

**MANAGEMENT DISCUSSION AND ANALYSIS****COMPANY'S OPERATIONS AND INDUSTRIAL REVIEW**

The Company's main activity is of lending and investment in securities. The Company is actively engaged in the fund-based activities, providing loans and advances, investing in shares & securities etc. Aagam Capital Limited services today are readily available to individuals, corporate, financial institutions throughout India.

The Reserve Bank of India (RBI) issued the revised Regulatory Framework for Non-Banking Finance Companies (NBFCs), with a view to streamlining the regulations for the sector. It also revoked with immediate effect its temporary suspension on issuance of Certificate of Registration (COR) to companies proposing to conduct business of non-banking financial institution (NBFI). The Reserve Bank had temporarily suspended issuance of Certificate of Registration on April 1, 2014 pending revision in the framework for NBFCs.

The NBFC sector has been gaining systemic importance in the recent years with NBFC assets growing steadily from 10.7% of banking assets in 2009 to 14.3% of banking assets in 2014. The recent revised regulatory framework for NBFCs by RBI focuses on strengthening the structural profile of sector, reducing regulatory arbitrage between banks and NBFCs wherein focus is more on safeguarding of the depositors money and increasing regulatory compliance for large size NBFCs.

Accordingly, as per CARE Ratings estimates Gross NPA level may be in the range of 5.8%-6.1% by 2018 from around 3.4% as on 2014 and the profitability of NBFCs would see an impact of 35 to 45 bps due to revised guidelines. However CARE Ratings believes that current profitability levels can absorb impact of additional provisioning requirements. Also the three year transition period will help reduce the impact. Further the current capital adequacy level is comfortable. CARE Ratings perceives revised regulations to be positive for the NBFC sector. The regulations will make the NBFC sector structurally stronger, increase transparency and improve their ability to withstand asset quality shocks in the long run.

**OPPORTUNITIES**

Following are the opportunities associated with business of the Company :

- Regulatory Reforms would aid greater participation by all class of investors.
- NBFC have turned out to be engines of growth and is an integral part of the Indian financial system thereby increasing competition and diversification in the financial sector.
- With the growing magnitude assigned to financial inclusion, NBFCs have come to be regarded as significant financial intermediaries particularly for the small-scale and retail sectors.
- Low penetration of financial services and products in India.
- Technological advancement enabling us to adopt best practices and procedures.
- Professionals are now attracted towards organization like NBFCs, microfinance institutions and payment banks.

**THREATS**

Despite opportunities there are also threats to our business which are as follows :

- Volatility in the Rupee-US Dollar movement due to various factors including current account deficit.
- Increased competition from local and global players operating in India.
- High cost of borrowing which is eventually passed on borrowers in the form of higher interest on loans.
- Interest Rate Risk, Eco-Political Risk.
- Regulatory changes impacting the landscape of business.

**RISK AND CONCERNS**

The risk attached with the company is mainly with the operations it carries. The company have comprehensive risk management policies and processes to mitigate the risks that are encountered in conducting the business activities. The management periodically reviews the policies and procedures and formulates plans for control of identified risks and improvements in the systems.

**DISCUSSION ON FINANCIAL PERFORMANCE**

The net profit for the period ended 31<sup>st</sup> March,2018 is ₹ 8, 35,479 as against ₹ 9,49,349 during the last year showing decrease of around 12% as compared to previous year. The total income of the company decreased from ₹ 17, 31,125 to ₹16, 84,633. The EPS of the company for the year under review is ₹ 0.17 which is less as compared to previous financial year. Your directors ensures that it will make all efforts to improve the performance during the current year.

**CAUTIONARY STATEMENT**

The statements in the Management Discussion and Analysis Report, which may be considered 'forward-looking statements', within the meaning of applicable laws and regulations, have been based upon the current expectations and projection about future events. The actual results could differ from those expressed or implied. Important factors that could influence the Company's operations include Government regulations, tax regimes, economic developments within the country, tax laws and other factors such as industrial relations. The management cannot, however, guarantee that these forward-looking statements will be realised or achieved.