MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Review

Global economy

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. At the same time, demand for oil has weakened due to the slowdown in China and the persistent sluggishness of the Eurozone and Japan.

Several major forces are driving the global outlook:
soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies like India. However, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions

Indian economy

The overall economic situation in the country is looking better and the basic parameters of the Indian economy are moving in the right direction. According to the Indian Finance Ministry, the annual growth rate of the Indian economy is projected to have increased to 7.4% in 2014-15 as compared with 6.9% in the fiscal year 2013-14.

Indian inflation has moderated sharply as global oil prices have slumped since last year. Further, with inflation being at a record low, the Reserve Bank of India has reduced repo rate by 50 basis points in Q4 of 2014-15. This will result in the reduction in interest rates, which will further boost the overall Indian economy.

Industry review

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received foreign direct investment (FDI) equity inflows to the tune of US$ 24,012.87 million in the period April 2000-December 2014.

The government has taken several initiatives to encourage the development in the sector, the key ones being:

- Relaxation in the norms to allow foreign direct investment (FDI) in the construction development sector. This move is expected to boost affordable housing projects and smart cities across the country.
- The Government of Maharashtra has announced a series of measures to bring transparency and increase the ease of doing business in the real estate sector.
- Clearance of model real estate bill by the Union Cabinet.
- The Securities and Exchange Board of India (SEBI) has notified final regulations that will govern real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). This move will enable easier access to funds for developers and create a new investment avenue for institutions and high net worth individuals, and eventually ordinary investors. Tax efficiency can be critical to the success of REITs. While the basic framework for one-level taxation has been laid down by the Finance (No. 2) Act, 2014 and supplemented by the Finance Bill, 2015, certain challenges persist in structuring a REIT.

Real estate contributed about 6.3% to India's gross domestic product (GDP) in 2013. The market size of the sector is expected to increase at a compound annual growth rate (CAGR) of 11.2% during FY 2008-2020 to touch US$ 180 billion by 2020.

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.

Business Overview
The Sales during the year 2014-15 are lower at 1.38 Cr as compared to 1.72 Cr in the previous year on account of economic recession resulting in award of lesser number of 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 2014-2015	138.68
Provision for taxation	13.55
Profit after tax	21.69
Paid up equity share capital as on 31st March,2015	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 minimise 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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