



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Overview of the Industry In FY 2019, Global IT service providers offer a range of end to end software development, digital services, IT business solutions, research and development services, technology infrastructure services, business process services, consulting and related support functions. According to the Strategic Review 2019 published by NASSCOM (the “NASSCOM Report”), “Digital” continues to drive growth (more than 30% of growth in FY 2019) and now contributes \$33 billion to the overall IT industry in India. Technologies such as industrial automation, robotics, cloud, Internet of things (“IoT”), augmented reality (“AR”)/virtual reality (“VR”) and blockchain continue to fuel growth. In 2018, there was a 45% increase in as-a-service deals, according to the NASSCOM Report. Cloud platforms are driving growth in managed services for security and data platforms. Digital and automation has moved from point deployments to enterprise-wide adoption

In the last few years, enterprises around the world are embracing the reality that digital transforms every aspect of business. Experiences, consumers, entire industries, business models and ways of working are all rapidly and fundamentally changing. Recognition of these trends, combined with the realization that enterprises may not be able keep up with this pace of change, has a profound impact on our clients. This requires new business models, new ways of working and integrated capability across strategy, design and technology..

The key components of the hardware industry are servers, desktops, notebooks and tablet computers, storage devices, peripherals, printers and networking equipment. According to the NASSCOM Report, IT export revenues from India grew by 8.3% to an estimated \$136 billion in fiscal year 2019. Emergence of cloud computing technologies is negatively affecting demand for IT products such as servers.

INDIAN INDUSTRY SCENARIO:

India’s IT & ITeS industry grew to US\$ 181 billion in 2018-19. Exports from the industry increased to US\$ 137 billion in FY19 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 2018. Revenue from digital segment is expected to comprise 38 per cent of the forecasted US\$ 350 billion industry revenue by 2025.

More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, cost savings of 60–70 per cent over source countries, continues to be the mainstay of its Unique Selling Proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centres in India.



Faced with increased competition and pressure on prices for routine services, the companies are now looking to move up the value chain and boost growth by tapping high-margin businesses including artificial intelligence and automation.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

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 crore (US\$ 745.82 million) fund for realising the potential of these champion service sectors.
- As a part of Union Budget 2018-19, 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 2019-20, 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.

Technology Industry Outlook - 2020

Technology is not only fueling major business transformation across industries, it's also changing how technology enterprises sell their products and services, operate, and plan for future growth, says Paul Sallomi, Global Technology, Media & Telecommunications Industry leader and US and Global Technology Sector leader.

Where do you see opportunities for growth in 2020?

Technology is the backbone of the digital economy. The rate of change and the level of disruption driven by modern technology are exponential. Advancements in computer processing power, data storage, and chip design; the ubiquity of bandwidth; enterprise mobility; and many other developments that have unfolded in recent years are enabling myriad opportunities that were once impossible, both technologically and economically.

Now, we have reached a tipping point where cognitive computing, big data analytics, cloud computing, and the rapidly growing Internet of Things (IoT) are transforming businesses around the globe-including those outside the technology sector. We're also seeing promising advancements in materials, software, fabrication techniques and machine design that are likely to lead to an expansion in enterprise applications for additive manufacturing (3D printing).



Meanwhile, in the technology industry itself, enterprises are making plans for the next economy rising from today's disruptive and unprecedented change.

We are seeing technology businesses beginning to think more strategically about adapting their business models and operations, and creating new revenue opportunities. Companies across the entire IT services landscape are changing how they deliver their offerings, shifting toward more flexible consumption business models that allow customers the flexibility to consume and pay for products and services based on need and usage.

Technology companies considering this path which can create real value for businesses and customer need to think strategically about how flexible consumption can drive future growth. Before evolving their business models, technology companies also must be prepared to manage near-term transition costs, which could be significant, and ensure that there is alignment and integration of key decisions.

OUTLOOK OF THE COMPANY:

We are continuously exploring opportunities to extend our competencies to tap adjacent markets and expand our customer base and offerings. In line with this strategy, we have identified market adjacencies like consumer/automotive electronics, where we see good fit and opportunity for Cat Technologies Limited. We plan to acquire new customers in these adjacencies so that revenue from these accounts should increase for the future.

INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company has adequate internal control systems, procedures; checks designed to provide reasonable assurance on achievement of the objectives relating to efficiency and effectiveness of operations, reliability of financial reporting and compliance with applicable laws, regulations and generally accepted accounting principles.

The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and independent Audit Committee of the Board of Directors. The observations of the Auditors are reviewed at periodical intervals by the top management and the Audit Committee.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Global Operations:

Your Company has recorded a consolidated income (as per Ind AS) of Rs. 58,43,73,265/- for the Financial Year under review and of Rs. 1,31,29,729/- only.

**Indian Operations:**

During the financial year 2018-19 your Company recorded turnover Rs.60,254/- and incurred a Net Loss after tax of Rs.20,00,550/- compared to Turnover of Rs. 3,40,10,114/- and Net Loss after tax of Rs. 16,68,071/- during the previous financial year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company has its own system to control all its branches and divisions to ensure proper and adequate control, facility, transparency and accuracy. The employer – employee relationship has been cordial. The Company considers the quality of its human resources as its important asset and it endeavors to attract and recruit best possible talent and to retain and groom it to meet its needs. We believe that the quality and level of service that our professionals deliver are amongst the good in the industry.

One measure of the effectiveness of an organization's employee practices is the level of attrition. In addition, internal employee satisfaction surveys and industry wide surveys provide comparative information about the strength of organization's human resource practices and employee level of engagement with the organization.