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MANAGEMENT DISCUSSION & ANALYSIS REPORT

OUTLOOK & OVERVIEW OF THE ECONOMY

The global economies are facing a synchronized slowdown, resulting from a variety of factors affecting the world. The outbreak of Coronavirus 2019 (COVID19) has globally disrupted people's lives, interrupted businesses and jeopardized decades of development progress. According to The World Economic Outlook (WEO) update, global economic growth has been downgraded to 2.4% in 2019, which is its slowest pace since the global financial crisis of 2008. The decline in growth is the outcome of rising trade tensions between large economies, rising uncertainty surrounding trade and geopolitical issues; along with individual macroeconomic problems such as low productivity growth in emerging economies and aging population in advanced economies. To add to the existing issues, the pandemic outbreak has worsened the economic environment. With considerable uncertainty around the world due to the pandemic, its macroeconomic fallout, and the associated impact on financial and commodity markets, the World Economic Outlook has estimated global growth to decline by 5.2% in 2020 .

In China, the containment efforts such as quarantine and widespread restrictions on travel,have resulted in unplanned delays in restarting factories after the Lunar New Year holiday and sharp cutbacks in many service sector activities. With the existing slowdown visible across the globe, the pandemic is expected to have severe consequences on the world economy leading to lay-offs, reduction in capex by companies and delay in discretionary purchases. The economic activity in U.S. and Eurozone economies is expected to fall sharply as these economies undertake measures to contain the outbreak.

The Indian economy decelerated sharply in the fourth quarter at 3.1%, lowest in almost 17years, after growing at 4.1% in Q3 FY20. As per the Central Statistics Office (CSO), GDP growth for FY20 stood at an 11-year low of 4.2% lower than the government projection of 5.0% in both first and second advance estimates. The country's fiscal deficit worsened to 4.59% of GDP, much beyond the targeted 3.8% of GDP and expected to worsen further with the dip in tax collection and revenue shortage due to the subsequent effects oflockdown on the economy. The core sector contracted by arecord 38% in April as the lockdown hit all eight infrastructure sectors. According to the CSO, country's factory outputgrowth contracted to 0.7% in FY20, as against expansion of 3.8% in FY19. Consumer durables output, an indicator of urban demand, contracted by 8.4% in FY20, compared with a growth of 5.5% in FY19.

According to the Asian Development Bank, India's GDP grow this projected to contract by 4.0% in FY2021 before recovering sharply to 6.2% in FY2022, on the assumption of recovery from the pandemic in the second half of 2020. With the lockdown scenario, consumption and investments are expected to be severely impacted in the first quarter. The gross fixed capital formation is likely to decline with rising risk perception and uncertainty around the pandemic. RBI has cut the repo rate by 40 bps to 4.0% in May 2020, which is the lowest ever androlled out a range of measures to preserve financial stability and counter the economic impact of COVID19. The central bank has undertaken open market operations and US dollar–rupees waps to ensure adequate rupee and dollar liquidity during the recent global sell-off. While there is gloom in the near term with the unprecedented situation led by the outbreak, domestic demand will rebound strongly once the pandemic passes and full economic activity resumes. The historical corporate tax cuts introduced in September 2019 are expected to encourage domestic and foreign private investments in the long run. Also, the alternative tax regime introduced in the latest budget is expected to increase household disposable income, thereby boosting private consumption, and potentially expanding the tax base. FY20 inflation stood at 4.8%, belowthe RBI's upper target limit and is expected to fall further in thecurrent year with declining crude prices and slump in domestic demand, making the rate cuts more favorable. Prices for some manufacturers are likely to increase with supply disruption and rupee depreciation. The country's exports of goods and services are expected to improve once the global economies recover from the shocks of the pandemic. While the long term outlook looks robust for the country, a prolonged COVID19 pandemic would push the global economy into deep recession and further slow Indian growth.

The Indian real estate sector has been trying to get back on its feet and come to terms with multiple reforms and changes brought in the sector in the last few years. While it was a tough task for the sector to align itself with these new regulations, the measures have been instrumental to bring transparency, accountability and fiscal discipline over the last few years.

Prior to COVID19, the real estate sector was expected to growto USD 650 billion and contribute around 13% of India's GDP by 2025 (from around 6-7% in 2017), according to ANAROCK Research.

Over-reliance on NBFC funding led to severe funding issues after the IL&FS default, wherein RBI had asked NFBCs to bring down their exposure to real estate sector. The share of NBFC loans to real estate which plunged to 46% of total credit to real estate sector in 2018-19, and is expected to further comedown.

Current corona virus outbreak is expected to derail the sector's growth momentum in the short term due to its impact on the overall slowing economy. According to industry estimates, 90% of the workforce employed in real estate and construction sector is engaged in the core construction activities, while the rest 10% is involved in other ancillary activities. Since majority of the workers are immigrants, labor shortage could possibly pose a major challenge for the sector post COVID19 lockdown.

While the pandemic outbreak could temporarily disrupt the sector, there are certain greenshoots in this adverse situation.The recent liquidity crisis has worsened the situation for smaller players which were anyway finding it difficult to adhere to new norms laid by RERA leading to a new wave of consolidation.. Larger established players with strong access to funding are expected to gain market share. Also, the current situation is expected to open up a lot of business development opportunities for well capitalized developers.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian residential sector has been grappling with subdued demand for the past few years and the recent developments (ongoing impact of NBFC crisis and COVID19) have made things even more difficult for the sector. According to the property research firm Knight Frank, the total sales volume in the top eight cities increased by a modest 1% in CY 2019 to 245,861 units as the sector continued to be impacted by the prolonged crisis in the NBFC sector. While certain measures such as the consecutive rate cuts by the RBI, the reduction of GST rates to 1% for affordable housing and 5%for others and the setting up of an Alternative Investment Fund(AIF) have helped home-buyer sentiments, they've had little impact on the sales for the sector.

COVID-19 has severely hit residential real estate business and the sector has come to a stand still in the short term. While the sector was coming out of the woods after the liquidity crisis initiated by the IL&FS fiasco and subsequent fall outs of various financial institutions, the pandemic outbreak could further impact the sector.

Amidst the current COVID-19 outbreak, the sector is likely to witness major disruptions due to construction delays and financing issues. Also, many prospective customers could consider postponing their decisions either to stay away from the project sites or in the expectations of a price correction.According to ANAROCK Research, new launches could decline by 25%-30% and sales volume could decline by 25%-35% in CY2020.

Well capitalized & established players have gained substantial market share overthe years. This consolidation phase is likely to continue amidst the current COVID-19 outbreak and probably accelerate, aswe emerge from this pandemic.

Budget 2020 – takeaways

Budget 2020 did not have much to offer to the real estate sector except for extension of benefits for affordable housing by one year and concession in real estate transactions. It had no measures to boost the demand in non-affordable housing category or liquidity in the sector. Some of the key measures include:

Interest deduction benefit on affordable housing

The Government in its attempt to boost affordable housing demand, proposed to extend additional tax benefit of INR 1.5 lakh on interest paid on affordable housing loans by one year till March 2021. The additional deduction is over and above INR 2 lakh which was introduced in the previous year's budget.

Tax holiday for Affordable housing developers

In order to encourage developers to focus on affordable housing projects, the Government extended the date of approval for these projects for availing tax holiday on profit earned by developers by one year till March 2021. The tax holiday which was being provided under section 80-IBA for approved projects during the period from June 1, 2016 to March 31, 2020 has been extended by a year.

Rationalization of capital gains tax on difference between circle rate and transaction rate

Earlier for real estate transactions, if the consideration value was less than circle rate by more than 5%, the difference was considered as income accruing to both the buyer and seller and hence taxable to both. In order

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to facilitate real estate transactions and provide relief to the sector, the government increased the limit from 5% to 10%.

New income tax regime for taxpayers

The Government introduced an alternative tax regime and in case an individual moves to the new tax regime, the tax exemption including deduction repayment of principal (for INR 1.50 lakh) and deduction on interest payable on housing loan has to be forgone, which is potentially negative for the sector.

Real estate sector in India is expected to reach a market size of US$ 1 trillion by 2030 from US$ 120 billion in 2017 and contribute 13 per cent 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.

COMPANY STRENGTHS

Promoters and senior management continues to put efforts to focus on Project Planning and Execution for delivering present-day design and quality construction.

The Project management team comprises of experienced, highly qualified experts with vast experience in their functional areas. The team drives the organization through their contribution. The organizational framework has been designed to manage the design, engineering, procurement and execution of concurrent, multi-site projects keeping a focus on delivery of developments of International standards.

OPPORTUNITY: The growth opportunity in the Real Estate Sector is far from over. It will continue to play out over the medium term. Large number of unorganized players have exited the market leaving more opportunities for the serious players.

Consolidation

The Indian real estate sector has been in a consolidation phase from the past few years and picked up pace resulting from several reforms and disruptions in the sector. After the IL&FS default, NBFCs have been mandated by RBI to reduce their exposure to real estate sector, which has created funding issues for smaller real developers who anyway do not have access to bank funding. In such cases, these players face adouble whammy – issues in construction funding on one handand existing deal cancellations due to halt in construction activity on the other hand. This opens up new avenues of growth for organized developers with healthy balance sheets and execution track record to take over the projects of smaller developers at attractive valuations. It allows them to increase their portfolio offering and improve home-buyer confidence.The ongoing consolidation is expected to accelerate further amidst COVID19 and established, well capitalized players stand to gain further market share.

Affordable housing

Affordable housing continues to remain a significant opportunity for players and key focus area of government, as major short supply of housing lies in the economically weakand low-income segments. The government's constant push for affordable housing has shifted the focus from high-endand luxury segments to the affordable segment. Accordingto ANAROCK research, during the past 5 years, the share of launches in the affordable segment across the top 7 cities of India, has risen from CY35% in 2013 to 40% in CY2019. This share is expected to increase further in the near future owing to subsidies provided by government to promote affordable housing. In Budget 2020, the government announced several measures to boost affordable housing. In its attempt to boost the affordable housing demand, the government has proposed to extend additional tax benefit of INR 1.5 lakh on interest paid on affordable housing loans by one year till March 2021. Also, in order to encourage developers to focus on affordable housing projects, the Government has extended the date of approval for these projects for availing tax holiday on profit earned by developers by one year till March 2021.

Digital Real Estate Sales

With the rapidly evolving marketing landscape, digital marketing tools have emerged as important tools for real estate companies to amplify their sales and reach out to customers globally. With a sharp focus on building consumer experienceand connection through digital means, established brands will be ahead of the curve, giving a competitive edge to their business. According to the report 'Real Estate in a Digital Age',around 94% of millennials and 84% baby boomers searched for their future homes online. Social media platforms can be extensively used to promote listings maintain relationships with existing customers and find new prospects. The recent lockdown due to COVID19 has forced real estate companies to focus much more on digital marketing and online platforms.

Monetary Easing

The real estate sector performance is closely linked to the country's economic fundamentals and monetary policies. The Reserve Bank of India cut its benchmark repo rate by 250 bps since February 2019 to 4.0%, which is the lowest ever reporate in its attempt to support the slowing economy from further deterioration due to COVID19. Monetary easing initiatives are expected to provide an impetus to housing demand once the economy revives and encourage home buyers and real estate developers.

THREAT: Even as the demand in the Real Estate Sector is increasing gradually, the squeezed financial scenario and NBFC issue has let to major liquidity challenges and increased borrowing costs.

Huge inventory pile up and delayed projects have affected the confidence of residential enduse customers as well as the investor community.

Regulatory Hurdles

Unfavorable changes in government policies and the regulatory environment can adversely impact the performance of the sector. There are substantial procedural delays with regards to land acquisition, land use, project launches and construction approvals. Retrospective policy changes and regulatory bottlenecks may impact profitability and affect the attractiveness of the sector and companies operating within the sector.

Funding

The lending to real estate developers by NBFCs and HFCs fell by almost half to about INR 27,000 crore in FY19, triggered by the IL&FS crisis, according to a report by property consultant JLL. This NBFC crisis has further deteriorated the liquidity situation for smaller developers who had to resort to alternative funding in absence of long term loans from banks. While established developers with lean balance sheets continue to have funding access, many developers are facing significant liquidity pressure.

RISKS AND CONCERNS

Vipul's risk management approach focuses on mitigating the adverse impact of external risks on its business objectives. The framework comprises a combination of centrally issued policies and divisionally-evolved procedures that are regularly reviewed for their alignment with sectoral dynamics and evolving trends.

The Company has a Risk Management Committee which is entrusted with the responsibility of establishing polices to monitor and evaluate the risk management systems of the Company.

The Company aims at continuous improvement of the processes which inter-alia include, reporting methodology of the legal matters, efficient engagement of high quality panel of third party lawyers, standardization of key documents and strengthening internal guidelines and processes on documentation, legal matters and their reporting.

Industry Cyclicality

The real estate market is inherently a cyclical market and isaffected by macroeconomic conditions, changes in applicable governmental schemes, changes in supply and demand for projects, availability of consumer financing and illiquidity. Your Company has attempted to hedge against the inherent risks through a business model comprising joint ventures, residential platforms, and development management through a pan-India presence. However, any future significant downturn in the industry and the overall investment climate may adversely impact business.

Statutory Approvals

The real estate sector in India is heavily regulated by the central, state and local governments. Real estate developers are required to comply with a number of laws and regulations, including policies and procedures established and implemented by local authorities in relation to land acquisition, transfer of property, registration and use of land. These lawsoften vary from state to state. Several of your Company's projects are in preliminary stages of planning and any delay in obtaining approvals could warrant revised scheduling of project timelines.

Vipul Limited

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and verified by Statutory as well as Internal Auditors.

The internal control is supplemented by extensive programme of internal audits, review by Audit Committee and Board of the Company. The system has been designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company.

Significant audit observations, if any and follow up actions thereon are reported to the Audit Committee. Further to maintain its objectives and independence, the Internal Auditors reports to the Chairman of the Audit Committee.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

You Company continues to focus its business strategy on its core markets; reduce debt and improve the quality of debt; rationalize costs and capital expenditure. Your Company continues to focus on delivering and completing projects in a timely manner with complete focus on quality.

Here are some key facts for FY2020 as compared to FY2019: (Rs in Lakh)

Particular	**Financial Year Ended 31.03.2020**	**Financial Year Ended 31.03.2019**
Revenue from operations	**16,097.32**	21,566.97
Other Income	**2,446.15**	489.54
Total Income	**18,543.47**	22,056.51
Total Expenses	**21,651.06**	21,904.26
Profit /(Loss) before Tax	**(3,107.59)**	152.25
Less: Tax Expense:		
(i) Current Year	**-**	141.86
(ii) Deferred tax	**(364.59)**	(132.65)
Profit / (Loss)of the year	**(2,743.01)**	143.04
Other Comprehensive Income		
A. (i) Items that will not be reclassified to profit or loss	**(50.61)**	(41.75)
(ii) Income tax relating to items that will not be reclassified to profit or loss	**(17.68)**	(14.59)
B. (i) Items that will be reclassified to profit or loss	**-**	-
(ii) Income tax relating to items that will be reclassified to profit or loss	**-**	-
Total Comprehensive Income	**(2,775.93)**	115.88

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Vipul firmly believes that its intellectual capital plays a fundamental role in sustaining profitable business growth. In keeping with this conviction, the Company continues to invest in dedicated programs for its people to nurture skill and build capabilities that will help them in addressing current and future business needs.

The focus of human resource function is not only to improve employee productivity, skill sets and knowledge but also to improve employee empowerment and welfare. All the process and policies of Human Resources function are tuned to support the overall business needs, people strategy and organization goals.

The above ensures that a pool of ably skilled workforce is available to the company to choose from. Before becoming a member of Vipul family, he or she goes through a stringent evaluation process that resonates well with Vipul'swork culture.

As on March 31, 2020, the total strength of your Company's employees stood at 124.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

The significant changes in the key financial ratio of the Company, which are more than 25% as compared to theprevious year are as given below

SI. No.	Particulars	FY 2019-20	FY 2018-19	Change (%)	Explanations
1.	Debtors Turnover	0.36	0.66	(45.45)%	Decline in Turnover
2.	Operating Profit Margin (%)	-2.51	24.36	(110.30) %	Decline in Turnover and escalation in costs
3.	Net Profit Margin (%)	-14.79%	0.65%	(2375.38) %	Decline in Turnover and escalation in costs

CAUTIONARY STATEMENT

Statements in this report on Management Discussions and Analysis describing the Company's objectives, estimates and expectations may be forward looking statements based on certain assumptions and expectations of future events. Actual results might differ substantially or materially from those expressed or implied. The Company assumes no responsibility nor is under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events. This report should be read in conjunction with the financial statements included herein and the notes thereto.

For & on behalf of the Board of Vipul Limited

sd/-
Punit Beriwala
Managing Director &
Chief Executive Officer
00231682

sd/-
Vikram Kochhar
Director
03098195

Place: Gurugram
Date: August 20, 2020