

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry structure and developments**

Indian capital market remained very vibrant and volatile during last financial year. The spate of events globally & domestically affects the capital market in India. Indian capital market is well regulated by securities market regulator SEBI, making it more & more transparent. Repeated changes in various Regulations to adapt to the current requirements/practices has been the hallmark of capital market regulator. All the participants in the capital market are required to get registration as intermediary from SEBI & are required to comply with prescribed Regulation for each activity. Thus the industry structure is well defined & organised.

SEBI adopts the principle of consultative approach for making rules & regulations best suited for capital market with objective of developing & regulating the Indian securities market as well as protecting the interest of the investors. The financial year 2017-18 witnessed huge amount of detection of frauds in banking sector and increasing NPAs and implementation of Insolvency & Bankruptcy Code (**IBC**). The entire banking sector has undergone a turmoil thereby effecting corporate sector as well. However, flow of domestic investments in the capital market enhanced steadily. The investments in Mutual Funds have increased manifold and the Mutual Fund industry has surpassed quantum of FPI investments in India. Direction of SEBI to categorise Mutual Fund schemes also has reflection on the mutual fund industry. The effect of introduction of long term capital gain tax & other measures during budget affecting the capital market systems is to be seen in coming years. Nevertheless appropriate industry structure and conducive developments are likely to have positive effects on the investment climate in general and capital market in particular.

Opportunities & Threats

In the developing economy like India there have been number of opportunities for market participants. The Indian economy is settling after the implementation of two major policy initiatives, Demonetisation & GST. The distortions being faced by the industry are getting smoothed and India is likely to witness well designed tax structure. Overall outlook offers various opportunities for appropriate development of the Indian economy, the effect of which would percolate to capital market. The capital market always faces the threat of hectic trading activity leading to profit booking & withdrawal of large investments by investors including FPIs. Capital market also gets affected by events such as interest rate hikes, monsoon performance, tax concerns, crude oil price, other global events & domestic political events such as interim & state elections. The effect of any of the adverse events on the capital market would pose a threat for the process of capital formation and resource raising. The smaller players will find it increasingly difficult to raise equity resources thereby reducing the income generating opportunities for Companies such as yours.

Segment-wise performance

The income of the Company comprises of fees received on advisory services in the Merchant Banking, Corporate Finance & ESOP Advisory. On a consolidated basis income further comprises of brokerage, depository services, profit on trading besides interest on loan & advances.

During the current year, your Company witnessed good improvement in income from Merchant Banking, Corporate Finance activities & ESOP Advisory services.

Outlook

International Monetary Fund (**IMF**) expects India to grow at 7.8% during 2019. The economic survey of India pegs the figure at about 7% to 7.5% for the current financial year. The outlook for current financial year seems positive. However, various bottlenecks in implementation of policy initiatives may drag the growth to some extent. The political uncertainty is also likely to affect the general economic conditions during the current year. The primary capital market is likely to witness mixed trends. Only large Companies with good amount of profitability are likely to succeed in raising equity resources from the capital market. The smaller & mid cap Companies attempting to raise equity from SME Market are likely to face difficulties in raising genuine money.

Risks & Concerns

The size of your Company is a concern given the segment in which it operates. However, your Company also enjoys a niche in the segment in which it operates for providing value added and efficient services to its clients. It may be increasingly difficult to compete for your Company for securing large size mandates.

Internal Control systems and their adequacy

The company being in existence as Merchant Banker since past 25 years has developed well structured internal control systems to conduct the business within the framework of Regulations. The present structure & systems are adequate and commensurate to the size of operations of your company.

Discussion on financial performance with respect to operational performance

Your Company has adopted a policy of being selective while accepting the assignments particularly in SME IPO space. During this year Company could complete one of the largest SME IPOs to the extent of ₹ 55.00 crores besides handling various assignments on Rights Issue, Buy Back, Delisting, Open Offers for Companies on Dissemination Board and have also conducted various valuation exercises including ESOP advisory. The total income during the year has enhanced to ₹ 1,072.00 lakh from ₹ 764.00 lakh witnessed in 2016-17. Company has also been able to provide corporate advisory services to few large corporates in their acquisition strategy as well as restructuring of business transaction. The overall financial performance of the Company was improved with focussed strategy of providing services to select clients.

Company has taken steps to develop new teams to be able to cater to the requirements of the clients more effectively. It has many mandates on hand for execution during the current financial year.

Material developments in Human Resources/Industrial Relations front, including number of people employed

There are no material developments in human resources /industrial relations front. The Company continues to operate with a sleek employee structure.

DISCLOSURE OF ACCOUNTING TREATMENT

Your Company follows Accounting Standards as prescribed by Institute of Chartered Accountants of India (ICAI) for preparation of financial statements; there is no other such different treatment followed for the same.