

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report contains forward-looking statements which are based on certain assumptions, risks, uncertainties and expectations of future events. All statements that address expectations or projections about the future are forward-looking statements. The actual results, performance or achievements can thus differ materially from those projected in any such statements depending on various factors including: the demand supply conditions, change in government regulations, tax regimes, economic development within the country and abroad and such other incidental factors over which, the Company does not have any direct control. This Report is framed in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. Industry Structure & Development

Sustained high economic growth has become a national imperative in India. The Honorable Prime Minister has laid down the vision of India becoming a \$5 trillion economy by 2025 - this requires a sustained real GDP growth rate of 8%. In this direction, steps such as:- reorienting policies for MSME growth, stress on "Sundar Bharat" and "Swasth Bharat", effective use of Technology for Welfare Schemes, plans of redesigning a Minimum Wage System in India for Inclusive Growth and providing affordable, reliable and sustainable Energy – are being stressed upon.

The global economy has witnessed challenging times on account of various reasons such as: Introduction of new and retaliatory tariff measures, heightened US-China trade tensions, weaker global economic growth. The World Economic Outlook (WEO) Report (April, 2019), has envisaged a stabilization of growth of the global economy in the first half of the year and a gradual recovery thereafter. It has further projected that, India's growth is likely to pick up in 2019 and 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

During the financial year under review, India has been the fastest growing major economy in the world. In the year 2018- 19, India recorded a moderated GDP growth rate of 6.8%. This moderation in growth momentum is mainly on account of lower growth in Agriculture & allied, Trade, hotel, transport, storage, communication and services related to broadcasting and 'Public administration & defence' sectors. On the positive side, Banking system improved as Non-Performing Asset (NPA) ratios declined and credit growth accelerated. Insolvency and Bankruptcy Code led to the recovery and resolution of significant amount of distressed assets and improved business culture. Service sector has remained the key driver of economic growth.

Non-Banking Financial Companies (NBFCs) bring in diversity and efficiency to the financial sector and makes it more responsive to the needs of the customers. In the recent past, NBFCs have played increasingly important role in resource mobilisation and credit intermediation, thereby helping commercial sector to make up for low bank credit growth. The crisis faced by a large prominent institution of the country in 2018-19, led to drying-up bank lending, resulting in severe liquidity crunch faced by NBFCs. The government took immediate steps to ring curb the severity. As a result, the flow of resources from the banking

sector to NBFCs did improve to certain extent. However, financial markets remained cautious on NBFCs and the squeeze in of inflow of resources to NBFCs has impacted the lending capability of the sector. The gradual improvement in liquidity situation indicates stabilisation for the NBFC sector and is an indication that, the Industry will be able to tide over the short term liquidity punch. Regardless of the recent panic, NBFCs are here to stay and will play a significant role in economic growth and financial inclusion. Further, the Micro finance institution model has proved itself to be a viable and sustainable means of providing access to finance and meet the financial requirements of the bottom of the pyramid population. As a dedicated credit delivery channel for vast un-banked/under-banked segments, these institutions have been playing a significant role in taking forward the Financial Inclusion agenda of the Government of India. In 2018-19, microfinance in India showed rapid, regionally-balanced and resilient growth.

2. Business Structure & Development

The core financial activities of the Company comprises of providing business loan to corporate and individuals. However, the Company has diversified its financial business portfolio to stay competitive.

The Company has been constantly focused on improving its revenue and maintaining a sustainable growth. The financial performance for the year ended 31st March, 2019 was satisfactory.

3. Opportunities and threats.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same. Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial Services accessible to a wider set of India's population and are emerging as strong intermediaries in the retail finance space.

The intense competition in the NBFC Sector, high cost of funds, coupled with regulatory restrictions - are some of the challenges for the NBFC sector. However, the opportunity of being a well regulated participant in the financial system is likely to outweigh the costs associated with greater regulations in the long run. Moreover, opportunities arising from large untapped rural and urban markets and increasing digitization are expected to benefit the NBFC sector.

4. Segment – wise or product wise performance

During the year under review, the Company earned Interest on loan approximately amounting to ` 18.95 lakhs as compared to ` 18.04 lakhs in the previous year.

5. Outlook.

The sound financial System is essential for country's overall economic growth. The overall performance of the Company for the financial year under review was better than performance of the previous corresponding year. The focus for the forthcoming financial year for the Company will be continued delivery in progressing mode and inculcate a high performance. NBFCs have proven their mettle in many other specialized financial services such as factoring, lease finance, venture capital finance, financing road transport and also in the business of securities-based lending such as Loan against Shares, Margin Funding, IPO Financing, Promoter Funding etc. The Company will strengthen its position in current business and will try to grab new opportunities beneficial for the Company as well as try to overcome all the hindrances and challenges blocking the performance of the Company. The Company is trying to explore new areas which can be developed and marketed to leverage its performance and growth.

6. Internal Control Systems and their Adequacy.

The Company strives to continuously upgrade its Internal Control System in line with the best available practices to commensurate with its size and the nature of its operations. The Company's Internal Control Systems are thus adequate.

The Audit Committee in coordination with the Internal Audit team regularly reviews the adequacy and effectiveness of internal control systems, in view of the ever changing business environments.

7. Review of Operational and Financial Performance.

The Company concluded yet another year of substantial growth in its core business. The Company is showing substantial growth in disbursement of loan and is making all due efforts in achieving its business objectives in the most efficient manner even in the dynamic market conditions. The total income of the Company during the Financial Year 2018-19 was ` 18.95 lakhs as compared to ` 52.73 lakhs for the previous financial year. The total expenses decreased to ` . 280.42 lakhs in the reporting year as compared to ` 2,444.43 lakhs in the previous year.

8. Material developments in Human Resources .

The Company always considers its human resources as a valuable asset and is committed towards their development for continuous growth. Focus on training to enhance the skill-sets of employees in line with the business and market requirements continued throughout the year and it confers rewards and recognition based on merit. Human resources play a key role in helping the Company deal with the fast-changing competitive environment. So, the company endeavors to provide individual development and growth to the employees that motivate them to give high performance helping the Company to achieve its goals. There were 9 number of employees on roll at the end of the financial year under review.

9. Cautionary Statement

The Directors placed on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leaders.

VALUE RESEARCH PREMIUM

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic and political conditions in which the Company operates interest rate fluctuations, changes in Government / RBI regulations, Tax laws, other statutes and incidental factors.

The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

