

## **Annexure: A**

To  
The Members,  
Vani Commercials Limited

Our report of the 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 these secretarial records based on our audit.
2. We have followed 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 the random test basis to ensure that correct facts are reflected in secretarial records. 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 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 the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **V AGGARWAL & CO.**  
**Company Secretaries**

**Sd/-**  
**Varsha Aggarwal**  
**M.No. :A39687**  
**COP: 20894**

Date: 3<sup>rd</sup> July 2019  
Place: Delhi

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Company's main object is Non-Banking Financial activities. The market for this activity offers high potential for growth. The Company is carried on business of NBF and is operating from Delhi. There have been a number of causes behind growth of Indian economy in last couple of years. A number of market reforms have been instituted by Indian government and there has been significant amount of foreign direct investment made in India. Much of this amount has been invested into several businesses including knowledge process outsourcing industries. India's foreign exchange reserves have gone up in last few years. Real estate sector as well as information technology industries of India have taken off. Capital markets of India are doing pretty well too. All these factors have contributed to growth of Indian economy.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

### **➤ INDUSTRY STRUCTURE AND DEVELOPMENTS**

Non-Banking Finance Companies (NBFCs) are an integral part of the country's financial system because of their complementary as well as competitive role. They act as a critical link in the overall financial system catering to a large market of niche customers. In spite of strong competition faced by the NBFCs, the inner strength of NBFCs viz local knowledge, credit appraisal skill, well trained collection machinery, close monitoring of borrowers and personalized attention to each client, are catering to the needs of small and medium enterprises in the rural and semi urban area. However, as a result of consolidation and restructuring in the financial sector and liberalization and globalization of markets only few strong NBFCs now remain in business.

On the regulatory front, NBFCs are regulated by the Reserve Bank of India (RBI) almost at par with banks. All the prudential norms for asset classification, income recognition, provisioning etc., are applicable to NBFCs in India. Given the continuously high levels of inflation throughout the year, the Reserve Bank of India (RBI) has no option but tighten monetary policies. This has resulted in an increase in domestic interest rates. The environment of high interest rates

has a negative impact on sentiments of industries. Measures of risk aversion have not risen, though equity markets in most regions have posted significant gains and financial stresses have been limited.

#### ➤ **OPPORTUNITIES AND THREATS**

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. In the FY18-19, Indian GDP growth reported at 7.3% as we continue to be the fastest growing amongst large economies in the world. India's annual retail inflation rate dropped to an 18-month low of 2.19% in December, strengthening economists' expectations of a falling interest rate regime in the coming months. The Indian economy is projected to grow at a healthy 7.3% in fiscal year 2020, as per IMF. The growth is expected to come on the back of pre-election fiscal stimulus in the first half of 2019, infrastructural stimulus and a generally dovish monetary policy by RBI. Accommodative monetary policies in advanced economies, coupled with better growth prospects in Emerging Markets (EMs) including India, are expected to trigger large capital inflows in EMs which in turn could lead to inflationary pressures and asset price bubble. Our business performance may also be impacted by increased competition from local and global players operating in India, regulatory changes and attrition of employees. With growing presence of players offering advisory service coupled with provision of funds for the clients' needs, we would face competition of unequal proportion. We continuously tackle this situation by providing increasingly superior customized services.

In financial services business, effective risk management has become very crucial. As an NBF, your Company is exposed to credit risk, liquidity risk and interest rate risks. Your company has in place suitable mechanisms to effectively reduce such risks. All these risks are continuously analyzed and reviewed at various levels of management through an effective information system. The Company is having excellent Board of Directors who is Expert in financial sector, and is helping the Company in making good Investment. The company is also facing risk of heavy ups and down in stock market which have been minimized due to risk management system of our company.

#### ➤ **OUTLOOK AND FUTURE PROSPECTS**

Competition continues to be intense, as the Indian and foreign banks have entered the retail lending business in a big way, thereby exerting pressure on margins. The erstwhile providers of funds have now become competitors. NBFs can sustain in this competitive environment only through optimization of funding costs, identification of potential business areas, widening

geographical reach, and use of technology, cost efficiencies, strict credit monitoring and raising the level of customer service.

#### ➤ **RISKS & CONCERNS**

In today's complex business environment, almost every business decision requires executives and managers to balance risk and reward. Effective risk management is therefore critical to an organization's success. Globalization, with increasing integration of markets, newer and more complex products & transactions and an increasingly stringent regulatory framework has exposed organisations to newer risks. As a result, today's operating environment demands a rigorous and integrated approach to risk management. Timely and effective risk management is of prime importance to our continued success. Increased competition and market volatility has enhanced the importance of risk management. The sustainability of the business is derived from the following:

- ❖ Identification of the diverse risks faced by the company.
- ❖ The evolution of appropriate systems and processes to measure and monitor them.
- ❖ Risk management through appropriate mitigation strategies within the policy framework.
- ❖ Monitoring the progress of the implementation of such strategies and subjecting them to periodical audit and review.
- ❖ Reporting these risk mitigation results to the appropriate managerial levels.

#### ➤ **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The brief on Financial Performance of the Company is already provided in the Boards' Report of the Company.

#### ➤ **HUMAN RESOURCES**

The Company's relations with the employees continued to be cordial.

#### ➤ **SEGMENT-WISE OR PRODUCT WISE PERFORMANCE**

The company operates in only single segment. Hence segment wise performance is not applicable.

#### ➤ **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate

system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilization.

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department is manned by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as an Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

#### ➤ CAUTIONARY STATEMENT

This report describing the company's activities, projections about future estimates, assumptions with regard to global economic conditions, government policies, etc may contain "forward looking statements" based on the information available with the company. Forward-looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the company's operations are affected by many external and internal factors, which are beyond the control of the management. Hence 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.

Company follows all Mandatory Accounting Standards.

**For & On Behalf of Board of Directors  
Vani Commercials Limited**

**Date: 03/07/2019**  
**Place: New Delhi**

**Sd/-  
Neha Ashish Karia  
Managing Director  
DIN: 07894660**

**Sd/-  
Pooja Bhatia  
Director  
DIN: 00188770**

**Vani Commercials Limited**  
Regd. Off.: 'AASTHA', LP – 11C,  
Pitampura, New Delhi – 110034  
CIN: L74899DL1988PLC106425  
Email ID: info@vanicommercials.com

### **INDEPENDENT AUDITORS' REPORT**

To the Members of **Vani Commercials Limited**

#### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **Vani Commercials Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2019** the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and