

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors presents before you the Company's Management Discussion and Analysis Report for the year ended on 31.03.2015

The management of the company is presenting herein the overview, opportunities and threats, initiatives by the company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

FORWARD LOOKING STATEMENT

Statement in this report, particularly those which relate to Management Discussion and Analysis, describing the company's future plans, objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might vary materially from those either expressed or implied.

GEMS & JEWELLERY BUSINESS, BULLION, COMMODITIES, ETC.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India has substantial reserves of gold, diamond, ruby and other gemstones. The gems and jewellery sector has been playing a very important role in the Indian economy and contributes about six–seven per cent to the country's gross domestic product (GDP), apart from large scale employment generations and foreign exchange earnings (FEE). Sensing its immense potential, the Government of India has declared the sector as a thrust area for export promotion. In FY 2014–15, the Indian gems and jewellery sector contributed US\$ 34,746.90 million to India's FEE. The primary segments of the sector in India are gold jewellery and diamonds & gems. India is the world's largest consumer of gold, accounting for over 20 per cent of the global gold consumption. The country is also the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. India exports 95 per cent of the world's diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). The industry is projected to generate up to US\$ 35 billion of revenue.

OPPORTUNITIES

- ◆ The country is slowly starting to move towards branded jewellery and consumers are progressively accommodating modern retail formats.
- ◆ Gold jewellery exports from India increased for a second straight month in March 2015 as raw material supply improved following the Reserve Bank of India's ruling to allow more banks to import bullion/precious metals.
- ◆ India has the high skilled low cost Labour.
- ◆ The Indian cut diamonds and designed jewellery are in demand in the international market.

THREATS

- ◆ Gold import is subject to custom duty which fluctuates & can affect the business severely.
- ◆ Gold prices are also not stable that poses threat to the profit margin consequently.
- ◆ Tough competition from the other players may compel Company to offer competitive price and ultimately affect our profit margin.

OUTLOOK

Overall business situation appears to be positive. Company has to concentrate on Product Development; in order to gain some ground in mass market segment. Assuming the inflation is brought under control and input prices remain at reasonable level, the domestic market is expected to continue to deliver a modest top line growth. With the continued effort on Retail up gradation and contemporary experience, the footfall and Brand image at the Retail level would be improved.

RISK & CONCERN

Aggressive competitions by new players, who wish to enter the category, pose a risk of the Company losing its market share. The Company will focus on contemporary designs, better value proposition in the product basket through continuous innovation and on cost management to mitigate the risks.

By Order of the Board of Directors
For DECOROUS INVESTMENT & TRADING CO. LTD.

Place: New Delhi

Dated: 31.07.2015

Raj Kumar Gupta - DIN: 00074532
Whole Time Director & CFO
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