



MORARJEE REALTIES LIMITED

133rd ANNUAL REPORT 2004-2005



PENINSULA
CORPORATE PARK



ANNUAL REPORT 2004 - 2005

BOARD OF DIRECTORS

Shri Ajay G. Piramal
(Chairman)

Smt. Urvi A. Piramal
(Vice-Chairperson)

Shri Jaydev Mody
(Managing Director)

Shri Amitabha Ghosh

Shri C. M. Hattangdi

Shri D. M. Popat

Shri H. M. Kothari

Shri P. A. Akbar Ali
(Nominee of LIC)

Shri Rajeev A. Piramal

Shri V. C. Vadodaria
Company Secretary

SOLICITORS :

Mulla & Mulla & Craigie Blunt & Caroe

AUDITORS :

Shah & Co.

Chartered Accountants

BANKERS :

Allahabad Bank

HDFC Bank Ltd.

REGISTERED OFFICE :

106, Peninsula Centre,
Dr. S. S. Rao Road,
Parel, Mumbai - 400 012

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Annual General Meeting of the Company will be held on **Wednesday, the 31st August, 2005 at 2.30 p.m.** at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020

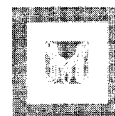
SHARE TRANSFER AGENT
Amtrac Management Services Limited

Administrative Unit

106, Peninsula Centre, Dr. S. S. Rao Road,
Parel, Mumbai - 400 012.

Processing Unit

Plot No. 101/102, MIDC 19th Street,
Satpur, Nasik - 422 007
email : amtrac@bom3.vsnl.net.in



Morarjee Realities Limited

(FORMERLY - THE MORARJEE GOCULDAS SPINNING & WEAVING COMPANY LIMITED)

NOTICE

Notice is hereby given that the 133rd Annual General Meeting of the members of Morarjee Realities Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 on Wednesday, the 31st day of August 2005 at 2.30 p.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr D M Popat, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr C M Hattangdi, who retires by rotation and is eligible for re-appointment.

Special Business

4. To consider, and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s Haribhakti & Co., Chartered Accountants, Mumbai be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board from time to time."

5. To consider, and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr Rajeev A. Piramal, who was appointed as an Additional Director of the Company on 27th July 2004 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

6. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provision of Sections 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, the approval of the members be and is hereby accorded for the re-classification of the authorised share capital of the Company and consequent substitution of Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company in the following manner :

Clause V of the Memorandum of Association

- V. The Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 3,99,99,000 (Three Crores Ninety Nine Lakhs Ninety Nine Thousand) Equity Shares of Rs.10/- (Rupees Ten) each and 1,000 (One Thousand) - 5% Cumulative Redeemable Preference Shares of Rs 10/- (Rupees Ten) each and the Share Capital shall be capable of being increased and reduced in accordance with the Company's Regulations and Legislative provisions for the time being in force in that behalf, with power to divide the shares in the Capital for the time being into Equity Share Capital and

Preference Share Capital and to attach thereto respectively any preferential qualified or special rights, privileges or conditions.

Article 4 of the Articles of Association

4. The Capital of the Company is Rs.40,00,00,000/- (Rupees Forty Crores only) divided into 3,99,99,000 (Three Crores Ninety Nine Lakhs Ninety Nine Thousand) Equity Shares of Rs.10/- (Rupees Ten) each and 1,000 (One Thousand) - 5% Cumulative Redeemable Preference Shares of Rs 10/- (Rupees Ten) each, subject to it being increased or reduced in accordance with the regulations of the Company and the Act, and the Legislative provisions for the time being into Equity Share Capital and to attach thereto respectively any preferential qualified or special rights, privileges or conditions.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 23rd August 2005 to Wednesday, 31st August 2005 (both days inclusive).
4. Those members who have so far not encashed their dividend warrants for the below mentioned financial year may claim or approach the Company for the payment as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the date mentioned thereagainst. Kindly note that after such date, the members will lose their rights to claim such dividend.

Financial year ended	Due date of transfer
30.06.1998	19.12.2005

5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend for the financial year ended 30th June 1997 has been transferred to Investor Education and Protection Fund.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 30th June, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai by submitting the application in the prescribed form.
7. Section 109A of the Companies Act, 1956 permits Nomination by the shareholders of the Company in the prescribed Form No. 2B. Shareholders are requested to avail of this facility.



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The duly filled in and signed Form No. 2B should be sent to the Share Transfer Agents of the Company at their Nasik address.

8. In order to render better and efficient services we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios you are requested to forward your share certificates to the Share Transfer Agents of the Company at their Nasik address.
9. Members holding shares in physical form are requested to immediately intimate to the Company/ Share Transfer Agents, changes, if any, in their registered addresses alongwith the pin code number. Members holding shares in dematerialised mode are requested to forward intimation for change of address, if any, to their respective depository participants.
10. Trading in the Company's shares through stock exchanges is permitted only in dematerialised/electronic form. In view of the numerous advantages offered by the Depository System, members holding shares in the Company in physical form are requested to avail of the facility of dematerialisation.
11. Re-appointment of Directors

Mr. D. M. Popat and Mr. C. M. Hattangdi who are retiring by rotation at the ensuing Annual General Meeting, are eligible for re-appointment. Approval of the shareholders is also being sought for the appointment of Mr. Rajeev A. Piramal as Director of the Company. The information/data to be provided in this regard under the Corporate Governance Code of the Listing Agreement, is given in the Corporate Governance Section of this Annual Report.

By Order of the Board

V C Vadodaria
Company Secretary

Registered Office:

106 Peninsula Centre,
Dr. S. S. Rao Road, Parel
Mumbai 400 012.
Mumbai : 28th June 2005

Explanatory Statement

Explanatory statement under section 173(2) of the Companies Act, 1956 ("the Act")

Item No 4

M/s Shah & Co., Chartered Accountants, Mumbai the present Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting. They have expressed their inability to continue as the Statutory Auditors of the Company for the next financial year ending 31st March 2006. The Company has received a joint notice under section 225 of the Companies Act, 1956 from some members proposing the appointment of M/s Haribhakti & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company for the financial year ending 31st March

2006. It is therefore proposed to appoint M/s Haribhakti & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting for the financial year ending 31st March 2006. M/s Haribhakti & Co., have conveyed their willingness and also that their appointment is in conformity of the provisions of Section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

Item No 5

Mr Rajeev A Piramal was appointed as an Additional Director of the Company with effect from 27th July 2004 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and he holds office up to the date of this Annual General Meeting.

The Company has received a joint notice alongwith deposit under section 257 of the Companies Act, 1956 from some members proposing the candidature of Mr Rajeev A. Piramal as Director of the Company.

Brief Resume of Mr Rajeev A. Piramal and his experience and other Directorships held by him are given in the section concerning Corporate Governance in the Annual Report.

The Directors, therefore, recommend the resolution appearing under the item no.5 of the accompanying Notice for your approval.

The Directors interested in the above resolution are Mr Rajeev A. Piramal, Mr Ajay G. Piramal, Mrs Urvi A Piramal and Mr Jaydev Mody (relatives of Mr Rajeev A. Piramal).

Item No 6

Presently the authorised share capital of the Company is Rs 40 crores divided into 4 crores equity shares of Rs 10/- each. Pursuant to the Scheme of Arrangement and Amalgamation between the Company, Piramal Holdings Limited (PHL) and Piramyl Retail and Merchandising Private Limited (PRMPL) it is required to issue 1000 - 5% Cumulative Redeemable Preference Shares of Rs 10/- each to the equity shareholders of PRMPL. Therefore, it is proposed to reclassify the authorised share capital of the Company into 3,99,99,000 Equity Shares of Rs.10/- each and 1,000 - 5% Cumulative Redeemable Preference Shares of Rs 10/- each aggregating Rs 40,00,00,000/-.

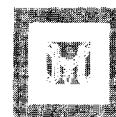
As per the provision of Sections 16,31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Directors recommend the said resolution for the approval of the members. None of the Directors are concerned or interested in the above mentioned resolution.

By Order of the Board

V C Vadodaria
Company Secretary

Registered Office:

106, Peninsula Centre,
Dr. S. S. Rao Road, Parel
Mumbai 400 012.
Mumbai : 28th June 2005



Morarjee Realities Limited

(FORMERLY - THE MORARJEE GOCULDAS SPINNING & WEAVING COMPANY LIMITED)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 133rd Annual Report and Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

The Financial Performance is presented below:

Particulars	Year ended 31 st March 2005 (12 Months)	Rs. Lakhs Period ended 31 st March 2004 (18 Months)
Total Income	6414.28	64270.72
Profit / (Loss) before extraordinary items / prior period adjustments	(37.32)	20598.71
Extraordinary Items / prior period adjustments	(914.99)	(27816.35)
Net Profit / (Loss)	(952.31)	(7217.64)
Balance brought forward	(16357.31)	(9139.67)
Balance carried to Balance Sheet	(17309.62)	(16357.31)

DIVIDEND

In the absence of profits, the Directors do not recommend any dividend.

OPERATIONS

The Board is happy to report that the "Ashok Towers" project launched during the year has met with great success, and substantial part of the flats have been sold out in a short span of time. The project would vastly contribute to the changing skyline of Central Mumbai and would have all the excellent amenities, which such premium residential complexes boast of.

Your Company has with an eye on the future and to consolidate as well as draw synergies, embarked on a Scheme of Arrangement and Amalgamation with Piramal Holdings Limited and Piramyd Retail and Merchandising Private Limited. The Scheme, as you are aware, had been passed by the Shareholders and is awaiting final approval from the Hon'ble Mumbai High Court. The Company would stand to derive significant benefits from the merger leading to increased shareholder value.

On the project front, we did have to counter with PIL's and consequent delays in getting certain approvals, but with the Supreme Court directive, all issues are expected to get resolved soon. In any case, your Company has all the basic approvals in place and gets affected only marginally because of such litigations. Although the

measures like imposition of Service Tax on Residential units in the recent budget is a dampener, overall the residential sector in Mumbai does seem to be on the upswing as borne out by the rising prices.

Further details on the Operations are given in the "Management Discussion and Analysis Report".

FIXED DEPOSITS

52 Deposits amounting to Rs 3.36 Lakhs matured on or before 31st March 2005 and were unclaimed due to lack of instructions from depositors. None of the Deposits have since been repaid.

STATUTORY STATEMENTS

In view of the nature of activities, which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to conservation of energy and technology absorption respectively, are not applicable to the Company.

Disclosure of information relating to Foreign Exchange outgo as required under Rule 2 (c) is already given in Schedule 16(5)(C) (iii) forming part of the Audited Annual Accounts.

PARTICULARS OF EMPLOYEES

The Directors acknowledge with thanks the contribution made by employees towards the growth of the Company and appreciate their unstinted cooperation and support to the Management.

There was no employee in receipt of remuneration as prescribed under Section 217(2A) of the Companies Act, 1956.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the year under review. Pursuant to Section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the year under review, the Directors hereby confirm that they have -

- Followed in the preparation of Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- Selected such Accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2005 and its loss for the year ended on that date;
- Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 so as to



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safeguard the Assets of the Company and to prevent and detect fraud and other irregularities; and

- (iv) Prepared the Annual Accounts on a going concern basis.

DIRECTORS

During the year, Mr Rajeev A Piramal was appointed as Additional Director of the Company. He holds office upto the date of this Annual General Meeting. Your approval is sought for his appointment as Director of the Company.

Mr D M Popat and Mr C M Hattangdi, Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment, which the Board recommends.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance norms as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance alongwith a certificate from the Auditors confirming the compliance is annexed and forms part of the Directors' Report.

AUDITORS

The Auditors, M/s Shah & Co., retire at this Annual General Meeting and have expressed their inability to continue as the Statutory Auditors of the Company. The Company has received a joint notice from some members proposing the appointment of M/s Haribhakti & Co., Chartered Accountants as the Statutory Auditors. The Board recommends their appointment and has received a letter from them expressing their willingness and eligibility to take up the Audit u/s 224 (1B) of the Companies Act, 1956, if appointed.

ACKNOWLEDGEMENT

The Directors express their deep gratitude and thank the Central and the State Governments as well as their respective Departments and Development Authorities connected with the business of the Company, contractors and consultants and also Banks, Financial Institutions and shareholders for their continued support and encouragement.

By Order of the Board

Ajay G. Piramal
Chairman

Mumbai: 28th June, 2005

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Morarjee Realities Limited

(FORMERLY - THE MORARJEE GOCULDAS SPINNING & WEAVING COMPANY LIMITED)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2004-05

I. The Overall Review

The Company clocked a turnover of Rs. 64 Crores and a marginal Loss before Extraordinary Items / Prior Period Items of Rs. 0.37 Crores.

You may recall that your Company had during the last period revenue streams from Textiles, Tools Division and Realty Sale. Subsequent to the reconstruction exercise reported in the last period, the Company's focus has been on identifying, designing, developing and marketing of Properties. It has been our endeavour to provide sharper focus, adopt best practices in the property developments that we undertake and realize its business potential as a focused Realty player.

In the last one year, your Company has managed to take major steps towards the development of its prestigious residential development called "Ashok Towers" at its land at Unit 1, Parel. Currently under construction, this 10 lakh square feet premium residential complex is spread over 18 acres of space in central Mumbai with a built in cricket and football ground. The Complex would comprise of four towers, with extensive landscaped gardens, children's play area and ample car parking space spread over 3 levels. Besides, it would have a Clubhouse spread over 15000 sq.ft, swimming pool, and Amphi theatre, Tennis Courts etc.

Ashok Towers looks at changing the image of residential properties at Parel by building sky scrapers and providing luxury apartments with excellent amenities.

The measure of the success can be gauged from the response to the bookings. All the flats in the four towers have virtually been sold out within a year's time.

II. Business environment

The Financial Year 2004-05 saw India reach new heights. India continues to shine with the economy slated to grow at a rate of 7% p.a. over the next few years. In tandem with the economic boom, the profile of the Indian consumer is fast changing. Consumer spending is on the rise Driven by the positive growth in industry and the revolutionary and fast paced changes in the information technology sector, retail marketing and residential real estate is booming in India. The general business environment in the Real Estate Market has been good owing to strong fundamentals; impetus provided by the general turnaround in the economic outlook, the easy

availability of cheap credit and the various fiscal incentives provided by the Government.

India's Office Space Scenario

The growth in the Indian commercial scenario is largely due to the tremendous growth in India's Information Technology Industry.

The Information Technology sector, the fast growing sector, has been growing at a sustained pace of 50% (YOY). The sector's growth in 2003 made India the fastest growing and fourth largest domestic market in the Asia-Pacific region. The growth trend in the domestic IT market is estimated to peak in 2005 at 21 per cent.

Software accounts for exports worth \$13 billion against a total merchandise export of \$60 billion. The ITES-BPO segment contributes 29 per cent to the total IT software and service exports from India and is estimated to have grown by about 54 per cent with export earnings of US\$3.6 billion during 2003-04. Outsourcing continues to be the main source of growth in IT services and has become a mainstream business practice for companies. By 2007 outsourcing is estimated to make up for 56 per cent of the IT services market.

ITES is now an industry, which is growing by leaps and bounds both through participation by captive units of multinationals and third party providers of Indian origin. Given the present and estimated trends of the industry, the time is right to invest in India.

India's Residential Real Estate Scenario

Recent research indicates that 50% of urban India's top priority is to own a home with the figure reaching 80% in Mumbai. With increasing incomes, double income families, declining interest rates and the ease of disbursement of loans made easy, buying a home with future income has become a reality. The demand for quality construction, well-equipped homes and availability of recreational activities at competitive rates is rising.

The Government of Maharashtra's (2002) report that mentions bringing non-functional industrial land into use has led to some erstwhile industrial land being converted into commercial and residential hubs.

Owing a home is now a top priority for a majority of Indians

India's Retail Scenario

India's retail sector is witnessing a remarkable transformation as traditional markets are making way for shopping malls, departmental stores, hypermarkets, supermarkets and specialty stores. Ranked the fifth most attractive emerging retail market, and second in



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a Global Retail Development Index of 30 developing countries, India is now a global retail company's dream come true. Increasing disposable incomes, increase in shopping as recreation and an almost untapped retail industry are key factors that are attracting global retail companies to invest in India.

India's total retail market is estimated at \$202.6 billion and it is expected to grow at a compounded 30 per cent over the next five years. Interestingly, organised retail presently comprises only 2% of the total market in India, which implies that the untapped segment amounts to a whopping \$225 billion. Analysts feel that the share of modern retail is likely to grow from its current 2% per cent to 15-20% over the next decade.

Availability of quality real estate and mall management practices along with consumer preference for shopping in new environs is driving the retail business to new heights.

Traditional markets are steadily making way to shopping malls across India.

III. Operations Review

During the year under review, the Company has, as already mentioned, made significant progress on its "Ashok Towers" project.

The Company has during the year announced a merger of Piramal Holdings Limited with itself and the Composite Scheme of Arrangement and Amalgamation is awaiting final approval of the Bombay High Court after being sanctioned by the Shareholders / Creditors. The merged entity would derive synergy through integration of realty development business, expertise, assets and elimination of redundancies. With a stronger Balance Sheet, our appetite for projects would naturally escalate. Due to focused approach, there would be consequential brand equity and increased visibility. The bandwidth would increase from just development of Textile Mill Lands to Shopping Malls, Commercial Complexes, Residential Townships, IT Parks etc. The larger entity would naturally bring about access to cheaper Capital which would benefit the Company largely.

The recent move to allow 100% Foreign Direct Investment (FDI) in Construction through the automatic route can be heralded as the harbinger of developments in future. Townships can now be developed over 25 acres as against 100 acres earlier. FDI has also been permitted for construction of commercial projects of 50000 sq. mtrs. This will allow the retail real estate sector to flourish as new and technologically enhanced products get put onto the market. Through sustained Marketing and sales

initiatives, excellence in systems and procedures and strong competency in project Management, we expect to achieve rapid growth.

IV. Financial Review

During the year under review, the Company has recognized revenue in proportion to the actual bookings done for the percentage completion of work as per Architect's certificate. The Company is confident of finishing the project in good time as it has deployed superior technology with an eye on faster completion. Total Income of Rs. 64 Crs. has resulted in a marginal Loss of Rs. 0.37 Crs. before Extraordinary Items.

The full financial picture would evolve as and when the project progresses and the other steps taken by the Company fructify.

V. Internal Control

The Company has proper and adequate system of internal controls to see that all the assets are safeguarded and are productive. The Company has strong and adequate internal audit and checks and balances are in place to ensure that transactions are adequately authorized, recorded and reported correctly.

The Company has engaged the services of a professional agency to conduct internal audit to ensure that internal controls are in place at all the sites and offices. These are being reviewed by the Audit Committee of the Board and corrective actions are being taken by the Company where needed. The Directors consider existing internal controls as adequate.

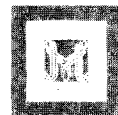
VI. Human Resources

We are indeed fortunate to have a team of dedicated personnel and consciously take care to create a climate where all team members fully realize their individual potentials leading to achievement of Company goals.

VII. Opportunities and Threats

The revival of the property markets owing to several factors enumerated above is clearly an opportunity for your Company. The recent sale of Land of Mumbai Textile Mills belonging to the National Textile Corporation at a phenomenal rate of Rs. 702 Crores to the Jwala Group clearly demonstrates the growing demand and belief of developers in the market. The Company shall strive to capitalize on the same through timely execution of projects, superior quality right from design to execution, clear titles and transparent documentation.

A Public Interest Litigation has been filed by the Bombay Environmental Action Group on 18th February 2005 praying for certain restraints on development of



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Textile Lands and roll back of certain DC Regulations. The PIL is likely to be heard and disposed of soon. The Oversupply in certain markets due to the Textile Lands coming up for development in Central Mumbai may put pressure on margins. The hardening of interest rates could dampen demand.

VIII. Risks and Concerns

The rising costs of input materials like cement and steel may impact the cost structure of the projects. Imposition of new education cess and extension of service tax to construction contractors could have inflationary impact.

The Company is addressing these concerns actively by monitoring the projects time cycle, controlling wastages and by keeping a vigil on cost reduction opportunities.

IX. Business Outlook

The real estate markets generally look positive. Your Company is bullish on the residential segment and IT Parks.

During 2005-2006, your Company's focus will be

developing of "Ashok Towers" at Parel while keeping its options open for new opportunities. The imminent sanction of the Scheme of Arrangement and Amalgamation would throw up a much stronger and resilient company which would go a long way in improving the shareholder values. All efforts would be made to constantly protect and improve the operating profit margins on its projects through better utilization of resources, cost control and improvement in realization through brand building coupled with service excellence.

X. CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Although we believe our expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on risk factors.

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