

33/36, Basement, West Patel Nagar, New Delhi Central Delhi – 110008.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on this secretarial record based on our audit.
2. We have the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of the accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

**V. Kumar and Associates
(Company Secretary in Practice)**

**Date: 31st August, 2019
Place: New Delhi**

**Vivek Kumar
FCS No: - 8976
CP No: - 10438**

Annexure-III

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Economy

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

Market size

India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

Recent Developments

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India reached record US\$ 129.4 billion in 2018 while private equity (PE) and venture capital (VC) investments reached US\$ 20.5 billion. Some of the important recent developments in Indian economy are as follows:

- During 2018-19 (up to February 2019), merchandise exports from India have increased 8.85 per cent year-on-year to US\$ 298.47 billion, while services exports have grown 8.54 per cent year-on-year to US\$ 185.51 billion.
- Nikkei India Manufacturing Purchasing Managers' Index (PMI) reached a 14-month high in February 2019 and stood at 54.3.
- Net direct tax collection for 2018-19 had crossed Rs 10 trillion (US\$ 144.57 billion) by March 16, 2019, while goods and services tax (GST) collection stood at Rs 10.70 trillion (US\$ 154.69 billion) as of February 2019.
- Proceeds through Initial Public Offers (IPO) in India reached US\$ 5.5 billion in 2018 and US\$ 0.9 billion in Q1 2018-19.
- India's Foreign Direct Investment (FDI) equity inflows reached US\$ 409.15 billion between April 2000 and December 2018, with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles.
- India's Index of Industrial Production (IIP) rose 4.4 per cent year-on-year in 2018-19 (up to January 2019).
- Consumer Price Index (CPI) inflation stood at 2.57 per cent in February 2019.
- Net employment generation in the country reached a 17-month high in January 2019.

Government Initiatives

The interim Union Budget for 2019-20 was announced by Mr Piyush Goyal, Union Minister for Finance, Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure.

Total expenditure for 2019-20 is budgeted at Rs 2,784,200 crore (US\$ 391.53 billion), an increase of 13.30 per cent from 2018-19 (revised estimates).

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the government are listed below:

- In February 2019, the Government of India approved the National Policy on Software Products – 2019, to develop the country as a software hub.
- The National Mineral Policy 2019, National Electronics Policy 2019 and Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles (FAME II) have also been approved by the Government of India in 2019.
- Village electrification in India was completed in April 2018. Universal household electrification is expected to be achieved by March 2019 end.
- The Government of India released the maiden Agriculture Export Policy, 2018 which seeks to double agricultural exports from the country to US\$ 60 billion by 2022.
- Around 1.29 million houses have been constructed up to December 24, 2018, under Government of India's housing scheme named Pradhan Mantri Awas Yojana (Urban).
- Prime Minister's Employment Generation Programme (PMEGP) will be continued with an outlay of Rs 5,500 crore (US\$ 755.36 million) for three years from 2017-18 to 2019-20, according to the Cabinet Committee on Economic Affairs (CCEA).

INDUSTRY

At present, the Company falls under Financial and Real Estate Industry. The Indian real estate market is expected to touch US\$ 180 billion by 2020. Housing sector is expected to contribute around 11 per cent to India's GDP by 2020. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

FINANCIAL PERFORMANCE:

During the Financial Year under consideration, the results of the Company were satisfactory. A profit of Rs. 54.96 Lakhs has occurred during the year. The Company will try to improve its performance in the next Financial Year.

OPPORTUNITIES AND THREATS

Opportunities:

The real estate sector is one of the most globally recognized sectors. Real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Threats:

The real estate market in India is currently in the midst of fairly challenging times. In the last few years, there have been a few noticeable macro shifts that have challenged the realty sector.

The bigger challenge is that real estate as an asset class is not showing the kind of 20-30% annual price appreciation that we saw between the years 2001 and 2008. For example, between 2013 and 2017, the property prices in Mumbai and Bengaluru have increased by just about 7.50% and 5.75%, respectively, which is lower than what you would have earned on your savings bank account. During the 4-year period, Delhi actually witnessed negative price growth of (-0.70%).

There are various bottlenecks which act as impediments for growth of infrastructure. The major ones are summed up below:

Financing

Infrastructure projects are highly capital intensive and funding is considered as a major impediment in achieving the infrastructure goals. The infrastructure broadly can be divided into two types, one which is very essential for the public at large and have no or very little revenue potential and other which has handsome revenue potential. The first kind of infrastructure must be totally government financed whereas the later can be developed on PPP mode. Since resource constraints will continue to limit public investment in infrastructure, PPP-based development needs to be encouraged wherever feasible.

Land Acquisition

Another significant challenge in achieving the infrastructure goal is the way land acquisition is done for infrastructure projects. Compensation fixed in terms of registered value is always the bone of contention. There is always a substantial difference between the compensation offered and the actual value of the land. The land owners always feel aggrieved which results in dispute and litigation.

However, The Land Acquisition and Rehabilitation & Resettlement Bill would be able to tackle this issue of land acquisition favourably.

Clearances from numerous agencies

Most of the infrastructure projects in India suffer from delays in completion. This is mainly due to an inadequate regulatory framework and inefficiency in the approval process. Infrastructure projects require multiple sequential clearances at various levels of government. There are various approvals needed at every stage which definitely delay the infrastructure projects.

INTERNAL CONTROLS:

The Company has adequate internal control systems and procedures designed to effectively control the operations at its offices. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the Company.

CAUTIONARY STATEMENT

Statements in this report, describing the Company's objectives, expectations and/or anticipations may be forward looking within the meaning of applicable Securities Law and Regulations. Actual results may differ materially from those stated in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

**By the Order of Board
For Sai Baba Investment and Commercial Enterprises Limited**

**Jigar Bhadresh Gandhi
Whole Time Director
DIN: 07910717**

**Manojkumar Gunvantrai Somani
Director and CFO
DIN: 07721790**

**Date: 31st August, 2019
Place: New Delhi**

Annexure-IV

CORPORATE GOVERNANCE REPORT

(Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)
In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and some of the best practices followed internationally on Corporate Governance, the report