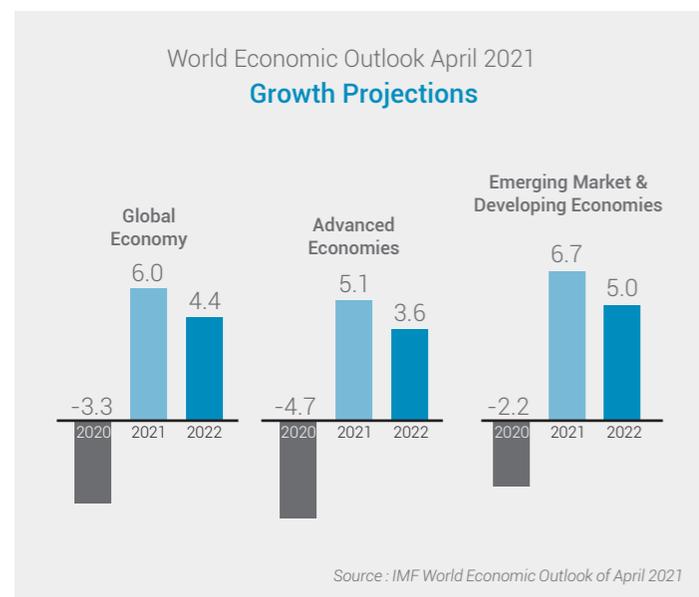


ANNEXURE -8

Management Discussion & Analysis

GLOBAL ECONOMIC REVIEW 2020-21

With Covid-19 at its peak in the CY2020, the global economy experienced lockdowns that seriously constrained human activities. As a result, business-related activities plunged through sectors and geographies. Overnight, business models shifted to a work-from-home model, forcing organisations to rapidly transform and revisit their business strategies.



As per the International Monetary Fund's (IMF) World Economic Outlook for April 2021, the global economy witnessed a shrinkage of (-) 3.3% in CY2020 and is projected to recover at 6.0% in CY2021, before moderating to 4.4% in CY2022. The rapid and widespread vaccine deployment and recently announced additional fiscal stimulus of USD 1.9 trillion in the United States, are energizing optimism about the global economy rallying strongly in CY2021. It has, however, warned of daunting challenges due to inequalities in vaccination rates across countries, financial conditions tightening sharply as a multi-speed recovery is expected in highly leveraged emerging markets and developed economies, and the resurgence of new virus variants that can evade vaccines, resulting in a significant drop in provided estimates. Policymakers and governments across geographies would need to continue supporting their economies through fiscal and monetary stimulus while dealing with constrained policy space and higher debts as compared to pre-pandemic levels.

GLOBAL IT Industry

Despite Covid-19 challenges, IT industry continued to remain at forefront across sectors and verticals. Things that would have been difficult or would have taken a century to break down the barriers because of how industry dynamics were set up for last 50 to 70 years, have now been changed and wiped out significantly due to disruption caused by pandemic. Organisations that are ready to pivot and embrace the emerging technologies such as Cloud Migration, Intelligent Automation, Robotics, Big Data and Analytics, Big Data, Blockchain, IoT (Internet

of Things, Artificial Intelligence (AI), Machine Learning (ML) and many more will be able to thrive and survive all types of disruptions. IT industry is nimble and fastest to adopt changes. Experts believe that in 2021, IT industry is going to be the competitive differentiator and growth accelerator across sectors, especially those who have been slow or reluctant to adopt technology changes.

As per Gartner's April 2021 release, worldwide IT spending is estimated to reach USD 4.1 trillion in 2021, witnessing a growth of 8.4% from 2020. In today's environment, IT is no longer limited to support corporate activities as it was

customarily, it is now actively engaged in providing business value. Rapid digit transformation has shifted IT from a back-office to a front-office position, as well as changed the source of funding from an overhead expense that is retained, tracked, and sometimes cut to something that produces revenue.

As shown in the table below, IT spending across segments are projected to grow in 2021 and beyond. As organisations turn their focus to provide innovative, more convenient, and effective working environments for their staff, the Devices, Enterprise Software and IT services will remain key growth drivers.

Worldwide IT Spending Forecast (USD Billions)

	2020 Spending	2020 Growth (%)	2021 Spending	2021 Growth (%)	2022 Spending	2022 Growth (%)
Data Center Systems	220	2.3	237	7.7	248	4.5
Enterprise Software	467	(-)2.1	517	10.8	572	10.6
Devices	663	(-)6.9	756	14.0	779	3.1
IT Services	1,021	(-)1.8	1,113	9.0	1,193	7.3
Communications Services	1,386	(-)0.7	1,450	4.6	1,505	3.7
<b>Overall IT</b>	<b>3,757</b>	<b>(-)2.2</b>	<b>4,073</b>	<b>8.4</b>	<b>4,297</b>	<b>5.5</b>

Source: Garner (April 2021)

In 2021, the most keenly watched trend in technology would be eSports, wearable technology, Blockchain, AI/ML for innovation and Digital health. There will be a more focus on data analytics, testing, cybersecurity along with rising adoption of hyper-automation to drive end-to-end automation and provide a better customer experience.

IT Service industry

The Covid-19 crisis has accelerated the technology adaption in exceptional ways in CY2020. It has compelled organisations to implement newer technologies out of necessity rather than choice. The IT services industry is observing robust demand to shift from legacy/on-premises services to cloud/digital platforms. The digital economy platforms assist organization in leveraging technology to be more agile and resilience in the face of disruption and to develop new digitally-powered business models for a post-pandemic, purpose-driven, sustainable and inclusive new normal world. Industry structures and business models are being challenged, and the economy's digitalisation is accelerating at a speedy rate.

As per Gartner's release in April 2021, the IT services spending is projected to grow by 9.0% in 2021 and 7.3% in 2022. Despite the fact that cost-cutting

efforts will not cease merely because there is more economic certainty in 2021, the focus for CIOs over the remaining year will be to complete the digital business plans that are aimed at improving, expanding and transforming the Company's value proposition.

Recovery across geographies, verticals/segments will vary significantly, triggering a K-shape economic recovery. In terms of industry, Banking, Securities, Insurance, Healthcare spending will nearly resemble pre-pandemic levels during the first half of CY2021, but Retail (discretionary) and Travel will not see the same revival at least till the time things return to normal. In terms of geography, Latin America is expected to recover by 2024, while China has already surpassed 2019 IT spending levels. North America and Western Europe, both are likely to recover by the end of 2021.

In short, the IT industry was one of those industries that remained less affected by the pandemic crisis. In reality, it shifted into higher gear to contain the sharp demand for remote working and collaboration solutions as most of the organisations wanted to transition to digitalisation as soon as possible to minimize abrupt shocks. The pandemic acted as a catalyst for IT vendors to capitalize huge growth opportunity

and seamless service delivery to its customers.

Digital transformation

A digital transformation is the usage of emerging newer technologies to solve traditional problems. Legacy modernisation of business models allows more technologically advanced products and services to be introduced. Digital transformation and cloud migration helps organisations in improving their brand's reputation, customer experience, and customer retention ratios through the implementation of the software.

Over a decade, digital transformation was moving slowly, with a prominence on enhancing products, processes, employee experience and cost efficiencies. However, with the sudden outbreak of Covid-19, CIOs were forced to rethink about their IT initiatives and boost digital investments. The demand for digitalisation had changed radically, with every industry being impacted by substantial shift in consumer preferences.

According to Grandview's recent research report, the global digital transformation market touched USD 284.4 Billion in 2019 and is estimated to grow at a CAGR of 22.5% during the period of 2020 to 2027. The key factors driving digital transformation

market growth are rising demand for the adoption of emerging technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Robotics, Cloud, Big Data Analytics, Blockchain, Machine Learning and many others across organisations.

In spite of all the hurdles created by pandemic to industries, economies and human lives, it also created business opportunities. Digital transformation is seen as a new revolution to bring stability and recover faster from the wounds caused by pandemic.

Over the last two decades, Saksoft have been assisting its clients with domain-

specific technology solutions and solution accelerators. Our expertise ranging from Consulting to Support, have made us a preferred Digital Transformation Partner amongst our customers across the globe. Our Digital Transformation solutions help to Automate, Modernize, and Manage our customer's IT Systems to Change-the-business and also efficiently Run-the-business, while they focus on their core business. The changing environment across IT industry has created huge opportunities for the companies like Saksoft. We are well poised to capitalize these opportunities and be one of the leading digital transformation partner for our customers.

**Company Overview**

Saksoft Limited is a leading Digital Transformation Solution Partner for clients across the globe. The ensuing pandemic has accelerated maturing of the digital revolution, making it imperative for companies to invest in automation, technology-led cost moderation and digitalisation-induced improvement in organisational productivity. At Saksoft, we bring into play a business model that has transformed in line with customer needs. Our 'Inch Wide Mile Deep' positioning has helped create mission critical, vertical relevant solutions.

**Company Verticals and Overview**

**Fintech**

Fintech companies have been one of the early adopters of digital transformation solutions and data analytics solutions. Increased and judicious technology spending is now considered an indispensable trait within the sector.

Saksoft leverages its domain expertise to focus on building solutions for clients. The Company ensures a seamless integration of processes, operations, tools, technology and human interventions. This collaborative approach has helped the Company address the financial space through innovation and thought leadership.



**Fintech**

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>Cards &amp; Payment gateways</li> <li>Credit Management agencies</li> <li>Regulatory &amp; Compliance</li> <li>Asset &amp; Wealth Management</li> <li>SMB &amp; Consumer Lending, Mortgages</li> </ul>	<ul style="list-style-type: none"> <li>Big Tech Focus on Financial Services</li> <li>Increasing investments in regtech</li> <li>Growing demand of digital payments</li> <li>Booming e-commerce industries</li> </ul>	<ul style="list-style-type: none"> <li>The global Fintech market estimated at USD 126 Billion in 2020</li> <li>Expected to reach at USD 188 Million in 2024</li> <li>CAGR of 10.5% from 2020 to 2024</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 27% to total revenues</li> <li>Revenue Mix is USA 81%, Europe 1% and APAC and Others 18%</li> </ul>	<ul style="list-style-type: none"> <li>4 clients in the USD 0.5 Million plus</li> </ul>

\*Source: deloitte-nl-fsi-fintech-report-1.pdf

**HealthCare**

Healthcare industry is now in super agile mode with evolutions from all directions – suite of regulatory changes (e.g. MACRA MIPS, Meaningful Use Stage 3, HIE, others), evolving healthcare standards (e.g. HL7, FHIR, ICD-10, others), dynamic market changes (e.g. wellness portals, M&A) and futuristic healthcare technologies (e.g. IoT, AI, Machine Learning, Big data, others).

With a team of healthcare functional and technologists from our group company Faichi, a Saksoft Company – [www.faichi.com](http://www.faichi.com) we have developed cutting-edge healthcare products and solutions for our clients worldwide. Saksoft can help you with predictive analytic solutions and services that transform data into actionable insights. These insights can help to lower costs, improve outcomes and make better decisions faster.

HealthCare

Telehealth, EHR integration, Imaging analytics, Integrated health monitoring via wearables, HL7/FHIR enabled provider apps

\*Source: Global Healthcare IT Market To Grow At A CAGR Of 15.5% (globenewswire.com)

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>Healthcare Providers</li> <li>Healthcare Payers</li> <li>Healthcare Compliance</li> <li>Clinical Research and Life Sciences</li> </ul>	<ul style="list-style-type: none"> <li>Ubiquitous adoption of virtual care</li> <li>New partnerships and markets</li> <li>Emerging disruptors</li> </ul>	<ul style="list-style-type: none"> <li>The Global Healthcare IT Market is valued at USD 200 Billion in 2020</li> <li>Expected to reach at USD 612 Billion in 2028</li> <li>CAGR of 15% from 2020 to 2028</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 7% to total revenues</li> <li>Revenue Mix is USA 42%, Europe 10% and APAC and Others 48%</li> </ul>	<ul style="list-style-type: none"> <li>One client in the USD 0.5 Million plus</li> </ul>

**Retail e-Commerce**

Retail is witnessing rapid changes. With the need to build Omni channel ecosystem and improve customer engagement and seamless customer movements between digital and physical mediums, retailers are banking on solutions powering digital transformation, experiential retail, operational agility and revenue growth.

Our Retail solutions are powered by our domain expertise coupled with our retail experience in deploying end-to-end retail solutions solving complex challenges and augmenting areas including customer engagement, eCommerce, Sales & Marketing, Supply chain and Pricing.

Global eCommerce sale is capturing a major chunk of the total retail sales. For retailers, it is now an absolute imperative to raise modern eCommerce platforms that promote conversion-optimizing experiences and leverage modern technologies like Chatbots, AI, mobile and Big data to enable onsite personalisation and facilitate individualized experiences.

As a trustworthy digital transformation company, Saksoft guides organisations to adopt the right mobile strategy, embrace the right technology platforms and transform into a next generation mobile enterprise.

**Retail-Commerce**

Social Listening (Micro Influencer), Customer 360, Customer Journey Tracking, eCommerce Portal Development

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>Multi Store e-Commerce Solutions</li> <li>Store Front Solutions</li> <li>Customer Engagement Solutions</li> <li>Order Inventory Management</li> </ul>	<ul style="list-style-type: none"> <li>Higher smartphone penetration</li> <li>Advanced technologies fuel the growth</li> <li>Introduction of cross-border and consumer protection policies</li> </ul>	<ul style="list-style-type: none"> <li>Retail e-commerce sales worldwide 4.28 trillion USD in 2020</li> <li>e-retail revenues are projected to grow to 5.4 trillion USD in 2022</li> <li>CAGR of 12% from 2020 to 2022</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 4% to total revenues</li> <li>Revenue Mix is USA 97% and Europe 3%</li> </ul>	<ul style="list-style-type: none"> <li>One client in the USD 0.5 Million plus</li> </ul>

\*Source: • Global retail e-commerce market size 2014-2023 | Statista

**Telecommunication**

With billions of data generated and consumed every second, telecom sector is bracing itself for huge data traffic. This data is providing opportunity and challenge and by introspecting your business models and infrastructure, telcos can open up new revenue streams. Telcos with a clear data management analysis strategy have a competitive edge. Saksoft offers a holistic telco solution including automation, Customer Engagement Solutions, Big Data Customer Analytics Solution, Cloud Migration Services, and Enterprise ERP.

Saksoft's fresh thinking and approach has helped a leading telco operator to create a value chain for their customers and opened up new avenues.

**Telecommunication**

Share Point development, Advanced analytics to reduce customer churn, Oracle Support, Testing CoE

\*Source: Global Telecom Services Market Size Report, 2021-2028 (grandviewresearch.com)

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>Business Support Systems</li> <li>Operations Support Systems</li> <li>Enterprise Resource Planning</li> <li>IT Strategy Consulting</li> </ul>	<ul style="list-style-type: none"> <li>Wider application of 5G</li> <li>Artificial Intelligence</li> <li>Diversified Ecosystems</li> <li>Cutting-edge technology adoption</li> </ul>	<ul style="list-style-type: none"> <li>The global telecom services market size valued at USD 1,658 Billion in 2020</li> <li>Estimated to reach USD 2,525 Billion in 2028</li> <li>CAGR of 5.4% from 2020 to 2028</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 23% to total revenues</li> <li>Revenue Mix is USA 2% , Europe 56% and APAC and Others 42%</li> </ul>	<ul style="list-style-type: none"> <li>2 clients in the USD 0.5 Million plus</li> </ul>

**Transportation and Logistics** Evolving business models, changing customer expectations, digital transformation are changing the dynamics of the Transportation & Logistics industry. To remain competitive, logistics players need applications, analytics, real-time dashboards and devices that are interconnected. This calls for the need of Internet of Things (IoT) technologies, Cloud Solutions and Advanced Business Intelligence (BI) tools. Saksoft's offers a digital suite of solutions including Digital Transportation and Management Solution, Network Analytics, Carrier Compliance Solution, Digital Freight Matching Application, and Asset Utilisation Improvement Solutions.

We leverage the expertise of our group company, DreamOrbit a Saksoft company ([www.dreamorbit.com](http://www.dreamorbit.com)) who provides us this expertise. The combination of their domain expertise and technology expertise in IoT and Mobility Solutions coupled with Saksoft's expertise in Testing, Cloud Solutions and Analytics make us the perfect partner of choice for our clients.

Our experts offer insights, guidance and solutions to address the complex needs. DreamTMS framework serves as an accelerator to create a solution faster using SMAC. Our intelligent AI-based scheduling solutions help organisations to maximize the utility of assets like trucks, pilots, tugs, freight moving equipment and provide near real-time visibility.

**Transportation and Logistics**

IoT Solutions, Freight Management Software, Warehouse Management, Supply Chain Management, EDI Integration, Logistics Dashboard

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>3PL's</li> <li>Shippers</li> <li>Carriers</li> <li>ISV's</li> <li>Port Operators</li> </ul>	<ul style="list-style-type: none"> <li>Fully-branded Experience</li> <li>Smarter &amp; Speedier Services</li> <li>Secure Interconnected Ecosystems</li> <li>'Green' Logistics</li> </ul>	<ul style="list-style-type: none"> <li>The global Digital Logistics market size estimated at USD 17.4 Billion in 2020</li> <li>It is expected to grow to USD 46.5 Billion by 2025</li> <li>CAGR of 21.7% from 2020 to 2025</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 9% to total revenues</li> <li>Revenue Mix is USA 96% and APAC and Others 4%</li> </ul>	<ul style="list-style-type: none"> <li>2 clients in the USD 0.5 Million plus</li> </ul>

**Public Sector**

The emergence of new age technologies like Internet of Things, Artificial Intelligence and Robotic Process Automations etc. have turned into reckoned forces transforming Fintech more than most industry verticals. Increased and judicious technology spending is now considered an indispensable trait within the sector.

Saksoft helps public sector organisations to make optimum use of digital transformation enablement such as Information Management, optimized applications and analytics. We help to embed new technologies and solutions into the conventional processes and save money, increase efficiency and serve the citizens better.

**Public Sector**

Smart cities - Machine learning & facial recognition from IoT data feeds, Predictive Analytics & BI to provide better healthcare, decrease crime rates, and improve citizen's life, People identity management

\*Source: RegTech Market by Solutions, Services, & Application | Regulatory Technology Market Size, Share, Industry Analysis and Market Forecast to 2025 | MarketsandMarkets™

Customer Profile	Key Growth Drivers	Market Opportunity*	Operational Matrix	Key Client Base
<ul style="list-style-type: none"> <li>City Councils in UK</li> <li>Police Departments</li> <li>Central Government agencies</li> <li>Housing communities</li> <li>Public Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Increased focus on Customer experience:</li> <li>Public Value</li> <li>Citizen Security</li> <li>Future Workforce</li> <li>Smart Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>The RegTech market size is estimated at USD 6.3 Billion in 2020</li> <li>Expected to reach at USD 16.0 Billion by 2025</li> <li>CAGR of 20.3% from 2020 to 2025</li> </ul>	<ul style="list-style-type: none"> <li>Contributes 10% to total revenues</li> <li>Revenue Mix is USA 8%, Europe 71% and APAC and Others 21%</li> </ul>	<ul style="list-style-type: none"> <li>2 clients in the USD 0.5 Million plus</li> </ul>

**Key Financial Ratios**

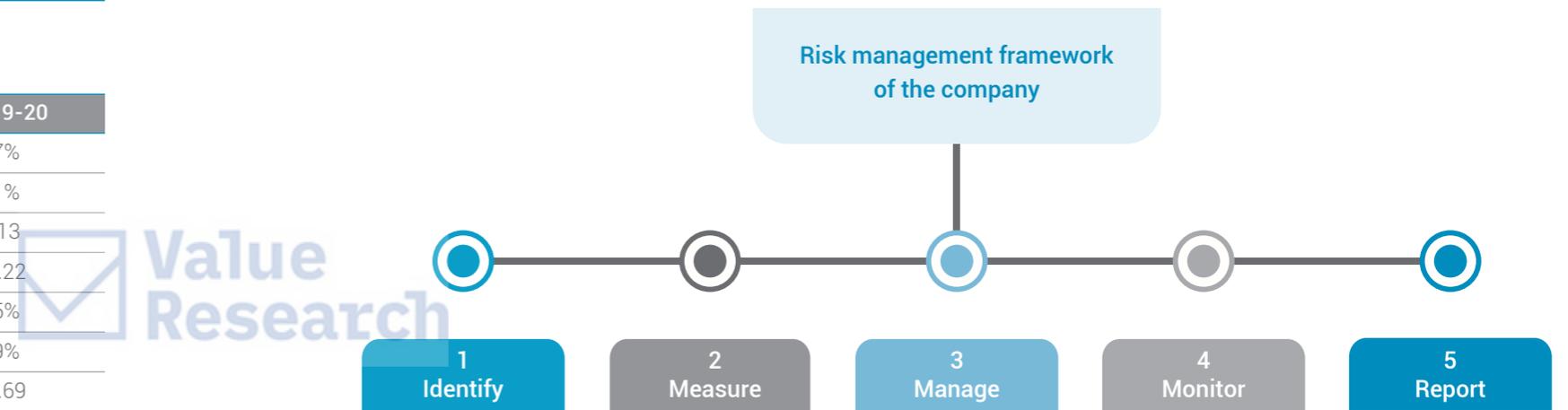
Ratio	FY 20-21	FY 19-20
Operating profit margin (%)	17%	17%
PAT margin (%)	12%	11%
Debt-equity ratio	0.08	0.13
Interest cover (x)	17.97	11.22
Return on capital employed (%)	22%	25%
Return on net worth (%)	18%	19%
Debtor's turnover ratio(days)	62.40	68.69
Earnings per share (Rs)	45.68	38.67

**ANNEXURE -9**

**Managing risks at Saksoft**

**How we manage risks at Saksoft**

The value-enhancing framework at Saksoft has been secured through robust risk management, comprising proactive risk identification, safeguards and mitigation initiatives. This approach has been institutionalised, is documented, discussed and deliberated upon by the relevant management team, senior management and the Board of Directors.



**Types of risks**

**Unforeseens risk**

The company's business could be affected by unforeseen development like the pandemic, moderating revenues, affecting employee productivity and customer accretion. The Company's long-standing investment in digitalisation has enhanced the relevance of its business model.

**Regulatory risk**

The changes required by the increase in the regulatory compliances by the authorities is addressed by a competent compliances team.

**Customer loyalty risk**

Saksoft is proactive in addressing the emerging needs of customers, enhancing customer loyalty.

**Technology obsolescence risk**

Saksoft invests in technologies of the future which, coupled with its digitalisation platform, has helped counter technology obsolescence.

**Protectionism risk**

Saksoft focuses on increasing resources in India and providing offshore solutions to counter risks related to visa restrictions, a scenario increasingly relevant after the pandemic.

**Currency risk**

This risk is addressed through hedging strategies at Saksoft.

**Resource attrition risk**

The risk has been counteracted with training, enhancing employee relevance to the organisation and customer needs.