

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis (MDA) should be read in conjunction with the Audited Financial Statements of the Company, and the notes thereto for the year ended 31st March, 2020.

BUSINESS OVERVIEW

The Company's main business is holding investment in other entities. The Company holds equity shares mainly in Group companies. The performance of the investments mainly relies on the economic developments and the performance of the investee companies- its profits, dividend and stock prices. The Company's revenue also primarily depends on the movements in the stock market prices of the investee companies.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's financial services sector plays a critical role in driving the country's economic growth by providing a wide spectrum of financial and allied services to a large consumer cross-section. In India, the market for financial services sector is still largely untapped. Digital technology, which has transformed the way business is conducted across the world, is projected to be one of the major drivers for the growth of this sector in India as well. An extensive range of financial products are increasingly being sold and delivered using the electronic platform to millions of customers in India. Greater use of digital technology is helping the sector to lower transaction cost, generate higher productivity and reach unexplored markets in the financial ecosystem.

The Management continues to carry the vision of the Company forward by way of Integrity and transparency in its operations. Being an investment company, greater emphasis is being given on effective corporate governance and ensuring that the commitment of the management is transformed into higher stakeholder value. The Company is keeping up its efforts to improve transparency in its operations and disclosure practices.

OPPORTUNITIES, THREATS & RISKS

The Company depends on the dividends and capital appreciation from the equity it has invested into. Thus, better performance of the investee companies may be beneficial for the Company while on the other hand, any failure by any investee Company to earn profits or distribute dividends or provide capital appreciation can impact the revenue stream of the Company. Any increase in dividend distribution tax by government can be an external threat to the Company's revenue stream.

PERFORMANCE

Financial Parameters of the Company are provided in the Board report under the head Financial Result and Operations in details. The Company continues to carry on the business as an investment Company and for that purpose it plans to invest in, acquire, subscribe for and hold shares, bonds, units, stocks, securities, debentures and/or mutual funds.

OUTLOOK

India's GDP growth in FY20 continued on a downward growth

trajectory which had begun in Q1FY19. The COVID-19 induced lockdown/social distancing measures started in March 2020 and put 75% of the overall economic activity into standstill. It consequently hastened the downward trajectory of GDP growth in Q4FY20 to 3.1%. For FY20, India's GDP growth declined to 4.2% as compared to 6.1% in FY19. The pandemic has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements. Going forward, it is expected that the industry would witness growth in future as the sector is yet to tap its full potential.

RISKS AND CONCERNS

A Company in its normal course of working takes on many risks. For a Core Investment Company the risks that are most important are operational risk, credit risk and competition risk. The identification, monitoring and mitigation of these risks are integral to the success of the Company. The Audit Committee of the Company reviews the probable risk that may affect the financial position of the Company from time to time.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls and that all assets are safe guarded and protected against loss from unauthorized use or disposition, and all the transactions are authorized, recorded and reported correctly. Management continuously reviews the internal control systems and procedures to ensure orderly efficient conduct of business. The review included adherence to the management policies and safeguarding the assets of the Company. The Company ensures that adequate systems are in place for an effective internal control. The audit findings are reported on a quarterly basis to the Audit Committee of the Board headed by a non-executive independent Director.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Financial performance, which has been given in the Directors' report, needs to be viewed in the above Backdrop. There is no significant change in the Key Financial Ratios as compared to the immediately previous Financial Year. Further, the Return on Net Worth has been increased from (3.96) to (3.43).

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company's current activities do not require engagement of significant human resource. However, requisite qualified and experienced personnel have been engaged to take care of organization need of human resource. With the sign of growth, if and when seen, the Company will engage requisite human resource.

CAUTIONARY STATEMENT

Statement in this MDA describing the Company's objectives, projections, estimates and expectations may be a forward-looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.