

## MANAGEMENT DISCUSSION AND ANALYSIS

### Indian Economy

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 7.2% in 2017-18 and 7% in 2018-19. India's GDP is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitization, globalization, favourable demographics, and reforms.

India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

### Real Estate sector in India

Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 and contribute 13% of the country's GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times. Commercial office stock in India is expected to cross 600 million square feet while office space leasing in the top eight cities is expected to cross 100 million square feet during 2019-20. Co-working space across top seven cities has increased sharply in 2019 (up to September), reaching 3.44 million square feet, compared to 1.11 million square feet for the same period in 2018.

Increasing incomes, urbanization and economic growth are driving residential and commercial realty demand in India. It has also become a preferred asset class for investments. Segments like warehousing, housing and affordable housing are growing at a fast pace in India, presenting wider opportunities for investors.

### Government initiatives

The Government of India has taken several initiatives to encourage the development in the sector. The Government of India's aim of 'Housing for all by 2022' is driving residential development activity while the Real Estate Development Act 2016 is making the sector more transparent.

Some other major Government Initiatives:

- » Under the Pradhan Mantri Awas Yojana, more than 6.85 million houses have been sanctioned up to December 2018.
- » In February 2018, creation of National Urban Housing Fund was approved with an outlay of Rs 60,000 crore
- » The Securities and Exchange Board of India has given its approval for the Real Estate Investment Trust (REIT) platform which will help in allowing all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion in the Indian market over the years.

Source <https://www.ibef.org/industry/real-estate-india.aspx>

### Hyderabad real estate

The healthy momentum in Hyderabad's residential market continues on the back of RERA implementation, strong buyer sentiment and an upbeat commercial office segment. Nearly 5,000 units have been launched this quarter, an 84% rise y-o-y. A steady rise in land values over the last 2-3 years across the city is now reflecting in increased capital values. New projects are launching at a 10-15% premium on the average market price across all segments. Improvement in infrastructure has played a significant role in rejuvenating the Hyderabad real estate market. The Telangana government has proposed an investment of over Rs 20,000 Crore for infrastructure development in Hyderabad. Hyderabad will witness the maximum supply in the near-to-medium-term (2018-20), with a contribution of nearly 29% to overall supply in the period.

(Source: Knight Frank Report)

### Our Business

The Company's Casa Paradiso project is a large mid income residential project with supersized 3 room residences in at Sanathnagar in Central Hyderabad. The target profile of this project is the middle / upper middle income segment of the market. The project has been designed by Hafeez Contractor, one of the India's largest and most reputed architectural firms.