

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Disclaimer:

The report may contain forward looking statements, which describe company's objectives, projections, estimates, expectations or predictions within the applicable Security Laws and Regulations. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

INDUSTRY STRUCTURE & DEVELOPMENTS:

Software and computing technology are transforming businesses in every industry around the world in a very profound and fundamental way. Traditional business models are being disrupted in every industry with digital and software-based business models. 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\$ 37.23 billion between April, 2000 and March, 2019 and ranks second in inflow of FDI, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

In FY 2019, the global market for software and services is estimated to have grown to \$1.4 trillion. IT Services is estimated to have grown by 3.2% YoY, driven by strong growth in digital engagements, particularly cloud adoption. Business Process Management grew by 4.5% over the prior year, on account of greater focus on automation, while packaged software grew 7.4% YoY, driven by rapid adoption of SaaS, and security and privacy solutions.

Your Company being an IT service provider, is also diversifying its offerings and showcasing leading ideas to provide artificial intelligence to clients by implementing innovation, research and development. Since, the Company is in overhauling phase, it is obvious to increase the outflows for diversifying the business. The revenues remained subdued at Rs. 8.26 lakhs due to lack of working capital availability.

INFORMATION TECHNOLOGY BUSINESS IN TELANGANA: AN OVERVIEW

Your Company has a base of operations in Hyderabad. IT exports from Hyderabad touched a new high of Rs 1.09 lakh crore for 2018-19, growing at 17 per cent, which is nearly double the nation's nine per cent growth rate.

Hyderabad Software Enterprises Association (HySEA) and Software Technology Parks of India Hyderabad said the IT workforce in Hyderabad is likely to touch 10 lakh in about four years.

Hyderabad now has a set IT industry and will continue to grow at the current pace or even more. Presence of infrastructure, availability of skilled manpower, presence of a large number of technical education institutions and a proactive government are the key drivers for the industry. Information technology (IT) and IT-enabled services exports from Telangana have gone up by 17 per cent i.e. 1,09,219 crore in the financial year 2018-19.

SWOT ANALYSIS:

Strengths and opportunities:

Our focus is adhering to standards, developing innovative solutions, providing quality services, highly accurate and user-friendly products with improved business techniques to our clients. Thought leadership has become one of the key differentiators as the industry moves up the value chain. The Company's information technology services offerings are committed to creation of thought leadership in areas such as the Internet of Things, digital platforms, product intelligence, big data analytics, social media, and more. We encourage bold thinking and disruptive approach that is needed to help customers outperform in a rapidly changing digital economy. We are

constantly pushing the boundaries of technology and defining new and differentiated ways of offering industrialized IT services.

The Government's more emphasis on policies like; "Make in India", "Start-up India" and "Cashless Payments" is also creating huge space of development of Company's operations.

Weaknesses and Threats:

In the normal course of business, the Company is exposed to certain key risks like volatile global political and economic scenario, Restrictions on global mobility, location strategies, business model changes, litigation risks, currency volatility, breach of data privacy and protection, credit risks, risks associated with competition, Non-compliance to complex and changing global regulations.

In any business, risks and prospects are inseparable. However, as a responsible management, its an endeavor to maximize returns to all the stakeholders. The Company continues to take all steps necessary to minimize its expenses through R&Ds and innovative technologies. The Risk Management framework of the Company ensures in risk mitigation areas and functions of the Company, and has in place, the procedures to inform the Board members about the risk assessment and minimization process. These processes are periodically reviewed to ensure that the management of the Company controls risks through a defined framework.

FUTURE OUTLOOK:

The information technology (IT) sector is poised strong, with 5.0 percent growth projected, IT Industry Business Confidence Index notched one of its highest ratings ever heading into the first quarter of 2018. Executives cite robust customer demand and the uptake of emerging product and service categories as key contributors to the positive sentiment. Revenue growth should follow suit. Global Forecasts projects growth of 5.0 percent across the global tech sector in 2018; and, if everything falls into place, the upside of the forecast could push growth into the 7 percent-plus range.

Your Company is planning to create a strong partner network and going to work with leading technology providers to deliver best-in-class solutions. Your management recognizes the importance of investing in and developing strong intellectual property and offerings in new and emerging technology areas. We are working to develop cloud transformation platform to provide cloud computing solutions and services in future.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

The Company has fit, proper and adequate internal control system, commensurate with the size of its operations. Adequate records and documents are maintained as required by laws. All efforts are being made to make the internal control systems more effective. Our Company makes sure that all the compliances are maintained properly in written form and is well communicated to all the people working in our Company. Our processes work in a full transparent manner to avoid any type of frauds and errors within the organization.

All the related issues are properly taken care by Audit Committee, which is formed as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the committee ensures that all the government policies, rules and regulations are followed by the Company in a stringent manner.

Internal control takes care right from the utmost utilization of Company's resources to transparent accounting and other processes to restricting unauthorized access to the assets of the Company. The internal control system of the Company ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and every transaction is authorised, recorded and reported correctly.

SENTHIL INFOTEK LIMITED

SHARE CAPITAL:

The Paid-up Share Capital of your Company is Rs. 5,05,00,000 divided into 50,50,000 Equity shares of Rs. 10/- each. During the year under review, there was no further issue of shares.

SECURED LOANS:

Secured Loans of the Company are NIL.

FIXED ASSETS:

Fixed assets of the Company amount to Rs. 132.45 Lacs.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Manpower is the biggest strength of any entity. Our Company has a meagre but skilled, highly motivated and well-trained set of human resources as we believe that a motivated and empowered workforce is the key to sustained competitive advantage. We have completely defined procedure when it comes to hiring of employees based on projects in hand, so that our requirement exactly meets with the qualification and skills of potential candidate. As information technology requirements are very dynamic with the changing business environment, we provide continuous and appropriate training to our personnel so that their knowledge and skills never obsolete.

The Company also has good relations with other companies in the similar stream of business and it shall be useful in understanding the market behavior and phenomenon in depth and to stay updated with competitors both in growth and adoption of new technologies for cost effective operation.

For and on behalf of the Board

Date:14.08.2019

Place:157, Dhanalakshmi Society
Mahendra Hills, East Marredpally
Secunderabad- 500 026, Telangana.

Sd/-
(P. SEETHALAKSHMI)
Director
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Sd/-
(CHELLAMANI PITCHANDI)
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