

ANNEXURE-B**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein, and the notes thereto. Investors are cautioned that the Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such statements.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The global sourcing market in India continues to grow at a higher pace compared to the ITBPM industry. India is the leading sourcing destination across the world, accounting for approximately 55 per cent market share of the US\$ 185-190 billion global services sourcing business in 2019-2020. Indian IT & ITeS companies have set up over 1,000 global delivery centres in about 80 countries across the world. India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country. India's IT & ITeS industry grew to US\$ 181 billion in 2019-2020. Exports from the industry increased to US\$ 137 billion in FY20 while domestic revenues (including hardware) advanced to US\$ 44 billion.

Spending on Information Technology in India is expected to grow over 9 per cent to reach US\$ 87.1 billion in 2021. *Revenue from digital segment is expected to comprise 38 per cent of the forecasted US\$ 350 billion industry revenue by 2025. Over the past decade, this sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India.

INVESTMENTS/ DEVELOPMENTS:

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 35.82 billion between April 2000 to December 2019, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra, are diversifying their offerings and showcasing leading ideas in blockchain, artificial intelligence to clients using innovation hubs, research and development centres, in order to create differentiated offerings.

Some of the major developments in the Indian IT and ITeS sector are as follows:

- Nasscom has launched an online platform which is aimed at up-skilling over 2 million technology professionals and skilling another 2 million potential employees and students.
- Revenue growth in the BFSI vertical stood at 6.80 per cent y-o-y between July-September 2019.
- As of March 2019, there were over 1,140 GICs operating out of India.
- PE investments in the sector stood at US\$ 2,400 million in Q4 2019.

GOVERNMENT INITIATIVES:

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

The government has identified Information Technology as one of 12 champion service sectors for which an action plan is being developed. Also, the government has set up a Rs 5,000 Crores (US\$ 745.82 million) fund for realizing the potential of these champion service sectors.

As a part of Union Budget 2019-2020, NITI Aayog is going to set up a national level programme that will enable efforts in AI and will help in leveraging AI technology for development works in the country.

In the Interim Budget 2020-21, the Government of India announced plans to launch a national programme on AI and setting up of a National AI portal. National Policy on Software Products-2019 was passed by the Union Cabinet to develop India as a software product nation.

OPPORTUNITIES & THREATS:

The Company is expecting good opportunities in the upcoming financial year. A large part of our revenues are dependent on our top clients and the loss of any one of our major clients could significantly impact our business. Further, Risk Management and Compliance involves risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors.

Key Risks comprises of the Business Continuity risk, Information and Cyber Security Risk Privacy Risk & Competition Related Risks, HR risks However, threats are perceived from its existing and prospective competitors in the same field.

MITIGATION STRATEGIES:

The company is focused on building a robust training framework to cater to the development needs of employees across leadership levels.

- a. Also, the Company keeps itself abreast and updated on the contemporary developments in the technology landscape through participation in key technology forums and conferences.
- b. The company tried to revamp framework to ensure that it meets the continuity and recovery requirements for employees, assets and business in the event of a disruption.
- c. The company has defined a process for Identification of Critical to Success capabilities for each key position, objective assessment to identify current capability metrics for the potential successors, a structured development journey of identified successors.

SEGMENT WISE OPERATIONAL PERFORMANCE:

The Companies growth considering the past few years' performance has declined. The Company is taking striving hard for increasing profits from year to year. The total revenue from the operations for the year ended March 31, 2020 amounted to Rs. 2.82 Crores as against Rs.2.32 crores in a previous financial year for year ended March'2019, and has increased by 18.06 % over the last year.

OUTLOOK:

With a compounded annual growth rate (CAGR) of over 24% in the last decade, the Indian IT/ITeS industry has emerged as a key growth engine for the economy, contributing around 5.6% to the country's Gross Domestic Product (GDP) in FY 2011 and also providing direct employment to about 2.3 million people (from just about half a million in 2001). It remains one of the biggest sectors for wealth generation in the country. As per the industry body, NASSCOM, the sector is estimated to provide direct and indirect employment to 30 million job by 2021.

RISKS AND CONCERNS:

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. In this regard, the Company has adopted Risk Management Mechanism which involves the Process of systematically identifying all possible risk events which have a potential impact on the business.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Internal Control – Integrated Framework (the 2013 framework) is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses. It has well-defined delegation of power with authority limits for approving revenue as well as expenditure, Segregation of responsibility, Independent control over the execution of activities, processes for formulating and reviewing annual and long term business plans. It has continued its efforts to align all its processes and controls with global best practices.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The highlights of financial position mentioned herein under relates to the consolidated statement of profit and loss for the year ended March 31, 2020 the consolidated balance sheet as at March 31, 2020 and the consolidated cash flow statement for the year ended March 31, 2020. Further, Total expenses worth Rs. 2.50 crores incurred by the company as against the total income generated worth Rs. 2.82 crores during the financial year.

HUMAN RESOURCES:

Employees are your company's most valuable resource. Your Company continues to create a favorable environment at work place. The company also recognizes the importance of training and consequently deposes its work force to various work-related courses/seminars including important areas like issues like Technical skills.

CAUTIONARY STATEMENT:

Statements in the Management Discussion & Analysis Report describing the Company's expectations, opinion, and predictions may please be considered as "forward looking statements" only. Actual results could differ from those expressed or implied. Company's operations should be viewed in light of changes in market conditions, prices of raw materials, economic developments in the country and such other factors.

For Silverline Technologies Limited

Sd/-

SrinivasanPattamadai

Managing Director

DIN: 06938100

Date: 03rd September, 2020

Place: Mumbai