



INTER GLOBE FINANCE LIMITED

Regd Office: Aloka House, 1st floor, 6B, Bentinck Street, Kolkata-700 001

Website: www.igfl.co.in e-mail: interglobefinance@gmail.com

CIN: - L65999WB1992PLC055265

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMIC OVERVIEW

The world economy slowed down further in calendar year 2015 on account of lower global economic growth, as compared with calendar year 2014. Global activity continued to decelerate, triggered by slowing growth in emerging and developing markets as they contribute to about 70% of the global growth. Global GDP fell to 2.3% in the last quarter of the calendar year 2015, below the threshold of 2.5%, which indicates recessionary trends and hence, Morgan Stanley has commensurately raised their global recession risk probability from 20% to 30%.

The Chinese economy is being hampered by a slowdown in imports and exports and declining investments and manufacturing activity. This is causing a spillover effect on other economies linked with trade channels. Japan received the single-biggest downgrade for any country with GDP declining by half to just 0.6% in Financial Year 2016 as compared with 1.2% in Financial Year 2015. Moreover, oil prices have fallen dramatically, which resulted in excess of production over consumption. Lower oil prices have strained the financial position of oil exporters, impacted investments in oil and gas extraction and did not affect any substantial increase in consumption by oil importers, estimated to be so because of deleveraging and negligible pass-through of price reductions to consumers in developing economies. Unlike expected, consumers in advanced economies also failed to spend the windfall from reduced prices, opting to pay debt and save instead, further reducing consumption and affecting the economy.

INDIAN ECONOMIC OVERVIEW

Financial year 2015-16 (FY2016) began on a positive note. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). India has grown 7.2 Per cent in 2014-15 and 7.6 per cent (advance estimate) in 2015-16.

This year's Economic Survey describes India as a "refuge of stability and an outpost of opportunity" at a time of global turbulence and volatility. According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17.

India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and expected to grow 8.0%+ in the next two financial years i.e. 2016-17 & 2017-18.

The sectors that are likely to register growth rate of over 7% include financial, real estate and professional services, trade, hotels, transport, communication and services related to broadcasting and manufacturing. Notwithstanding weak monsoons, the agricultural sector grew by 1.1%, helped by strong growth in livestock. The growth in mining and quarrying is estimated to be 6.9 %.



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The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

Therefore, India has an edge over its peers at the present juncture. However, there is a need to push through certain key reforms urgently in order to hold on to this advantage and then build on it.

INDUSTRY STRUCTURE AND DEVELOPMENT

NBFCs form an integral part of the Indian Financial System. They have been providing credit to retail customers in the underserved and unbanked areas. Their ability to innovate products in consonance to the needs of their clients is well established. They have played a key role in the development of important sectors like Road Transport and Infrastructure which are the life lines of our economy. This role has been well recognized and strongly advocated for, by all the Expert Committees and Taskforces setup till date, by Govt. of India & RBI. It is an established fact that many unbanked borrowers avail credit from NBFCs and over the years use their track record with NBFCs and mature to become bankable borrowers.

Thus, NBFCs act as conduits and have furthered the Government's agenda on Financial Inclusion NBFCs are today passing through a very crucial phase where RBI has issued a revised regulatory framework with the objective to harmonize it with banks and Financial Institutions and address regulatory gaps and arbitrage

NBFCs, by virtue of their business focus are well positioned to build profitable businesses in the priority sector borrower segment.

Financial Services Sector

The growth of financial sector in India at present is nearly 8.5% per year. The rise in the growth rate suggests the growth of the economy. The financial policies and the monetary policies are able to sustain a stable growth rate.

India's financial services sector is diversified, comprising of entities such as commercial banks, co-operatives, insurance companies, pension funds, mutual funds, non-banking financial companies and other various entities. Retail credit of NBFCs stood at Rs. 4.7 trillion as on December 31st 2015 and has registered a higher year over year growth of 18.8% against the growth rate of 14.5% in Financial Year 2015.

The Reserve Bank of India (RBI) played a dynamic role in the growth of the financial sector of India.

Road ahead

NBFCs continue to be an integral part of the country's financial service ecosystem. The recent activity based regulatory norms are likely to further rationalise the cost of compliances and create better governance norms. NBFCs, by virtue of their business focus, are well positioned to build profitable businesses in the priority sector borrower segment. The expected reforms and thrust towards various core sectors will provide more



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opportunities to the NBFCs to create more meaningful financial inclusion and employment opportunities across the country

INTER GLOBE FINANCE-AN OVERVIEW

Today, IGFL is one of West Bengal's leading & valuable financial management & advisory services company in the eastern region. Through its lending and financing solutions IGFL has enabled its customers to pursue ambitious growth strategies and execute value creating transactions. Our Vision is to become the most respected company in the financial services space in India. Our Business Strategy is to have a steady growth by adapting to the changing environment, without losing the focus on our core domain of financial services.

IGFL is a knowledge driven organization and has over the years developed and institutionalized knowledge about its businesses at all the levels.

Unlike conventional corporate lenders, we provide easy finance with hassle-free documentation through a speedy and transparent process. IGFL is at the right place, at the right time and with the right skill sets. The Government of India is strongly focusing on steps to stimulate the rural economies and we believe that we have a significant part to play. As we diversify our product portfolio to other forms of secured financing, we will soon have an entire spectrum of financial products under the IGFL umbrella.

Financial Review

The weak industrial growth led to subdued growth for the financial sector. This resulted in a lower disbursement of loans and declining profitability. Despite the challenges, we strengthened our operational achievements and remained profitable. The summary of our financial performance is as follows:

- Our Interest Income stood at Rs.665 lakhs.
- Profit after tax increased to Rs. 27.37 lakhs in 2015-16 against Rs. 20.90 lakhs in 2014-15.
- Earnings per share (EPS) stood at Rs. 0.40 in current year against Rs. 0.31 in 2014-15.

Road ahead

The year 2015-16 was crucial for us and we took some significant steps towards rebuilding ourselves with a better growth plan. Our business performed well, giving us confidence to expand our presence in other parts of the country. In order to diversify its product portfolio, the company plans to venture in Medical Equipment Finance by targeting Micro and Small Enterprise which qualify as priority sector as per RBI Guidelines.

The Company is confident of generating sizeable business and wants to specialize in this Sector. Our internal analysis shows NPA generation of this sector to be at minimum with a Net Interest Margin of around 4% achievable with debt securitization.



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FUTURE OUTLOOK

Non-Banking Finance Companies (NBFCs) continue to grow their share in financial services industry. India Ratings expects NBFCs to account for over 17% of the total credit in the country by FY2019, compared to 13.1% at the end of the FY2015. Until some years ago, NBFCs were a small part of the financial services business with a small resource base.

Today, the equity of leading NBFCs is comparable with or larger than many mid-sized banks. The combined market capitalization of the top 10 NBFCs is now twice that of mid and small-sized public sector banks.

A broad customer base, wide India reach, diversified product range, experienced team of professionals, and well developed systems & process position IGFL suitably well to capture the emerging opportunities in the financial services space. IGFL is focused on fortifying its relationship with clients through seamless service and differentiated offerings. Furthermore, it will augment services complementing the organization's core competences and grow in the financial services space.

INTERNAL CONTROL SYSTEMS AND ADEQUACY OF INTERNAL CONTROL

In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices.

The Board has an Audit Committee with independent directors in majority to maintain the objectivity.

IGFL has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes and corporate policies are duly complied with.

The Audit Committee also seeks the views of statutory auditors on the adequacy of the internal control systems in the Company. Moreover, IGFL continuously upgrades these systems in line with the best available practices.

OPPORTUNITIES & THREATS

• Opportunities

Non-Banking Financial Companies (NBFCs) are fast emerging as an important segment of Indian financial system. The Company provides long term financing to the Logistics, Share Brokers, Integrated Steel Plants,



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Real Estate Developer, Infrastructure Conglomerates, Airport Ground Handling Services, Retail Marts, Iron-ore Mine Industries and Power Sector. Thus, the Company has broadened and diversified the range of products and services offered by a financial sector. Gradually, the Company, being recognized as complementary to the banking sector due to its customer-oriented services; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

• Threats

Being an NBFC, the Company has to face various threats as under mentioned;

- * High cost of funds
- * Slow industrial growth
- * Stiff competition with NBFCs as well as with banking sector
- * Nonperforming assets

RISK MANAGEMENT

Our Company constantly invests in people, processes and technology as the Company acknowledges that these are vital elements for mitigating various risks posed by the environment. The Company has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customers.

While risk is an inherent aspect of any business, the Company, being a financial company is exposed to various numerous risks that are particular to its business and the environment within which it operates, including interest rate volatility, economic cycle, credit risk and market risk. The most important among them are credit risk, market risk and operational risk. The Company has the overall responsibility of ensuring that an effective risk management framework is aligned to its objectives.

In retail loan businesses like ours, overall portfolio diversification and reviews also facilitate mitigation and management.

HUMAN RESOURCES & INFRASTRUCTURE DEVELOPMENT

Your Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. Employees are central as well as critical to the Company as they are the real assets of the organization. The Company believes in retaining high caliber employees while engaging and nurturing them to achieve great heights in the area of operations. The employee relationship with the company remained harmonious throughout the year.



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Your Company is in the growth stage of the IT framework and would see a slew of new projects with strategic benefits and will lead the Company being perceived as a leader in information technology for the entire industry. There is a constant endeavor to move up the IT maturity curve and deliver value to businesses and customers.

CAUTIONARY STATEMENT

The Board of Directors have reviewed the Management Discussion and Analysis prepared by the Management, and the Independent Auditors have noted its contents. Statement in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. The statements may be subjected to certain risks and uncertainties. Company's operations are affected by many external and internal factors which are beyond the control of the management. Thus the actual situation may differ from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

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Dated:-May 30, 2016

By Order of the Board

Suresh Kumar Jain

Chairman & *Managing Director*

DIN: 01151644