

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

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## 1. OVERVIEW

The Management Discussion and Analysis Report (MDA) is an integrated part of Company's annual financial statements. The purpose of the MDA is to provide a narrative explanation, through the eyes of management, of how the Company has performed in the past, its financial condition, and its future prospects. This report contains a description of the year gone by and some of the key factors that influenced the business of the Company during the year, as well as a fair and unbiased overview of the Company's past, present, and future. There are forward looking statements mentioned in this report which may involve risks and uncertainties, including but not limited to the risk inherent to the Company's growth strategy, change in regulatory norms, economic conditions and other incidental factors. Actual results could differ materially from those expressed or implied.

## 2. INDIAN ECONOMY

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The year's Economic Survey highlighted the various challenges that the Indian Economy has faced ranging from a set of tumultuous international developments that comprised of Brexit, political changes in advanced economies, and two radical domestic policy actions namely the GST and demonetisation. It seems that the Indian Economy is turning to be more resilient to the changes both at the international and the global front.

This year has been marked by several historic economic policy developments. On the domestic side, a constitutional amendment paved the way for the long-awaited and transformational Goods and Services Tax (GST) which will create a common Indian market, improve tax compliance, boost investment and growth and improve governance while demonetisation of the large currency notes on the other hand brought a striking shift towards the way the economy prepared to move towards a cashless, transparent and corruption-free regime. Demonetisation is forecasted to have a short term cost in the form of slow growth but has potential for long term benefits. This could boost economic efficiency, foster a clean and digitalized economy in the long run and reduce corruption. The Government continued with its economic reforms agenda and took a large number of measures including the overhauling of the bankruptcy laws, codified the institutional arrangements on monetary policy with the Reserve Bank of India (RBI), and solidifying the legal basis for Aadhaar in order to reap benefits of Jandhan Accounts and promotion of a digital economy.

On the international front, the Brexit and the US elections herald a tectonic shift for the global, and even the Indian, economy. However, the Indian Economy has continued to consolidate the gains achieved in restoring macroeconomic stability. India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017.

According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18. Moody's has affirmed the

Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

The Indian economy has grown quite impressively this fiscal to consolidate India's position as the fastest growing economy. The Economic Survey projects there is a strong likelihood that Indian economy may recover back to a growth of 6¾ per cent to 7½ per cent in 2017-18. Your Company sees a good opportunity for improvement of its performance in the near term.

### **3. INTERNAL CONTROL SYSTEM**

Effective internal controls are necessary for building up an efficient organization. Your Company has in place, an adequate internal control and internal audit system managed by qualified and experienced people to ensure the compliances under statutory regulations. Corporate policies are made to figure out the weaknesses persisting in the system and suggest remedial measure for the same.

The system is improved and modified continuously to meet with the changes in business condition, statutory and accounting requirements. Internal controls are supplemented by an effective Internal Audit being carried out by M/s. R S M P & Co., Chartered Accountant and are periodically reviewed by the management.

The Audit Committee also met the Company's statutory auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal control and systems followed by the Company.

### **4. HUMAN RESOURCES MANAGEMENT**

The Company always regards human resources as its most valuable asset and ensures friendly work environment that encourages initiatives by individuals and recognizes their performance.

To maintain competency and to improve the analytical abilities of employees for gearing them to face challenges, proper training and development is imparted by the Company before the employee takes up any responsibility. Our Company has always valued its employees whose dedication and contribution have helped us to reach the levels of excellence and rewarded them appropriately during the appraisal.

#### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.*

**For and on behalf of Board of Directors**

**Sd/-**  
**Sanjay Kumar Todi**  
**Managing Director**  
**DIN – 00029270**

**Sd/-**  
**Archana Todi**  
**Director**  
**DIN - 00047870**