

## MANAGEMENT DISCUSSION AND ANALYSIS

### **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Your company is primarily engaged in Stock Broking, Corporate Advisory, Merchant Banking and providing Depository participant Services. All these activities are facing competitive, taxation, regulatory headwinds and game changing structural changes. Your company is gearing up to face such developments and re-engineer business strategy as required, including giving major thrust to Stock Broking and Corporate Advisory Services. Much awaited revival of economic growth and its resultant benefits, early signs of which are being felt, are likely to provide favorable business conditions for the Company.

According to us FY20 would be much better than FY19. We are confident that economic recovery is on its way after return of stable government. National Democratic Alliance (NDA's) return to power with BJP in majority ensures stability at the centre. The Government's Vision is to become US\$5 trillion economy in next 5 years driven by 'virtuous cycle' of investment with focus on infrastructure development, digital economy, MSMEs. The Finance Minister has laid focus on infrastructure covering the entire gamut of roads, railways, inland waterways, housing, one power grid, gas grids and regional airports. We believe the government with full majority will now focus on to boost consumption in the economy, ease liquidity in the system, focus on infrastructure development, fasten implementation of policy measures and create an environment to boost employment in the economy and make India vibrant to attract FDI in economy. The recent GDP numbers and jobless data have thrown scare in the equity markets. Corporate earnings growth in FY19 was mixed but is expected to improve in FY20 with thrust on improving rural income, Infrastructure development. Consumption sector would drive earnings growth which would drive equity markets benefiting the Indian Broking Industry too. However, on a long term basis, Indian equity markets are better placed to other emerging markets as the benefits of implementation of GST, Insolvency and Bankruptcy code, digitization and a stable government coming back to power would augur well for the economy in the long run.

The key risks to our performance lies in the form of surprises in policy measures which can dent equity market sentiments affecting FPI inflows, global trade war involving US with different countries, global economy slowdown, volatility in crude oil prices etc.

### **OPPORTUNITIES AND THREATS:**

#### **Opportunities:**

- Long-term economic outlook positive will lead to opportunity for financial services.
- Increasing flows in equity markets by FIIs and Domestic Institutions like Mutual Funds, Banks.
- Retail investor participation in both secondary and IPO market augurs well for Indian broking industry.

#### **Threats:**

- Low capital base as the business requires large funds to expand its network and increase its Net worth for empanelment with large Mutual Funds and FIIs for institutional broking (Internal).
- Fewer dealing branches & franchisee outlets (Internal).
- Competition in the Market place (External).
- Regulatory Challenges. (External).

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company's internal control systems are adequate ,operating effectively and are commensurate with the size of business and the same is provided through competent management, implementation of standard policies and processes, maintenance of an appropriate audit program with internal control environment, effective risk monitoring and management information systems. Moreover, the Company continuously upgrades these systems in line with the best available practices.

The Board of the Company has constituted an Audit Committee, which is headed by a Non-Executive Independent Director. The Audit Committee periodically reviews internal audit reports and brings to the notice of the Board any significant process deviations.

**SEGMENT - WISE OR PRODUCT WISE PERFORMANCE:**

Your company has only one segment and entire revenue is generated from financial activities only. Accordingly, segment reporting as required under Accounting Standard-17, issued by the Institute of Chartered Accountants of India, is not applicable.

**RISK AND CONCERN:**

The Company operates in the Challenging business environment and exposed with following risks which includes economic risk, competition risk, market risk, human resources risk and regulatory risk etc. Any unfavorable changes in the in the government policies and economic condition of the Indian & Global financial market impact the growth of the Company. In this competitive world, your Company faces competition from existing players and new entrants.

However, we have always considered competition as a favorable factor since it drives us further towards growth. The Company with its well diversified service offerings, nationwide reach, coupled with the latest technological infrastructure and strong risk management systems will facilitate continuous growth in the coming years. Availability of skilled man power is the most important factor for the growth of the Company, your Company try to retain its skilled man power.

**ANALYSIS OF FINANCIAL PERFORMANCE:**

Due to improvement in the markets coupled with a few good assignments for consultancy & Investment Banking, both the top & bottom-line of the Company improved as shown in the following table:-

	(₹ in '000)	
FINANCIAL YEAR	GROSS REVENUE	PROFITS AFTER TAX
F.Y. 2018-2019	49,688.98	27.91
F.Y. 2017-2018	57,879.76	3,132.48
F.Y. 2016-2017	75,543.61	4,096.99

**OUTLOOK :**

The Company expects the current financial year 2019-20 to be the year of good financial activities on both capital market front and corporate advisory front. Even the outlook for investment banking and capital markets seems to be brighter.

**HUMAN RESOURCES:**

The Company has been following standard procedure for recruitment of best personnel for all the departments and is making constant and continuous efforts to retain and groom them to meet its present and future requirements. The relation between the management and staff remained very cordial during the year. The HR department is cordial with the employee and takes due care of their growth and professional credentials & abilities of the employees.

**CODE FOR PREVENTION OF INSIDER TRADING PRACTICES:**

As a part of code of conduct, the Company has a well defined and laid down policy approved by the Board for the prevention of insider Trading in line with SEBI Insider Trading Prohibition Regulations which is applicable to all Directors, senior management/ Employees categorized as "Designated Employees".

**SAFE HARBOR CLAUSE:**

The statements in this document, other than factual/ historical information, contain the words or phrases such as “expect”, “plan”, “objective” and other similar words, which are forward looking in nature. Such forward looking statements may be subject to a variety of risks and uncertainties that could result in actual results differing materially from those indicated in this document. The Company is not under any obligation to update such forward looking statements after this date.

**Place: Mumbai**  
**Date: 08.08.2019**

**By Order of the Board**

**Ashok Ajmera**  
**Managing Director & CEO**  
**DIN: 00812092**