

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**ECONOMIC SCENARIO**

The Indian economy has weathered many challenges successfully in recent times. Markets are optimistic, as a result of various policy measures announced or taken by the Government. The key policy changes include liberalization of foreign direct investment and a large array of investment facilitation measures.

Commodity prices have remained low, inflation has moderated and low crude prices have supported the Government's current account deficit commitment. A relatively stable rupee and rising foreign exchange reserves are key indicators of an improved and stable macro-economic environment.

The priorities of the Government were to provide additional resources for the vulnerable sections of society, to rural areas and for creating social and physical infrastructure. The Government encouraged private and public spending. The banking system in India saw a major shift with the RBI ending forbearance and through the Asset Quality Review process ensuring that banks were taking proactive steps to clean up their Balance Sheets.

A normal monsoon and further rate cuts by RBI are expected to facilitate rural and urban consumption. The year ahead will be challenging on many fronts, credit quality and shifts in operating model, to name a couple. Accepted norms and rules of doing business are likely to be rewritten with digital innovation, increased use of technology in financial services and payment and small banks coming on stream. The NBFC sector appears to be best placed to take advantage and succeed in this changing environment.

**INDUSTRY STRUCTURE AND DEVELOPMENT**

Indian economy is going through a period of rapid financial liberalisation. Today, the intermediation is being conducted by a wide range of financial institutions through a plethora of customer friendly financial products. The segment consisting of NBFCs, such as equipment leasing/hire purchase finance, loan and investment companies, etc. have made great strides in recent years and are meeting the diverse financial needs of the economy. These NBFCs provide a variety of services including fund-based and fee-based activities and cater to retail and non-retail markets and niche segments. They are being recognized as complementary to the banking sector due to their customer-oriented services, simplified procedures, and attractive rates of return on deposits, flexibility and timeliness in meeting the credit needs of specified sectors.

Jindal Leasefin Limited, Registered in Delhi, is one of the non-banking financial company having diversified interests in the financial services sector. The company's long-term aspiration is to play a significant role in meeting the financial requirements of retail customers as well as corporate clients.

**FUTURE OUTLOOK**

The Company will adopt a cautious approach and focus on key customer relationships. This division will look to grow its supply chain, structured finance and leasing business. A specialized Remedial team will focus on the recovery and rehabilitation of non-performing assets (NPA). The Company will focus on changing its product mix and improving penetration in high yielding

segments. The Company's Business is a thrust area and it shall increase its geographic presence and focus on the core and allied business strategy. The Company, as a whole, will focus on cross selling opportunities, digital and analytics.

## **RISKS AND CONCERNS**

Credit risk, Market risk, Operational risk and Liquidity risk are the key risks faced by the Company. Risks are identified at the time of business planning and quantified using scenario planning. The Company takes risk management seriously and its procedures and policies in the area are well defined and considered appropriate for the assessment and management of individual risk categories. The Company endeavours to continuously learn and modify its policies to manage the aforementioned risks.

## **INTEREST RATE VOLATILITY**

Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector.

## **SUBSIDIARY COMPANY**

As there are no subsidiaries of the Company, investment made in subsidiaries is NIL

## **HUMAN RESOURCES**

Your Company's belief in trust, transparency and teamwork improved employee productivity at all levels. The Company's continues to lay emphasis on people and relations with the employees and continued to be cordial. It is your Company's belief that people are at the heart of corporate purpose and constitute the primary source of sustainable competitive advantage.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUENCY**

The Company's internal control systems are commensurate with the nature of its business and the size and complexities of its operations. These systems are designed to ensure that all assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized, recorded and reported. The well defined delegation of power with authority limits for approving revenue as well as expenditure is internal control management technique.

## **CAUTIONARY STATEMENT**

Statement in this Management Discussion and analysis describing the Company's objective, projects, estimates and expectations may be 'forward looking statement' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. Several factors could make a significant difference to the Company's operations. These include economic conditions, Government regulations and Tax Laws, Political situation, natural calamities etc. over which the Company does not have any direct control.