MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The Company (Prestige Estates Projects Limited along with its subsidiaries, joint ventures and associates) has established itself as India's leading real estate developer with a nationwide presence. Since its inception in 1986, the Company has played a pivotal role in transforming the face of major Indian cities with its iconic landmarks. The Company has diversified over time into a number of services primarily related to its core operations across the residential, commercial, retail, hospitality and property management. It is known for redefining luxury and comfort along with exceptional futuristic designs. With its customer-centric model at the core of its operations, it has an impeccable track record for delivering world-class projects.

KEY ENABLERS

- Focus
- Trust
- Leadership
- Scale
- Credibility
- Diversified Business Model
- Innovation

ECONOMIC REVIEW

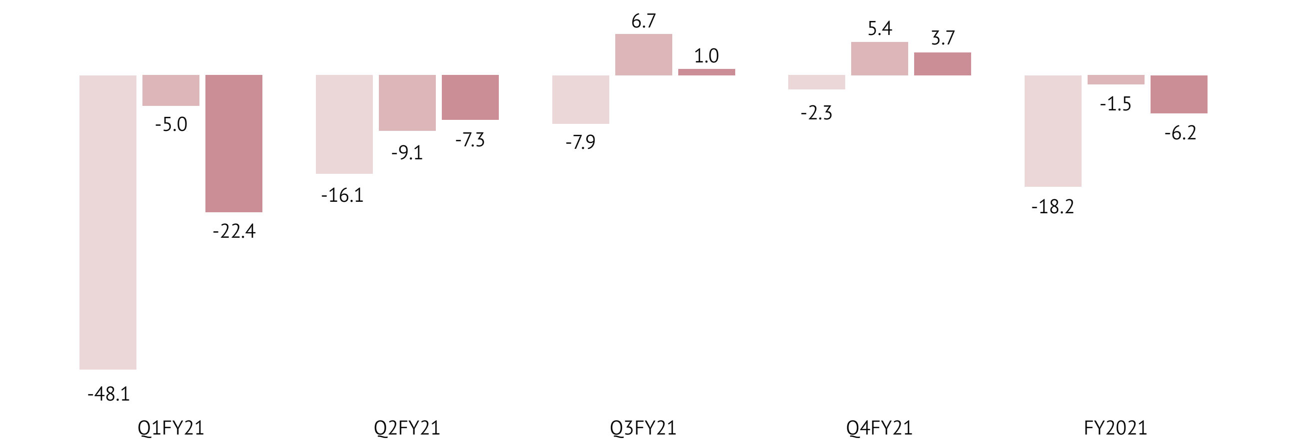
FY2021 was a year of two halves, with the pandemic bringing the world to a standstill in the first half, and the resilience of the Indian economy coming to the fore in the second half.

The onset of the pandemic in March 2020 brought trepidation about human endurance, prompting the Indian government announcing one of the most stringent lockdowns in the world to counter the spread of the virus. This resulted in sending the already frail economy into a tailspin with the first quarter alone recording a contraction of 24.4%, the worst in Indian history. The second quarter also saw the economy contracting by 7.4%, sending India into a technical recession with two consecutive quarters of contractions.

The Government of India and the Reserve Bank of India (RBI) announced a series of synchronised fiscal and monetary measures. This included one of the world's most calibrated stimuli Aatma Nirbhar Bharat Abhiyan announced over a period of May to November 2020, amounting to ~15% of Gross Domestic Product (GDP). Increased government expenditure was used as a tool to pandemic-proof demand, along with the RBI's slew of measures to maintain ample liquidity in the system.

The structural and demand-side reforms enabled in cushioning the economic fall and fast-tracking recovery once the restrictions were lifted coupled with pent-up and festive demand. The second half of the year saw V-shaped recovery across most sectors although contact-intensive sectors such as travel and tourism, art and entertainment, sports and brick-and-mortar retail continued to be adversely impacted. The economy contracted by 7.3% in FY2021 in terms of GDP and 6.2% in terms of Gross Value Added (GVA), lower than expected at the peak of the first wave.

GVA AT BASIC PRICE FOR 2020-21 (AT 2011-12 PRICES) (in %)



Trade, Hotels, Transport & Communication   Finance, Insurance, Real Estate & Business Services   GVA

Source: MOSPI

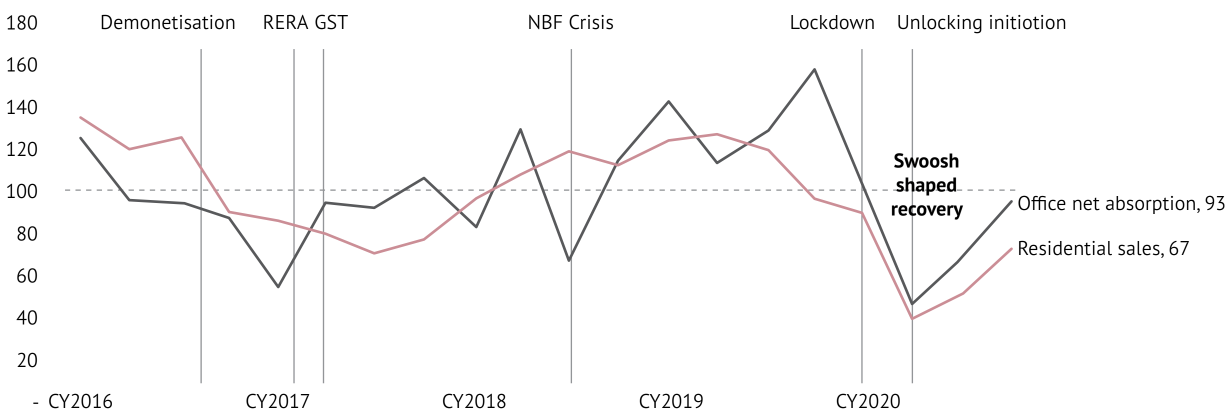
Outlook

India has shown resilience in the face of adversity and the outlook for FY 2021-22 looks optimistic with the IMF expecting India's GDP to grow at 9.5% even though the downside risk of a more virulent mutated strain and resurgence remains. The Government is enforcing localised lockdowns, which are expected to impact the recovery. A strong vaccination drive, coupled with targeted fiscal and monetary policy responses, are expected to keep the economy on the growth trajectory.

INDUSTRY REVIEW

The real estate sector after facing headwinds in the past few years from large-scale policy changes was finally poised to take flight with transparency and efficiency gradually trickling into the system when the pandemic hit it hard. The pandemic temporarily worsened the persisting liquidity crunch coupled with the restrictions leading to a temporary halt in ongoing real estate projects and creating a domino effect in terms of large-scale reverse migration of labourers and disruption in supply chain of materials.

RECOVERY IN TANDEM WITH RELAXATION OF RESTRICTIONS



Note: Average quarterly office net absorption during 2016-19 = average quarterly residential sales during 2016-19 = 100;
Source: JLL Research

MANAGEMENT DISCUSSION AND ANALYSIS

Support by the Government and the RBI

Multiple policy and support provided to the sector during the pandemic has enabled a fast recovery and is expected to have positive long-term impact on the growth trajectory.

- Extension of Credit Linked Housing Subsidy scheme for the middle-income group with annual income between ₹ 6-18 lakh and tax holiday earned by developers of the affordable housing project was extended till March 31, 2021. An additional outlay of ₹ 18,000 crore for the urban housing scheme (PMAY-U) over and above the Budget Estimates for FY2021 of ₹ 8,000 crore and introduction of Affordable Rental Housing Complex (ARCH) for migrant workers provided support to both the vulnerable and middle class
- Moratorium on EMI payments for 6 months from March to August 2020, by RBI on term loans helped ease liquidity for individuals and businesses alike in combating the unprecedented crisis
- Disruption caused by the pandemic was treated as force majeure under Real Estate (Regulation and Development) Act provision, enabled registration and project completion timelines to be extended by 6-9 months depending on geography and if they were falling due after March 25, 2020. This provided a huge relief to real estate developers as construction and sales had come to a halt due to the COVID-19 outbreak. With revised timelines, developers could ensure the completion of projects to deliver houses to the buyers without facing non-compliance charges
- Repo Rate was reduced by 75 basis points from 5.15% to 4.40% in March 2020 and then 40 basis points from 4.40% to 4.00% in May 2020, increasing liquidity in the market. It also helped the borrowers to lower the EMI burden by taking the home loan rates to one of the lowest in past four decades
- RBI announced relaxations wherein NBFCs could extend commercial real estate loans by 1 year if projects were delayed due to reasons beyond the control of promoters without treating it as restructuring. This provided adequate support to the borrowers following the withdrawal of the moratorium period on repayment of debts
- Increased the differential between agreement value and circle rate from 10% to 20% (under section 43CA) till June 30, 2021 for the primary sale of residential units of value up to ₹ 2 crore. The move helped buyer save on additional tax payment on increased safe harbour limit, and allowed the real-estate developers to liquidate their unsold inventory at a rate substantially lower than the circle rate
- Maharashtra Government announced a reduction in the stamp duty on property purchases from 5% to 2% for the period August to December 2020 and 3% for January to March 2021. Many other states followed the move and reduced their stamp duty. It helped in reducing the cost of purchase for buyers, leading to an increase in demand

Residential

Sales of residential units significantly dropped in CY2020 as prospective buyers postponed their purchase decisions. However, while overall volumes did contract to a significant extent initially, a majority of the markets showed signs of quick recovery on the back of the pent-up demand.

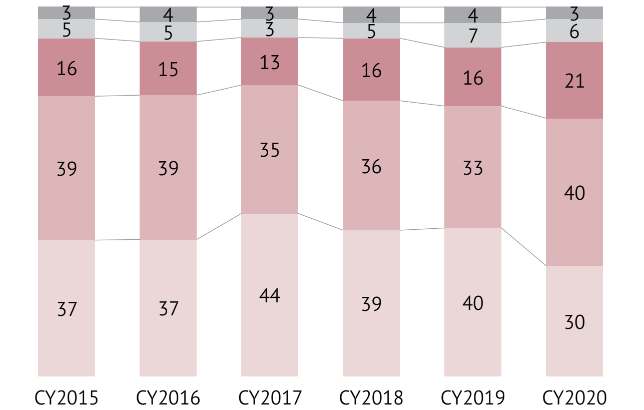
Post gradual unlocking of the economy, India's GDP in the July-September quarter of CY2020 reported a higher-than-expected recovery. During the same quarter, the housing market demonstrated early signs of recovery, with sales increasing substantially on a sequential basis. In Q4CY20, uncertainties around the economy and jobs started reducing, leading to an increase in the pace of recovery in residential real estate. New launches and sales across the seven key markets of the country witnessed a significant jump.

Top 7 Indian cities witnessed the lowest launches of this decade during CY2020. About 1.28 lakh units were added in CY2020, 13% lower than the previous trough of CY2017. While the launches declined by 46% in CY2020 compared to the previous year, the last quarter of CY2020 showed an improvement of 62% on quarter and 2% compared to same period last year.

The mid-end segment dominated the launches in CY2020 and accounted for nearly 40% of the total supply. The total share of mid-end segment and high-end segment increased from 49% in CY2019 to 61% in CY2020.

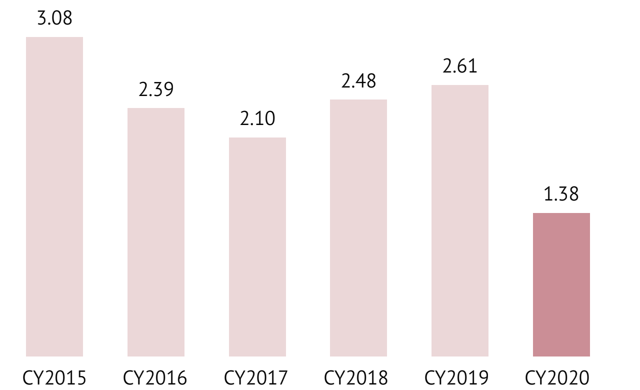
The year witnessed sales outperforming launches with around 1.38 lakh units sold across the top seven cities of India, registering a sale to supply ratio of just over one. While sales declined by 47% in CY2020 compared to CY2019, it increased by 72% in Q4CY20 compared to Q3CY20 as India unlocked and activities gained momentum.

BUDGET SEGMENTATION OF SUPPLY (in %)



<₹ 40 Lakh ₹ 40 Lakh - ₹ 80 Lakh ₹ 40 Lakh - ₹ 1.5 Cr
₹ 1.5 Cr - ₹ 2.5 Cr >₹ 2.5 Cr [Source: Anarock Research]

ABSORPTION (Units in Lakhs)



[Source: Anarock Research]

While there is still a long way to go, the worst seems to be behind for the residential sector. The challenges faced during the year have become a catalyst in providing stimuli to the industry for sustained growth. The lockdown has re-established the importance of owning a house with people spending more time at home, prices staying stagnant for the past few years and extremely low mortgage rates. Furthermore, the market is witnessing renewed interest from Non-Resident Indians (NRIs) impacted by economic uncertainties in Europe and the Middle East. Going forward, in the 'next normal', the market will further consolidate in favour of organised developer with customer-centric approach with proven track record in terms of delivery and quality.

Residential Real estate trend to look out for in 2021			
Robust demand in affordable segment	Buyers likely to prefer large secure homes with host of amenities in gated communities	Tier-2 and Tier-3 cities to see an uptick in demand	Ready to move homes to remain a preferred option

Office market

The office space is witnessing a structural shift as many companies are adopting the remote working culture and have found it cost effective to have employees working from home. Although, despite the emergence of concepts of work from home and work near home, occupiers with healthy financial profile in premium office spaces have continued to meet their existing leases and commitments on time and has not witnessed adverse impact on leasing agreements. As business activities resumed with the gradual opening up of the economy in the second half of the year, the office market witnessed green shoots of recovery.

Gross leasing volumes for CY2020 stood at 50.4 million sq ft, reflecting a 28.5% decline y-o-y, largely owing to the COVID-19 led disruption and the ensuing lockdown. After a robust start in Q1CY20, while Q2CY20 was a near washout, H2 showed encouraging signs of recovery. Leasing activity was led by Bengaluru, which accounted for 27.1% of annual gross leasing volumes followed by Mumbai and Delhi-NCR holding identical shares of 16.5% each.

Gross Leasing (Msf)	CY2019	CY2020
Mumbai	13.95	8.32
Delhi NCR	14.38	8.30
Bengaluru	17.04	13.68
Chennai	6.16	4.75
Pune	4.96	5.02
Hyderabad	10.74	7.76
Kolkata	1.83	1.48
Ahmedabad	1.52	1.13
Pan India	**70.58**	**50.45**

Through CY2020, IT-BPM and captive centres (GCCs) remained the dominant occupier sectors accounting for 27% (32% in CY2019) and 21% (22% in CY2019) respectively, while the share of Engineering & Manufacturing increased from around 8% in CY2019 to 11% in CY2020 and that of the BFSI segment increased from 5.5% in CY2019 to 10% in CY2020.

During the year, new completions stood at 39.10 million sq ft, a decline of around 25% y-o-y due to slippages in project completion timelines during Q2-Q4 owing to labour and supply constraints. Bengaluru and Hyderabad accounted for 28.6% and 20% of the new completions in 2020 with higher pre-leased volumes in their newly completed projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Net absorption for CY2020 added up to 20.9 million sq ft, recording a 54.6% decline from the previous year with occupier exits as part of portfolio optimisation strategies causing an increase in vacancy levels.

Net Absorption (msf)	CY2019	CY2020
Mumbai	5.18	2.53
Delhi NCR	10.18	2.16
Bengaluru	9.80	6.18
Chennai	2.07	1.95
Pune	5.06	1.01
Hyderabad	10.01	5.45
Kolkata	1.41	0.61
Ahmedabad	2.37	1.03
Pan India	**46.09**	**20.91**

India's outsourcing industry pivoted very quickly during the pandemic, the increased need for outsourcing and India's cost-plus value addition (especially in 2020 and over the next 2-3 years) have given a huge shot in the arm to the Indian tech industry. It is expected that, as demand revives, India will find increasing favour with global occupiers.

Commercial real estate trends to look out for in 2021		
Increased demand for flex space providers	Sustained demand from IT/ITeS occupiers; increased demand from e-commerce, healthcare and FMCG	Increased demand for high quality, tech-enabled and wellness-enhancing buildings

Retail

India's retail industry ranks 4th in the world in terms of size, which accounts for 10% of India's GDP and contributes 8% to the overall employment in the country. The market size of the industry was approximately US$ 0.79 trillion in 2017 and estimated to reach US$ 1.75 trillion by 2026, at a CAGR of 9-11%. However, nearly 88% of the market is still unorganised while remaining the 12% comprises the organised and e-commerce segments.

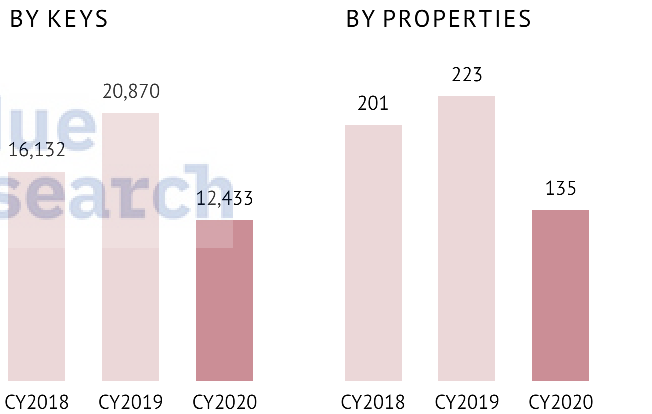
In 2020, the COVID-19 pandemic dealt a heavy blow to the economy and consumption patterns, changing several facets of everyday life of consumers. The pandemic has adversely impacted the mall leasing segment with the malls witnessing very limited footfalls with the resurgence of the virus and the outlook for the segment thus continues to remain marginally negative especially with growing popularity of e-commerce. Even though the share of online buying has increased, stores continue to be relevant especially for some segment such as apparels, non-food child products, jewellery and household products. Additionally, malls' footfalls continue to perform well during the festive shopping season. The industry is expected to see a revival in growth once the pandemic subsides with retailer looking for omni-channel presence.

Hospitality

After a successful 2019, the year 2020 was expected to be the year that finally set the pace for a consistent upward performance trajectory for the sector. Occupancy remained at half of the previous year at 33-36% at the close of the year, after bouncing back from record lows of April 2020. In the wake of falling demand and occupancies, hotels reduced tariffs significantly to attract business, thus pulling down revenue per available room (RevPAR) to a dismal ₹ 1.500-1,800 in 2020, reflecting a decline of 57-59%.

Hotel markets in business destinations, especially those focused on IT-ITeS such as Bengaluru and Pune, suffered the most as corporate travel and MICE# came to a halt. The 'staycation' packages, however, helped in shoring up occupancy at some city hotels.

BRAND SIGNING



[Source: Anarock Research]

Brand signings by keys witnessed a year-on-year decline of 40% in CY2020 in the aftermath of the ongoing pandemic. While in terms of new addition during the year, 100 new hotels with 9,757 keys entered the branded hotels market, and 35 hotels with 2,676 keys were rebranded.

Going forward, the sector is expected to witness steep growth once the situation stabilises as indicated by sudden surge in demand post the second wave. Investors will likely firm up investment decisions as performance cycle picks up.

Note: #MICE- Meetings, incentives, conferences & exhibitions

Real estate sector outlook

As the sector slowly trends on the path to recovery, it has to realign to face new realities and meet greater expectations. Continued government support and low interest rates are expected to keep the overall industry buoyant in the short term. The government, to keep up the growth momentum in the sector seen in the latter half of FY2021, in its Budget FY2022 announced new and continuation of following initiatives:

- Continued increase of safe harbour limit from 10% to 20% for the specified primary sale of residential units to June 30, 2022
- Debt financing of REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. Additionally, dividend payments to REITs and InvITs is to be exempted from tax deducted at source (TDS). The move makes it easier for such trusts to raise funds for acquiring infrastructure and real estate assets, solving the cash flow issues in the sector by bringing in additional cash from global institutional investors and sponsors.
- Extension of relief for buyers and developer to keep up the sale momentum in the affordable housing segment were announced including:
  - Additional tax benefit pertaining to interest paid on affordable housing loans to the extent of ₹ 1.5 lakh extended by another year
  - Tax holiday on profits earned by the affordable housing developers also extended by another year
  - Tax exemption for notified Affordable Rental Housing Projects

BUSINESS REVIEW

The Company's robust strategy has enabled it to record one of the best performances despite a challenging operational environment. It strategically focuses its resources on the five key area to create sustainable value for its stakeholders:

- Persistent search and investment in future growth opportunities
- Continuous expansion of geographic footprint
- Deliver consistent, broad-based growth
- Warrant customer satisfaction in all its activities
- Prudent capital management and value unlocking

Operational Highlights

Since its inception, the Company has completed 250 projects, with a cumulative 136.30 million sq ft across 7 cities. During FY 2020-21, it completed the development of 2 mn sq. ft. across all its segments and has launched projects spanning 11.85 million sq ft across 5 cities.

Highest-ever sales

₹ 54,608 mn

Growth of 20%

Highest-ever collections

₹ 50,752 mn

Growth of 9%

Rentals

₹ 7,169 mn

MANAGEMENT DISCUSSION AND ANALYSIS

VERTICAL-WISE PERFORMANCE OVERVIEW

Residential

Over the past decades, Prestige has pioneered in building exceptionally designed and aesthetically well-crafted homes for its valued customers. The Company's residential projects include townships, apartments, luxury villas, mansions, row houses, town homes, golf developments and the recently forayed into affordable housing segment.

Current Stock	Area (mn sq ft)	% Area	Value (Rs in million)
Ongoing Premium & Luxury Projects	0.003	0.11%	80
Ongoing Mid Income Projects	8.28	66.00%	49,523
Commercial Projects Held for Sale	1.45	11.61%	8,711
Completed Projects	1.81	22.28%	16,724
Total	**11.54**	**100%**	**75,036**

	Ongoing Projects		Upcoming Projects	
	No of Projects	TDA mn sq ft	No of Projects	TDA mn sq ft
Bengaluru	20	22.81	9	19.71
Kochi	3	2.05	-	-
Chennai	2	1.93	1	4.50
Hyderabad	3	8.25	-	-
Goa	1	0.30	-	-
Mangaluru	2	1.36	-	-
Mumbai	-	-	3	12.31
Noida	-	-	1	2.90
Ooty	1	0.11	-	-
TDA	**32**	**36.80**	**14**	**39.42**

Please refer to Page 18 of the report for more information on the vertical.

TDA - Total Development Area

Highlights

Revenue

₹ 55,075 mn

% Share of Revenue

76%

11
Locations

120 Completed Projects
Across 90 mn sq ft

Mumbai
New city added to pipeline

32 Ongoing Projects
Across 37 mn sq ft

CRISIL DA1
Graded Projects

14 Under planning Projects
Across 39 mn sq ft

Commercial

The Company is a leading developer of commercial real estate at prime business localities in major Indian cities. It develops and leases world-class office spaces and its client base include several Fortune 500 organisations.

	Ongoing Projects		Upcoming Projects	
	No of Projects	TDA mn sq ft	No of Projects	TDA mn sq ft
Bengaluru	7	12.78	8	13.17
Kochi	1	0.90	1	0.62
Chennai	2	0.51	-	-
Hyderabad	1	2.71	1	2.29
Delhi	1	0.64	-	-
Mumbai	-	-	3	9.14
Pune	1	1.17	-	-
TDA- (Prestige Group Share)	**13**	**18.72**	**13**	**25.22**

Please refer to Page 22 of the report for more information on the vertical.

TDA - Total Development Area

Highlights

Revenue

₹ 10,164 mn

% Share of Revenue

14%

₹ 2,340 mn
Exit Rent p.a.

112 Completed Projects
Across 36 mn sq ft

₹ 25,000+ mn
Projected Rent p.a.

13 Ongoing Projects
Across 19 mn sq ft

GRADE A
Projects

13 Under planning Projects
Across 25 mn sq ft

Retail

The Company operates its retail segment under the well know mall brand 'FORUM' across 6 cities and endeavours to be the country's largest mall developer in the country. The pandemic has impacted the operations and footfall in the segment, however, a gradual recovery is expected to drive recovery going forward.

	Ongoing Projects		Upcoming Projects	
	No of Projects	TDA mn sq ft	No of Projects	TDA mn sq ft
Bengaluru	2	1.50	1	1.20
Kochi	1	1.06	1	0.52
Chennai	-	-	1	1.45
TDA- (Prestige Group Share)	**3**	**2.56**	**3**	**3.17**

Please refer to Page 24 of the report for more information on the vertical.

TDA - Total Development Area

Highlights

Revenue

₹ 1,915 mn

% Share of Revenue

3%

₹ 1,027 mn
Exit Rent p.a.

10 Completed Projects
Across 7 mn sq ft

₹ 3,000 mn
Projected Rent p.a.

3 Ongoing Projects
Across 3 mn sq ft

FORUM
Brand

3 Under planning Projects
Across 3 mn sq ft

Hospitality

Prestige is an eminent player in the segment and is known for developing landmark hotels, resorts, spas and service apartments in collaboration with its partners. Its properties operated in central locations of India are preferred by business and leisure guests alike and recognised for exclusivity, discerning services and luxury.

The Company partners with the world's leading hospitality players including, but not limited to, the following:

Group	Brand Collaboration
Hilton	Conrad
Marriott	Sheraton, Aloft
Banyan	Angsana

	Ongoing Projects		Upcoming Projects	
	No of Projects	Key	No of Projects	Keys
Bengaluru	1	297	2	210
Kochi	-	-	1	32
Chennai	-	-	1	125
Delhi	1	932	-	-

Please refer to Page 26 of the report for more information on the vertical.

Highlights

Revenue

₹ 1,043 mn

% Share of Revenue

1%

1,071
Operational Keys

₹ 2,638 mn
Yielding

1,229
Ongoing Key Development

₹ 5,177+ mn
Projected Rent p.a.

367
Under planning Key

8
Completed Projects

MANAGEMENT DISCUSSION AND ANALYSIS

Property management

Prestige started offering a comprehensive property management service nearly 25 years back and is a forerunner in the space. A team of highly skilled members provide top-notch support and maintenance services for all Prestige properties, upholding the unimpeachable standards of the Company.

Property Management Services

- Security
- Property maintenance and upkeep
- Cleanliness
- Garden maintenance
- Civil maintenance
- Electric maintenance
- Amenities maintenance
- Facility management

Highlights

Revenue
₹ 4,447 mn

% Share of Revenue
6%

₹ 5,200+ mn
Gross Revenue p.a.

250 Completed Projects
Across 136 mn sq ft

₹ 10,000+ mn
Incremental Revenue p.a.

83 Pipeline Projects
Across 123 mn sq ft

FINANCIAL REVIEW

(in ₹ million)

	Year ended March 31, 2021	Year ended March 31, 2020	Change y-o-y
Revenue from operations	72,644	81,248	(11)%
Other income	2,374	1,185	100%
Total income	**75,018**	**82,433**	**(9)%**
Expenses	68,747	74,588	(8)%
Profit before exceptional items, share of profit/ (loss) from associate and jointly controlled entities and tax expense	**6,271**	**7,845**	**(20)%**
Exceptional items	14,698	380	3768%
Share of profit/(loss) from associates/jointly controlled entities (net of tax)	(250)	44	(668)%
Profit before tax	**20,719**	**8,269**	**151%**
Tax expense	5,198	2,783	87%
Net profit for the year	**15,521**	**5,486**	**183%**
Other Comprehensive income/ Loss	38	(32)	(219)%
Total comprehensive income for the year	15,559	5,454	185%
Total comprehensive income for the year attributable to:			
Shareholders of the Company	14,600	3,999	265%
Non-controlling interests	959	1,455	(34)%
Basic and diluted EPS (in ₹)	36.32	10.63	242%

Profit and loss analysis

Revenue from Operations

Prestige consolidated revenue reduced by 11% to ₹ 72,644 million in FY2021 from ₹ 81,248 million in FY2020 largely due to the slowdown caused by the pandemic which impacted revenue from Hospitality and Retail segment significantly.

Other Income

Other income in FY2021 was ₹ 2,374 million recording a growth of 100% due to increase in interest income from inter-corporate deposit given to few joint venture entities and net gain recognised on financial assets designated at FVPL.

Exceptional item

During FY2021, the Company entered into a definitive agreement of sale of some of its properties and subsidiaries with Blackstone. The profit of ₹ 14,698 million arising from the transaction was recorded as an exceptional item.

Cost Analysis

During the year, expenses reduced by 8% to ₹ 68,747 million from ₹ 74,588 million, primarily due to corresponding reduction in revenue from operations.

Balance Sheet Analysis

Borrowings

Prestige reduced its gross borrowings by 57% to ₹ 39,825 million in FY2021 from ₹ 92,715 million in FY2020. The Reduction is primarily on account of higher repayment during the year and transfer of assets and related liabilities (including borrowings) due to Blackstone transaction. The Debt Equity Ratio (net) detailed in Note No 52 to Consolidated financial statements has reduced from 1.46 to 0.54. The sharp decline in Debt Equity Ratio is due to reduction in debt and increase in networth of the Company.

Current Liability

During the year, the non-current liability reduced by 18% to ₹ 135,740 million in FY 2021 from ₹ 166,533 million in FY 2020. The reduction is primarily on account of transfer of assets and related liabilities due to Blackstone transaction.

Investment Property

During the year, Investment property reduced from ₹ 61,855 million in FY 2020 to ₹ 17,999 million in FY 2021 due to transfer of certain completed commercial and retail properties as part of Blackstone transaction.

Assets classified as held for sale/ Liabilities directly associated with assets classified as held for sale

During the year, the Group has entered into definitive agreement for sale of identified undertakings by way of demerger. As at March 31, 2021, the Group is in the process of filing for the Demerger with appropriate authorities and accordingly has classified the related asset and liabilities forming part of identified undertakings as Assets classified as held for sale/ Liabilities directly associated with assets classified as held for sale. Refer Note 59 (b) of consolidated financial statements for detailed breakup of Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale.

Cash and cash equivalents

During the year, Cash and cash equivalents increased from ₹ 7,857 million in FY 2020 to ₹ 23,460 million as at March 31, 2021. The increase is due to net proceeds received from Blackstone transaction.

INTERNAL CONTROLS

The Company has a robust internal control policies and procedures in place, commensurate with the size, scale, and complexity of the its operations. To ensure effective internal controls across business process and systems it has established a vigorous framework that is designed to provide reliable and quality assurance related to its business and operational performance. The adequacy and efficacy of these controls are evaluated on a regular basis and ensures compliance with applicable laws and safeguard the Company assets.

The Company's Audit Committee is entrusted to review the Internal Control Systems and the appointment of Internal Auditors for each of the business verticals of the Group. M/s. Grant Thorton India LLP is acting as the Internal Auditor of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

The Board of Directors has formed Risk Management Committee which has been entrusted with the responsibility to assist the Board in monitoring and reviewing the Risk Management Plan and procedures of the Company. The Company's Risk Management Plan created through appropriate scenario analysis for a resilient business model is periodically reviewed and approved by the Committee, and acts as a supplement to the Internal Control Mechanism and Audit function. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The dynamic real estate environment brings its own unique set of opportunities and risks which the Company needs to proactively strategise on how to capitalise on the opportunities while balancing the risks for sustainable value accretion. Prestige has been prudent in pre-empting the potential risks, which can pose a challenge to the Company through its comprehensive risk management and mitigation strategy enabling it to withstand and navigate challenges.

Pandemic Risk

COVID-19 posed a risk to health and safety of its stakeholders, while the resultant restrictions impacted the Company's operations during the financial year. Going forward, fresh large-scale restrictions may delay projects, supply disruptions, closure of hotels and malls, among others.

Mitigation Strategy

The Company has enabled vaccination for its people and all its contractors and sub-contractors. With people quickly adopting to the new normal, the Company expects the business across verticals to normalise soon.

Economic Cyclicity Risk

The business operations are correlated to economic cycles and downturn in the country's economic growth may lead to a slowdown in operations especially in new project sales.

Mitigation Strategy

The Company operates across a strategically diversified portfolio with multiple revenue models starting from one-time income from project sales to annuity/recurring income from retail rentals, hospitality and property management which aids in mitigating the seasonality impact on the business. Additionally, the Company's scale of operations and strong finances provide it the ability to hold on to its inventory during extreme slowdown period.

Interest Rate Risk

The industry is sensitive to movement in interest rates on home loans which impact customer's buying decision especially in the affordable housing segment.

Mitigation Strategy

The Company caters to a vast audience, for instance, in residential segment, multiple projects are developed for the upper-middle class segment who are less impacted by movement in interest rate. Moreover, the diversified business revenue model enables the Company to maintain a stable cash flow and not depend on project sales.

Competition Risk

Drastic change in the competition and market dynamics may adversely impact the Company's exclusive position.

Mitigation Strategy

Prestige has over the years created a niche for itself specially in the premium segment, with buyers having trust in its brand name and developed projects. Moreover, the number of players offering such an integrated suite of services and with such strong financial project capabilities is limited in the market and gives the Company a competitive edge over its peers.

Execution Risk

The nature of the business is such that it carries the risk of loss of reputation and increased financial cost in case the projects are not executed on time.

Mitigation Strategy

Timely execution of projects is dependent on multiple factors working in sync such as labour, raw material availability and sourcing, regulatory clearance, approvals and access to utilities. The Company does meticulous research and planning to enable a smooth operation along with having contingency plans wherever necessary.

Legal Risk

Real estate development includes multiple legal interventions for buying, transfer, conversion and selling or leasing of lands and land properties. These activities carry significant inherent risk of non-compliance and anomalies of legal and statutory provisions.

Mitigation Strategy

The Company has on board an experienced legal team that looks after all aspects and dealing of sales, transfer and conversion of land, and lease or sale of developed properties. The team is responsible for ensuring clear titles for acquisition and transfer of all its real-estate assets.

TECHNOLOGY

Technology is central to the Company's strategy of ensuring operational efficiency and its investment on upgrading its tech was a boon in smoothening out operational difficulty during the unprecedent year. The Company's recently upgraded accounting and internal systems to the new age ERP solutions, enabled real-time updates empowered the teams to make conversant and cohesive decision-making in a virtual set-up without any difficulty. While the freshly integrated SAP SuccessFactors cloud-based solution permitted virtual management of HR functions such as business alignment, people performance, recruitment, and learning activities accelerating workforce efficiency.

HUMAN RESOURCES

The Company has a strong team and regularly works with contractors and sub-contractors, who engage personnel for the Company's construction and other businesses. The Company credits its people for its phenomenal growth despite a challenging year. Priority was given to maintaining safety protocols to uphold employee health and safety while preserving business continuity.

Prestige's employee' commitment and determination are its greatest strength. It believes the success of an organisation is determined by the capabilities, engagement and commitment of its employees. In order to enhance its people capabilities, it regularly conducts learning and development programmes.

Read more on Prestige's people initiatives on Page 32.