

## MANAGEMENT DISCUSSION &amp; ANALYSIS REPORT

**ECONOMIC OUTLOOK**

In the financial year 2018-19, with regards to economic performance, India invigorated its position as the fastest growing major economy in the world. However, overall growth for 2018-19 slumped to a five-year low of 6.8% compared with 7% projected in the second advance estimates released in February. RBI increased repo rate by 25 basis points each in its June, 2018 and August, 2018 bi-monthly policy meetings. However, it cut repo rate by 25 basis points each, in February, 2019 and April, 2019 bi-monthly policy meetings to spur growth.

As government and private consumption remains robust and investment is steadily picking up, the Indian economy is expected to grow at 7.4% in 2019-20 on account of steady improvement in major sectors. A lot depends on the critical factors like global oil prices, a good monsoon, core inflation, and a low interest rate regime, NPA resolutions, IBC etc. But to attain the massive economic potential, India will need to accelerate and sustain its continuing upward trajectory on key human development indicators and aim for a more inclusive growth.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The NBFC sector is well regulated by the RBI. The prudential norms on the assets side, mirror those applicable to banks. However, on the resource raising side, there is a clear difference between banks and NBFCs, as the former have access to savings and current accounts. Further, even within the sector, some NBFCs are advantaged as they have access to public deposits, while others do not.

As NBFCs cater to underserved markets, they operate at higher yields. The operating cost as well as bad debt expenditure of the NBFCs is lower compared to banks due to better risk appreciation and management, lower cost due to lean and focused business models and better service through faster response and personalized approach.

**OPPORTUNITIES AND THREATS**

The NBFCs' market share would continue to expand and its expansion would be supported by NBFCs' ability to customize products, price the risk and manage ultimate credit costs, especially related to small-ticket loans, viz. microfinance, small ticket housing loans and loan against property. The competition is likely to intensify in certain segments such as large ticket loan against property. As a result risk-adjusted pricing may come under pressure. Many NBFCs borrowers may turn poachable and creditworthy for banks, as the transition to the formalization gains momentum. Growth of the Company's asset book, quality of assets and ability to raise funds depend significantly on the economy. India economy's un favourable events can affect consumer sentiment and in turn impact consumer decision to purchase financial products. Competition from a broad range of financial providers, unstable political environment and changes in Government policies/ regulatory framework could impact the company's operations.

**HUMAN RESOURCES**

People remain the most valuable asset of your company. Your company continued to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain talent. A highly evolved Human Resource Policy has ensured a minimal rate of attrition amongst executives.

**INTERNAL CONTROL SYSTEM**

Internal Control measures and systems are established to ensure the correctness of the transactions and safe guarding of the assets. The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance.

Your Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and reliability of the information used for carrying on business operations.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis and Directors Report describing the company's strengths, strategies, projections and estimates are forward-looking statements and progressive within the meaning of applicable laws and regulations. The actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.

Place: Kolkata  
Date: 13th August, 2019

For & on behalf of the Board

**Registered Office:**  
Raj Kamal Building, 1st Floor  
128, Rash Behari Avenue, Kolkata – 700029

Beda Nand Choudhary  
Whole-time Director  
(DIN – 00080175)

Ram Kumar Dalmia  
Director  
(DIN – 00080549)