

HARMONY CAPITAL SERVICES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31st March, 2017 as stipulated under Regulation 34 (2) (e) read with Schedule VB of SEBI (LODR) Regulations 2015

The Management Discussion and Analysis have been included in consonance with the Code of Corporate Governance as approved by The Securities and Exchange Board of India (SEBI). Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments, events or otherwise.

The management of the company is presenting herein the overview, opportunities and threats, initiatives by the Company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

The operational performance and future outlook of the business has been reviewed by the management based on current resources and future development of the Company

ECONOMIC OVERVIEW OF FINANCE INDUSTRY

Financial Services are fundamental to economic growth and development. Banking savings and investments insurance and debt and equity financing help private citizens save money, guard against uncertainty and build credit, while enabling businesses to start up, expand, increase efficiency and compete in local and international market. For the poor, the services reduce vulnerability and enable people to manage the assets available to them in ways that generate income and options.

India has a diversified financial sector, which is undergoing rapid expansion. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The financial

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sector in India is predominantly a banking sector with commercial banks accounting for more than 60 per cent of the total assets held by the financial system.

India's services sector has always served the country's economy well, accounting for about 66 per cent of the gross domestic product (GDP). In this regard, the financial services sector has been an important contributor.

India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. The country is projected to become the fifth largest banking sector globally by 2020, as per a joint report by KPMG-CII. The report also expects bank credit to grow at a compound annual growth rate (CAGR) of 17 per cent in the medium term leading to better credit penetration. Life Insurance Council, the industry body of life insurers in the country also projects a CAGR of 12–15 per cent over the next few years for the financial services segment.

Also, the relaxation of foreign investment rules has received a positive response from the insurance sector, with many companies announcing plans to increase their stakes in joint ventures with Indian companies. Over the coming quarters there could be a series of joint venture deals between global insurance giants and local players.

SUBSIDIARY COMPANY.

As there are no subsidiaries of the Company, Investment made in Subsidiaries is NIL.

SEGMENT-WISE PERFORMANCE

The Company operates in single reported segment with main business of Finance and Share Trading activity.

OPPORTUNITIES AND THREATS

There are several large and profitable opportunities for Financial Companies and the sector plays an important role in the Indian financial system. The key is for the Financial Companies sector to grow in a prudential manner while focusing on financial innovation and in having in place, the adequate risk management systems and procedures before entering into risky areas. The regulator constantly endeavors to balance the multiple objectives of financial stability, consumer and depositor protection and regulatory arbitrage concerns.

The Company is amongst the few Financial Companies that offers a full range of Retail and Corporate products and services. A balance in the mix as a preferred partner for all financial

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needs of the customer. We believe our digital assets across social, mobile and web, providing reach, operating efficiency and improved customer experience will be an opportunity for us to capitalize on in the coming years.

It will be critical to retain talent at the right cost for effectively building a high performance organization with an engaged and young workforce. Adequate funding at the right cost and tenure will be critical to achieve business growth.

Internal Financial control System and their Adequacy

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below.

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956, to the extent applicable. These are in accordance with generally accepted accounting principles in India.

Your Company operates in an ERP system, and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

Your Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

Your Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate.

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The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

Human Resource

The Company has excellent combination of experienced and talented employees. The Company also undertakes on regular basis various training programmes to keep its employees updated on new technical developments and information which directly results in optimum capacity utilization and cost effectiveness. The Company's relation with its employees continues to be cordial. The Company always reciprocates commitment to its employees in order to motivate them to perform the best

Risk & Concerns

Risks are integral aspects of business. Evaluation of risk and its management becomes more important in the global scenario especially when the company is trying to penetrate the global markets. The management of your company consistently analyzes the various risks associated with the business and adopts relevant risk management practices to minimize the adverse impact of these risks both external and internal developments are assessed regularly. Fund raising both in the form of debt syndication, IPO, Rights, FCCB, ECB and other forms is dependent upon government policies, performance of capital markets, and central banks decisions. Also in this era of liquidity crunch and volatile capital markets, there is fair amount of liquidity and financial risk from the clients.

Future Outlook

The Outlook of the Company for the year ahead is to diversify risk and stabilize its asset quality. The Corporate Finance Division will adopt a cautious approach and focus on customer relationships. This division will look to grow its supply chain, structured finance and leasing business. A specialized Remedial team will focus on the recovery and rehabilitation of nonperforming assets.

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Cautionary Statement:

Statements in foregoing paragraphs of this report describing the current industry structure, outlook, opportunities, etc., may be construed as “forward looking statements”, based on certain assumptions of future events over which the Company exercises no control. Therefore, there can be no guarantee as to their accuracy. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be implied by these forward looking statements.

BY ORDER OF THE BOARD

For HARMONY CAPITAL SERVICES LTD

PLACE: - MUMBAI.

DATE : - 02.09.2017

Sd/-

ASUTOSH B. RAULO
MANAGING DIRECTOR
DIN: 1589574