

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year the Company had earned total income by way of dividend and interest income aggregating to Rs. 7212.09 lakhs. Net profit for the year amounted to Rs. 6986.38 lakhs as compared to Rs. 4037.65 lakhs in the previous year. The share capital of the company as on 31<sup>st</sup> March, 2021 stood at Rs. 1937.20 lakhs and Reserves and Surplus at Rs. 57059.58 lakhs (including capital reserve of Rs. 20345.06 lakhs).

As on March 31, 2021, the return on net worth of the Company was 12.24% vis-à-vis 7.08% in FY20, change due to increase in dividend income.

As on March 31, 2021 current ratio of the company was 3.21 vis-à-vis 245.58 as on March 31, 2020 i.e. decrease of 98.69% on account of the fact that interim dividend was declared in the month of March 2021 and paid during April 2021. Therefore as on March 31, 2021 was accounted as current liability. There were no other significant change in the key financial ratios as prescribed in the Listing Regulations.

### OUTLOOK

#### Major Activities

The Company is a Core Investment Company (CIC) within the meaning of Core Investment Companies (Reserve Bank) Directions, 2011 which does not require registration with Reserve Bank of India under the said Directions.

SRF Limited is a subsidiary of the Company which is a chemical based multi-business entity engaged in the manufacturing of industrial and specialty intermediates. It is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of chemicals. SRF Limited is a market leader in most of its business segments in India and commands a significant global presence in most of its businesses. It has operations in four countries namely, India, Thailand, South Africa and Hungary also and commercial interests in more than seventy-five countries. SRF Limited classifies its main businesses as Technical Textiles Business (TTB), Chemicals Business (CB), Packaging Films Business (PFB) and Other Business (OB).

The Company has five wholly owned subsidiaries viz. KAMA Realty (Delhi) Ltd. which is a company engaged in the business of acquisition and renting of properties. Shri Educare Ltd. which is engaged in the field of education, Shri Educare Maldives Pvt. Ltd. (a Wholly owned subsidiary of Shri Educare Ltd.) having a public private partnership with Government of Maldives for management of a Government School. SRF Transnational Holdings Ltd., a registered non-deposit taking NBFC engaged in the business of investment in shares and other

securities and KAMA Real Estate Holdings LLP, a limited liability partnership between KAMA Realty (Delhi) Ltd. and Shri Educare Ltd.

The Company would continue to consolidate its stake in SRF and the aforesaid subsidiaries.

#### Future Prospects

##### SRF Ltd. and its subsidiaries

The business prospects of SRF Ltd. and its subsidiaries has been discussed in the Management Discussion and Analysis forming part of the Directors' Report of that company in the Annual Report for 2020-21 which is available on its website [www.srf.com](http://www.srf.com).

##### Other subsidiaries

##### Shri Educare Ltd. (SEL)

During the year, SEL added 1 (one) K-12 school in Rohini-Delhi, 1 (one) pre-school in Rohini-Delhi to the portfolio of schools being managed by SEL.

Going forward, SEL plans to continue to expand in the school consultancy vertical, where the demand for quality schools, both in India and abroad, continues to be high. SEL plans to leverage this demand and plan to increase the number of schools under consultancy by at least two in 2021-22.

During the year 2020-21, SEL has earned a revenue of Rs. 1045.72 Lakhs (PY Rs. 1572.63 lakhs) mainly on account of project management fees and student fees and incurred loss after tax of Rs. 452.37 lakhs (PY Loss was Rs. 161.24 Lakhs) (including Deferred Tax and MAT Credit).

##### Shri Educare Maldives Pvt. Ltd. (SEMPL)

SEMPL has been managing a school under a public-private partnership with Maldives Government. This school is now a financially self-sufficient school and this has been possible because the school has managed to establish itself as one of the best school in Maldives.

During 2020-21, SEMPL earned a revenue of MVR 405.99 Lakhs (INR Rs. 1927.48 lakhs) (PY MVR 462.75 lakhs (INR Rs. 2135.32 lakhs)) mainly on account of tuition fees and incurred loss of MVR 4.40 (INR Rs. 20.86 lakhs) (PY Profit MVR 2.5441 lakhs (INR Rs. 11.74 lakhs)).

##### KAMA Realty (Delhi) Ltd. (KRDL)

KRDL is a company engaged in acquisition and rental of properties. During 2020-21, KRDL has earned a revenue of Rs.788.60 lakhs (PY Rs. 758.05. lakhs) mainly on account of rental and interest income and profit after tax of Rs. 393.29 lakhs (PY Rs. 450.72 lakhs).

##### SRF Transnational Holdings Ltd. (SRFT)

SRFT is a registered non deposit taking NBFC engaged in the business of investment in shares and securities.



During 2020-21, SRFT has earned a revenue of Rs. 438.7 lakhs (PY Rs. 468.07 lakhs) mainly on account of interest income and profit on sale of investments and profit after tax of Rs. 125.22 lakhs (PY Rs. 342.91 lakhs).

#### **KAMA Real Estate Holdings LLP (KREHL)**

KREHL is a limited liability partnership between KAMA Realty (Delhi) Ltd. and Shri Educare Ltd. It is engaged primarily in acquisition and rental of properties. During 2020-21, KREHL has earned a revenue of Rs. 133.95 lakhs (Previous year Rs. 103.58 lakhs) mainly on account of dividend and interest income and profit on sale of property and incurred loss of Rs. 59.36 lakhs (PY Rs. (417.99) lakhs).

#### **OPPORTUNITIES AND THREATS**

The Company holds significant investment in shares of SRF Ltd. The value of these investments is dependent on the performance of the investee company.

#### **RISKS AND CONCERNS**

The Company is mainly exposed to the risk of reduction in value of investments in shares of SRF Ltd. due to fall

in the share price and Investee Company's performance.

#### **HUMAN RESOURCES**

Employee relations continued to remain cordial during the year under review. As on March 31, 2021, there were 3 employees, one of whom is a Key Managerial Personnel of the Company.

#### **ADEQUACY OF INTERNAL CONTROL SYSTEM**

Your Company's internal control systems and procedures are commensurate with the size of operations and adequate enough to meet the objectives of efficient use and safeguarding of assets, compliance with statutes, policies and procedures and proper recording of transactions.

#### **CAUTIONARY STATEMENT**

The Statement in this Management Discussion and Analysis Report describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

