

BOARD'S REPORT

Dear Members,

Your directors have pleasure in presenting the Twenty Eight (28th) Annual Report, together with the Audited Financial Statement of the Company for the Financial Year ended March 31, 2022 ("FY 2022").

FINANCIAL PERFORMANCE

A Summary of the Company's Financial Performance for the FY 2022 is as follows.

(Amount in Thousands)		
Particulars	March 31, 2022	March 31, 2021
Revenue from operation	19213.65	17142.24
Other Income	2732.30	6807.84
Total Revenue	21945.95	23950.08
Profit before Finance cost, Depreciation and Tax	11289.43	16977.20
Finance cost	18.64	348.89
Depreciation	94.29	121.55
Profit before tax	11176.50	16506.76
Less: Tax	3332.26	714.85
Profit for the year	7844.24	15791.91

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

During the year under review, your Company achieved total revenue and Net Profit of Rs. 2,19,45,950 and Rs. 78,44,240 respectively as against total revenue and Net Profit of Rs. 2,39,50,083 and Rs. 1,57,91,906 respectively during the previous financial year ended March 31, 2021.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of the business during the year under review.

RBI REGULATIONS

Your Company continues to comply with all the Regulations issued by the Reserve Bank of India to the extent as applicable to the Company.

DIVIDEND

Keeping in view long term interest of the company. Your Directors do not recommend the payment of dividend for the FY 2021-22.

LISTING OF SECURITIES

The Equity shares of the Company are presently listed on BSE Limited. The Annual listing fees for the year 2022-23 have been paid to the BSE Limited.

ANNUAL RETURN

In accordance with the provisions of Section 134 (3)(a) of the Companies Act, 2013, the Annual Return, as required under Section 92 of the Act for the financial year 2021-22, is available on the Company's website at www.moongipa.net.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The report on Management Discussion and Analysis as required under Regulation 34 and schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is annexed to this report as **Annexure "A"**. Certain statements in the report may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

OVERVIEW OF INDIAN ECONOMY FY 2021-22

The Indian economy has fully recovered to the pre-pandemic real GDP level of 2019-20, according to the provisional estimates of GDP released on May 31, 2022. Real GDP growth in FY 2021-22 stands at 8.7%, which is 1.5% higher than the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate

in the fourth quarter increased to its highest level in the previous nine quarters. Moreover, capacity utilisation in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy.

Future capital spending of the government in the Indian economy is expected to be supported by factors such as tax buoyancy, streamlined tax system, thorough assessment and rationalisation of the tariff structure and digitisation of tax filing. In the medium term, an increase in capital spending on infrastructure and asset-building projects is set to increase growth multipliers. Furthermore, revival in monsoon and Kharif sowing helped the agriculture sector gain momentum. As of July 11, 2022, the South-West monsoon has covered the entire country, resulting in 7% higher rainfall than the normal level.

India has emerged as the fastest-growing major economy in the world, and is expected to be one of the top three economic powers globally over the next 10-15 years, backed by its robust democracy and strong partnerships.

Industry Overview

Over the past few years, Non-Banking Financial Companies (NBFCs) have played a prominent role in the Indian financial system. They provide financial inclusion to the underserved section of the society that does not have easy access to credit. NBFCs have revolutionized the Indian lending system and have efficiently leveraged digitization to drive efficiency and provide customers with a quick and convenient financing experience. The plethora of services include vehicle financing, MSME financing, home financing, microfinance and other retail segments. The Government has consistently worked on the governance measures to strengthen the systemic importance of the NBFCs. As of January 31, 2022 there were approximately 9,495 NBFCs registered with Reserve Bank of India (RBI), of which 49 deposit accepting NBFCs.

The pandemic impacted the NBFCs operations, leading to decline in disbursements across the sectors. However, the support and focus of the Government through various liquidity measures such as repo rate cut, targeted long-term repo operations, special liquidity scheme and partial credit guarantee scheme, kept the sector afloat. The total credit outstanding from the NBFCs for Financial Year 2020-21 stood at Rs.23.75 trillion and is expected to grow by 6-7% in the Financial Year 2021-22.

The country's financial services sector consists of capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross national savings (GDS) as a percentage of Gross Domestic Product (GDP) stood at 30.73% in 2020. On September 30, 2021, the Reserve Bank of India communicated that the applicable average base rate to be charged by non-banking financial company - micro finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%.

In July 2021, Rajya Sabha approved the Factoring Regulation (Amendment) Bill in 2020, enabling 9,000 NBFCs to participate in the factoring market. The bill also gives the central bank the authority to establish guidelines for improved oversight of the US\$ 6 billion factoring sector.

PUBLIC DEPOSITS

The Company has not invited or accepted any public deposit during the year under review.

BUSINESS RESPONSIBILITY REPORT (BRR)

The Business Responsibility Report as per regulation 34(2) of SEBI Listing Regulations is not applicable to the Company as the Company does not fall under top 1000 listed companies on the basis of market capitalisation.

DIVIDEND DISTRIBUTION POLICY

Pursuant to regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 top 1000 listed companies based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly your Company is not required to formulate the Dividend Distribution Policy.

TRANSFER OF RESERVES

During the year under review, the Company had transferred 15,68,850 in FY 2022 as per Section 45-IC of the RBI Act, 1934 to Statutory Reserve.

CHANGES IN SHARE CAPITAL AND MEMORANDUM OF ASSOCIATION

The paid up equity share capital as on March 31, 2022 was Rs. 50,102,000. There was no public issue, rights issue or bonus issue during the year.

Subsequent to the year end, the Board of Directors in its meeting held on July 25, 2022, approved a preferential issue of 2,37,38,800 equity shares to the persons belonging to promoter category and non-promoter category and 72,51,000 fully convertible warrants to the persons belonging to promoter category and non-promoter category, and the same was approved by the members through postal ballot on August 24, 2022. Further, increase in authorized capital from Rs. 6 crore to Rs. 40 crore, was also approved by the members through postal ballot on August 24, 2022.

The company has not issued shares with differential voting rights, sweat equity shares not it has granted any stock options.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not hold any Subsidiary/Joint Venture/Associate Companies during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not provided any loan, guarantees, Investment or securities under Section 186 of the Companies Act, 2013.

PARTICULARS OF REMUNERATION

Disclosure of ratio of the remuneration of the Executive Director to the median remuneration of the employees of the Company and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is annexed to this report as **Annexure 'B'**. Further, particulars of employees pursuant to Rule 5(2) & 5(3) of the above Rules form part of this report. However, in terms of provisions of section 136 of the said Act, the report and accounts are being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. The said information is available for inspection at the registered office of the Company during working days of the Company up to the date of the ensuing annual general meeting.

DIRECTORS AND KEY MANAGERIAL PERSONS

As on March 31, 2022, the Company has four Directors on its Board comprising three Non- Executive Directors and One Executive Directors. Out of three Non-executive Directors, two are Independent Directors.

Subsequent to year end, on July 25, 2022, Mrs. Ruchi Jain, Whole Time Director and Mr. Ajay Prakash Narayan, Independent Director resigned from the directorship in the Company and Mr. Rahul Gupta and Mr. Rohan Gupta were appointed as Additional Directors and Mr. Anil Kumar Bansal as Independent Director in the Company.

Further Mr. Mohd Javed Qureshi resigned from the position of the Chief Financial Officer and Mr. Sahil Sikka was appointed as Manager designated as Chief Operating Officer & Chief Financial Officer of the Company w.e.f. July 25, 2022.

Further Mr. Sanjeev Jain resigned from the position of the Company Secretary & Compliance Officer and Mr. Sachin Kumar was appointed as a Company Secretary & Compliance officer of the Company w.e.f. August 10, 2022.

Further, on September 2, 2022, Ms. Asha Anil Agarwal was appointed as Independent Director in the Company.

Pursuant to the above changes, as on the date of this report the Company has six Non-Executive Directors on its Board, out of which three are Independent Directors. Further, Mr. Sahil Sikka, COO (Manager) & CFO is a Key Managerial Personnel ("KMP") within the meaning of Section 203(1) of the Act. Mr. Sachin Kumar is the other KMP, being the Company Secretary.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Rules made thereunder and pursuant to Articles of Association of the Company, Mr. Sanjeev Jain, Director of the Company, is liable to retire by rotation at the ensuing AGM and being eligible, offer himself for re-appointment. The Board of Directors recommends his re-appointment for the consideration of the members of the Company at the ensuing AGM.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Promoters entered into Share Purchase Agreement.

During the year under review, Mr. Rahul Gupta and Mr. Rohan Gupta ("New Promoters") had entered into a Share Purchase Agreement on August 20, 2021 ('SPA') with the erstwhile promoters for acquisition of control and 28,18,153 (Twenty Eight Lakh Eighteen Thousand One Hundred and Fifty Three) Equity Shares representing 56.25% of the Paid-up Share Capital of the Company, pursuant to which an Open Offer was made to acquire 13,02,652 (Thirteen Lakh Two Thousand Six Hundred and Fifty Two) Equity Shares representing 26.00% of the Paid-up Share Capital of the Company in terms of the provisions of Regulation 3(1) and Regulation 4 of SEBI (SAST) Regulations. The said acquisition of shares under SPA and Open Offer was subject to the approval from Reserve Bank of India ('RBI') pursuant to its Circular No. DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 9, 2015.

Subsequent to year end, the RBI approval for the acquisition of control and shares of Company by the new promoters was received on June 20, 2022. Under the Open Offer, Nil shares were tendered by the Public Shareholders and thus the Open Offer process was duly completed on July 22, 2022.

On July 25, 2022, the Board of the Company has effected the change in control and management in the Company, by appointing the Mr. Rahul Gupta and Mr. Rohan Gupta as the Directors of the Company and the acquisition of 56.25% Equity Shares as contemplated under the SPA was also completed, and pursuant to the same Mr. Rahul Gupta and Mr. Rohan Gupta have become the new promoters in the Company and have acquired control over the affairs of the Company.

On July 25, 2022, the Board of Directors approved the allotment of upto 2,37,38,800 (Two Crore Thirty Seven Lakh Thirty Eight Thousand and Eight Hundred) Equity Shares of face value of Rs. 10/- each to persons belonging to Promoter category and Non-Promoter Category, on preferential basis, at an issue price of Rs. 101/- in accordance with provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and applicable provisions of Companies Act, 2013 and rules made thereunder aggregating to Rs. 2,39,76,18,800/- for cash and upto 72,51,000 (Seventy-Two Lakh and Fifty-One Thousand) Fully Convertible Warrants ('Warrants') carrying a right exercisable by the Warrant holder to subscribe to one Equity Share per Warrant to persons belonging to Promoter category and Non-Promoter Category, on preferential basis, at an issue price of Rs. 101/- in accordance with provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and applicable provisions of Companies Act, 2013 and rules made thereunder aggregating to Rs. 73,23,51,000/-for cash, which was approved by the members through postal ballot on August 24, 2022.

Pursuant to the Preferential Issue of Equity Shares, the shareholding of Promoters will increase from 56.25% of Pre-Issue Paid-up Share Capital of the Company to 75.00% of the Expanded Share Capital on diluted basis of the Company, triggering the requirement to make an Open Offer under Regulation 3(2) of SEBI (SAST) Regulations. Subsequently, an Open Offer was made by Mr. Rahul Gupta and Mr. Rohan Gupta along with Sudesh Business Ventures Private Limited for the acquisition of upto 74,74,740 equity shares of face value of Rs. 10.00 ('equity Share') representing 26.00% of the expanded share capital on diluted basis of the Company from the public shareholders.

CHANGE IN NAME OF THE COMPANY

Subsequent to the year end, the Board of Directors in its meeting held on August 10, 2022, proposed change in name of the Company to "SG Finserv Limited", which is subject to the approval of the Reserve Bank of India, Registrar of Companies, BSE Limited and the shareholders of the Company in the ensuing AGM.

CHANGE IN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

Subsequent to the change in ownership, management and control of the Company, the Board of Directors has proposed change in Objects of the Company to carry on the business of lending, credit and leasing facility, which is subject to the approval of the Registrar of Companies, NCT of Delhi and Haryana and shareholders of the Company and any other authority as may be required. A resolution to this effect forms part of the notice of the ensuing AGM.

BOARD AND COMMITTEES MEETINGS

The Board meets at regular intervals to, inter-alia, discuss about the Company's Policies and strategy apart from other Board matters. The Tentative annual Calendar of the Board and Committee Meetings is circulated to enable the Directors to plan their schedule and to ensure participation in the meetings. The notice for the Board/Committees Meetings is also given in advance to all the Directors.

The details about the Board/Committee meetings is given at length in Report on Corporate Governance forming part of this Annual Report.

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Director have confirmed to the Board that they meet the criteria of Independence as specified under Section 149(6) of the Act and that they qualify to be an Independent Directors pursuant to the Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors have also confirmed that they meet the requirements of 'Independent Director' as mentioned under Regulation 16(1) (b) of the Listing Regulations.

CORPORATE GOVERNANCE REPORT

The Corporate Governance philosophy of the Company is driven by the interest of stakeholders and business needs of the organization. The Company continues to be compliant with the requirements of Corporate Governance as enshrined in Listing Regulations. In terms of Regulation 27 of Listing Regulations, the Corporate Governance Report along with certificate received from Statutory Auditors of the Company certifying compliance with the conditions of Corporate Governance is annexed as **Annexure "C"** forming integral part of this Report.

CORPORATE POLICY

We seek to promote and follow the highest level of ethical standards in our business transactions. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on the website of the Company at www.moongipa.net.

The Policies are reviewed periodically by the Board and updated on the basis of need and new Compliance.

The Key Policies are as follows:

I. Nomination and Remuneration Policy

In accordance with the provisions of section 134 (3) (e) of the Companies Act, 2013 read with Section 178 (4) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your company has adopted the policy on appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter – alia includes the criteria for determining qualifications, positive attributes and independence of directors.

Your company has also adopted policy on remuneration of Directors, Key Managerial Personnel and Employees of the company in accordance with the provisions of sub section (4) of section 178. The Policy is available on the Company's website www.moongipa.net.

II. Risk Management Policy

Your company has a comprehensive Risk Management Policy in place and laid down a well defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

At present the company has not identified any element of risk which may threaten the business (or) existence of the Company.

III. Whistle Blower Policy – Vigil Mechanism

The company promotes ethical behavior in all its business activities and has established a vigil mechanism for its directors, employees and stakeholders associated with the company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed there under and the Listing Regulation is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, or any Stakeholders associated with the Company are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. The Whistle Blower Policy has been appropriately communicated within the Company and is available on the Company's website www.moongipa.net.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable as the Company is not covered under the criteria mentioned in Section 135(1) of the Companies Act, 2013.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s. Rajesh K Sachdeva & Associates, Chartered Accountants (Firm's Registration No. 019200N) were appointed as the Statutory Auditors of the Company to hold office for five consecutive years starting from the conclusion of the 23rd Annual General Meeting (AGM) held on September 07, 2017 until the conclusion of the 28th AGM of the Company to be held during the current year 2022. Accordingly, the existing Statutory Auditors are due for retirement at the ensuing Annual General Meeting.

Subject to the approval of the members of the Company, the Audit Committee and the Board of Directors during their respective meetings held on August 10, 2022 have considered and recommended the appointment of M/s AKGVG & Associates, Chartered Accountants (Firm Registration Number: 018598N) as the Statutory Auditors of the Company, to hold office from the conclusion of the 28th Annual General Meeting until the conclusion of the 33rd Annual General Meeting of the Company to be held in year 2027.

M/s AKGVG & Associates, Chartered Accountants (Firm Registration Number: 018598N) have given their consent for the proposed appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting of the members of the Company. They have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies act, 2013 and that they are not disqualified for appointment.

The Auditor's Reports on the Financial Statements for the financial year ended March 31, 2022 does not contain any qualification, reservation or adverse remark requiring any explanations / comments by the Board of Directors.

The Notes of Accounts referred to in the Auditors' Report are self- explanatory and do not call for any further comments.

INTERNAL AUDITORS

The Company has appointed M/s R. Mahajan & Associates (Firm Registration Number-0011348N), Chartered Accountants as their Internal Auditors to carry out the Internal Audit of various operational areas of the Company.

SECRETARIAL AUDITORS & SECRETARIAL AUDIT REPORT

The Board of the Directors of the company had appointed M/s Kuldeep Dahiya & Associates, Company Secretaries (Membership No.: 34404 and C.P.No.:18930) to conduct the Secretarial Audit of the company pursuant to the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub – section (1) of Section 204, the Secretarial Audit Report for the financial year 2021-22 is appended to this report as **Annexure “D”**. The same does not contain any adverse remark or disclaimer.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Board & its Committees Meetings and General Meetings which have mandatory application.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE INCOME/ OUTFLOW

As the company is not engaged in the manufacturing activity, the prescribed information regarding compliance of rules relating to the conservation of Energy and Technology absorption pursuant to section 134 (3)(m) of the Companies Act, 2013, read with Rule – 8 (3) of the Companies (Accounts) Rules, 2014 is not provided. The Company does not have any Foreign Exchange Earnings and outgo in the year under review.

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions entered at arm's length basis in the ordinary course of business were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 there are no materially significant related party transactions made by the company with Promoters, Director or Key Managerial Personnel etc. which may have potential conflict with the interests of the Company at large or which required the approval of the shareholders, accordingly no transaction as being reported in form AOC-2 in terms of Section 134 of the Companies Act, 2013. However, the details of the transactions are given in the financial statements in accordance with the Accounting Standards. The policy on related party transactions as approved by the board is available on company's website www.moongipa.net.

DETAILS OF PECUNIARY RELATIONSHIPS OR TRANSACTIONS OF THE NON EXECUTIVE INDEPENDENT DIRECTOR VIS-À-VIS THE COMPANY.

There are no pecuniary relationships or transactions of the non-executive independent director vis-à-vis the Company for the period ending March 31, 2022.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financials control with reference to financial statements, commensurate with the size, scale, and complexity of its operation to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized recorded and reported correctly.

Reasonable Financial Controls are operative for all the business activities of the company and no material weakness in the design or operation of any control was observed.

ORDERS PASSED BY THE REGULATORS OR COURTS, IF ANY

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's Operation in future.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) and 134 (5) of the Companies Act, 2013 with respect to Directors responsibility statement, the Directors of the company hereby confirm that:

- i) In preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true & fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
- iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) Directors had prepared the annual accounts on a going concern basis.

- v) The Directors had laid down internal financial controls the company that are adequate and were operating effectively.
- vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF).

No amount was lying unpaid or unclaimed for a period of seven years. Therefore, no funds were required to be transferred to Investor Education and Protection Fund (IEPF).

CASH FLOW STATEMENT

The cash flow Statement for year ended March 31, 2022 is in conformity with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with the Stock Exchanges in India, is annexed herewith.

DETAILS OF FRAUD, IF ANY REPORTED BY AUDITORS (OTHER THAN REPORTABLE TO CENTRAL GOVERNMENT)

No fraud / misconduct was detected at the time Statutory Audit by Auditors of the Company for the financial year ended on March 31, 2022.

GREEN INITIATIVE

Your Company has taken the initiative of going green and minimizing the impact on the environment. The Company has been circulating the copy of the Annual Report in electronic format to all those Members whose email address is available with Company. Your Company would encourage other Members also to register themselves for receiving Annual Report in the electronic Report form.

ACKNOWLEDGEMENT

The Board expresses its deepest appreciation and gratitude for the guidance and cooperation extended to the Company by RBI, statutory authorities and regulators. The Board also thanks the banks and financial institutions for their timely financial assistants to the company and helping the company to reach out to customers across the country. The Board thanks the auditors to the company for their guidance. Special thanks are due to the employees of the company who contributed their skills, enthusiasm, commitment and dedication which have over the years helped the company to earn prominence. The Board is grateful to the shareholders, depositors of the company for their patronage.

For & On behalf of the Board of Directors

Sd/-
Rahul Gupta
Director
DIN: 07151792

Sd/-
Rohan Gupta
Director
DIN:08598622

Place: New Delhi
Date: September 2, 2022

MANAGEMENT DISCUSSION AND ANALYSIS**1. Industry Trends and Business Analysis**

The activities of Finance and investment Companies in India have undergone qualitative changes over the years. They have become prominent in a wide range of activities. By now, their role as effective financial intermediaries has been well recognized as they have inherent ability to take inherent decisions, assume greater risks, apply innovative marketing strategies and customize their products and services according to the needs of the clients. In order to have a healthy financial and investment sectors in a country like ours, there has to be a sustainable marriage between the primary lending institutions (Banks and FIs) and the intermediaries so that both of them stick to their core competencies and not to compete with other unnecessarily.

2. Opportunities, Threats & Outlook

Non-Banking Financial Companies ("NBFCs") remain one of the most important pillars for ushering financial inclusion in India, reaching out to a hitherto under/served populace and in the process leading to "formalization" of the credit demand. NBFCs cater to the needs of both the retail as well as commercial sectors and, at times, have been able to develop strong niches with their specialized credit delivery models that even larger players including banks, have found hard to match. This has further provided a fillip to employment generation and wealth creation and in the process, bringing in the benefits of economic progress to the weaker sections of the society.

Last two years were challenging on account of the pandemic during which both business and collections were severely impacted. However, from Q2 FY 2021-22, credit growth has picked up significantly due to receding impact of COVID shutdowns, the pent-up demand in the economy and an uptick in multiple economic indicators. This was evidenced as per RBI's 'Data on sectoral deployment of bank credit' wherein non-food bank credit registered a y-o-y growth of 9.7% in March 2022.

While the economy is on the path to recovery, there are certain headwinds that may impact the growth and credit offtake. The NBFC sector may get impacted if elevated levels of retail inflation, crude oil prices and supply chain disruptions continue over a prolonged period. Borrowing rate is expected to rise in the wake of rate hikes announced by RBI in May 2022, which may lead to pressure on margins. Any loan re-pricing may lead to reduced demand as well as deterioration in credit quality for small borrowers.

However, there's room for optimism – receding pandemic impact along with large vaccinated population, rising private investments, higher consumption levels and thrust on capital expenditure in Union Budget 2022 shall in tandem lead to a higher growth trajectory for the economy. This shall also translate into a better performance vis-à-vis the year gone by for most of the leading financial services institutions including NBFCs.

With its strong parentage, brand recognition, liquidity and strong distribution network, Moongipa Securities Limited is poised to capitalize on this opportunity and foresee an increase in market share across all segments with the introducing new products and tapping deeper markets. Further, the Company's robust risk management framework with a deep understanding of underwriting and credit controls shall help to mitigate the risk of deterioration in asset quality.

3. Risk and Concerns

The Company aims to operate within an effective risk management framework to actively manage all the material risks faced by the organization and make it resilient to shocks in a rapidly changing environment. It aims to establish consistent approach in management of risks and strives to reach the efficient frontier of risk and return for the organization and its shareholders.

Broad categories of risk faced by the Company are Credit Risk, Market Risk, Operational Risk, Fraud Risk, Compliance Risk, Cyber Security and Reputation Risk. The risk management policies are well defined for various risk categories supplemented by periodic monitoring through the sub committees of the Board.

4. Internal control system and their adequacy

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company. The Company's internal control system is commensurate with its size and the nature of its operations.

5. Evolving Regulatory Landscape

Over the past few years, financial services as a sector has come under increased scrutiny and therefore, greater regulatory supervision. This is especially true for NBFCs, as over the years, the sector has undergone considerable evolution in terms of size, complexity and interconnectedness within the financial sector. With a view to bridge the regulatory gaps between the Banks and NBFCs, NBFCs are now increasingly being subject to regulations and guidelines at par with banks. Some of the key regulations and guidelines aimed at bringing this regulatory convergence between the Banks and NBFCs are:

- Scale Based Regulations where NBFCs would be classified into layers on the basis of their size, activity and perceived risk. Effective October 2022, the said regulations would put in place enhanced regulatory standards pertaining to Capital, Prudential and Governance requirements. NBFCs which warrant enhanced regulatory requirements based on a set of parameters and scoring methodology will feature in the upper layer, while the middle layer will comprise of deposit-taking NBFCs irrespective of asset size, non-deposit-taking NBFCs with assets worth Rs 1,000 crore or more, as well as Housing Finance Companies and Base layer will comprise of non-deposit taking NBFCs below the asset size of ₹1000 crore and NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.
- Prompt Corrective Action (PCA) framework prescribed for NBFCs as a tool for effective market discipline, to enable Supervisory intervention at appropriate time which require NBFCs to initiate and implement remedial measures in a timely manner, so as to restore its financial health. With the NBFC sector witnessing a high growth trajectory over the past decade and substantial inter-connectedness within the financial ecosystem, this framework is expected to further strengthen the supervisory tools available to the regulator to manage NBFCs.
- RBI circular dated November 12, 2021, pertaining to asset classification of NBFCs, whereby certain aspects such as classification of an account as Special Mention Account (SMA) and Non-Performing Asset (NPA) were clarified / harmonized. This has again been brought to ensure uniformity in the implementation of Income Recognition, Asset Classification and Provisioning norms across all lending institutions.
- RBI has tightened the norms around appointment of Auditors with issue of 'Guidelines on appointment of Statutory Auditors' with a view to strengthen governance relating to appointment of auditors and to improve the overall quality and standards of financial reporting of RBI regulated entities. It sets out the criteria for audit firms regarding the number of audits they can take at a time and how they should conduct it.
- Extending Risk Based Internal Audit framework to NBFCs to enhance the quality and effectiveness of their internal audit systems and processes. It requires internal audit function to broadly assess and contribute to the overall improvement of the Organization's governance, Risk Management and control processes using a systematic and disciplined approach.
- Introduction of guidelines on declaration of dividends by NBFCs with the intent to infuse greater transparency and uniformity in practice. It requires NBFCs to comply with the minimum prudential requirements including capital adequacy and net NPA levels to be eligible to declare dividend within the prescribed Dividend Payout ratio. While the parity in regulations is expected to improve the overall health and shore up the governance standards for the NBFCs in the medium to long term, the sector may face some headwinds in the immediate to short term. However, the impact may not be significant for Moongipa Securities Limited which are well placed to navigate the evolving regulatory landscape.

6. Human Resources

Your Company requires manpower to manage its activities keeping in view its emphasis on cost reduction. The Company recognizes the importance of human resources in achieving success in its commercial pursuits and follows a good man management policy.

7. Segment

The Company currently operates only in one segment, i.e., investment in securities and the entire income as reported in the financial statements pertains to this business activity only.

8. Share Capital

During the year, there was no change in the share capital of the company. However, post closure of the financial year Board has proposed the raising of capital through preferential issue of equity shares and warrants to the Promoter and Non-Promoter Group.

9. Cautionary statement

Statements in this “Management Discussion and Analysis Report” describing the Company objectives, projections, estimates, expectations or predictions 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 global and India demand supply conditions, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, and economic developments within India.