



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## **Opportunities and challenges**

### **Opportunities**

As India awaits policy reforms to pick up speed, your Company firmly believes that the demand for Real Estate in a country like India should remain strong in the medium to long term. Your Company's well accepted brand, contemporary architecture, well designed projects in strategic locations, strong balance sheet and stable financial performance even in testing times make it a preferred choice for customers and shareholders. Your company is ideally placed to further strengthen its development potential by acquiring new land parcels.

### **Challenges**

While the management of your Company is confident of creating and exploiting the opportunities, it also finds the following challenges:

- Unanticipated delays in project approvals
- Availability of accomplished and trained labor force
- Increased cost of manpower
- Rising cost of construction
- Growth in auxiliary infrastructure facilities
- Over-regulated environment

## Company strengths

Your Company continues to capitalize on the market opportunities by leveraging its key strengths. These include:

1. **Brand Reputation:** Enjoys higher recall and influences the buying decision of the customer. Strong customer connects further results in higher premium realizations.
2. **Execution:** Possesses a successful track record of quality execution of projects with contemporary architecture.
3. **Strong cash flows:** Has built a business model that ensures continuous cash flows from their investment and development properties ensuring a steady cash flow even during the adverse business cycles.
4. **Significant leveraging opportunity:** Follows conservative debt practice coupled with enough cash balance which provides a significant leveraging opportunity for further expansions.
5. **Outsourcing:** Operates an outsourcing model of appointing globally renowned architects/contractors that allows scalability and emphasizes contemporary design and quality construction – a key factor of success.
6. **Transparency:** Follows a strong culture of corporate governance and ensures transparency and a high level of business ethics.
7. **Highly qualified execution team:** Employs experienced, capable and highly qualified design and project management teams who oversee and execute all aspects of project development.

## Marketing

The Company is setting up a good marketing team to enter to increased turnover.

## SWOT

Our strength is our determination and team work, weakness is the low equity base, opportunities are multiples and threats are the vibrations in the economy and government policies.

*The financial highlights are as under: -*

*(In Lacs)*

Sales for the year 2016-2017	61.50
Provision for taxation	5.90
Profit after tax	14.18
Paid up equity share capital as on 31st March,2017	380.00

## Financing costs

The acquisition of land and development rights needs substantial capital outflow. Inadequate funding resources and high interest costs may impact regular business and operations. Your Company has always tried to build sufficient reserves resulting out of operating cash flows to take advantage of any land acquisition or development opportunity.



## **Risks and Concerns**

In any business, risks and prospects are inseparable. As a responsible management, the Company's principal endeavor is to maximize returns. The Company continues to take all steps necessary to minimize its expenses through detailed studies and interaction with experts.

## **Cautionary Statement**

Statement in this Management's Discussion and Analysis detailing the Company's objectives, projections, estimates, expectations or predictions are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

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