

Annexure -C to the Report of Board of Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The real estate sector in India has come a long way by becoming one of the fastest growing markets in the world. It is not only successfully attracting domestic real estate developers, but foreign investors as well. The growth of the industry is attributed mainly to a large population base, rising income level, and rapid urbanization.

The real estate sector has transformed from being unorganised to a dynamic and organized sector over the past decade. Government policies have been instrumental in providing support after recognizing the need for infrastructure development in order to ensure better standard of living for its citizens. In addition to this, adequate infrastructure forms a prerequisite for sustaining the long-term growth momentum of the economy. The real estate sector is one of the most globally recognised sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade

The sector comprises of four sub-sectors- housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. While housing contributes to five-six percent of the country's gross domestic product (GDP), the remaining sub-sectors are also growing at a rapid pace, meeting the increasing infrastructural needs.

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

BUSINESS OVERVIEW

Our Company was originally incorporated on September 29, 2009, as India Green Reality Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on January 27, 2016 and consequently, the name of our Company was changed to –India Green Reality Limited vide a fresh Certificate of Incorporation dated February 24, 2016, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The corporate identification number (CIN) of our Company is U70101GJ2009PLC058214.

We are a real estate developer with a diversified portfolio of real estate projects at West Bengal and Gujarat and engaged in the business of development and sale of residential and commercial properties including identification and acquisition of land, development of land, acquisition of development rights of projects, marketing of projects/land.

Our real estate projects are broadly classified as set forth below:

Residential Projects: The residential projects include townships, bungalows, resorts, club houses, and other residential projects.

Commercial Projects: The commercial projects include resorts, retail and hospitality projects.

We are member of Confederation of Real Estate Developers Associations of India (CREDAI), a prominent body for real estate developers in India. We are also the member of The Gujarat Institute of Housing & Estate (TGIHE), "Green Building Council (IGBC) and Builders' Association of India" (BAI).

Indian Real Estate: Opportunities and Challenges/ Strategies

OPPORTUNITIES

- ❑ Capital gains exemption to Real Estate Investment Trust (REIT) sponsors at the time of exchange of units. The rental income earned by REITs will be considered as a pass-through and will be taxable in the hands of unit holders.
- ❑ By 2022, Government aims to provide a roof for each family in India. Roof for each family in India by 2022 will require 200 lacs houses in urban area and 400 lacs houses in rural area.
- ❑ The demand for Housing Sector is anticipated to appreciate at Compound Annual Growth Rate (CAGR) of 22 percent from 2013 to 2020, with metropolitan cities expected to contribute 50 percent out of the entire amount. The real estate market in India is projected to touch US\$ 160 billion by the year 2020
- ❑ Growth of Service Sector and organized retail increasing urbanization, rising income levels, contracting household sizes and the easy availability of home loans are the key growth drivers of the Industry.

Challenges/Threats

The real estate sector is a critical sector of the economy. It has a huge multiplier effect and therefore, is a big driver of economic growth. It is the second-largest employment-generating sector after agriculture. Not only does it generate a high level of direct employment, but it also stimulates the demand in over 265 ancillary industries such as cement, steel, paint, brick, building materials, consumer durables and so on.

The key challenges that the Indian real estate industry is facing today are:

- ❑ Lack of clear land titles,
- ❑ Absence of title insurance,
- ❑ Absence of industry status,
- ❑ Shortage of labor,
- ❑ Rising manpower and material costs,
- ❑ Approvals and procedural difficulties.
- ❑ Slowdown in the Global Economy has led to a deceleration in the real estate and infrastructure sector.
- ❑ Compliance in letter and Spirit of the provision of the Real Estate (Regulation and Development) Act, 2016

Our Business Strategies

The following are our key strategies:

- ❑ To focus on improving quality standards and cost structure.
- ❑ It's giving priority in completing and delivering the projects of the good quality on time.
- ❑ To improve its financial Parameters through better performance and ensures timely repayments of principle and interest amount to attract more funds.
- ❑ Develop and maintain strong relationships with strategic partners.
- ❑ Focus on Performance and Project Execution:

Safety, Health and Environment

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. To help ensure effective implementation of our safety policies and practices, at the beginning of each project we identify potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We Endeavour to minimize accidents at our project sites through employment of internal safety officers and adherence to our internal policy in this regard. We believe that accidents and occupational health hazards can be significantly reduced through systematic analysis, risks control mechanisms and training of management, employees and sub-contractors.

Sales & Marketing

Taking in account various parameters relating to the project such as target customers, cost element, price range etc., we use a blend of sales and marketing strategies, depending upon whether the project is a residential or nonresidential. Our marketing and research teams collaborate to design projects based on the demographics, socioeconomic factors and market trends of the target customers, cost element, price range etc. We employ various marketing approaches like launch events, corporate presentations, internet marketing, direct and indirect marketing, site branding etc

Competition

We face competition from various regional & domestic real estate developers. Competitors having superior financial, research, execution and marketing resources than us set competition to us. We intend to diversify our presence in cities other than Ahmedabad and Kolkata and we may face risk with the presence of competitors in regional markets and in the new geographical regions where we intend to foray. We also face competition from several small unorganized operators in the residential segment. However, we expect that our commitment to quality, past record of timely execution and transparency will provide us with an edge over our competitors.

Risks & Concerns

Your Company is aware that the first step in earning rewards in business is to mitigate the risk involved in business decisions. Throughout its long existence your Company has managed its business risks effectively. The management of risk and opportunities is the inherent responsibility of your Company. Many of the risks comprise uncertainties or emerging risks, difficult to quantify or control. Nonetheless, it is important that these are identified so that the Company can have options to deal with them. Enterprise Risk Management Framework has been successfully implemented within the Organization of your Company with an overall objective to measure the progress in risk mitigation through quantifiable means. The process is ever continuing.

Internal Control System and Their Adequacy:

The Company has an adequate internal control system for safeguarding the assets and financial transactions of the Company. Well designed Internal control systems lay down the framework for day- to-day operations, and also provide guidelines for employees and, most importantly, provide a certain level of security against a variety of risks such as fraud and misappropriation.

The Audit Committee meets the Company's Statutory Auditors to ascertain, inter-alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

Your Company's control system and procedures are regularly reviewed for relevance and effectiveness and changed as per the need of business environment.

Human Resources and Industrial Relations:

Human Resource function endeavors to create congenial work environment and synchronizes the working of all departments of the organization to accomplish their objectives. This in turn helps the organization to build and achieve its vision, mission and goals & strategy

Human Resource function is successful since cordial relations are continued to be maintained in respect of the internal as well as external environment for smooth running of the organization, and, it also continue to play a significant role in achieving sustainable competitive advantage and excellence in value creation through engaging and involving the organizational workforce.

The Company recognizes human resources as its biggest strength which has resulted in getting acknowledgement that the Company is the right destination where with the growth of the organization, value addition of individual employees is assured. The total number of employees as on 31st March, 2020 is 45.

