

## ANNEXURE-D

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Industry Structure & Overview

Information Technology industry has increased its contribution to India's GDP from 1.2% in 1998 to 7.7% in 2017. According to NASSCOM, the sector aggregated revenues of US\$180 billion in 2019, with export revenue standing at US\$99 billion and domestic revenue at US\$48 billion, growing by over 13%. As of 2020, India's IT workforce accounts for 4.36 million employees. Software and computing technology is transforming businesses in every industry around the world in a profound and fundamental manner. The main cause of the rapid development of software industry, is its vast reservoir of technically skilled manpower which has transformed India into a software super power.

In recent years, the industry has witnessed a rise in demand in digital technologies, cloud-based applications, big data & analytics, mobile systems, social media and cyber security. The rate of change and the level of disruption driven by modern technology were exponential.

However, the COVID-19 pandemic has disrupted demand and supply chains across industries, negatively impacting the business of companies and driving the global economy towards a recession. Governments in several countries have imposed stringent lockdown in a bid to contain the spread of the disease. This in turn has forced companies to reconfigure how their employees work and how their core business processes are supported and delivered. These events could cause companies to pause and reprioritize their spending on technology and business process outsourcing. However, it is becoming evident that companies that have previously digitized their operations have been more resilient.

Consequently, in the medium to long term, it is very likely that businesses will continue to spend on technology related initiatives with a greater focus on automation, remote working, cloud-based applications, optimization of technology costs, etc. Several sectors are also seeking technology-based solutions immediately to tackle the health and economic crises – notably in healthcare, life sciences, banking, telecommunications and essential retail.

#### Business Overview

NINtec Systems Limited is a provider of consulting, technology, outsourcing and digital services, enabling clients in different countries to create and execute strategies for their digital transformation. Your company is in phase of expanding its base in products and services globally. We have specialised in off/on-shore software product development, software migration, multimedia design & development, application development & maintenance and web designing. The impact of COVID-19 in the fourth quarter of the year 2019-2020 on the Company was not significant. The Company anticipates a slowdown due to global economic recession and impact to certain sectors. However, in the long run, we see increased opportunity for our business due to acceleration in digital transformation initiatives, being our primary focus.

#### Future Outlook

India has remain the top most destination for IT companies across the world. Amidst the constant change, challenges and opportunities, NINtec constantly strives to recognize the business opportunity behind the changing environment especially in identifying offerings in new arenas i.e. cyber space which is really useful in the competitive environment. While our clients proactively seek support and strategic inputs as they look towards embarking on their digital journey, our team imbibes the leading best

practices with out of box solutions to deliver client objectives. The company's strategy for long term growth is to continuously expand the addressable market, increase the customer-base and superior execution that gives clients an experience of digital transformation.

## Opportunities and Threats

With the change in emerging technology areas, companies have become dependent on technology not only for day-to-day operations, but also for the use of technology as a strategic tool to enable them to re-engineer business processes, restructure operations, ensure regulatory compliances, etc. and with increase in use of artificial intelligence Over the coming years, the industry will see huge demand in cyber products and services as global threats have increased leading to demand in cyber space & analytics etc. The IT Industry has the powerful opportunity to deliver results in cyber space. The company's business model is such that it will help in evolving to meet the pace of change in its offerings to seize the existing growth opportunities.

The IT space faces currency risks where operating results are impacted by fluctuations in the exchange rate between the Indian Rupee and other foreign currencies. Further, the cyber risk has emerged as a top risk across industries now. Moreover, Apart from these threats, economic uncertainties in the international markets can also have a deep impact on demand for our services. Other general threats to the business continue to include competition among Information and Technology companies/service providers.

## Financial Highlights

During the year under review, the company has achieved revenue from operations of Rs. 7,73,52,246/- and Profit after tax for the year stood at Rs. 1,27,92,740/- as compared to the previous Financial Year 2018-19 where the Revenue from Operations was Rs. 7,83,44,014 /- and Profit after tax was Rs. 85,66,068/-. The Basic and Diluted Earnings per share of the company as on 31<sup>st</sup> March, 2020 is Rs. 1.86 on a standalone basis.

## Foreign Currency Risks

Volatility in global economies have become the new common in recent times and since India IT industry is largely focused on markets outside India, fluctuations in major currencies due to unstable economic conditions impact revenue and profits of the IT industry. However, the company has a defined policy for managing its foreign exchange exposure minimising the currency risk which results in stable earnings.

## Human Resources

Your company is focused in balance work life approach which promotes employee innovation, excellence and mutual trust between all the personnel and the company. The company also focuses on systematic training programmes and developing the technical and behavioural skills of the personnel's at each level of organisation to upgrade and innovate the work culture. Your Directors acknowledge and thank employees for their constant support.

## Cautionary Statement

Statements made in this Management Discussions and Analysis describing company's objectives and predictions may be "forward-looking Statements" involving future plans of the company within the meaning of applicable laws and regulations. Actual results may differ from those expressed herein. The company is dependent on factors that can impact the operations i.e. Government regulations, tax regimes, and economic developments within India and other countries. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company's financial statements included in this report and the notes thereto. Investors are also requested to note that this discussion is based on the Standalone Financial Results of the company.

For and on behalf of the Board

**Date:** 31<sup>st</sup> August, 2020

**Place:** Ahmedabad

**Niraj Gemawat**

Chairman & Managing Director

DIN: 00030749