Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Macro Economic Environment

The global economy in FY 2024-25 continued to grapple with lingering aftereffects of recent macroeconomic shocks. While inflationary pressures began to ease gradually in some developed economies, the overall recovery remained uneven. Geopolitical tensions persisted, particularly in Eastern Europe and the Middle East, exacerbating global supply chain challenges and commodity price volatility. Central banks across major economies maintained a cautious stance, with monetary policies largely focused on inflation containment, though the pace of rate hikes tapered off compared to the previous year.

Although there were signs of stabilisation, the global economic environment was overshadowed by multiple risks – including weak trade volumes, elevated debt levels in emerging markets, and ongoing uncertainties surrounding China's real estate sector and trade policies. Global GDP growth remained subdued, with projections indicating a marginal improvement to 2.9% in 2025, up from 2.6% in 2023, reflecting a fragile but ongoing recovery.

Amidst the global headwinds, the Indian economy showcased continued resilience in FY 2024-25, underpinned by strong domestic demand, improved rural consumption, and sustained public capital expenditure. According to recent estimates by international financial institutions such as the IMF and World Bank, India remains among the fastest-growing large economies in the world. The government's focus on infrastructure development, digital transformation, and financial inclusion has provided a solid foundation for long-term growth.

The Union Budget 2024-25 reinforced the commitment to inclusive and sustainable development, with increased allocations towards green energy, manufacturing, and rural welfare schemes. Continued thrust on capital expenditure, particularly in transport and logistics, is expected to have a multiplier effect on employment and private sector investment.

Inflationary pressures moderated somewhat during the year, with Consumer Price Index (CPI) inflation averaging around 5.5%, aided by easing commodity prices and improved supply-side measures. The Reserve Bank of India (RBI) adopted a more balanced monetary policy stance during the year, holding policy rates steady for much of FY 25 after a series of hikes in FY 24. The liquidity conditions in the financial system improved as credit growth remained robust and financial markets responded positively to macroeconomic stability.

India's GDP growth for FY 2024-25 is estimated to be in the range of 6.8% to 7%, slightly higher than the previous year, supported by strong fundamentals, government policy support, and increased investor confidence. While risks from global uncertainties remain, India is well-positioned to maintain its growth trajectory through prudent policymaking and a diversified domestic economic base.

NBFC Industry & Business Update

India's financial sector is a highly diversified one comprising commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other financial intermediaries. The sector dominated by banking and non-banking financial companies ('NBFCs') has witnessed exponential growth in the last decade driven largely by regulatory reforms and their ability to cater to unbanked areas through innovative products and service delivery mechanisms.

In recent years, the sector has navigated a period of disruption stemming from the default of a few large NBFCs and co-operative banks, compounded by the economic strain of the pandemic and external geopolitical tensions. However, the recovery that began in FY 2023-24 gained further strength in FY 2024-25, marking a period of consolidation and renewed growth across the financial services landscape.

The NBFC segment, including Housing Finance Companies (HFCs), saw robust revival during FY 2024-25, supported by a rebound in domestic consumption, increased infrastructure spending, and favorable policy measures. Disbursements across retail, MSME, and housing segments showed healthy growth, aided by improved consumer sentiment and better asset quality. The government's continued focus on infrastructure, affordable housing, and financial inclusion, along with proactive measures from the Reserve Bank of India (RBI), played a key role in restoring confidence in the sector.

OPPORTUNITIES AND THREATS

India continues to solidify its position as the fastest-growing major economy in the world, with strong potential to become one of the top three global economic powers over the next decade. This trajectory is underpinned by a robust democratic framework, demographic advantage, and a strategic focus on fostering international trade partnerships, technological innovation, and self-reliance.

Despite global headwinds such as subdued manufacturing trade, residual effects of the COVID-19 pandemic, and ongoing geopolitical conflicts—including the prolonged Russia-Ukraine war and tensions in the Middle East—India's economy has displayed remarkable resilience. The government's timely policy interventions, including stimulus packages, investment in infrastructure, and continued emphasis on digital transformation, have played a pivotal role in sustaining domestic economic momentum.

One of the significant growth drivers has been the Production Linked Incentive (PLI) scheme, which aims to provide incentives of over ₹2 trillion across key sectors over a five-year horizon. This initiative is expected to bolster domestic manufacturing, attract foreign direct investment, create employment opportunities, and enhance India's global competitiveness. Additionally, continued liquidity support by the Reserve Bank of India (RBI) and various structural reforms have improved credit flows and revived demand in key sectors.

High-frequency economic indicators, such as GST collections, PMI (Purchasing Managers' Index), power consumption, and e-way bills, have shown a broad-based recovery, reflecting a resurgence in industrial activity and consumer confidence. India's focus on infrastructure development, green energy transition, and digitization continues to open up new avenues for investment and long-term growth.

OPERATIONS

The revenue from operations for the F.Y 2024-25 stood at Rs. 90,75,03,970 compared to Rs. 43,95,04,987 in the F.Y 2023-24.

Net Profit/(Loss) after tax of the Company stood at Rs. 44,84,24,142 in FY 2024-25 as compared to Rs. (1,28,62,52,448) in FY. 2023-2024.

The Total Asset size of the Company as of March 31, 2025, increased to Rs. 13,08,52,89,287 from Rs. 10,71,19,99,240 in the previous year.

SEGMENT WISE PERFORMANCE

The details concerning the segment-wise performance of the Company are mentioned in the notes forming part of the financial statements.

a) Borrowing Profile:

Total borrowings of the Company for the year ended at 31st March 2025 stood at INR 24,458.65 Lakhs of which borrowings from Banks and Financial Institutions 22.84 %, from ICDs 25.14%, from related parties stand at 47.45% and others 4.57%. The Company is continuously exploring all options to access low cost funds, mostly by way of Term Loans/NCDs in the current financial year, to further expand the operations.

During the previous year ended at 31st March 2025 the Company has not raised any amount through secured / unsecured redeemable non-convertible debentures (NCDs)/ (NCBs). The Company has been regular in making payments of principal and interest on the NCDs.

There are no NCDs that have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

b) Deposits:

The Company being a Non-Deposit Taking NBFC / CIC, has not mobilized any Public Deposits during the financial year 2024-25 and there were no outstanding Public deposits at the end of the year.

c) Term Loans from Banks and Financial Institutions:

As at 31st March 2025, the total loans outstanding from banks and financial institutions amounted to INR 5587.42 lakhs.

Inter-corporate Deposits from group companies/group FIs of INR 6147.95 Lakhs; Unsecured Borrowings from Directors and their relatives and Shareholders of INR 11,605.28 Lakhs; during the financial year 2024-25.

The Company has timely serviced all of its debt obligations during the financial year 2024-25 and it's management is confident that timely servicing of debt obligations will continue throughout the current financial year. During the year, the Corporation has not availed refinance of its existing debt obligations.

OUTLOOK

Going forward, the country is likely to remain the world's fastest-growing major economy on the back of growing demand, moderate inflation, stable interest rate regime and robust foreign exchange reserves. The economy is poised to achieve nearly 7% growth in FY 2024-25. The catalysts for this projected growth are likely to be robust domestic demand, private consumption and investment, and Government reforms and initiatives implemented over the past decade. The Government's investments in both physical and digital infrastructure, coupled with measures to increase manufacturing have strengthened the supply side. Together, these developments are likely to provide an impetus to the country's economic activity. India is making significant strides to achieve its futuristic growth targets. The Indian economy is projected to cross the USD 4 Trillion mark during FY 2024-25, further escalating to USD 5 trillion by FY 2026-27. Additionally, the Government has set an ambitious goal of transforming into a developed country by 2047. India will sustain its upward growth track, propelled by stable and robust domestic demand, expanding private consumption and investments, and ongoing structural reforms.

RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes a Committee of the Board and Senior Management Committee. The Risk Management process is governed by the Group level comprehensive Enterprise Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management Framework of the Company Covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks

The Risk Management Committee of the Board is set up to assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyse the risk exposures related to specific issues and provides oversight of risk across the organization.

FRAUD MONITORING AND CONTROL

The Company has put in place a whistleblower policy. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent a recurrence. Fraud prevention at the senior management level also deliberate on material fraud events and initiate preventive action. Periodic reports are submitted to the senior management committees.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as per applicable laws comprise the financial statements of the Company and its controlled structured entities (collectively known as 'the Group'). The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly and adequately. The Internal control system provides for well-documented policies, guidelines, authorizations, and approval procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the company.

IT SECURITY

Your Company is governed by the IT framework recommended by RBI and various initiatives have been implemented in the area of IT and Cybersecurity to ensure industry-standard security framework. The operational processes are in place to monitor and manage the effectiveness of the security initiatives taken by the company.

HUMAN RESOURCES

The Company considers its employees to be the most valuable asset and is committed to providing a conducive work environment to enable each individual employee to fully realize his or her potential. One of the cornerstones of the company culture is teamwork and continuous learning. To promote this, the company focused on supporting people to unlock their potentials and to enable them to work with a superior team spirit.

CAUTIONARY STATEMENTS

This Management Discussion and Analysis Report contains certain forward-looking statements, which are based on assumptions relating to the Company's present and future business strategies and the environment in which it operates. Actual results may differ materially from those expressed or implied herein due to various risks and uncertainties, including but not limited to domestic and global economic conditions, political developments, fluctuations in interest rates, changes in applicable laws, regulations and policies, and other factors influencing the Company's business operations. The Company undertakes no obligation to revise or update such statements to reflect subsequent events or circumstances. The information and data presented in this Report have been derived from sources considered reliable and from internal estimates; however, their accuracy or completeness cannot be assured.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Customers, Bankers, Promoters, and Shareholders.

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication, and loyalty to the Company which has helped the Company maintain its growth.