MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macroeconomic Review

Global Economy

The global growth contraction for 2020 is estimated at -3.5% as against 2.9% growth in 2019. Despite the high and rising human toll of the pandemic, economic activity appears to be adapting to subdued contact-intensive activity with the passage of time. Advanced economies contracted 4.9% in 2020 but are expected to grow at 4.3% in 2021. Emerging markets witnessed lower economic impact than advanced economies in 2020 at 2.4% contraction and higher expected growth at 6.3% in 2021.The sizeable fiscal support and additional policy measures announced at the end of 2020 — notably in the United States and Japan — are expected to provide support to the global economy. Amid exceptional uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. Multiple vaccine approvals and the successful vaccination drive carried out in most countries in early 2021 have raised hopes of an eventual end to the pandemic.[1]

Indian Economy

The Indian economy was negatively impacted by an unprecedented health crisis in 2020-21 with the highly contagious corona virus (Covid-19) spreading across the country. In response to the pandemic, Government had taken several proactive preventive and mitigating measures including imposing of nationwide lockdown with subsequent extensions and relaxations, to contain the spread of Covid-19 while ramping up the health infrastructure in the country. The lockdown measures taken by the government, imposed to contain the spread of Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities. Though the threat of the pandemic continues to hover around, social distancing continues to be the most effective tool to combat the pandemic as activity levels continue to rise in the economy boosted by the rapidly escalating inoculation drive.

Monetary policy remained accommodative during 2020. The policy rates were kept unchanged in further meetings, but the liquidity support was significantly enhanced.

After a 7.8% pandemic driven contraction in the ongoing fiscal, India's real GDP is projected to record an expansion of 10.1% in FY 2022. Nominal GDP is expected to expand by 14.0% in FY 2022, the highest in the current-series

Agriculture sector continues to show robust growth and is instrumental in strengthening rural demand along with MGNREGS that has created 3.5 billion person days of employment in 11 months of FY 2020-21, 41.6% higher than in the previous year. The forecast of a normal monsoon by the India Meteorological Department (IMD) for 2021 sowing season augurs well for agriculture output and farm incomes.

Aided by rising rural incomes and growing preference for private transport, strong signs of recovery in automobile sales are expected. Reassuring of a demand resumption in automobiles sector is further strengthened by softening of inflation to a 16-month low of 4.1% in January 2021. Rapid production and deployment of vaccination will be critical to taking forward the health stimulus deep into FY 2021-22.

As a result of recovering investor sentiment, recovery in manufacturing and construction, investment focused Government spending and massive vaccination drive undertaken by the Government, India's GDP growth is likely to rebound sharply to 12.6% in FY 2021-22 supported by strong fiscal and quasi-fiscal measures, making it the fastest-growing economy in the world, as per Organization for Economic Co-operation and Development (OECD).[2]

The economic activity is expected to recover gradually from the second half of the year 2021-22.

Review of Operations and Current Trends

A. BUILDING PRODUCTS DIVISION:

PRODUCT	PRODUCTION Qty. in M.T.		SALES Qty. in M.T.		TURNOVER ₹ in Lakhs	
	31.03.21	31.03.20	**31.03.21**	31.03.20	**31.03.21**	31.03.20
Fibre Cement Sheets	**6,10,925**	5,66,436	**6,22,731**	5,44,414	**71,361**	54,097
Fibre Cement Boards	**68,032**	69,468	**75,387**	72,770	**13,166**	13,774

(a) **Fibre Cement (FC) Sheets:**

During the year under review, the Sales quantity of FC Sheets grew by around 14% compared to previous year and the Industry reportedly grew by 11% for the year. Specific Markets in East and West registered a strong growth.

New geographical markets for sales are being explored amid stiff competition.

Realisation growth was 16% compared to previous year. There was a robust demand for AC sheets throughout the year largely due to strong rural demand for housing of returned migrant labour in their home towns and re-starting of halted projects, post Covid wave 1 lock down.

Depreciation of Rupee also affected the raw material's cost. Consistent and Judicious usage of raw materials and supplier negotiations helped to partially mitigate the impact.

It is expected that Union Government's initiatives on Rural development, good monsoon and Prime Minister's Swachh Bharat Abhiyan scheme and Awaz Yojana for providing financial support for housing for the poor, Better minimum support prices to agriculture crop by the Government, resolving farmers issue, firming up of steel and iron prices will be boost for fibre cement products and reverse the trend. Promotional efforts are vigorously taken to explore new potential areas with more customized products.

Greencor, Non-Asbestos roofing sheets have been well accepted in the market and sales has been in encouraging state.

(b) **Fibre Cement Boards :**

Efforts are taken to increase Production and Sales during the year under review. New variants with superior features were well received in the Market. New vertical created for penetration into plywood counters. Marketing initiatives such as TV Commercials done to create awareness of the various product range. There has been increase in production compared to last year, Sales picked up from the second half and overall there has been marginal increase compared to last year. Export Markets picked up in Hilux with a growth of almost 150%, due to higher specifications and better quality against Chinese brands which are less preferred in the international markets.

There were a quite a few large volume orders which remained unexecuted due to very steep increase in freight costs, and also due to acute shortage in container availability. Steady increase in demand for Greencor is seen from Nepal, Oman & UAE.

Sale of Boards has increased by 16% in Volume & by 18% in Value terms. 5 New Export markets have been added and Export Sales has been very positive during the last financial Year. Further growth is expected in the coming quarters as new markets are being added.

Smart Build Operations offering complete solutions in Green Dry Construction to customers, was started in September 2017 and turnkey projects with an approximate value of ₹ 10 Crores are under execution which is promising venture and approximately ₹ 15 Crores of business is expected in the year 2021-2022.

New products like G I Frames and Accessories used in Dry wall Partition and False Ceiling, Sandwich Panels, Mineral Fibre Tiles & Shingles are planned and sourced in the RAMCO brand, adding to the basket of offerings to the customers.

In this year Smart Build Team and R&D are Jointly working in the Development of Prefab Dry Wall Panels and Factory Engineered Buildings.

(c) **Fibre Cement Pressure Pipes:**

Operations of Pressure Pipes continued to be under pressure owing to the sluggish market. The Union Government's infrastructure initiatives are expected to increase the sale of this product.

B. WIND MILLS:

During the Financial Year 2020-21, the Wind energy was moderate with decrease of 7% compared to last year, from the existing 15 Wind Mills.

Position regarding Wind Mills was as follows: -

Total Capacity Installed	: 16.73 MW
Total Units generated	: 239 Lakh Units (P.Y: 257 Lakh Units)
Income earned	: ₹ 1456 Lakhs (P.Y: ₹ 1559 Lakhs)
(by generation/sale of power)	

C. COTTON YARN DIVISION - SRI RAMCO SPINNERS :

Production and Sales :

During the year 2020-21, the Unit had produced 25.03 Lakh Kgs. of Cotton Yarn as compared to 25.00 Lakh Kgs. produced during the previous year.

The Unit had sold Yarn at 33.28 Lakh Kgs. (including traded yarn) during the year under review as against 30.31 Lakh Kgs. during the year 2019-20.

During the year under review, the performance of the Cotton yarn division increased when compared to previous year. Increase of yarn selling price, reduction in power cost, due to implementation of energy savings measures and decrease of manpower cost on account of Automation of machineries in the second half year, contributed for growth in the performance of the Company and savings in the operating cost during the year 2020-21.

Expecting the same Level of moderation in cotton prices & stability in yarn prices, your Directors are hopeful in achieving good results during the year 2021-22.

The Company was able to overcome the challenges posed by pandemic by continuous engagement with the Customers and none of the sales contracts was cancelled during this challenging period, though there was some deferment in the delivery schedule, which has been subsequently shipped successfully.

The yarn market in India has bounced back after witnessing a slowdown in last 2 years. Due to geopolitical factors like trade war between US and China and diversion of sourcing textile products by many top global garment brands from China to India boosted the demand for textile products including yarn manufactured in India.

The Company is taking various steps to expand its market presence both in domestic and international markets and hope to achieve higher volume of sales in value added yarns in the forthcoming years.

D. OVERSEAS OPERATIONS OF SUBSIDIARIES - SRI RAMCO LANKA (PRIVATE) LIMITED AND SRI RAMCO ROOFINGS LANKA (PRIVATE) LIMITED, SRI LANKA:

There was increase in sales during the last year.

At a Consolidated level of both the Companies, the Net Sales were SLR 58,135 lakhs (INR 22,934 lakhs) as against SLR 41,533 lakhs (INR 16,414 lakhs) during the corresponding previous year.

In accordance with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the Financial Statements of the subsidiaries is attached in Form AOC-1 as Annexure -1 to the Board's Report.

The Company proposes to transfer an amount of ₹ 1900 lakhs to the General Reserves. An amount of ₹ 34,983 lakhs is proposed to be retained in the statement of Profit and Loss.

The Company has no material subsidiaries.

CONSOLIDATED FINANCIAL STATEMENTS :

The Company has 6 Associate Companies viz. The Ramco Cements Limited, Rajapalayam Mills Limited, Ramco Systems Limited, Ramco Industrial and Technology Services Limited, Madurai Trans Carrier Limited and Lynks Logistics Limited.

As per provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI(LODR)], Companies are required to prepare Consolidated Financial Statements of its subsidiaries and Associates to be laid before the Annual General Meeting of the Company. Accordingly, the Consolidated Financial Statements incorporating the accounts of Subsidiary Companies and Associate Companies along with Auditors' Report thereon, forms part of this Annual Report.

As per Section 136(1) of the Companies Act,2013 the financial statements including consolidated financial statements are available at the Company's website at the following link at https://www.ramcoindltd.com/financial_performance.html

Separate audited accounts in respect of the subsidiary companies are also made available at the Company's website. The Company shall provide a copy of separate audited financial statements in respect of its subsidiary companies to any shareholder of the Company who asks for it.

The consolidated net profit after tax of the Company amounted to ₹ 115.93 crores for the year ended 31st March, 2021 as compared to ₹ 68.93 crores of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 289.29 crores as against ₹ 165.92 crores of the previous year.

Key Financial Ratios

Pursuant to Schedule V (B) of LODR, the Key Financial Ratios for the year 2020-21 are given below :

Sl. No.	Particulars	Ratios		variation	Formula Adopted	Reasons where the variance is over 25%
		FY20-21	FY19-20			
1.	Debtors turnover ratio (days)	30	38	-21%	365 days/ (Net Revenue/ Average Trade Receivables)	
2.	Inventory turnover ratio (days)	118	125	-6%	365 days/ (Net Revenue / Average Inventories)	