MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Review

Global economy

Global growth again fell short of expectations in 2015, decelerating to 2.4 percent from 2.6 percent in 2014. The disappointing performance mainly reflected a continued growth deceleration in emerging and developing economies amid post-crisis lows in commodity prices, weaker capital flows and subdued global trade. In developing countries, growth in 2015 is estimated at a post-crisis low of 4.3 percent, down from 4.9 percent in 2014.

The economic rebalancing in China is continuing and accompanied by slowing growth. Brazil and Russia have been going through severe adjustments in the face of external and domestic challenges. On an average, activity in emerging and developing commodity exporters stagnated in 2015, as they continued to be hard hit by declining commodity prices. As a result, the contribution to global growth from these economies has declined substantially.

Indian economy

Indian economy has consolidated the gains achieved in restoring macro-economic stability from the beginning of last fiscal year (FY2015). Inflation has continued to moderate steadily. Consumer price inflation (measured by the CPI-NS) has declined from 5.4 percent in February 2014 to 5.18 percent in February 2015. The WPI has been in negative territory for 12 months since November 2014 and is at (-) 0.91 percent in February 2016. Rural wage growth and minimum support price increases–important determinants of inflation–have remained muted. Similarly, the external position appears robust.

Industry review

The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

India’s real estate market is expected to reach US$ 180 billion by 2020 from US$ 93.8 billion in 2014. The housing sector alone contributes 5-6 per cent to the country’s Gross Domestic Product (GDP).

Real estate is currently the fourth-largest sector in the country in terms of Foreign Direct Investment (FDI) inflows.

The Government of India has been supportive to the real estate sector. Below are some of the other major Government Initiatives:

- The Government has raised FDI limits for townships and settlement development projects to 100 per cent.
- 100% FDI is also permitted in real estate projects within the Special Economic Zone (SEZ).
- Further, Finance Bill 2016 has exempted REITs from Dividend Distribution Tax (DDT).
- In August 2015, the Union Cabinet approved 100 Smart City Projects in India.
- India's Hon'ble Prime Minister Mr NarendraModi approved the launch of Housing for All by 2022. Under the Sardar Patel Urban Housing Mission, 30 million houses will be built in India by 2022, mostly for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.
- The Securities and Exchange Board of India (SEBI) has notified final regulations that will govern real estate investment trusts (REITs).
- Both Lok Sabha and Rajya Sabha have passed The Real Estate (Regulation and Development) Act 2016, the Bill which seeks to protect the interest of the home buyers by enhancing transparency

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 it sdevelopment 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 2015-16 are lower at 1.12 Cr as compared to 1.38 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 2015-2016	112.70
Provision for taxation	1088
Profit after tax	25.03
Paid up equity share capital as on 31st March,2016	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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