

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Anticipating a Global Reboot of the Economy

As per the International Monetary Fund (IMF), the global economy is estimated to grow by 5.5% in 2021 and 4.2% in 2022. The projection comes based on vaccine approvals, which is expected to spur the economy later this year. However, the effectiveness of policy support and access to medical interventions will determine the extent of recovery in different countries. This year's estimated growth follows a severe economic collapse in 2020 that has adversely impacted people globally. Based on the World Economic Outlook Update, the global growth contraction for 2020, estimated at -3.5%, was recorded at 0.9 percentage points which were higher than the growth estimated in the previous forecast, driven by a stronger than expected reboot in the second half of 2020. We believe strong multilateral cooperation will form the basis of bringing the pandemic under control everywhere. Increasing funding for equitable access to COVID-19 vaccines for all countries, ensuring global distribution, and facilitating therapeutics at affordable rates are essential measures to rein in COVID-19. Several countries, mainly the low-income developing economies, set foot into the crisis with a huge debt, which is expected to rise even further due to the pandemic. Therefore, there is a need for the global community to work collaboratively and ensure adequate access to international liquidity to help these countries.

Indian Economic Overview

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. India's GDP (at constant 2011-12 prices) was estimated at ₹33.14 trillion (US\$ 452.74 billion)' for the second quarter of FY 2020-21, against ₹35.84 trillion (US\$ 489.62 billion)' in the second quarter of FY 2019-20.

With an improvement in the economic scenario, there have been investments across various sectors of the economy. In 2020, the total deal value in India stood at approximately US\$ 80 billion. Of this, M&A activity contributed approximately 50% to the total transaction value. Private Equity-Venture Capital (PE-VC) companies expanded from US\$ 36.3 billion in 2019 to US\$ 39.2 billion in 2020. Government data showed that India's Foreign Direct Investment (FDI) equity inflows during the period from April 2020 to March 2021 stood at \$59.64 billion which corresponds to a growth of 19%.

The first Union Budget of the third decade of the 21st century was presented by Minister for Finance & Corporate Affairs, Mrs. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget is aimed at energising the Indian Economy through a combination of short-term, medium-term, and long-term measures.

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, Hon'ble Prime Minister of India, launched the Make in India initiative intending to boost the country's manufacturing sector and increase the purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector to take it to 25% of the GDP from the current 17%. Moreover, the Government has also come up with the Digital India initiative, which focuses on three core components: the creation of digital infrastructure, delivering services digitally and increasing digital literacy.

According to a Boston Consulting Group (BCG) report, India is expected to become the third-largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to a shift in consumer behaviour and expenditure pattern. It is estimated to surpass the USA to become the second-largest economy in terms of purchasing power parity (PPP) by 2040 according to a report by Price Water House Coopers.

E-Governance Industry Overview

India has been consistently improvising its e-governance capabilities, and now, state governments, universities, service providers, app developers, and scientists are also working on improving the access to e-governance and are increasing the acceptability among Indians.

The latest UN e-Government Survey rankings have placed India at the 100th rank out of 193 countries for the year 2020. India has transformed the 'middle to the 'high-EDGI' (e-Government Development Index) level group, "reflecting improved online presence regulated by strategies linking digital policies to national development." India's EDGI score is 0.5964 in the year 2020. India's E-Participation Index Rank is 29 and the E-Participation Index Value is 0.8571 for the year 2020.

Business Outlook

Alankit Limited is focused on its vision and committed to fulfilling its mission through ensuring consistent delivery of quality products, unsurpassed service, and premium value to its esteemed customers. It also aims to work diligently as a team with high standards of integrity, across borders as well as emerge a winner in the marketplace in all aspects of its business.

Vision and Mission

Our Vision

"To be a unique and quality service provider in the sectors we serve."

Our Mission

"To become a customer-centric organization with a focus on building trust by our unmatched standards."

We will achieve this by:

- Delivering quality products, unsurpassed service, and premium value;
- Working together as a team, with high standards of integrity across borders;
- Winning in the marketplace in all aspects of our business.

Industry Structure and Developments

Your company is mainly in e-Governance Services and e-Governance Products in both State and Central Government under various schemes promoting public/private participation to promote E-Governance in the country. Meanwhile, your company has rich experience in providing and implementing various e-Governance Projects which will be able to help your company in managing and implementing various projects.

Company Overview

The Company is mainly in the business of e-Governance and e-Governance products. Your company is the fastest-growing player in the e-Governance Sector and believes in providing quality information, delivering a high standard of service, encouraging new advanced technology, thus making the system more

accountable, transparent, and effective for the clients. Intending to reach out to the masses with increased credibility & accountability in its services, your company's e-Governance Business has developed a proven track record through the successful completion of several e-Governance Projects. Brief details about the company's products are discussed below:

PAN Centres

The Government of India is making it mandatory for Indian citizens to have a PAN Card. It is compulsory to mention PAN in all financial transactions above a certain prescribed limit. As per the information provided by the Government, against a total population of 1.31 Bn, the number of AADHAAR assigned was 1.17 Bn, translating into 89.2% penetration.

Alankit acts as the unified platform for all services related to the PAN Card application and all other procedures, whatsoever. Permanent Account Number (PAN), is the ten-digit number issued in the form of a laminated card by the Income Tax Department in India and is counts as one of the most important documents being the unique identification number allotted to each taxpayer of the country.

Currently, your company has a pan India network of 6119 PAN Centers. With the advent of GST, our target is to double our presence in near future.

Business Correspondent (BC)

Business Correspondents are retail agents who represent banks and are responsible for delivering banking services at locations other than a bank branch/ATM. BCs support banks in providing its limited range of banking services at affordable cost. Thus, they are pivotal in promoting financial inclusion. According to the RBI's mandate, the products offered by BCs include Small Savings Accounts, Fixed Deposit, and Recurring Deposit with low minimum deposits, Remittance to any BC customer, Micro Credit, and General Insurance. The BC model helps banks in bringing door-step delivery of services especially 'cash in - cash out' transactions in areas that are nearer to the rural population, thus resolving the issue of last-mile delivery.

Your company has ventured into the Business Correspondent segment since 2015 and has joined hands with banks such as State Bank of India, and IDBI Bank to provide services as Business Correspondent to them. The BC arrangement essentially means enrolling customers and enabling the transactions of the customers at the Customer Service Point (CSPs) besides sourcing various deposit and loan products for the Bank as a business facilitator.

Your Company is a representative(s) appointed by the bank to act as their agent and provide banking services in a remote location where the bank does not have a presence to promote Financial Inclusion.

Our major focus is enrolling CSP from Rural Areas along with our other e-Government products, which enhances their viability & sustainability in a shorter period, juxtaposed to our competitors.

Your company has recently signed up the National BC agreement with Bank of Baroda also and is in process of signing with some other banks including payment banks.

With GOI's focus on cash-less transactions and the launch of the AADHAR Payment scheme, we foresee a huge business potential for your Company as a National BC.

FASTag Services

In an endeavor to ensure seamless traffic and prevent congestion at toll plazas in the subsequent years, the National Highways Authority of India (NHAI) has introduced cashless, electronic processes and entire interoperability through FASTag. Your Company has tied up with IDFC Bank, Kotak Mahindra Bank Ltd., and Axis Bank for its FASTag program which is a part of the National Electronic Toll Collection (NETC) initiative rolled out by NPCI. Our team of experienced professionals facilitates easy issuance of FASTag and convenience of cashless payments from the account linked to the issued tag. With our in-house robust infrastructure, Alankit's expertise simplifies travel by serving as a single-window system through hassle-free FASTag services

Manpower Staffing

Under this Division your company is emerging as a fast-growing service provider to serve Government, Private, PSU, and Autonomous bodies in the field of various business services like Data Management Solutions, Manpower Outsourcing, Data Entry Projects, Data Processing, Data Conversion, Scanning Digitization, e-Return & e-TDS & Smart ID Card Printing.

Your company has been able to establish a reputation for excellence and reliability among our associates/customers which inter-alia includes departments like Directorate of Income Tax (Ministry of Finance), Ministry of Chemical & Petrochemicals, Ministry of Power, Ministry of Forest & Environment, Ministry of Textiles, DRDO, All India Radio, Prasar Bharati, Ministry of Information & Broadcasting, and Ministry of Tribal Affairs.

GSP Suvidha Provider

GSP (GST Suvidha Provider) is an exclusive entity that is authorized to facilitate a platform to enable the country's taxpayer population to do the GST compliances. As a top GST Suvidha Provider (GSP), Alankit displays superior standards in extending services to the taxpayer populace for complying with the new Goods and Services Tax (GST) regime and ensures ease & convenience for all the stakeholders in the GST Rollout. The company brings the desired support through the web or mobile-based interfaces and serves as a single-stop shop for all GST compliance-related services.

To ensure a smooth implementation process, Alankit has introduced two GST solutions- Alankit GST Muneemji, a secure cloud-based solution for all GST compliance, and Alankit GST Saarthi- a PoS device introduced for smaller and unorganized businesses for the purpose of payment and business accounting which is GST compliant. Furthermore, the company has also introduced first-of-its-kind e-Way Bill Generation Software, e-Raahi for the easy and instant creation of e-Way Bills in a hassle-free and affordable manner.

SMART CARD

In keeping with the major demand in the system for plastic cards, Alankit, the national distributor, provides instant printing solutions for plastic ID Cards. The company offers the distribution of millions of multiple card types like voter ID cards, Aadhaar cards, and Health Cards and also has accomplished a tremendous sale of printers over the number of financial years in the past. Your company strives to work efficiently by ensuring customer data safety and error-free printing with the focused use of advanced technology with strong security authentication features and guaranteed time-bound supply.

Digital Signatures

A digital signature is a mathematical technique used to validate the authenticity and integrity of a message, software, or digital document. The digital equivalent of a handwritten signature or stamped seal, a digital signature offers far more inherent security, and it is intended to solve the problem of tampering and impersonation in digital communications.

According to the Digital Signature Market information Report, the global digital signature market is estimated to grow at a CAGR of 30.5% throughout 2018-2024. Factors that influence the growth of this segment are the ever-increasing need of verifying digital documents such as patient consents, court documents, cash management documents, policies, claims, and many more of the likes.

Atal Pension Yojana

Atal Pension Yojana (APY) is an initiative of the Government of India to convert a pension-less society into pensioned society. The objective of APY is to encourage people to save small amounts during their productive years which will enable them to draw a pension in old age. APY is based on defined benefits for providing minimum guaranteed pension ranging from Rs. 1000 to Rs. 5000 p.m.

Recent Developments

Alankit Limited has been empanelled as Service Provider for processing of **Ayushman Bharat Card Request** with **National Health Authority, Ministry of Health & Family Welfare, Government of India**.

Further, the Company has been shortlisted as a National Business Correspondent (BC) by the **State Bank of India** for financial inclusion. Further, the Company is in the process of entering into an Agreement for the same. Further, discontinuance of agreement with NSDL e-Governance Infrastructure Limited as a Tax Information Network facilitator for PAN, e-TDS statement filing services may not have any significant impact on our business, revenue, and profitability of the Company as present business and the stream of new businesses will take care of any shortfall (if any). The dispute between the Company and the NSDL has now been referred to arbitration between the parties wherein Alankit is seeking payment of its arrears of long-pending dues.

Alankit Limited has entered into an Agreement with **UTI Infrastructure Technology And Services Limited**, Mumbai to provide eCard Printing Services under **PMJAY (Pradhan Mantri Jan Arogya Yojana)** under **Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (ABPM-JAY)** scheme in alliance with state governments.

Your company has recently acquired a new project for the Existing Unified Customer Service Centre with **Mahanagar Telephone Nigam Limited (MTNL)** located at Belapur, Mumbai, Maharashtra. Under this project, **Alankit Limited** will be providing operation services for the existing unified call centres for various services along with the manpower required.

E-Sign Service Provider

The subsidiary of the Company Verasys Technologies Private Limited ("Vsign") which is Certifying Authority under Section 21 of the IT Act, 2000, is now also empanelled as e-Sign Service Provider (ESP) to provide e-Sign Service based on Aadhar which is a substantial move for the Company.

Products/ Services offered by Vsign

1) E-Sign

For a document to be signed digitally, we need to possess a Digital Signature Certificate from the Central Authorities of the country. One of the notable features of eSign is that it can be done anywhere, anytime without much hassle with the use of OTP. It makes use of digital signature technology which is used to sign a said document.

2) Paperless DSC

A digital signature certificate is an electronic form of a signature that can be used to validate the identity of the signer. It ensures that the original content of the message or document has remained intact during transit. Paperless Digital Signature is easily transportable and cannot be imitated by someone else. The paperless digital signature can be issued by authenticating an individual via Aadhaar e-KYC. Any individual whose Aadhaar Card is linked with the mobile number can procure paperless digital signatures.

3) PDF Signer

Vsigner is a desktop-based application that allows users to sign single or bulk PDF documents using Digital Signature Certificates (DSC tokens). It works with a DSC token issued by any Certifying Authority in India. Vsigner also enables the user to mail digitally signed documents in a faster and more secure way.

4) Encryption decryption software

By using PKI infrastructure, we can encrypt and decrypt our data.

Risk Concern

Your Company's risk management structure works on identifying with the distinguishing proof, investigation, assessment, treatment, moderation, and observing of the vital, operational, and legal, and consistent threats to accomplish its key business goals. At Alankit, Risk Management is used to limit the hostile effects of such threats thus empowering the company to review and improve the risk involved successfully. The focal point of the management executives is to identify risks and look for relief measures. This is done through intermittent audit gatherings of the administration.

Human Resource

Your Company firmly believes that the personal development of individual employees contributes to the stable and sustainable growth of the company as a whole. The company's HR strategy is focused on attracting the best talent, reskilling and transforming the workforce, and providing a stimulating and flexible work environment, nurtures social contracts, fosters innovation, and builds a result-oriented, high-performance culture.

Your Company encourages employees to utilize their strengths and provides opportunities for them to use their skills and to develop their abilities. Our employees are the foundation of our success, and we believe in sharing our success with them. We reward their outstanding work in many ways, like providing competitive pay, giving instant rewards and recognition for path-breaking contributions.