brand in global market
- Major growth through outsourcing opportunities
- Support from the Government and better financial support from players of the Financial Eco System.
- Awareness among the society at large for a better sustainable growth of the economy and pressure from world institutions to enable the economy move towards clean and green energy.

### RISKS AND CONCERNS:

Risk is the concept of actual outcome deviating from the expected outcome. As an Infrastructure company following are the risks faced by the entity.

#### Construction Risk

- Design Risk
- Environmental Risk
- Procurement Risk
- Sub-Contractors Risk
- Technology Risk.
- Design Risk
- Disputes between labours
- Changing sequences in construction activity
- Non availability of resources
- Change in quantities of work
- In Time work permissions for executing work Safety of workers
- Stoppage of work due to Medical outbreak
- Delay in Land acquisitions and hand over
- Legal battles for disputes

#### Environmental Risk:

- Impact of weather condition on completion of project
- Pollution by construction waste
- Procedure to facilitate construction waste clean-up or disposal

## Financial Risk:

- Delay from clients to release funds
- Unprecedented delay in executing of project
- Interest service costs.
- Change in Legislation leading to considerable financial outflow.
- Delay in procurement of funds for taking up the project

## Political Risk:

- Political un certainty and vendetta

The construction companies need to include risk as an integral part of their project management. Decision making such as risk assessment in construction projects is very important in the construction management. The identification and assessment of project risk are the critical procedures for projecting success.

## INTERNAL FINANCIAL CONTROL AND THEIR ADVOCACY

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

## COVID-19 OUTBREAK

### International Implications:

The COVID-19 pandemic has caused significant dislocation in Government revenues, expenditure burdens and priorities, and the capacity to meet these needs. A global recessions whose effects could last well beyond 2020 is expected. The World Bank forecasts a 5.2 percent contraction in global GDP in 2020. With more than 80 percent of global economic output generated in cities, where 55 percent of the world's population lives and 95 percent of COVID-19 cases have been reported, governments are directly impacted by the pandemic and are at the forefront of response measures.

### Indian Implications:

After reporting its first case in late January 2020 in the southern state of Kerala, India introduced rigorous airport screenings for the coronavirus (COVID-19). The following weeks saw a quick succession of events leading to a suspension of all travel in and out of the country by March 22 that year.

While infections continued to increase during this period, Indians were now confined to their homes to contain the spread of the virus. The announcement did not come without chaos – it created widespread panic, specifically among lower classes of society including farmers and migrant workers who were left stranded and jobless overnight from their faraway homes and no mode of transport. Despite the government announcing a relief package of 1.7 trillion rupees, it was clear that a large portion of the country's population was going to be scouring for livelihoods.

Economists slashed GDP rates for the foreseeable future due to the obvious impact of the lockdown. However, it was also estimated that the country might bounce back quickly because its industry composition, with unorganized markets being largely dominant. Losses from organized sectors amounted to an estimated nine trillion rupees in late March, projected to increase with the prolonging of the lockdown. Unsurprisingly, the most affected industries included services and manufacturing, specifically travel & tourism, financial services, mining and construction, with declining rates of up to 23 percent between April and June 2020. Towards the end of 2020, however, India saw some semblance of recovery across certain sectors. This

was a result of easing restrictions, controlled infection rates and the festive season between October and November 2020.

The pandemic came with uncertainty and implications on all aspects of business across the world. Despite India being ahead of most countries in being able to implement work-from-home measures, specifically in white collar work, job and earning deficits, along with instability in prices was expected. The months of the lockdown resulted in the free fall of employment, which slowly stabilized after the economy steadied in most parts of the country.

Segments including consumer retail expected to see sharp falls ranging between three and 23 percent depending on the market. For the big players across segments, this meant operating at less than full capacity to keep afloat. For small businesses, however, it depended on how long they could ride out the storm. Overall, the pandemic changed daily lifestyles drastically.

Economic activity started to take a hit yet again since March 2021, as the country faced its second wave of the pandemic. As a result, GDP forecasts were expected to fall, putting losses at over 38 billion U.S. dollars if local lockdowns continued till June 2021. Unprecedented numbers in terms of infections and deaths recorded across the country led to another set of lockdowns in some parts, burdening the healthcare system in the midst of government controversy.

### Entity Implications:

Your Company's operations were impacted due to the lock-down, however restarted its operations in a phased manner, as advised by the concerned authorities. The Company results have been impacted due to the COVID propelled lockdown during FY 2020-21.

Against this backdrop, the Company has undertaken a series of measures to mitigate the crisis, which includes securing the safety and livelihood of its staff and sub-contracted labour working at project sites, curtailing and reducing overheads at all operating levels, enhancing liquidity on its Balance Sheet through controlling working capital requirements through a mix of judicious cash flow planning and measured project execution.

### Material developments in Human Resources / Industrial Relations front, including number of people employed

Ramky Infrastructure Limited believes in creating an environment, wherein human resources derive a sense of purpose, passion and personal growth at work, leading to organizational performance. Towards realizing this, the company relies on the four pillars, namely, performance management, talent engagement, Capability development and maintaining cordial industrial relations. It also believes in review of its HR processes and systems on an ongoing basis to optimize costs, time and labour.

### FORWARD LOOKING STATEMENTS

With the easing of the Lockdown situation and opening of the economy and policies for fastrack vaccination of citizens your company is looking forward for resumption of operation at project sites full-fledged.

With the various measures taken up by the Governments for reviving the economy and various sectoral financial assistance from the Banking and financial sectors your company is hoping that a head way will be made in operations of the entity.

For and on behalf of the Board of  
**Ramky Infrastructure Limited**

Sd/-  
**Y.R. Nagaraja**  
Managing Director  
DIN: 00009810

Sd/-  
**P. Ravi Prasad**  
Whole-time Director  
DIN: 07872103

Place: Hyderabad  
Date : 23.07.2021