MANAGEMENT DISCUSSION AND ANALYSIS

The Management of **APLAYA CREATIONS LIMITED** in its Analysis Report has highlighted the performance and outlook of the Company in order to comply with the requirement of Corporate Governance as laid down in SEBI (LODR) Regulations, 2015. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties.

GLOBAL OVERVIEW

Over all the global economy has witnessed slow growth. Slow growth isn't just a problem for industrialized economies. Emerging economies are finding it increasingly difficult to maintain the pace of economic expansion they've recorded over the past decade. Global growth is projected to accelerate to 2.7 percent this year and further strengthen to 2.9 percent in 2018-19, in line with previous projections. However, the world economy continues to face a number of downside risks.

IMF retains India growth forecast at 7.5%. India's central bank's boosted rates to contain inflation and allowed the rupee to depreciate to spur exports. If lawmakers don't deliver on promised changes to make the economy more competitive, however, investor confidence there may sour again. US growth by 0.1 percentage point this year to 2.3% and by 0.4 percentage points to 2.5% in 2018.

The International Monetary Fund trimmed its outlook for global economic growth, as anemic output in Europe and Japan hobble the recovery and emerging markets struggle with rising borrowing costs.

From a post-crisis low in 2016, growth is strengthening in Emerging and Developing Market Economies (EMDE). A recovery in commodity exporters is being led by some large economies where adjustment to the earlier decline in commodity prices is well advanced. However, some other economies still face longer-than-expected adjustment needs, suggesting that this recovery will be somewhat softer than previously envisioned. In commodity importers, growth is projected to remain solid, as stronger exports offset the impact of diminishing policy support. Despite an easing of short-term macroeconomic pressures in many EMDEs, the longer-term EMDE outlook is constrained by structural headwinds to world trade and slowing productivity growth.

Global GDP growth is projected to pick up modestly to around 3.5% in 2018 from just 3% in 2016. The forecast is unchanged since November 2016. The East Asia and Pacific region is projected to grow at 6.2 percent in 2017, and at a slightly lower 6.1 percent on average in 2018-19. Growth in Europe and Central Asia is forecast to accelerate broadly to 2.5 percent in 2017, and to 2.7 percent in 2018, supported by continued recovery among commodity exporters and unwinding of geopolitical risks and domestic policy uncertainty in major economies in the region. Russia is expected to grow at a 1.3 percent rate in 2017 after a two-year recession and by 1.4 percent in 2018.

Growth in South Asia region is forecast to pick up to 6.8 percent in 2017 and accelerate to 7.1 percent in 2018, reflecting an expansion of domestic demand and exports. Excluding India, regional growth is anticipated to hold steady at 5.7 percent, rising to 5.8 percent, with growth accelerating in Bhutan, Pakistan, and Sri Lanka but easing in Bangladesh and Nepal. Growth in Latin America and the Caribbean is projected to strengthen to 0.8 percent in 2017 as Brazil and Argentina emerge from recession and rising commodity prices support agricultural and energy exporters. Brazil is forecast to expand 0.3 percent in 2017, with growth expected to pick up to a 1.8 percent rate 2018, while growth in Argentina is projected to expand at a 2.7 percent pace this year.

INDIAN INDUSTRIAL OVERVIEW

India will be the fastest-growing economy in 2018. But it is companies who are into production of raw materials, especially yarn besides production and export of garments which have recorded a higher growth in revenues. India's gross value added (GVA) growth at basic prices will ease in 2017 to about

6.6% from around 7% in the 2016 calendar year.

A large number of textiles exporters are facing a huge financial crunch due to substantial delay in getting duty drawback since the last five months from all the major ports. Drawback claims remain pending since September 2013 despite persistent follow up efforts made by the exporters, thereby, adversely affecting cash flows.

During April-December 2017, trade deficit declined by 23.5 per cent over corresponding period of previous year as contraction in imports were quite higher than fall in exports. During October-December 2016, both exports and imports grew at the rate of 5 per cent, starting a long-awaited recovery. During 2017-18 (April-December) imports declined by 7.4 per cent to US$ 275.4 billion compared to the corresponding period of previous year.

Many new initiatives taken by the Government in the form of Make-in-India, Invest India, Start Up India and e-biz Mission Mode Project under the national e-governance plan are facilitating investment and ease of doing business in the country. Growth rate of industrial sector is estimated to moderate to 5.2 per cent in 2016-17 from 7.4 per cent last fiscal. During April-November 2016, a modest growth of 0.4 per cent has been observed in the Index of Industrial Production (IIP) due to strong growth in electricity generation offset by moderation in mining and manufacturing.The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilers, steel, cement and electricity that have a total weight of nearly 38 per cent in the IIP, registered a cumulative growth of 4.9 per cent during April-November, 2016-17 as compared to 2.5 per cent during April-November, 2017-18.

OPPORTUNITIES, THREATS & RISKS

The company is mainly exposed to market risk, interest risk, credit risk. However, prudent business and risk management practices followed by the company over the years helps it to manage normal industry risk factors which includes economic/business cycle, fluctuations in the stock prices in the market besides the interest rate volatility. However, the company hopes to improve its performance on the strength of its long experience and its strong emphasis on the fundamentals.

RISKS AND CONCERNS

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause decline in our performance. An economic slowdown or other factors that affect the economic health of the country may affect our business. Our net income may get reduced if Government of India slashes the subsidies given. Changes in the policies of the Government of India or political instability could delay the further liberalization of Indian economy, which could impact our business prospects. Our client contracts are often conditioned on our performance, which, if unsatisfactory, could result in lesser revenues.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has developed adequate internal control system commensurate to its size and business to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. Such risks can be difficult to anticipate and respond to, even for the most seasoned business leaders. The audit committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliances with regulatory guidelines and gives such directions to the management as considered appropriate.

FINANCIAL PERFORMANCE :

During the year under review, your company has earned profit after tax of **Rs. 2,16,000/-** during the current financial year as against **Rs. 2,04,000/-** earned during the previous financial year. Profit before tax is **Rs. 3,07,000/-** as compared to **Rs. 2,41,000/-** in previous year.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Human resource is the most vital factor to achieve the goals of any organization. Being a progressive organization **APLAYA CREATIONS LIMITED** firmly believes in the strength of its most vital asset. The company recognizes the importance of human value and ensures that encouragement both moral and financial is extended to each individual for motivating them to perform to the maximum capacity. The company industrial relations are cordial and satisfactory during the year under review.

CAUTIONARY STATEMENT

Certain statements in this report may be forward looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. The company does not undertake to update these statements.

ACKNOWLEDGEMENT

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the company which helped the company for maintaining its growth. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of the investors, vendors, dealers, business associates and employees in an ensuring an excellent all around operational performance.

FOR AND ON BEHALF OF THE BOARD
APLAYA CREATIONS LIMITED

Sd/-
Raushan Kumar Thakur
Managing Director
(DIN : 07837321)

PLACE: DELHI
DATE: 14/07/2018