

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Communication industry is one of the fastest growing in the world. The Industry has witnessed consistent growth during the last year on the back of rollout of tele networks by operators. The booming domestic telecom market has been attracting huge amount of investment which is likely to accelerate with the entry of new players and launch of new service. Consumers are now at peaks on choice of operators and the various kinds of services they desire. Broadband and wireless networks, as well as the likely convergence of various technologies and standards will derive the telecom market growth in India in the coming years.

Opportunities and Threats:

Mobile Internet and big data will create tremendous opportunities for telecom operators. Mobile internet is expected to be booming in the following three years. Telecom operators control the last mile for all mobile devices to access the Internet, and therefore will share the future profit from the mobile internet market. Currently, telecom operators are advised to enhance customer loyalty and increase the migration cost for changing the mobile numbers and switching service providers. A large user base is the key to winning market share in the mobile internet arena, and telecom operators are able to secure a huge number of low-end users through subsidizing low-cost Android-based devices.

The Company has indentified the following threats:

- Intense completion due to large number of players.
- Rising price of input.
- Keeping pace with technology change.

RISK MANAGEMENT

Your Company continues to believe that managing risk is critical for its growth and sustenance. The Company is constantly monitoring and assessing the internal as well as external risk factors associated with day to day operations and thereby mitigating possible risks associated therewith. The Company's business operations are subjected to various risks such as changes in economy, financial risk, internal risk, technology etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your management attaches very high importance to corporate governance. The independent directors have full access and Visibility to any details in the company. One of the senior most members of the Board heads the audit committee. Audit committee's recommendations are taken very seriously by the board and implemented in letter and spirit. Commensurate with the size and scale of operations of the company, the company has well set processes and procedures for planning, review, revenue recognition, expenses authorization, capital expenditure approval, risk management, investments etc.

Place: Delhi
Date: 30.08.2017

By Order of the Board
For VITAL COMMUNICATIONS LIMITED
Sd/-
Shyam Sunder Sabharwal
DIN: 01912767

Sd/-
Roop Singh
DIN: 07304997