



# Lee & Nee

Softwares (Exports) Ltd.

CIN : L70102WB1988PLC045587

REGD. OFFICE : 14B, CAMAC STREET  
KOLKATA - 700 017, INDIA  
PH. : 91-33-4069 5100 / 4065 0378  
FAX : 91-33-4005 1344  
Email : info@lnsel.com  
Website : www.lnsel.com

September 5, 2020

To, The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai -400 001 Script code : 517415	To, The Secretary The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata-700001
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Dear Sir /Madam,

**Sub: Submission of Annual Report for the Financial Year 2019-20 along with Notice of the 32<sup>nd</sup> Annual General Meeting (AGM)**

The 32<sup>nd</sup> Annual General Meeting of the Company is scheduled to be held on Tuesday, 29<sup>th</sup> September, 2020 through Video Conference / Other Audio Visual Means, in accordance, with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

In terms of Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year 2019-20, along with Notice of the Annual General Meeting. These documents are also being circulated through electronic mode to the eligible Members whose email ID's are registered with the Company/ Depository Participants.

The above said Annual Report is also available on the Company's website at [www.lnsel.com](http://www.lnsel.com)

Kindly take the same on record.

Thanking you,

Yours truly,  
For Lee & Nee Softwares (Exports) Ltd

LEE & NEE SOFTWARES (EXPORTS) LTD.

Arpita Gupta

*Arpita Gupta*

Director

(Director)



**Lee & Nee**  
Softwares (Exports) Ltd.

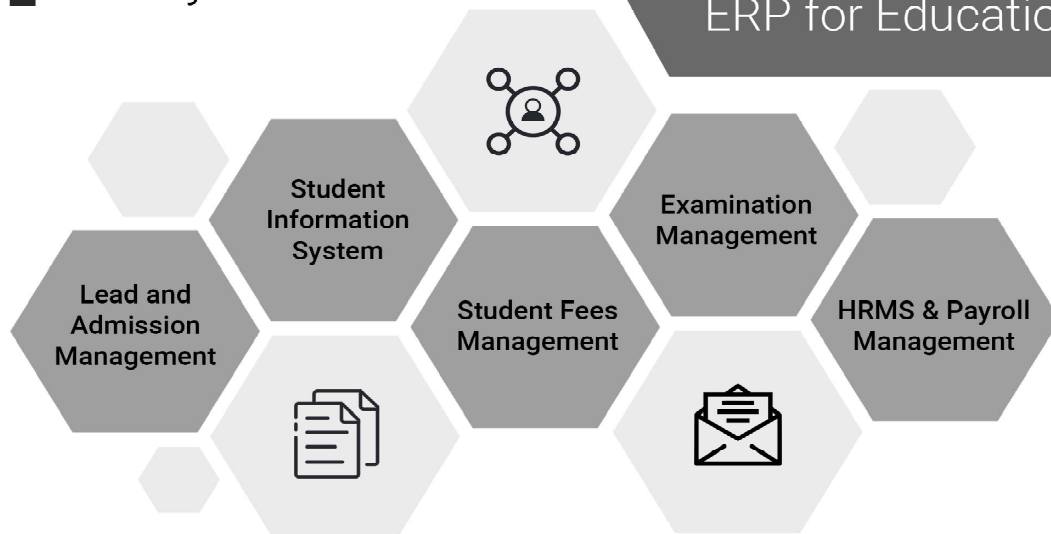
## Cloud Solution



## ERP System

## CAMPUS CONNECT

ERP for Education Sector



THIRTY SECOND  
**32nd**

**ANNUAL REPORTS & ACCOUNTS**  
**2019-2020**

<b>BOARD OF DIRECTORS</b>	: AJAY KUMAR AGARWAL — Executive Director SAGAR MAL GUPTA — Promoter Non-Executive Director ARPITA GUPTA — Non-Executive Director VIKASH KAMANI — Independent Director SUSHIL KUMAR GUPTA — Independent Director LEELA MURJANI — Independent Director
<b>KEY MANAGERIAL PERSONNEL</b>	: MAHESH GUPTA — Chief Executive Officer BISWARUP MAITY — Chief Financial Officer (upto 31.10.2019) VIKASH SINGH — Chief Financial Officer (w.e.f 01.11.2019) RUPAL PODDAR — Company Secretary
<b>AUDITORS</b>	: JAIN SONU & ASSOCIATES CHARTERED ACCOUNTANTS
<b>BANKERS</b>	: ICICI BANK LTD. INDUSIND BANK LTD STATE BANK OF INDIA. ORIENTAL BANK OF COMMERCE
<b>REGISTERED OFFICE</b>	: 14B, CAMAC STREET, KOLKATA - 700 017 TEL : 033-40650377/0374, FAX : 033-40650378 EMAIL : investors@lnsel.com, WEBSITE : www.lnsel.com
<b>SOFTWARE DEVELOPMENT CENTRE</b>	: SOFTWARE TECHNOLOGY PARK SALT LAKE ELECTRONICS COMPLEX BLOCK 'GP', SECTOR - V SDF BUILDING, 4TH FLOOR BIDHANNAGAR, KOLKATA - 700 091
<b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>	: MAHESHWARI DATAMATICS PVT. LTD. 23, R. N. MUKHERJEE ROAD, 5TH FLOOR KOLKATA - 700 001, TEL : (033) 22435029, FAX : (033) 22484787 EMAIL : mdpldc@yahoo.com
<b>CORPORATE IDENTITY NUMBER (CIN)</b>	: L70102WB1988PLC045587



**LEE & NEE SOFTWARES (EXPORTS) LTD.**  
14B, CAMAC STREET, KOLKATA - 700 017  
TEL : 033-40650377/0374, FAX : 033-40650378  
EMAIL : investors@lnsel.com, WEBSITE : www.lnsel.com  
CIN : L70102WB1988PLC045587

**NOTICE OF THE ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Thirty Second Annual General Meeting of Lee & Nee Softwares (Exports) Limited (CIN: L70102WB1988PLC045587) will be held on Tuesday the 29<sup>th</sup> September, 2020 at 11 A.M. through Video Conferencing (VC)/ Other Audio Visual Mean (OAVM) to transact the following businesses:-

**ORDINARY BUSINESS:**

**1. Adoption of Financial Statements for the Financial Year ended 31st March, 2020**

To receive, consider, approve and adopt:

- a) the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the Report of the Auditors thereon.

**2. Appointment of Mrs. Arpita Gupta as a Director liable to retire by rotation:**

To appoint a Director in place of Mrs. Arpita Gupta (DIN 02839878), who retires by rotation and, being eligible, offers herself for re-appointment.

By order of the Board

For **LEE & NEE SOFTWARES (EXPORTS) LTD.**

**Rupal Poddar**

Company Secretary

ACS-45335

Registered Office:

14B Camac Street, Kolkata-700017

Date: The 29th July, 2020.

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, Listing Regulations and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC /OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website at www.lnsel.com, websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL <https://www.evoting.nsdl.com>. The Company has also published an advertisement in newspaper containing the details about the AGM i.e., the conduct of the AGM through VC/OAVM, date and time of the AGM, availability of the notice of AGM at the Company's website, manner of registering the email ID's of those shareholders who have not registered their email addresses with the Company /RTA and other matters as may be required.
4. The Company has engaged the services of NSDL, as authorized agency for conducting the AGM through VC/ OAVM and for providing e-voting facility.
5. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the

AGM through VC /OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [csrasnagoyal@gmail.com](mailto:csrasnagoyal@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

7. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and all documents referred to in the Notice can send an email to [investors@lnsel.com](mailto:investors@lnsel.com). The same shall be open for electronic inspection by the members from the date of circulation of this notice up to the date of AGM, i.e., 29<sup>th</sup> September, 2020.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., immediately mentioning their name and folio no. to their Depository Participants in case the shares are held by them in electronic form and to the Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. 23, R.N.Mukherjee Road, 5<sup>th</sup> Floor, Kolkata-700001.in case the shares are held by them in physical form.
9. As per Regulation 40 of Securities and Exchange Board of India Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Maheshwari Datamatics Pvt Ltd for assistance in this regard.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are requested to submit their PAN details to the Company's share transfer agent Maheshwari Datamatics Pvt Ltd., 23 R.N.Mukherjee Road, 5<sup>th</sup> Floor, Kolkata 700001.
11. To avail the facility of nomination, Members holding shares in physical form may write to the Company for obtaining the Nomination Form (Form SH-13). Members holding shares in electronic form may fill the nomination form with the respective Depository Participant.
12. Since the AGM will be held through VC/OAVM, the route map is not annexed to this Notice.
13. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again at the AGM. The detailed instructions for availing e-voting facility are provided in Annexure I.
14. Jain Sonu & Associates, Chartered Accountants, were appointed as Statutory Auditors from the conclusion of 29<sup>th</sup> Annual General Meeting (AGM) till conclusion of 33<sup>rd</sup> Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting by the members. However, the members may note that pursuant to the Companies (Amendment) Act, 2017 the requirement of ratification of the appointment of the Statutory Auditors in every Annual General Meeting has been dispensed with by the Act and therefore the Company is not seeking ratification.
15. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) in respect of the director seeking re-appointment at the Annual General Meeting scheduled to be held on September 29, 2020 forms part of the notice. The director has furnished consent/ declaration for her reappointment as required under the Companies Act, 2013 and the Rules thereunder.
16. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the Share Certificates to the Company's Registrars and Transfer Agents, M/s Maheshwari Datamatics Pvt Ltd., Kolkata for consolidation into single folio.
17. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
18. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Company on or before 28<sup>th</sup> September, 2020 through email on [investors@lnsel.com](mailto:investors@lnsel.com). The same will be replied by the Company suitably. They are requested to quote registered folio number or client ID in all correspondence.
19. Shareholders are requested to send all transfer documents to the Registrar & Share Transfer Agents of the Company by Registered Post to ensure safe delivery of documents.



20. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22.09.2020 to Tuesday, 29.09.2020 (both days inclusive).
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder and transmission/transposition of shares. Members holding shares in physical form shall submit their PAN details to the Registrar and Share Transfer Agent of the Company, and Members holding shares in electronic forms are requested to submit their PAN details to their respective Depository Participants.
22. To support the "Green Initiative" of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of dematerialized holdings with their respective Depository Participants. Members who hold shares in physical form are requested to forward their e-mail id to the Registrar and Share Transfer Agents, M/s Maheshwari Datamatics Pvt. Ltd. Address: 23, R N Mukherjee Road, 5th Floor, Kolkata – 700 001. Email Id: mdpldc@yahoo.com.
22. **Information required under Regulation 36(3) of the SEBI (LODR) Regulation, 2015 with respect to the Director retiring by rotation and being eligible seeking re-appointment is as under:**

<b>Name of the Director</b>	Mrs. Arpita Gupta
<b>DIN</b>	02839878
<b>Designation</b>	Non-Executive Director
<b>Date Of Birth</b>	24-02-1982
<b>Appointed on</b>	24-10-2009
<b>Qualification</b>	B.COM, FCA
<b>Expertise in specific functional areas</b>	She is a practicing Chartered Accountant. She is Experienced in Company Law, Auditing, Securities Contract Regulation Act and allied laws regarding listing, FEMA and other direct and indirect taxation. She is having fourteen years of experience and well versed in Capital Market.
<b>Directorship held in other public listed Companies (Excluding Foreign Companies and Sec 8 Companies)</b>	Lensel Web Services Private Limited
<b>Committee Memberships, if any, with position</b>	Member of Nomination And Remuneration Committee and Chairman of Stake holder Relationship Committee of Lee & Nee Softwares (Exports ) Ltd.
<b>Number of Shares</b>	55200 Equity shares of Rs. 10 each
<b>Relationship with other Directors Inter-se and Key Managerial Personnel</b>	Mrs. Arpita Gupta is daughter in law of Mr. Sagar Mal Gupta (Non-Executive Director) and wife of Mr. Mahesh Gupta (Chief Executive Officer).

**Note:**

- a) Other details like no. of Board meetings and committee meeting attended are provided in the director's report.
- b) Sitting Fee is provided to Independent directors as per provisions of Companies Act, 2013.

**ANNEXURE I TO THE NOTICE**

**A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Members will be able to attend the AGM through VC / OAVM facility provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.  
Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
2. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis.



3. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL, at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/ 022-2499 4545.
4. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from mobile devices or tablets or through Laptop via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number before 22<sup>nd</sup> September, 2020 at [investors@Insel.com](mailto:investors@Insel.com). Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending upon the availability of the time for the AGM.
6. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.Insel.com>. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**B. INSTRUCTIONS FOR E-VOTING:**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the relevant rules of the Companies (Management and Administration) amended Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). Necessary arrangements have been made by the Company with NSDL to facilitate remote e-voting.
- II. The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the Annual General Meeting but shall not be entitled to cast their vote again at the Annual General Meeting.

The Company has appointed Smt. Rasna Goyal, Practicing Company Secretary (C.P No 9209) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting in a fair and transparent manner.

- III. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, September 22, 2020.
- IV. Any person who becomes member of the Company after dispatch of the Notice of the Meeting and holding shares as of the cut-off date i.e. September 22, 2020, may obtain the User ID and password for e-voting by sending email intimating DP ID and Client ID / Folio No. at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- V. The e-voting period begins on 26<sup>th</sup> September, 2020 at 9.00 AM and ends on 28<sup>th</sup> September, 2020 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 29, 2020.
- VI. The details of the process and manner for remote e-voting are explained herein below:

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 are mentioned below:**



#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat(NSDL or CDSL) or Physical Your User ID is:

- a) For Members who hold shares in demat account with NSDL - 8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*
  - b) For Members who hold shares in demat account with CDSL - 16 Digit Beneficiary ID For example, if your Beneficiary ID 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*
  - c) For Members holding shares in Physical Form - EVEN Number followed by Folio Number registered with the company For example, if EVEN is 101456 and folio number is 001\*\*\* then user ID is 101456001\*\*\*
5. Your password details are given below:
    - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
    - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

#### **A. How to retrieve your ‘initial password’?**

- i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - ii) If your email ID is not registered with the Company/Depository, please follow instructions mentioned below in this notice.
6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
    - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
    - b) “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, click on Agree to “Terms and Conditions” by selecting on the check box.
  8. Now, you will have to click on “Login” button.
  9. After you click on the “Login” button, Home page of e-Voting will open.

#### **Details on Step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-Voting system?



1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of email IDs for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com);
2. In case shares are held in demat mode, please provide DPIDCLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Depository Participants "DPs" for receiving all communications from the Company electronically.

**General Guidelines for shareholders**

- I. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [cstrasnagoval@gmail.com](mailto:cstrasnagoval@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- II. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- III. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Email: [evoting@nsdl.co.in/pallavid@nsdl.co.in](mailto:evoting@nsdl.co.in/pallavid@nsdl.co.in), Tel: 91 22 2499 4545/ 1800-222-990

**Other Instructions**

1. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, count the votes cast at the Annual General Meeting, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, forthwith to the CFO & Company Secretary of the Company for Counter Signature, who shall declare the result of the voting.
2. The results declared along with the scrutinizers report shall be placed on the website of the Company [www.linsel.com](http://www.linsel.com) and on the website of NSDL [www.evoting.NSDLindia.com](http://www.evoting.NSDLindia.com). The results shall simultaneously be communicated to BSE Limited, where the shares of the Company are listed.

Registered Office:  
14B Camac Street, Kolkata-700017  
Date: The 29th July, 2020

By order of the Board  
For **LEE & NEE SOFTWARES (EXPORTS) LTD.**  
**Rupal Poddar**  
Company Secretary  
ACS-45335



## DIRECTORS' REPORT

To,  
The Members

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report on the business & operations of your Company together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020.

### Financial Results

Your Company's performance for the financial year ended 31<sup>st</sup> March, 2020 is summarized below:

Particulars	Amount in (₹)			
	For the financial year ended (Standalone)		For the financial year ended (Consolidated)	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Income:</b>				
Revenue from operations	416.51	353.46	474.91	427.85
Other Income	59.8	24.62	122.78	64.87
<b>Total Income</b>	<b>476.31</b>	<b>378.08</b>	<b>597.69</b>	<b>492.72</b>
<b>Expenses:</b>				
Operating Expenditure	459.16	361.91	583.29	487.62
Depreciation & Amortization Expense	2.97	2.59	3.38	2.83
<b>Total Expenses</b>	<b>462.13</b>	<b>364.5</b>	<b>586.67</b>	<b>490.45</b>
<b>Profit Before Tax (PBT)</b>	<b>14.18</b>	<b>13.58</b>	<b>11.02</b>	<b>2.27</b>
Tax Expense	3.86	0.62	3.86	0.62
<b>Profit for the year</b>	<b>10.32</b>	<b>12.96</b>	<b>7.16</b>	<b>1.65</b>
Other Comprehensive Income (Net of tax)	-1.96	1.89	-48.02	-26.02
<b>Total Comprehensive Income for the period</b>	<b>8.36</b>	<b>14.85</b>	<b>-40.86</b>	<b>-24.37</b>

### COVID-19 Pandemic:

During the month of March the spread of COVID-19 pandemic increased expeditiously in India and across the world, this global crisis forced the Governments to enforce lock-down of all economic activities. In India the Government announced lock-down from third week of March, 2020 as a preventive measure against the COVID-19 pandemic. The Company's focus is always to ensure the health and well-being of all employees accordingly the Company suspended its operational activities and implemented 'work from home policy' from 23<sup>rd</sup> March, 2020 to minimize disruption to services for all our customers globally. From a well-equipped broad work space to coordinating the work from home the Company adapted the change very well as per the need of the hour. Further after ensuring compliance with all the safety measures directed by the Government like social distancing and maintaining hygiene, the Company resumed its operations from 15<sup>th</sup> June, 2020.

### Company's Performance:

During the period under review, at consolidated level, the company achieved revenue of Rs. 59,769,406, EBITDA Rs. 14,40,222 PBT of Rs. 11,01,977 and PAT of Rs. 7,16,455 as compared to the revenue of Rs. 49,271,998, EBITDA Rs. 5,09,935, PBT of Rs. 2,27,455 and PAT of Rs. 1,65,432 respectively in the previous year.

On an unconsolidated basis (at standalone level), the company achieved revenue of Rs. 47,631,231, EBITDA Rs. 1,715,960 PBT of Rs. 1,418,422 and PAT of Rs. 1,032,900 as compared to the revenue of Rs. 37,808,094, EBITDA Rs. 16,16,884, PBT of Rs. 1,357,488 and PAT of Rs. 1,295,465 respectively in the previous year.

At the Standalone level the sales of the Company have increased by 25.98% as compared to previous year and at the Consolidated level also the sales of the Company has increased by 21.31% as compared to last year.

### Share Capital

As on 31<sup>st</sup> March, 2020, paid up share capital of the Company was Rs. 55,77,40,000 divided into 55,774,000 equity shares of Rs.10/- each. There was no change in share capital of the Company during the Financial Year 2019-20.

### **Dividend and Transfer to Reserves**

In terms of the Dividend Distribution Policy, as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, equity shareholders of the Company may expect dividend if the Company is having surplus funds and after taking into consideration the relevant internal and external factors as mentioned in the said Policy. Accordingly, considering the cash position, fund requirements for growth of business of your Company, the Board of Directors has not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2020. Accordingly, no amount is also proposed to be transferred to the reserves of your Company.

### **Listing with Stock Exchanges**

Your Company confirms that it has paid the Annual Listing Fees for the year 2019-20 to Bombay Stock Exchange where your Company's Shares are listed.

No shares of your Company were delisted during the financial year 2019-20.

### **Events subsequent to the date of Financial Statements**

There were no events to report that has happened subsequent to the date of the financial statements.

### **Change in the nature of business, if any**

There has been no change in the nature of business of the company during the financial year 2019-20.

### **Deposits from Public**

Your Company has not accepted any kind of deposit from the public under Chapter V of the Companies Act, 2013 during the year under review and as such no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

### **Particulars of loans, guarantees and investments**

There are no Loans, Guarantees and Investments made under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

### **Material Changes and Commitments, if any, affecting the Financial Position between the end of the Financial Year and date of the report**

There are no material changes or commitments affecting the financial position of the Company, which have occurred between the end of the financial year to which the financial statement relates and the date of this Report.

### **Management Discussion and Analysis Report**

A detailed Management Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") forms part of this Annual Report and is annexed as 'Annexure-1'.

### **Human Resource Management**

Attracting, enabling and retaining talent has been the cornerstone of the Human Resource function and the results underscore the important role that human capital plays in critical strategic activities such as growth.

Your Company's focus lies in creating a performance based culture, driven by focused growth and clear career development plan for each employee. A robust Talent Acquisition system enables the Company to balance unpredictable business demands.

### **Quality Initiatives & Achievements:**

The Company successfully achieved annual enterprise-wide ISO certification for ISO 9001:2015 (Quality Management) for Software Development, ERP Solution, Website Development, Medical Transcription, Mobile Application and Digital Marketing.

### **Consolidated Financial Statements**

In accordance with the Companies Act, 2013 ("the Act"), SEBI LODR and Ind-AS-110 on Consolidated Financial Statements, the Audited Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2020 are provided in the Annual Report.

### **Subsidiary companies**

The Company has two subsidiaries namely Lensele Web Services Private Ltd and Rituraj Shares Broking Pvt. Ltd. as on March 31, 2020. There has been no material change in the nature of business of the subsidiaries.

Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013 a statement containing the salient features of the financial statement of a company's subsidiaries is given in Form No. AOC-1 annexed as '**Annexure 2**', which forms a part of this Annual Report.

During the year no new subsidiary was formed or ceased. Further, the Company has no Joint Venture and Associate during the financial year ended 31<sup>st</sup> March, 2020.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of Subsidiaries, are available on the website of the Company <https://lnsel.com/investor/>

The Company has adopted a policy for determining the criteria of 'Material subsidiaries' which can be viewed at the Company's website at the link: <https://lnsel.com/wp-content/uploads/2019/08/policy-on-material-subsidiaries.pdf>

### **Details of Significant and Material orders passed by the Regulators /Courts / Tribunals Impacting the going concern status and the Company's operations in future**

During the financial year 2019-20, there are no significant and material orders passed by any Regulators / Courts /Tribunals, which impacts the going concern status of the Company or will have any bearing on Company's Operations in future.

### **Directors' Responsibility Statement**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Directors and Key Managerial Personnel**

Mr. Vikash Kamani, Mr. Sushil Kumar Gupta & Miss Leela Murjani were reappointed as Independent Directors with effect from 27<sup>th</sup> September, 2019 for a second term of five years, expiring on 26<sup>th</sup> September, 2024.

Your Director Mrs. Arpita Gupta retires at the ensuing Annual General Meeting and being eligible offers herself for reappointment. Additional information and brief profile as required under the SEBI Regulations for the Director seeking reappointment is annexed to the Notice of AGM. The Board of Directors of your Company recommends her reappointment in the Board.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board /Committee of the Company.

Disclosures with respect to the Board composition, Directors and Board meetings held during the financial year are covered under the Corporate Governance report forming part of this report, as per the Provisions of the Companies Act, 2013.

All the declarations were placed before the Board. Further, all the Directors have also confirmed that they are not debarred to act as a Director by virtue of any SEBI order or any other statutory authority.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the company as on March 31, 2020 are; Mahesh Gupta, Chief Executive Officer, Vikash Singh, Chief Financial Officer and Rupal Poddar, Company Secretary.

### **Independent Directors**

Your Company has laid down procedures to be followed for familiarizing the Independent Directors with your Company, their roles, rights, responsibilities in your Company and to impart the required information and training to enable them contribute significantly to your Company.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down in section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

### **Board and Committee Meetings**

Four meetings of the board were held during the year. For details of the meetings of the board and its Committees, please refer to the Corporate Governance Report, which forms a part of this report.

### **Board Evaluation**

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the directors and the working of its Committees on the evaluation criteria defined by the Nomination and Remuneration Committee for performance evaluation process of the Board, its Committee and Directors.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were assessed on the degree of fulfillment of key responsibilities, adequacy of Committee Composition and effectiveness of Meetings. The Directors including the Chairman of the Board were evaluated on parameters such as level of attendance, engagements and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the directors being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### **Policy on Appointment of Director and Remuneration**

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise, skills, knowledge and experience of the person for appointment as Director and Key Managerial Personnel. The appointment of a Director as recommended by the Nomination and Remuneration Committee requires approval of the Board.

The remuneration determined for Executive/ Independent Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The Non-Executive Directors appointed on the Board are paid sitting fees for attending the Board and Board Committee meetings. No other remuneration or commission is paid to the Non-Executive Directors.

The Board has, on the recommendation of the Nomination & Remuneration Committee adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other employees pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations. The said Remuneration Policy forms part of this report and is annexed as '**Annexure-3**' to this report. The same is also available on <https://inseel.com/wp-content/uploads/2019/08/remuneration-policy.pdf>

### **Internal Financial Control System and their adequacy**

The Company has in place adequate internal financial controls with reference to the Financial Statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

M/s Jain Sonu & Associates, the statutory auditors of the Company have audited the financial statements included in the Annual Report and has issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act, 2013).

#### **Cost Records and Cost Audit**

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

#### **Audit Committee**

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report.

#### **Auditors**

##### **Statutory Auditors**

M/s Jain Sonu & Associates, Chartered Accountants, Kolkata (Firm Registration No. 324386E), were appointed as Statutory Auditors of the Company at the 29<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September, 2017 in terms of the provisions of Section 139 of Companies Act, 2013 to hold office until the conclusion of 33<sup>rd</sup> Annual General Meeting to be held in the year 2021.

In terms of Companies (Amendment) Act, 2017, the requirement of seeking ratification of auditors' appointment at every annual general meeting has been dispensed with.

Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing Annual General Meeting and a note in respect of same has been included in the Notice for this Annual General Meeting.

The Statutory Auditors have confirmed that they satisfy the independence criteria required under Companies Act, 2013 code of ethics issued by Institute of Chartered Accountants of India.

##### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mrs. Rasna Goyal, a Practicing Company Secretary in Practice (CP No.-9209) to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report in this regard for the financial year ended March 31, 2020 is annexed as '**Annexure-4-(a)**' to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Lensel Web Services Pvt Ltd., material subsidiary of your Company, has undertaken its secretarial audit for the financial year ended 31<sup>st</sup> March, 2020 by Mrs. Rasna Goyal, a Practicing Company Secretary in Practice (CP No.-9209) as '**Annexure-4-(b)**' to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

In line with the Circular dated February 08, 2019 issued by the Securities and Exchange Board of India, Annual Secretarial Compliance Report for the year ended 31st March, 2020 confirming compliance of all applicable SEBI Regulations, Circulars and Guidelines by the Company was issued by Rasna Goyal, Practicing Company Secretaries and filed with the Stock Exchanges. The same is available on the website of the Company at [www.linsel.com](http://www.linsel.com).

##### **Qualifications in Audit Reports**

The statutory auditor's report and the secretarial audit report do not contain any qualifications, reservations, or adverse remarks or disclaimer. Secretarial audit report is attached to this report.

##### **Risk Management Policy**

In terms of the requirement of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has taken adequate measures to mitigate various risk encountered. In the opinion of the Board there is no such risk which may threaten the present existence of the Company.

##### **Secretarial Standards**

The Directors state that the applicable Secretarial Standards, i.e. SS-1 and SS -2, relating to 'Meetings of the Board of Directors' and 'General Meeting' respectively, have been duly followed by the Company.

##### **Vigil Mechanism/Whistle Blower Policy**



The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors, employees and others who are associated with the Company in confirmation with Section 177(9) of the Act and Regulation 22 of Listing Regulations to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Policy provides for adequate safeguards against victimization of Employees/ Directors who avail the mechanism. The company affirms that no person has been denied access to the Audit Committee in this respect. The said policy has been uploaded on the website of the Company at <https://Insel.com/wp-content/uploads/2019/08/vigil-mechanism-whistle-blower-policy.pdf>

#### **Related Party Transactions**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material save and except the carry forward balances appearing in the notes to accounts. In view of the above, the requirement of giving particulars of contracts / arrangements / transactions made with related parties, in Form AOC-2 are not applicable for the year under review.

The Policy on materiality of related party transactions and on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link <https://Insel.com/wp-content/uploads/2019/08/policy-for-determining-materiality.pdf>

The Directors draw attention of the members to Note no 24 to the standalone financial statement which sets out related party disclosures.

#### **Corporate Social Responsibility Initiatives**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

#### **Extract of Annual Return**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2020 is given in 'Annexure 5' in the prescribed Form No. MGT-9 which is a part of this report. The same is available on <https://Insel.com/investor/>

#### **Particulars of Employees and related disclosures**

There are no employees falling within the provisions of section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **Future Prospects**

Your company has got a steady growth its business both in domestic as well as international market in this year. Your company has special focus on further expanding its ERP & Software business within India in coming years. It has also expanded its digital transformation business in the overseas market by adding more business partners.

Cloud Solutions have seen an increasing demand as most organizations are working remotely and hence moving to cloud to run their operations. Cloud is increasingly becoming an integral part of the business across all sectors. In order to meet the modern demands of corporates, the Company has identified new avenues of software business like Data Security and Cloud offerings. Your company has partnered with Microsoft for offering Cloud based software solutions.

Following are few services that your company plans to offer in the coming years:

- \* Your Company is looking forward to work in the areas of ERP Solutions, Cloud solutions, and Data Security as there is huge potential in these areas.
- \* Your Company is now focused on further expanding Enterprise Applications business both in domestic as well as in overseas market.
- \* Your Company has further developed niche products for specific industry verticals and plans to offer them on SaaS model in coming years.
- \* Your Company has made strategic alliances to offer Cloud based solutions and licensed software solutions. The Company anticipates getting good volume of business in the coming year.



- \* Your Company is constantly striving to keep pace with changing demands of corporates and adapt to new fields of innovation, improved performance with a continued sense of commitment to a higher standard. Your Company is committed to handle new roles and responsibilities and is open to accept new challenges on a global basis by virtue of its strengthened business model. In addition, there are continuous efforts at improving efficiency and delivering excellence in project execution.

#### **Employee Stock Option Scheme**

The company has not issued any employee stock option during the year under review.

#### **Policy on Prevention of Sexual Harassment**

Your Company has in place a policy on prevention of sexual harassment at work place in accordance with the provisions of Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013. The policy aims at prevention of harassment of women employees and lays down the guidelines for identification, reporting and prevention of sexual harassment.

The Company has a zero tolerance approach to any form of sexual harassment. No complaint was received during the year. There are no pending complaints either at the beginning or end of the financial year.

#### **Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo Pursuant To Provisions Of Section 134 Of The Companies Act, 2013 Read With The Companies (Accounts) Rules, 2014.**

The Statement pursuant to section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Company's (Accounts) Rules 2014 is annexed as '**Annexure-6**' forming part of this report.

#### **Corporate Governance**

The Company continues to remain committed to high standards of corporate governance. The Company is in compliance with all the provisions of Corporate Governance as stipulated in the Regulations under Chapter IV of SEBI Listing Regulations. The Corporate Governance Report and the Statutory Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of this report and annexed as '**Annexure-7**'.

#### **Acknowledgments**

Your Directors place on record their appreciation for the help and co-operation received by them from ICICI Bank Ltd, Indusind Bank, Oriental Bank of Commerce, State Government of West Bengal and Department of Electronics & Department of Telecommunication under Ministry of Information & Technology Government of India, specially Software Technology Parks of India, WEBEL (West Bengal Electronics Industry Development Corporation Limited).

Your Directors also place on record their appreciation for the dedicated services rendered by the employees of your Company at all levels and thank the Company's customers, vendors, investors and academic partners for their continuous support.

For and on behalf of the Board of Directors of  
**Lee & Nee Softwares (Exports) Ltd.**

Place : Kolkata  
Dated : 29th July, 2020

**Ajay Kumar Agarwal**  
Chairman and Director  
(DIN : 01265141)

## Annexure-1

### Management Discussion and Analysis Report:

The Company operates in areas of IT & ITES like customized development and solutions, implementation, support, maintenance, training and staffing in the following segments of software services.

#### ERP:

Enterprise resource planning (ERP) is business process management software that provides seamless communication and real-time data for businesses, and is an extremely helpful tool that centralizes all islands of information and streamlines it to multiple departments in an enterprise.

The growing demand for ERP Software has provided a major boost to the Global ERP Software Markets more people are shifting their preferences to this growing sector. The market is expected to keep rising at a high CAGR and reach values of high millions by the end of the forecast period of 2018 up to 2023.

The Global ERP Software Market size is expected to reach \$70.3 billion by 2025, rising at a market growth of 10.5% CAGR during the forecast.

#### SAP:

Your Company is a Partner of SAP. Originally known for leadership in enterprise response planning (ERP) software, SAP has evolved to become a market leader in end-to-end enterprise application software, database, analytics, intelligent technologies, and experience management. A top cloud company with 200 million users worldwide, SAP helps businesses of all sizes and in all industries to operate profitably, adapt continuously, and achieve their purpose.

#### Oracle:

Your Company is a Gold Partner of Oracle. Our prime focus is on EBS solution along with offering solutions related to Master Data Management & Oracle Fusion products. Oracle Master Data Management drives results by empowering enterprises and their users with the ability to cleanse govern and manage the quality and lifecycle of master data. Oracle's MDM is an offering designed to reduce the cost of compliance, reduce time to market as well as improve the customer experience by optimizing marketing efforts.

The Oracle Optimized Solution for Oracle E-Business Suite provides a fully tested and documented architecture that's ideal for upgrading and consolidating Oracle's integrated suite of global business applications.

Oracle ERP Cloud offers a complete, innovative, and proven solution for organizations of all sizes that want to thrive in the digital economy. With industry standards and modern best practices, Oracle is the one cloud for your entire business. It manages accounting, financial planning and analysis, revenue recognition, risk management, tax reporting and so much more.

#### ERP for Education Sector:

Your Company has developed a customized ERP package catered to reputed Universities, Colleges and Schools in India. It is a web based campus automation system having various modules required for the functioning of any university. In addition to the existing customers your Company has further extended this solution to few more Colleges and Schools in India and look forward to add many more in the near future.

#### HRMS & Payroll Solutions:

It is web based solution to manage Payroll, Leave module, Reimbursement module, Staff Loan module, Income Tax module along with many statutory and MIS reports. Your Company has recently launched this solution and it has been deployed successfully in many big corporate and educational institutes.

#### Mobile Applications:

India adds the highest number of internet users per year, vs. any other country in the world. More importantly, over 60% of consumers access the internet via their smart phones.

Big business firms look for a product that helps them to tap in among the target audience, to help them compete with other business and stay ahead of them. Our skilled, proficient and experience mobile application team will help to plan, design, develop and deliver a customized application to suit customers' business needs.

At Lee & Nee Softwares (Exports) Ltd, we have expertise in developing mobile applications for different platform and Mobile devices such as Android Application Development, iPhone Mobile Apps Development and Hybrid Mobile Development.

The Company has successfully implemented and deployed various mobile applications on Android and IOS platform. It looks forward to expand its business further in coming years.

#### **IT staffing and Training Services:**

Your Company has ventured into IT staffing and training services in the last few years. It is trying to expand itself as a staffing company in various big IT companies working in the area of SAP & Oracle Applications.

#### **IoT and other Segments:**

Your company is also planning to venture into new and emerging technologies like IoT, Robotics and Artificial Intelligence

#### **Risk & Concerns**

**CYBER SECURITY RISK** - Cyber Security and quality management are few key areas of concern in today's information age.

To overcome such concerns in today's global IT scenario, an increasing number of IT-BPO companies in India have gradually started to emphasize on quality to accept global standards such as ISO 9001 (for quality management) and ISO 27000 (for information security). Today, centers based in India account for the largest number of quality certifications achieved by any single country.

**CONCENTRATION RISK** - Regional concentration as well as vertical concentration can adversely impact Company's business in case of a slowdown

The company has diversified its business, both in terms of region and verticals, is intrinsically woven into the DNA of Lee & Nee Softwares (Exports) Ltd.

**CURRENCY RISK** – The Company has made a well defined currency hedging Policy which helps in controlling risk arisen from currency fluctuations and volatility.

**COMPETITION RISK**– The ever-increasing competition poses a key risk in terms of acquiring client business as well as human talent.

Lee & Nee Softwares (Exports) Ltd. has enhanced its value in the proposition of its customers by way of deepening its domain expertise, technological capabilities and customer engagement. On the human capital front, Lee & Nee Softwares (Exports) Ltd brand equity and best in class HR principles and practices has made it a preferred employer.

**REGULATORY RISK**- Legislation in various countries in which we operate including the US, Canada, UK, Australia & Middle East may place restrictions on companies in those countries from outsourcing work to us, or may enact stricter immigration laws or may limit our ability to send our employees to certain client sites.

A team of professionals has been employed within and outside the Company. The Company has working on mitigating this on a continuous basis.

#### **Threats**

The Indian IT-ITES industry is facing several threats that need to be addressed.

The Indian IT-ITES industry, owing to the uncertain global economic and geopolitical climate is continuing to face challenges.

High attrition rates in the IT-BPO segment is a major concern for companies. With attrition rates ranging between 25-40 percent, attrition is a big challenge. Apart from a loss of skill sets, the cost of recruitment and training represent an additional expenditure for Indian IT-BPO firms.

Shortage of quality and employable talent and rising costs in the major IT hubs are also challenges that need to be addressed. The Company has to ensure that it acquires good talent and retains it in order to constitute its major competitive edge. The Company maintains excellent work environment and competitive package for this purpose.

These are the days when technology takes no time to become obsolete. Thus, to be at par with its competitors the company has to ensure that it constantly updates and upgrades its technology.

The grave challenges facing the Indian IT-BPO industry include a slackening of demand from major markets, reduction in larger contracts, stiff work permit regulations in some critical regions and competition from other emerging economies on trained resources.

**Growth:**

The \$191-billion Indian IT industry is slated to grow slower in 2020 fiscal at 7.7 per cent compared to 8.1 per cent growth in the previous year. While the sector added 2 lakh jobs, the industry is cautiously optimistic about the future due to global macroeconomic uncertainties. The job additions at 2 lakh have been higher compared to 1.8 lakh people added last year and come at a time when many companies have been laying off employees.

**Segment-wise or Product-wise performance:**

In view of the identical geographical location and the same product, i.e. ITES, there is hardly any need for separate segmental reporting.

**Future Economic Outlook:**

India is rapidly marching towards becoming a digitally empowered society. The push for governance, the proliferation of smart phones, increasing Internet access and booming digital payments are fuelling the country's journey towards a trillion-dollar digital economy by 2025. The widespread acceptance of Digital is being seen as a catalyst for overall economic growth. India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from to 175 GW by 2022.

With the combination of favourable demographics and policy reforms, India presents a unique and powerful growth story.

**Internal Control System and their adequacy:**

Lee & Nee has deployed adequate Internal Control Systems (ICS) in place to ensure a smooth functioning of its business. The processes and the systems are reviewed constantly and changed to address the changing regulatory and business environment.

The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ERP system which the Company had implemented has helped in further strengthening the internal control systems that are in place.

The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The external auditors as well as the internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness and continuous operation for addressing risk management and mitigation strategies.

**Discussion on financial performance with respect to operational performance:**

At the Standalone level the sales of the Company have increased by 25.98% as compared to previous year. The Company has identified new avenues of software business like Data Security and Cloud offerings. Your company has partnered with Microsoft for offering Cloud based software solutions. It is looking forward to work in the areas of ERP Solutions, Cloud solutions, and Data Security as there is huge potential in these areas and is now focused on further expanding Enterprise Applications business both in domestic as well as in overseas market. The Company has further developed niche products for specific industry verticals and plans to offer them on SaaS model in coming years. Your Company has made strategic

alliances to offer Cloud based solutions and licensed software solutions. The Company anticipates getting good volume of business in the coming year.

**Material Development in Human Resources/Industrial Relation Front, including No. of people employed:**

The total number of permanent employees of the Company as on 31<sup>st</sup> March, 2020 was 62.

Attracting, enabling and retaining talent has been the cornerstone of the Human Resource function and the results underscore the important role that human capital plays in critical strategic activities such as growth. The Company's focus lies in creating a performance based culture, driven by focused growth and clear career development plan for each employee. A robust Talent Acquisition system enables the Company to balance unpredictable business demands.

It is very difficult to source skilled persons. Therefore, the role of human resource management is critical and strategic to build up human capital to create organizational competitive advantages. Today's customers are highly quality conscious and look towards value for the money. Quality is customer satisfaction built through employee participation.

Company has created the blue print for the strategic attraction of talent, and it has acted upon retention of talent by continuous training program.

The company's human resource practice has helped in motivating employees and enhancing their commitment and greater involvement in the overall quality improvement.

Your company treats its "human resources" as one of its most important assets and believes that its middle management is particularly critical to its business, as they are responsible for managing teams, understanding its client' expectations and its contractual obligations to clients, ensuring consistent and quality service delivery and deploying the company's process excellence framework. The company continuously invests in its HR to create a favorable work environment that encourages innovation which enables it to retain skilled and a highly professional workforce.

Your Company thrust in on the promotion of talent internally through job rotation and job enlargement. Our hiring requirements have increased by 47.62% this year. This will be due to anticipated growth and the backfill due to attrition. We expect to improve our people intake during 2020 and are exploring new avenues to decrease hiring turnaround times but due to the COVID 19 pandemic, the regular addition to our human resources seems little uncertain.



**Annexure-2**
**Form AOC-1**

(Pursuant to the first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES OR ASSOCIATES OR JOINT VENTURES**
**Part "A": Subsidiaries**

(Rs. In Lakhs)

Particulars	Lensel Web Services Pvt. Ltd	Rituraj Shares Broking Pvt. Ltd
	As on 31.03.2020	As on 31.03.2020
The date since when subsidiary acquired	01/04/2013	01/04/2013
Reporting period of the subsidiary concerned	01/04/2019 - 31/03/2020	01/04/2019 - 31/03/2020
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A	N.A
Share Capital		
Authorised Capital		
Issued, Subscribed and fully paid up Capital	10.00	50.00
Reserves & Surplus	10.00	36.20
Total Assets	68.75	284.69
Total Liabilities (Excluding Share Holders Fund)	779.89	654.96
Investments	701.14	334.07
Turnover (Revenue from operation)	29.57	136.43
Profit/(Loss) Before Taxation	81.18	40.20
Provision for Taxation	0.33	(3.49)
Profit/(Loss) after Taxation	NIL	NIL
Proposed Dividend (%)	0.33	(3.49)
% of Shareholding	NIL	NIL
	100%	100%

**Notes:**

The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year. –Not Applicable

**Part "B": Associates And Joint Ventures**

The Company does not have any Associate or Joint Venture during the Financial Year 2019-20.

 For and on behalf of the Board of Directors of  
**Lee & Nee Softwares (Exports) Ltd.**
**Ajay Kumar Agarwal**  
 Director  
 (DIN : 01265141)

**Arpita Gupta**  
 Director  
 (DIN : 02839878)

 Place : Kolkata  
 Dated : 29th July, 2020

**Mahesh Gupta**  
 Chief Executive Officer

**Vikash Singh**  
 Chief Financial Officer

**Rupal Poddar**  
 Company Secretary

### Annexure-3

#### Remuneration Policy for Board Members, Key Managerial Personnel and Other Employees

The Nomination and Remuneration Committee of the Board shall recommend this Policy to the Board, relating to the remuneration of Directors, Key Managerial Personnel and other employees.

The objective of the Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its level and composition of remuneration, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a composition mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

#### 1) Remuneration to Executive Directors:

- a) The Remuneration to be paid to Executive Directors shall be governed as per the provisions of the Companies Act, 2013 and Rules made thereunder. The same shall be determined by the Committee and recommended to Board for approval.
- b) Remuneration structure of the Executive Directors shall include fixed pay & allowances, if any.
- c) The Committee may recommend an increase in existing remuneration structure to the Board, within the limits as approved by the Shareholders.
- d) Minimum remuneration: If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### 2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration for attending the Board as well as the Committee meetings, as permissible under the provisions of Companies Act, 2013 and Rules made thereunder as amended from time to time.
- b) The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- c) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

#### 3) Remuneration to Key Managerial Personnel (KMP) and Senior Management Personnel:

- a) **"Key Managerial Personnel"** means key managerial personnel as defined under Section 2(55) of the Companies Act, 2013 and amendments made from time to time. It includes the following personnel in the Company;
  - i) The Chief Executive Officer or the Managing Director or the Manager;
  - ii) The Company Secretary and
  - iii) The Chief Financial Officer

**"Senior Management"** means personnel of the Company who are members of its management team excluding the Board of Directors.
- b) The remuneration to Key Managerial Personnel and Senior Management Personnel shall consist of fixed pay, incentive pay and reimbursement of expenses that are incurred by them in the performance of duties. The same shall be reviewed/decided on an annual basis or earlier if deemed necessary, by the Nomination and Remuneration Committee as per provisions of the Companies Act, 2013 in conjunction with the Company's rules and policies.



- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.

**IMPLEMENTATION**

- \* The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- \* The Committee may Delegate any of its powers to one or more of its members.

**POLICY REVIEW**

This policy is purely at the discretion of the Nomination and Remuneration Committee and it reserves its right to recommend modifications in this Policy to the Board as per applicable laws and regulations, at any time without assigning any reason whatsoever.

Place: Kolkata

Date: 29<sup>th</sup> July, 2020

**For and on behalf of the Board of Directors**

**Sd/-**

**Vikash Kamani**

**Chairman**



**Annexure-4-(a)**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31st March, 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the  
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,  
Lee and Nee Softwares (Exports) Limited,  
14B Camac Street, Kolkata 700 017

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Lee and Nee Softwares (Exports) Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Lee and Nee Softwares (Exports) Limited** for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-  
**(Not applicable to the Company during the Audit Period)**
    - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
    - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2016 **(Not applicable to the Company during the Audit Period)**
    - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014. **(Not applicable to the Company during the Audit Period)**
    - (g) The Securities and Exchange Board of India **(Issue and Listing of Debt Securities)** Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit Period)**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Information Technology Act, 2000 and the rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

(i) The Secretarial Standards issued by The Institute of Company Secretaries of India complied generally.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited, Calcutta Stock Exchange Limited.

During the Audit period under review and as per representations and clarifications provided by the management, I confirm that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. as mentioned hereinabove.

I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

**I further report that,**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, as per the explanations given to us there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as referred to above.

**For Rasna Goyal**

Place: Kolkata

Date: 19th August, 2020

Practising Company Secretary

C.P No. 9209, FCS No. 9096

UDIN: F009096B000593966

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



**'Annexure A'**

To,  
The Members,  
Lee and Nee Softwares (Exports) Limited,

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practice, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Rasna Goyal**

Place: Kolkata  
Date: 19th August, 2020

Practising Company Secretary  
C.P No. 9209, FCS No. 9096  
UDIN: F009096B000593966



**Annexure-4-(b)**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31st March, 2020**

[Pursuant to Regulation 24A of SEBI (LODR) Regulations, 2015]

To,

The Members,

Lensel Web Services Private Limited

14B Camac Street, Kolkata 700 017

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Lensel Web Services Private Limited**

(hereinafter called the "Company" being the wholly owned subsidiary of M/s. Lee & Nee Software (Exports) Limited ). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Lensel Web Services Private Limited wholly owned subsidiary of M/s. Lee & Nee Software (Exports) Limited for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent applicable to the Company;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(NOT APPLICABLE)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company;
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-**(NOT APPLICABLE);**
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients**(NOT APPLICABLE);**
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2016 **(NOT APPLICABLE);**
  - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014. **(NOT APPLICABLE);**

- (g) The Securities and Exchange Board of India (**Issue and Listing of Debt Securities**) Regulations, 2008 (**NOT APPLICABLE**);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. (**NOT APPLICABLE**);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**NOT APPLICABLE**);

(vi) Information Technology Act, 2000 and the rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards issued by The Institute of Company Secretaries of India complied generally.

During the Audit period under review and as per representations and clarifications provided by the management, I confirm that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned hereinabove.

I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

**I further report that,**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions at the Board Meetings and Committee Meetings, are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, as per the explanations given to us there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as referred to above.

**For Rasna Goyal**

Place: Kolkata

Date: 19th August, 2020

Practising Company Secretary

C.P No. 9209, FCS No. 9096

UDIN: F009096B000594153

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



**'Annexure A'**

To,  
The Members,  
Lensel Web Services Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practice, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Rasna Goyal**

Place: Kolkata  
Date: 19th August, 2020

Practising Company Secretary  
C.P No. 9209, FCS No. 9096  
UDIN: F009096B000594153



**Annexure - 5**

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2020

of

**LEE AND NEE SOFTWARES (EXPORTS) LIMITED**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I REGISTRATION AND OTHER DETAILS :**

i)	CIN	L70102WB1988PLC045587
ii)	Registration Details	18TH NOVEMBER 1988
iii)	Name of the Company	LEE AND NEE SOFTWARES (EXPORTS) LTD.
iv)	Category/ Sub-Category of the Company	PUBLIC LIMITED COMPANY
v)	Address of the Registered Office and Contact details	14B CAMAC STREET, KOLKATA-700017 Tel: 033 40650377/0374, Fax No.: 033-40650378 Email id: investors@lnsel.com, Website:www.lnssel.com
vi)	Whether listed Company	YES, Listed with BSE Ltd, Calcutta Stock Exchange Ltd.
vii)	Name, Address and contact details of "Registrar & Transfer Agents (RTA) if any"	Maheswari Datamatics Pvt. Ltd, 23 R N Mukherjee Road, 5th Floor, Kolkata – 700 001 Telephone : No: 22435029 / 22482248 / 22316839 Fax no. 22484787, E-mail – mdpl@cal.vsnl.net.in

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No	Name and Description of main Products/services	NIC code of the Product/Service	% of total turnover of the Company
1	Computer Programming, Consultancy and related activities	620	100%

**III PARTICULARS OF HOLDING AND SUBSIDIARY COMPANIES**

Sl. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Lensel Web Services Pvt. Ltd. 14B Camac Street, Kolkata 700017	U72900WB2001PTC093088	Subsidiary	100%	Section 2 (87)(ii)
2	Rituraj Shares Broking Pvt. Ltd. 14B Camac Street, Kolkata 700017	U51109WB2000PTC092403	Subsidiary	100%	Section 2 (87)(ii)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No of Shares held at the beginning of the year [As on 01-Apr-2019]				No of Shares held at the end of the year [As on 31-Mar-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	21628239	0	21628239	38.7784	21628239	0	21628239	38.7784	0.0000
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	17622991	0	17622991	31.5971	17622991	0	17622991	31.5971	0.0000
e) Banks/Fi									
f) Any other									
<b>Sub-total (A)(1)</b>	39251230	0	39251230	70.3755	39251230	0	39251230	70.3755	0.0000
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
<b>Sub-total (A)(2)</b>	0	0	0	0.0000	0	0	0	0.0000	0.0000
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	39251230	0	39251230	70.3755	39251230	0	39251230	70.3755	0.0000
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Alternate Investment Funds									
Foreign Portfolio Investor									
Provident Funds / Pension Funds									
Qualified Foreign Investor									
<b>Sub-total(B)(1):-</b>	0	0	0	0.0000	0	0	0	0.0000	0.0000



<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	376411	3400	379811	0.6810	303611	3400	307011	0.5505	-0.1305
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6210734	1626579	7837313	14.0519	6216227	1615879	7832106	14.0426	-0.0093
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	8077502	42999	8120501	14.5597	8268534	42999	8311533	14.9022	0.3425
c) Others (Specify)									
Non Resident Indians	71170	0	71170	0.1276	71220	0	71220	0.1277	0.0001
Qualified Foreign Investor									
Custodian of Enemy Property									
Foreign Nationals									
Clearing Members	106975	0	106975	0.1918	900	0	900	0.0016	-0.1902
Trusts									
NBFCs registered with RBI	7000	0	7000	0.0126	0	0	0	0.0000	-0.0126
<b>Sub-total(B)(2):-</b>	<b>14849792</b>	<b>1672978</b>	<b>16522770</b>	<b>29.6246</b>	<b>14860492</b>	<b>1662278</b>	<b>16522770</b>	<b>29.6246</b>	<b>0.0000</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>14849792</b>	<b>1672978</b>	<b>16522770</b>	<b>29.6246</b>	<b>14860492</b>	<b>1662278</b>	<b>16522770</b>	<b>29.6246</b>	<b>0.0000</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>54101022</b>	<b>1672978</b>	<b>55774000</b>	<b>100.0000</b>	<b>54111722</b>	<b>1662278</b>	<b>55774000</b>	<b>100.0000</b>	<b>0.0000</b>

**ii) Shareholding of Promoters :-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-Apr-2019)			Shareholding at the end of the year (As on 31-Mar-20120)			% Change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged/ encumbered to total shares	
1	HARESH COLLECTIONS PVT LTD / AAACH7181A	10269410	18.4125	0.0000	10269410	18.4125	0.0000	0.0000
2	SUNITA GUPTA / ADYPG0114E	8573533	15.3719	0.0000	8573533	15.3719	0.0000	0.0000
3	RITURAJ SHARES AND SECURITIES LIMITED / AACCR1449P	7353581	13.1846	0.0000	7353581	13.1846	0.0000	0.0000
4	RAJ KUMARI AGARWAL / ADCPA3440M	5229418	9.3761	0.0000	5229418	9.3761	0.0000	0.0000
5	NEENA GUPTA / ADNPG2279F	4801772	8.6093	0.0000	4801772	8.6093	0.0000	0.0000
6	MAHESH GUPTA / ADGPG0686B	1399973	2.5101	0.0000	1399973	2.5101	0.0000	0.0000
7	S.M.GUPTA / ACVPG5705B	193817	2.1405	0.0000	1193817	2.1405	0.0000	0.0000
8	LEENA GUPTA / ADDPG2831P	368326	0.6604	0.0000	368326	0.6604	0.0000	0.0000
9	ARPITA GUPTA / ADOPA5454H	55200	0.0990	0.0000	55200	0.0990	0.0000	0.0000
10	SAGAR MAL GUPTA / AAPHS0927R	6200	0.0111	0.0000	6200	0.0111	0.0000	0.0000
	<b>TOTAL</b>	<b>39251230</b>	<b>70.3755</b>	<b>0.0000</b>	<b>39251230</b>	<b>70.3755</b>	<b>0.0000</b>	<b>0.0000</b>





**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-Apr-2019) / end of the year (31-Mar-2020)		Cumulative Shareholding during the year (01-Apr-2019 to 31-Mar-2020)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	HARESH COLLECTIONS PVT LTD / AAACH7181A				
	At the beginning of the year (01-Apr-2019)	10269410	18.4125		
	At the end of the year (31-Mar-2020)	10269410	18.4125	10269410	18.4125
2	RITURAJ SHARES & SECURITIES LIMITED/ AACCR1449P				
	At the beginning of the year (01-Apr-2019)	7353581	13.1846		
	At the end of the year (31-Mar-2020)	7353581	13.1846	7353581	13.1846
3	SAGAR MAL GUPTA / AAPHS0927R				
	At the beginning of the year (01-Apr-2019)	6200	0.0111		
	At the end of the year (31-Mar-2020)	6200	0.0111	6200	0.0111
4	S.M.GUPTA / ACVPG5705B				
	At the beginning of the year (01-Apr-2019)	1193817	2.1405		
	At the end of the year (31-Mar-2020)	1193817	2.1405	1193817	2.1405
5	RAJ KUMARI AGARWAL / ADCPA3440M				
	At the beginning of the year (01-Apr-2019)	5229418	9.3761		
	At the end of the year (31-Mar-2020)	5229418	9.3761	5229418	9.3761
6	LEENA GUPTA / ADDPG2831P				
	At the beginning of the year (01-Apr-2019)	368326	0.6604		
	At the end of the year (31-Mar-2020)	368326	0.6604	368326	0.66049
7	MAHESH GUPTA / ADGPG0686B				
	At the beginning of the year (01-Apr-2019)	1399973	2.5101		
	At the end of the year (31-Mar-2020)	1399973	2.5101	1399973	2.5101
8	NEENA GUPTA / ADNPG2279F				
	At the beginning of the year (01-Apr-2019)	4801772	8.6093		
	At the end of the year (31-Mar-2020)	4801772	8.6093	4801772	8.6093
9	ARPITA GUPTA / ADOPA5454H				
	At the beginning of the year (01-Apr-2019)	55200	0.0990		
	At the end of the year (31-Mar-2020)	55200	0.0990	55200	0.0990
10	SUNITA GUPTA / ADYPG0114E				
	At the beginning of the year (01-Apr-2019)	8573533	15.3719		
	At the end of the year (31-Mar-2020)	8573533	15.3719	8573533	15.3719

**iv) Shareholding Pattern of top ten Shareholders  
 (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name	Shareholding at the beginning of the year (01-Apr-2019) / end of the year (31-Mar-2020)		Cumulative Shareholding during the year (01-Apr-2019 to 31-Mar-2020)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	SHEELA DOSHI / AABPD3517G				
	At the beginning of the year (01-Apr-2019)	300000	0.5379		
2	At the end of the year (31-Mar-2020)	300000	0.5379	300000	0.5379
	TEJRAJ DOSHI / AABPD3518K				
3	At the beginning of the year (01-Apr-2019)	300000	0.5379		
	At the end of the year (31-Mar-2020)	300000	0.5379	300000	0.5379
4	JAYESH TARACHAND KOTHARI / AACPK1361Q				
	At the beginning of the year (01-Apr-2019)	625000	1.1206		
5	At the end of the year (31-Mar-2020)	625000	1.1206	625000	1.1206
	SATHYANARAYANA UPPALANCHA / AAWPU6373L *				
6	At the beginning of the year (01-Apr-2019)	138901	0.2490		
	At the end of the year (31-Mar-2020)	138901	0.2490	138901	0.2490
7	JAGADISH PRASAD TOSAWAR / ABSPT4421F				
	At the beginning of the year (01-Apr-2019)	524316	0.9401		
8	At the end of the year (31-Mar-2020)	524316	0.9401	524316	0.9401
	RAM GOPAL RAMGARHIA / ADGPR8048E				
9	At the beginning of the year (01-Apr-2019)	203147	0.3642		
	At the end of the year (31-Mar-2020)	203147	0.3642	203147	0.3642
10	ABHISHEK TEJRAJ DOSHI / AEGPD9279J				
	At the beginning of the year (01-Apr-2019)	298145	0.5346		
11	At the end of the year (31-Mar-2020)	298145	0.5346	298145	0.5346
	SARITA CHATRAKA / ANVPC0139N				
12	At the beginning of the year (01-Apr-2019)	185271	0.3322		
	At the end of the year (31-Mar-2020)	185271	0.3322	185271	0.3322
13	NEHA SHARMA / BQDPS4562D				
	At the beginning of the year (01-Apr-2019)	755515	1.3546		
14	At the end of the year (31-Mar-2020)	755515	1.3546	755515	1.3546

\* Not in the list of Top 10 shareholders as on 01/04/2019 The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2020.

# Ceased to be in the list of Top 10 shareholders as on 31/03/2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2019.



**v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01-Apr-2019) / end of the year (31-Mar-2020)		Cumulative Shareholding during the year (01-Apr-2019 to 31-Mar-2020)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	S.M.GUPTA (PAN : ACVPG5705B)				
	At the beginning of the year (01-Apr-2019)	1193817	2.1405		
	At the end of the year (31-Mar-2020)	1193817	2.1405	1193817	2.1405
2	MAHESH GUPTA (PAN : ADGPG0686B)				
	At the beginning of the year (01-Apr-2019)	1399973	2.5101		
	At the end of the year (31-Mar-2020)	1399973	2.5101	1399973	2.5101
3	ARPITA GUPTA (PAN : ADOPA5454H)				
	At the beginning of the year (01-Apr-2019)	55200	0.0990		
	At the end of the year (31-Mar-2020)	55200	0.0990	55200	0.0990
4	LEELA MURJANI (PAN : ADQPM9518E)				
	At the beginning of the year (01-Apr-2019)	286094	0.5130		
	At the end of the year (31-Mar-2020)	286094	0.5130	286094	0.5130

**VI. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
Principal Amount	NIL	NIL	NIL	NIL
Interest due but not paid	NIL	NIL	NIL	NIL
Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>				
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
Principal Amount	NIL	NIL	NIL	NIL
Interest due but not paid	NIL	NIL	NIL	NIL
Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>				



**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole time Directors and/or Manager- NIL**

**B. Remuneration to other Directors :**

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
1	<b>Independent Directors</b>	Mr. Sushil Kumar Gupta (₹)	Miss. Leela Murjani (₹)	Mr. Vikash Kamani (₹)	(₹)
	Fee for attending board/ Committee meetings	8,000.00	8,000.00	-	16,000.00
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (1)</b>	<b>8,000.00</b>	<b>8,000.00</b>	<b>-</b>	<b>16,000.00</b>
2	<b>Others Non Executive Directors</b>	Mrs. Arpita Gupta (₹)	Mr. Sagar Mal Gupta (₹)		
	Fee for attending board/ Committee meetings	-	-		-
	Commission	-	-		-
	Others	-	-		-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>		<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>8,000.00</b>	<b>8,000.00</b>		<b>16,000.00</b>

**C. Remuneration to Key Managerial Personnel other than MD, WTD and/or Manager**

Sl.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO (₹)	Company Secretary (₹)	CFO (₹)	(₹)
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	144,000.00	244,000.00	388,000.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	(a) As % of Profit	-	-	-	-
	(b) Others (Specify)	-	-	-	-
5.	Others (Please Specify)				
	Reimbursement of expenses	135,000.00	-	-	135,000.00
	<b>Total</b>	<b>135,000.00</b>	<b>144,000.00</b>	<b>244,000.00</b>	<b>523,000.00</b>



**VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences for the year ending March 31, 2020.

For and on behalf of the Board of Directors of  
**Lee & Nee Softwares (Exports) Ltd.**

Place : Kolkata  
Dated : 29th July, 2020

**Ajay Kumar Agarwal**  
Director  
(DIN : 01265141)

**Arpita Gupta**  
Director  
(DIN : 02839878)



**Annexure-6**

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

[pursuant to provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.]

**A. CONSERVATION OF ENERGY**

As a part of continued efforts towards energy conservation, some of the important energy conservation initiatives taken during the year 2019-20 in different areas are as under:

**a) The Steps taken or impact on conservation of energy**

Company is ever mindful of the need for energy conservation, not only as a method of cost reduction, but also because it is a global imperative. We have ensured that the following measures are institutionalized across all our facilities:

- i. Optimal cooling of work areas and data centers.
- ii. Switching off computers when not in use.
- iii. Utilization of lights and standalone air conditioners only when required.
- iv. Minimal usage of ACs and lights during weekend.

**b) The steps taken by the company for utilizing alternate source of energy & Capital investment on energy conservation equipments**

At present, Company has not utilize any alternate source of energy and emphasize on the Conservation of energy and be frugal in utilizing the energy.

**c) Impact of these measures:**

Taking effective measures in saving energy has significantly benefitted the Company.

**B. TECHNOLOGY ABSORPTION**

Your Company is developing its capabilities in I. T. Enabled Services and Medical Transcription as well as an ERP vending, Implementation, supporting and training services.

The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology. Company has not incurred any expenses for research and development.

<b>C.</b>	<b>a) FOREIGN EXCHANGE EARNING</b>	:	Rs. 14,988,692 (previous year Rs. 13,249,009)
	<b>b) FOREIGN EXCHANGE OUTGOING</b>	:	Rs. Nil (Previous year Rs. Nil)

For and on behalf of the Board of Directors of  
**Lee & Nee Softwares (Exports) Ltd.**

Place : Kolkata  
Dated : 29th July, 2020

**Ajay Kumar Agarwal**  
Director  
(DIN : 01265141)

**Arpita Gupta**  
Director  
(DIN : 02839878)

**Annexure-7****CORPORATE GOVERNANCE REPORT FOR THE YEAR 2019-20**

- a) De-listing :  
No application for delisting of the Company's securities has been made to any of the Stock Exchanges.
- b) Suspension in Trading :  
Trading in the Company's Securities was not suspended.
- c) Listing Fees :  
The listing fees payable as on 31.03.2020 to the various Stock Exchanges aggregating to Rs. 3,30,000/- has been paid.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The pillars of successful corporate governance are accountability, fairness, transparency, assurance, leadership and stakeholder management. All six are critical in successfully running an entity and forming solid professional relationships among its stakeholders which include Board of Directors, managers, employees, customers, regulators and most importantly, shareholders.

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Corporate Governance is a reflection of the company's value system encompassing the company's culture, policies and relationships with the shareholders. The Company is committed to a system of good corporate governance, as it firmly believes that good corporate governance signifies good corporate practices aimed at increasing value for its shareholders, customers, employees, the government and all other stakeholders. Corporate governance of the Company accords high importance for compliance with laws, rules and regulations at all times. The Company's internal control measures ensure the reliability of financial statements.

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company is in full compliance with the applicable requirements of the guidelines on Corporate Governance stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

The Company's Corporate Governance practice is based on the following:

**I. BOARD OF DIRECTORS:****A. Composition of Board**

Your Company's Board of Directors comprises of an optimum combination of professionals with expertise, diversity and independence. They play a key role in providing direction in terms of strategy, target setting and performance evaluation of the top management. The Board of Directors has Six Directors as on 31<sup>st</sup> March, 2020, comprising (i) 3 Independent Directors (ii) Chairman being Executive Director (iii) 1 Woman Independent Director and one Non-Executive Director. All the Independent Directors, with their diverse knowledge & expertise provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence. The Composition of the board is in conformity with the Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act").

The profiles of Directors can be found on <https://lnsel.com/investors-corporate-governance>.

**B. Independent Directors**

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors have confirmed that the Independent Directors meet the criteria of independence and fulfil the conditions specified in the regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.





Your Company had also issued formal appointment letters to the Independent Directors in the manner provided under the Act and the SEBI LODR. The terms and conditions of the appointment of Independent Directors have been displayed on the website of the Company and can be accessed through the link: <https://lnsel.com/investors-independent-directors>

#### Independent Director Databank Registration with Ministry of Corporate Affairs

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Independent Directors in this regard.

#### C. Board Meetings

Four Meetings of the Board of Directors were held during the year ended on 31<sup>st</sup> March 2020 and the gap between two meetings did not exceed one hundred and twenty days.

The said meetings were held on 15<sup>th</sup> May 2019, 19<sup>th</sup> July 2019, 24<sup>th</sup> October 2019 and 24<sup>th</sup> January 2020.

The necessary quorum was present for all the meetings.

#### D. Attendance of Directors, Directorships and other details

(i) None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. None of the Directors is related to each other except Mr. Sagar Mal Gupta & Mrs. Arpita Gupta

(ii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting, name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herein below:

Name of the Director	Category	No. of Meetings Held	No. of Meetings attended	Whether attended last AGM	No. of directorship held in other Indian Companies	No. of Committee Membership held in other public companies (Including in the Company)		Directorship in other listed Companies
						Member	Chairman	
Mr. Ajay Kumar Agarwal (DIN - 01265141)	Executive Director- Chairman	4	4	Yes	0	-	1	1
Mr. Sagarmal Gupta (DIN - 00536428)	Non-Executive Director	4	4	Yes	1	2	-	0
Mrs. Arpita Gupta (DIN - 02839878)	Non-Executive Director	4	4	Yes	2	1	1	0
Mr. Vikash Kamani (DIN - 06875355)	Independent Director / Non-Executive	4	4	Yes	1	-	2	0
Mr. Sushil Kumar Gupta (DIN - 00535958)	Independent Director / Non-Executive	4	4	Yes	15	1	-	0
Miss Leela Murjani (DIN - 02413222)	Independent Director / Non-Executive	4	4	Yes	1	2	-	0

(iii) The information as mentioned in Part A of Schedule II of SEBI Listing Regulations has been placed before the Board for its consideration during the Financial year 2019-20. The Board periodically reviews compliance reports of all laws applicable to the Company, as prepared by the Company.

(iv) During the year, a separate meeting of the Independent Directors could not be held as required under Regulation 25(3) of the SEBI Listing Regulations,

As per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the financial year 2019-20, if the Independent Directors of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The Independent Directors, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary. This relaxation has been given in the summary of pronouncements made by the Government of India in view of COVID 19.

The Independent Directors have shared their views amongst themselves over telephone regarding the performance of the Chairman, non-independent directors & the Board as a whole and also assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(v) During the year, the Board has carried out an Annual Evaluation of the performance of Independent Directors and the Board of Directors.

(vi) **Familiarization Programmes for Board Members**

The familiarization programmes comprise of a combination of written information, presentations and activities, including meetings to enable them to familiarize with the Company management, operations & practices. The details on familiarization programmes can be accessed on the Company's Website link: [www.linsel.com/investors](http://www.linsel.com/investors)

(vii) Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

<b>Name</b>	<b>Category</b>	<b>Number of equity shares</b>
S.M.GUPTA	Non-Executive Director	1193817
ARPITA GUPTA	Non-Executive Director	55200
LEELA MURJANI	Independent Director/Non Executive	286094

The Company has not issued any convertible instruments.

(viii) **Board Skill Matrix**

Your Board had cautiously considered and identified an optimised mix of the Skills, Expertise, Competencies essentially required by the Company in the context of its sector. This was so done to ensure functioning of the business effectively and it has been confirmed that the Board has the required skills defined in the matrix provided below.

These attributes primarily and broadly are:

- i. General Management of Corporate Affairs, Corporate Governance;
- ii. General Information Technology and related fields; General IT Knowledge
- iii. Law, Taxation, Finance related;
- iv. Behavioural science;
- v. Strategy Management;
- vi. Leadership abilities



**Area of Expertise/Skills/Competence**

Director	Corporate Governance	General IT Knowledge	Law/Tax/ Finance	Behavioral Science	Strategy Management	Leadership abilities
Mr. S.M. Gupta	✓	✓	✓	✓	✓	✓
Mr. Vikash Kamani	✓	✓	✓	✓	✓	✓
Mr. Ajay Agarwal	✓	✓	✓	✓	✓	✓
Ms. Leela Murjani	✓	✓	✓	✓	✓	✓
Mrs. Arpita Gupta	✓	✓	✓	✓	✓	✓
Mr. Sushil Kumar Gupta	✓	✓	✓	✓	✓	✓

(ix) **Compensation paid to the Directors for the period April 2019 to March 2020**

Name of Directors	Sitting fees	Total
1. Mrs. Arpita Gupta	Waived	Waived
2. Ajay Kumar Agarwal	Waived	Waived
3. Sagar Mal Gupta	Waived	Waived
4. Mr. Vikash Kamani	Waived	Waived
5. Mr. Sushil Kumar Gupta	8000	8000
6. Miss Leela Murjani	8000	8000

1. Sitting Fees constitute fees paid to Non-executive directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transaction with the Non-Executive Directors during the year ended 31<sup>st</sup> March, 2020 save and except the sitting fees accepted by the two directors.

**II. COMMITTEES OF THE BOARD:**

**(A) AUDIT COMMITTEE**

**Qualified & Independent Audit Committee**

A qualified and Independent Audit Committee has been set up by the Board in compliance with the requirements of Regulation 18 of SEBI Listing Regulations read with section 177 of the Act.

**Meeting of Audit Committee**

The Committee has met 4 times in the financial year ended 31st March 2019 and the gap between the two meetings did not exceed 120 days. They were held on 15<sup>th</sup> May 2019, 19<sup>th</sup> July 2019, 24<sup>th</sup> October 2019 and 24<sup>th</sup> January 2020. The minutes of the meeting of the Audit Committee is reviewed and noted by the Board.

The necessary quorum was present for all the meetings. The Committee Meetings are attended by the Chief Executive Officer, Chief Financial Officer, representatives of the Statutory Auditor and Internal Auditor. The Company Secretary acts as the Secretary of the Audit Committee.

The Composition of the Committee and the attendance at the meetings of the Committee is given below.

Name of Member	Category	Position	No. of Meeting Held	No. of Meeting attended
1. Mr. Vikash Kamani	Independent, Non-Executive	Chair Person	4	3
2. Mr. Sushil Kumar Gupta	Independent, Non-Executive	Member	4	4
3. Mr. S.M Gupta	Non-Executive	Member	4	4

The previous Annual General Meeting of the Company was held on 27<sup>th</sup> September, 2019 and was attended by Vikash Kamani, the chairman of the Audit Committee.

### **Terms of Reference**

The terms of reference of the Audit Committee of the Company include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, reappointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosures of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly / year to date financial statement and Auditor's Report there on before submission to the Board for approval.
- Reviewing with the management the financial statements of subsidiaries and in particular the investments made by each of them.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, if any and making appropriate recommendations to the board to take up steps in this matter.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transaction of the company with related party.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings of assets of the company, where ever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors of any significant findings and follow-up thereon.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any areas of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors if any.
- To review the functioning of the Whistle Blower Mechanism.
- Approval of appointment of CFO (i.e., Chief Financial Officer or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Review the financial statements, internal audit reports, related party transactions and such other information as required under the Act or the Listing Regulations.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## **(B) NOMINATION AND REMUNERATION COMMITTEE**

### **Qualified & Independent Nomination & Remuneration Committee**

The Nomination and Remuneration Committee of the Company is constituted in the line with the provisions of Regulation 19 of SEBI Listing Regulations, read with section 178 of the Act.

### **Meetings of the Nomination & Remuneration Committee**

During the Financial Year 2019-20, the committee meetings were held on 15<sup>th</sup> May 2019, 19<sup>th</sup> July 2019, 24<sup>th</sup> October 2019 and 24<sup>th</sup> January 2020.

The composition of the Committee is as follows:

<b>Name of the Members</b>	<b>Category</b>	<b>Position</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings attended</b>
1. Mr. Vikash Kamani	Independent, Non-Executive Director	Chairman	4	4
2. Mrs. Arpita Gupta	Non-Executive Director	Member	4	4
3. Miss Leela Murjani	Independent, Non-Executive Director	Member	4	4

The previous Annual General Meeting of the Company was held on 27<sup>th</sup> September, 2019 and was attended by Vikash Kamani, the chairman of the Nomination & Remuneration Committee.

### **Terms of Reference**

The role of the Committee of the Company includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for performance evaluation of Independent Directors and the Board of directors;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every directors' performance;
5. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
6. To see whether to extend or continue the terms of appointment of the independent directors, on the basis of the report of performance evaluation of Independent Directors.

**Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criterion for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

**(C) STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Qualified & Independent Stakeholders Relationship Committee**

Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.

**Meetings of the Stakeholder Relationship Committee**

During the Financial Year 2019-20, the committee meeting held on 24<sup>th</sup> January, 2020.

The Composition of the Stakeholders Relationship Committee is as follows:

Name of the Members	Category	Position	No. of Meetings Held	No. of Meetings attended
1. Mrs. Arpita Gupta	Non-Executive Director	Chairman	1	1
2. Mr. S. M. Gupta	Non-Executive Director	Member	1	1
3. Miss Leela Murjani	Independent, Non-Executive Director	Member	1	1

The previous Annual General Meeting of the Company was held on 27<sup>th</sup> September, 2019 and was attended by Mrs. Arpita Gupta, the chairman of the Nomination & Remuneration Committee.

**Terms of Reference**

The roles, responsibilities and the terms of reference of the Stakeholders' Relationship Committee inter-alia include the following:

1. Resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

**Other details**

M/s. Maheshwari Datamatics Pvt. Ltd. has been appointed as the Company's transfer agent to expedite the process of share transfer both physical and demat segment.

The total number of complaints received and replied to the satisfaction of shareholders. There were no complaints pending as on 31<sup>st</sup> March, 2020.

## RISK MANAGEMENT

In terms of the requirement of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has taken adequate measures to mitigate various risk encountered. In the opinion of the Board there is no such risk which may threaten the present existence of the Company.

### III. GENERAL BODY MEETINGS

The details of the Annual General Meeting Held in last 3 years are as under:-

Financial Year	Date	Time	Venue
2016-17	September 23, 2017	11 A.M	Shishir Mitra Hall Webel Bhawan, Kolkata-700091
2017-18	September 29, 2018	11 A.M	Shishir Mitra Hall Webel Bhawan, Kolkata-700091
2018-19	September 27, 2019	11 A.M	Shishir Mitra Hall Webel Bhawan, Kolkata-700091

No extraordinary general meeting of the members was held during Financial Year 2020.

Special Resolution for re appointment of Sushil Kumar Gupta, Leela Murjani & Vikash Kamani was passed at the Annual General Meeting held on September 27, 2019 and no special resolution was passed in the previous AGMs held in 2017 and 2018.

No Postal Ballot was conducted during the Financial Year 2020.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a special resolution through postal ballot.

#### Remote e-voting and voting at the Annual General Meeting (AGM):

To allow the shareholders to vote on the resolutions proposed at the Annual General Meeting, the Company has arranged for remote e-voting facility. The Company has engaged Maheshwari Datamatics Pvt Ltd. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 24, 2020 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the Annual General Meeting and the members who have not already cast their vote by remote e voting can exercise their votes at the Annual General Meeting.

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.

### IV. DISCLOSURES

#### (A) Disclosure on materially significant related party transactions:

There are no materially significant related party disclosures i.e. transactions material in nature, with its promoters, the Directors or the Management or their relatives etc. having potential conflict with the interests of the Company. The board has approved a policy for related party transactions which has been uploaded on the Company's website [www.linsel.com](http://www.linsel.com)

#### (B) Compliances by the Company of Capital Market Guidelines

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### (C) Whistle Blower Policy



The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as defined under Regulation 22 of the SEBI Listing Regulations for Directors, employees and others who are associated with the Company to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The policy provides adequate safeguards against victimization of employees/ directors who avail the mechanism. The Company affirms that no person has been denied access to the Audit Committee in this respect. The said policy has also been put on the website of the company [www.linsel.com/investors](http://www.linsel.com/investors).

(D) The Company has complied with all the mandatory requirements specified in SEBI Listing Regulations relating to Corporate Governance. The Company has adopted the following non-mandatory requirements specified in SEBI Listing Regulations.

- a) The Auditors have not qualified the financial statements of the Company.
- b) Separate posts of Chairman and CEO.
- c) The Internal Auditor of the Company report to the Audit Committee.

**(E) Subsidiary Companies**

There are two non listed subsidiary Companies. The Audit Committee of the listed holding company reviews the Consolidated Financial Statements of the Company as well as the Financial Statements of the Subsidiaries, including the investments made by the unlisted subsidiary company.

The minutes of the Board Meetings of the unlisted subsidiary company has been placed at the board meeting of the listed holding company. The management periodically brings to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

The Company has a material unlisted subsidiary company, Linsel Web Services Pvt Ltd.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following: [www.linsel.com](http://www.linsel.com).

**(F) Policy on Determination of Materiality for Disclosures**

Pursuant to Regulation 30 of SEBI Listing Regulations, the Company has adopted this policy. It has been disclosed on the Company's website (link: <https://linsel.com/investors-materiality> policy)

**(G) Policy on Archival and Preservation of Documents**

Pursuant to Regulation 9 of SEBI Listing Regulations, the Company has adopted this policy. It has been disclosed on the Company's website (link: <https://linsel.com/investors-archival> policy)

**(H) Reconciliation of share capital audit:**

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**(I) Code of Conduct**

The Board has formulated following code of Conduct of the Company and the same has also been posted on the website of the Company [www.linsel.com](http://www.linsel.com).

1. Code of conduct for the Board members and senior management.
2. Code of conduct to Regulate, Monitor & Report Trading by Insiders.
3. Code of Practice & Procedures for Fair Disclosure of Unpublished Price Sensitive Information.



All Board members and senior management personnel have affirmed compliance with the applicable Code of Conducts for the year under review. A declaration to this effect by the CEO, forms part of this report.

**(J) Familiarization Program**

Pursuant to Regulations 25(7) and 46 of SEBI Listing Regulations, details of familiarisation program imparted to Independent Directors are available on the Company's website <https://lnsel.com/investors-familiarization> program.

**(K) Terms of appointment of Independent Directors**

Pursuant to Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act, Terms and conditions of appointment /re-appointment of Independent Directors are available on the Company's website [www.lnsel.com](http://www.lnsel.com).

**(L) Disqualification of Directors**

The Company has obtained a certificate from the Company Secretary in practice, as required under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect, duly signed by the Practising Company Secretary is annexed to this Report.

**(M) Fees paid to the Statutory Auditors**

The total payment of Statutory audit fees on a consolidated basis, comprising of remuneration for audit of the Company & its subsidiaries Jain Sonu & Associates, Statutory Auditors of the company is Rs. 35,400/-

**(N) Dividend Distribution Policy**

In terms of the Dividend Distribution Policy, as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, considering the cash position, fund requirements for growth of business of the Company, the Board of Directors has not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2020.

**(O) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018**

The Company has put in place a policy against sexual harassment complaint. As per the policy, any employee may report his/her complaint to the Committee by various modes, i.e. in person, through email, in writing or by calling on mobile number. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year.

**(P) Adherence to Accounting Standards**

In the preparation of financial statement, the Company has followed the applicable Indian Accounting Standards (IND AS) issued by the Institute of Chartered Accountants of India to the extent applicable and to the best of its knowledge; there are no deviations in the accounting treatment that require specific disclosure.

**(Q) Proceeds from public issues, rights issues, preferential issues etc:**

The Company did not raise any money through any issue during this year.

**(R) CEO/CFO Certification**

The Chief Executive Officer and the Chief Financial Officer of the Company have given certification on financial reporting and internal controls to the Board as specified in Part B of Schedule II to the SEBI LODR on an annual basis. This certificate for the financial year 2019-20 was placed before the Board at its meeting held on 29<sup>th</sup> July, 2020.

**(V) MEANS OF COMMUNICATION**

The quarterly, half yearly and annual results of the Company are sent and uploaded to the Stock Exchanges immediately after they are approved by the Board of Directors and communicated to the investors through publication in news papers in English and vernacular languages.

The Financial results are generally published in "The Financial Express".

The results are also placed at website of the Company; [www.lnsel.com](http://www.lnsel.com).

A management discussion and analysis report is a part of the Company's annual report.



**(VI) GENERAL SHAREHOLDERS INFORMATION**

**Annual General Meeting for Financial Year 2019-20**

Date: 29<sup>th</sup> September, 2020

Time: 11:00 A.M.

Venue: The Company is conducting meeting through Video Conferencing / Other Audio Visual Means pursuant to the Ministry of Corporate Affairs Circular dated May 5, 2020 and as such there is no requirement to have a venue for the Annual General Meeting. For details please refer to the Notice of this Annual General Meeting.

**Financial Calendar**

Year ending: March 31

Annual General Meeting in: September, 2021

**Financial Reporting;**

Results for quarter ended June 30, 2020 On or before 14-08-2020

Results for quarter ending Sept. 30, 2020 On or before 14-11-2020

Results for quarter ending Dec. 31, 2020 On or before 14-02-2021

Results for year ending Mar. 31, 2021 (Audited) On or before 30-05-2021

**Date of book closure/ record date:** 22<sup>nd</sup> day of September 2019 to 29<sup>th</sup> day of September, 2020 (Both days inclusive).

**Dividend payment date:** No dividend has been recommended by the Board of Directors for the financial year 2019-20.

**Corporate Identification Number (CIN)** : L70102WB1988PLC045587

**Registered Office** : 14B, Camac Street, Kolkata - 700 017

**Registrar and Share Transfer Agents**

Shares transfers and all other investor related activities are attended to and processed at the registered office of our Registrar and Transfer Agent. For lodgment of transfer deeds and any other documents or for any grievances/complaints kindly contact our Registrar and Transfer Agent at the following address:

Maheshwari Datamatics Pvt. Ltd.

23, R.N.Mukherjee Road, 5<sup>th</sup> Floor

Kolkata - 700 001

Telephone No. 22435029 / 22482248

Fax no. 22484787

E-mail - mdpl@cal.vsnl.net.in

**Stock Code:**

BSE Ltd. 517415

**Demat ISIN Nos.** INE791B01014

**Investors' Complaints may be Addressed to :**

Share Transfer agents at the above mentioned address and /or to the Director, Stakeholders Relationship Committee, Lee & Nee Softwares (Exports) Ltd.; 14B, Camac Street, Kolkata – 700 017.

**Listing of Securities:**

**Name of the Stock Exchange:**

The Bombay Stock Exchange Ltd.

The Calcutta Stock Exchange Association Ltd.

Listing Fees as applicable have been paid.



**Distribution of Shareholding:**

The shareholding distribution of Equity Shares as on 31st March, 2020 is given below:

Sl No.	No. of Equity Shares Held			No. of Share Holders	% of Share Holders	No. of Shares	% of Shareholding
1.	1	to	500	15513	84.53	2759123	4.95
2.	501	to	1000	1345	7.33	1162467	2.08
3.	1001	to	2000	675	3.68	1086098	1.95
4.	2001	to	3000	228	1.24	597692	1.07
5.	3001	to	4000	97	0.53	356492	0.64
6.	4001	to	5000	131	0.71	624317	1.12
7.	5001	to	10000	178	0.97	1314272	2.36
8.	10001	to	Above	186	1.01	47873539	85.83
<b>GRAND TOTAL</b>				<b>18353</b>	<b>100.00</b>	<b>55774000</b>	<b>100.00</b>

**Category of Shareholders (as on 31.03.2020)**

Category	No. of Holders	No. of Shares	% of holding
PROMOTER	10	39251230	70.375
NRI	33	71220	0.127
FII	-	-	-
OCB	-	-	-
IFI	-	-	-
IMF	-	-	-
BANK	-	-	-
EMPLOYEES	-	-	-
BODIES CORPORATE	99	307011	0.550
CLEARING MEMBER	5	900	0.001
PUBLIC	18206	16143639	28.947
TRUST	-	-	-
<b>GRAND TOTAL</b>	<b>18353</b>	<b>55774000</b>	<b>100.000</b>

**Market Price Data:**

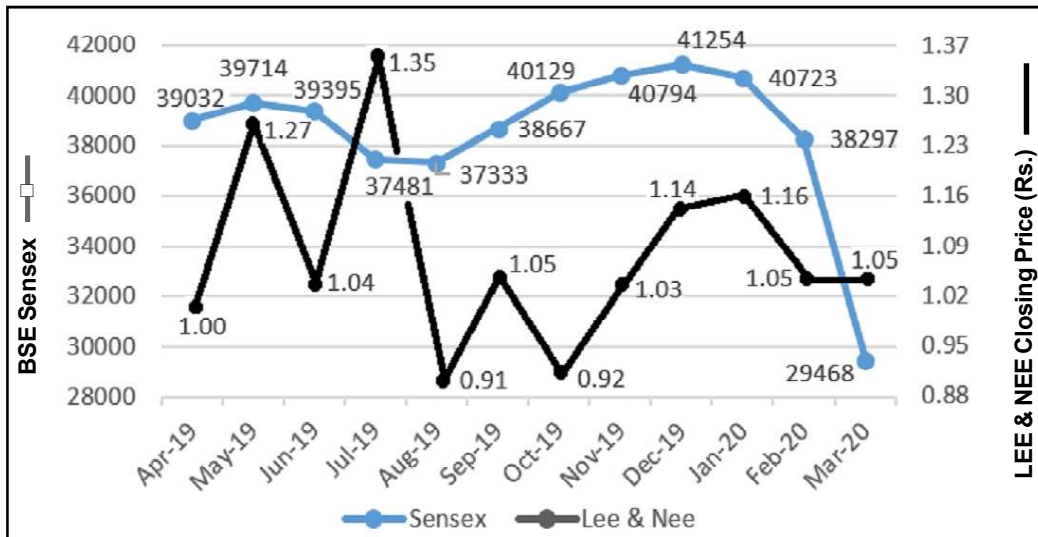
The details of high/low market price of the share at Calcutta Stock Exchange is not available as the trading platform of the Calcutta Stock Exchange is not in operation and the details of high/low market price of the share at the Mumbai Stock Exchange are as under:

Month	Quotation at Bombay Stock Exchange		
	High (₹)	Low (₹)	No. of shares traded
April '19	1.42	1.00	46150
May '19	1.30	0.95	105916
June '19	1.27	1.04	19951
July '19	1.38	0.90	33267
August '19	1.40	0.91	73093
September '19	1.13	0.83	8223
October '19	1.05	0.88	26164
November '19	1.08	0.83	16731
December '19	1.24	0.96	37452
January '20	1.21	1.05	15192
February '20	1.16	1.05	26306
March '20	1.05	1.00	1215

Source: [www.bseindia.com](http://www.bseindia.com)



**Share Price Performance in comparison to broad based indices :**



**Dematerialization of Shares :**

Your Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dealing in Equity Shares of the Company in dematerialized form. Your Company has been allotted (ISIN No. INE 791B01014). Nearly 97% i.e. 54111722 Equity Shares of Total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31<sup>st</sup> March, 2020.

**Share Transfer System:**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

**Outstanding GDR /ADR /Convertible Bonds:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**Plant Location**

SDF Building, Salt lake Electronics Complex, 4<sup>th</sup> Floor, Block GP, Sector –V, Kolkata-91.

**Address for Correspondence**

M/s. Lee & Nee Softwares (Exports) Ltd.  
14B, Camac Street, Kolkata- 700 017  
Ph: 4065 0377/0374, Fax: 91-33-4065 0378  
Email: investors@lnsel.com

For and on behalf of the Board of Directors of  
**Lee & Nee Softwares (Exports) Ltd.**

**Ajay Kumar Agarwal**  
Director  
(DIN : 01265141)

**Arpita Gupta**  
Director  
(DIN : 02839878)

Place : Kolkata  
Dated : 29th July, 2020



## CERTIFICATE

### **Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To The Members of

#### **Lee & Nee Softwares (Exports) Limited.**

1. The Corporate Governance Report prepared by Lee & Nee Softwares (Exports) Limited ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2020.

#### **Management's Responsibility for compliance with the conditions of Listing Regulations**

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.
3. This responsibility also includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

#### **Auditor's Responsibility**

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the conditions of Corporate Governance, as stipulated in the Listing Regulations for the year ended 31 March, 2020.
6. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016), 'Guidance Note on Certification of Corporate Governance', both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as per the Regulations 17 to 27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable for the year ended March 31, 2020.
9. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### **Other Matters and Restriction on Use**

10. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner

Membership No.:060015

UDIN: 20060015AAAAABW9258

Place: Kolkata

Date: 10<sup>th</sup> August, 2020



## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Board of Directors  
**LEE & NEE SOFTWARES (EXPORTS) LIMITED**  
Kolkata

*Dear Board Members,*

We, Mahesh Gupta, Chief Executive Officer and Vikash Singh, Chief financial Officer of Lee & Nee Softwares (Exports) Ltd. certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year ended 31<sup>st</sup> March, 2020 which are fraudulent, illegal or violative of the listed entity's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that for the year ended 31<sup>st</sup> March, 2020, there were:
  - (i) No significant changes in internal control over financial reporting during the year.
  - (ii) No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
  - (iii) No instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For and on behalf of the Board  
**LEE & NEE SOFTWARES (EXPORTS) LIMITED**

Place: Kolkata  
Date: 29<sup>th</sup> July, 2020

Mahesh Gupta  
Chief Executive Officer

Vikash Singh  
Chief Financial Officer





**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE  
COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has laid down and adopted a Code of Conduct for all Board Members and senior management personnel of the Company. The Code of conduct is available on the Company's website.

To

**Shareholders**

**Lee & Nee Softwares (Exports) Limited.**

**14B, Camac Street, Kolkata -700017**

West Bengal, India

Sub.: Compliance with Code of Conduct

I hereby declare that for the financial year ended 31st March, 2020, all the Board members and senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors. Place: Kolkata Date: 29<sup>th</sup> July, 2020

**Ajay Kumar Agarwal**

Director

Place: Kolkata

Date: 29<sup>th</sup> July, 2020



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To  
The Members  
**Lee & Nee Softwares (Exports) Limited.**  
**14B, Camac Street, Kolkata -700017**  
West Bengal, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Lee & Nee Softwares (Exports) Limited** having **CIN: L70102WB1988PLC045587** and having registered office at **14B, Camac Street, Kolkata -700017, West Bengal, India** produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Paragraph-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR.NO	NAME OF DIRECTORS	DIN	Date of appointment in Company
1.	Arpita Gupta	02839878	24/10/2009
2.	Sagar Mal Gupta	00536428	15/12/1991
3.	Leela Murjani	02413222	25/07/2014
4.	Sushil Kumar Gupta	00535958	25/07/2014
5.	Ajay Kumar Agarwal	01265141	29/04/2004
6.	Vikash Kamani	06875355	25/04/2014

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata  
Date: 19<sup>th</sup> August, 2020

For **Rasna Goyal**  
Practising Company Secretary  
C.P No. 9209, FCS No. 9096  
UDIN: F009096B000594252

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of M/s Lee & Nee Softwares (Exports) Ltd.

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying Standalone Financial Statements of **M/s LEE & NEE SOFTWARES (EXPORTS) LTD** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit & other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

#### Description of Key Audit Matters

#### How the matter was addressed in our audit

##### Revenue Recognition- Fixed Price Contracts

The Company inter alia engages in Fixed-price contracts wherein, revenue is recognized based on the percentage of work completed. This is estimated by the Company on the basis of the completion of milestones and activities as agreed with the customers. Due to the number and complexity of the activities performed, significant judgments are required to estimate this percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended 31st March, 2020 (Refer Note 2(c) to the standalone financial statements).

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. Performed walkthrough of the underlying process and documented the controls and assessed the effectiveness of their design and implementation. Also performed tests to assess whether the controls were operating as designed.



- Involved IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively.
- Selected a sample of contracts, using a mix of quantitative & qualitative criteria, and performed the following procedures for each contract selected:
  - Inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract;
  - Inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules;
  - verified project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data;
  - verified the details of activities completed with those stated in the customer contract and as confirmed by the project manager including agreeing the respective activities performed according to the project management tool with customer report/ confirmations which forms the basis of percentage of completion;
  - tested on a sample basis the underlying invoices in respect of fixed price contracts and related cash receipts; and
  - verified the ageing analysis and perform analytical procedures, based on revenue trends, to assess the movements in accruals.

#### **Information other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), financial performance (profit or loss including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and

detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order.
- 2.A. As required by Section 143(3) of the Act, we report, to the extent applicable that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. As required by Section 143(3)(i) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our separate report with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such control is as per Annexure 'B'.
- 2.B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position in its Standalone Ind AS Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. The Company did not have any amount which had fallen due and required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- 2.C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanation given to us, no managerial remuneration has been paid/ provided during the current year by the Company.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner

Membership No.:060015  
UDIN : 20060015AAAAAZ9977

Place: Kolkata  
Date: 29th June, 2020

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

[REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF LEE & NEE SOFTWARES (EXPORTS) LTD.]

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets, by which all fixed assets have been verified by the management according to the program of periodical physical verification in a phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- c) The Companies does not have any immovable property; hence the provision is not applicable to the Company.
- (ii) The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- (iii) According the information and explanations given to us the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year. Accordingly, the provisions of Clauses 3(iii) (a) and (b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given loans, guarantees, security or made any investment which needs to comply with the section 185 and 186 of the Companies Act, 2013 during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of directives issued by the Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder. Hence, Clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable.  
According to information and explanations given to us, no undisputed amounts payable in respect of the Provident Fund, Employees State Insurance, Goods and Service Tax, Income Tax, Custom Duty and Cess were in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
- b) According to information and explanation given to us, there are no dues in respect of Goods and Service Tax, Income Tax, Sales Tax, Service Tax, Custom Duty, Duty of excise, Value Added Tax and Cess which have not been deposited with the appropriate authorities to the extent applicable on account of any dispute.
- (viii) The Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the order is not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer, further public offer, debt instruments or term loans during the year. Accordingly, Clause 3(ix) of the Order is not applicable.
- (x) Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.





- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, no director's remuneration has been paid or provided during the year. Accordingly, Clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us, there are no contracts or arrangements with related parties referred to in section 177 and 188 of the Companies Act, 2013 during the year.
- (xiv) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under Clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanation given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiaries or persons connected with them. Accordingly, Clause 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner  
Membership No.:060015  
UDIN : 20060015AAAAAZ9977

Place: Kolkata  
Date: 29th June, 2020

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

[REFERRED TO IN PARAGRAPH 2.A.(f) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF LEE & NEE SOFTWARES (EXPORTS) LTD.]

### **Report on the Internal Financial Controls over Financial Reporting under clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

#### **OPINION**

We have audited the internal financial controls with reference to financial statements of Lee & Nee Softwares (Exports) Ltd. ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of Internal Financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect



the transactions and dispositions of the assets of the Company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner  
Membership No.:060015  
UDIN : 20060015AAAAAZ9977

Place: Kolkata  
Date: 29th June, 2020



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020**

	NOTES	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
<b>I ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	499,717	580,450
(b) Goodwill	3	243,934,701	243,934,701
(c) Intangible assets	3	73,700	73,700
(d) Financial assets			
i) Investments	4.1	68,417,801	68,173,071
ii) Trade Receivable	4.2	8,193,294	9,749,640
iii) Loans	4.3	122,194,233	116,929,512
iv) Other financial assets	4.4	1,424,178	1,539,704
(e) Other non-current assets	5	60,748,543	61,518,838
<b>Total Non -Current Assets</b>		<b>505,486,169</b>	<b>502,499,616</b>
<b>Current Assets</b>			
(a) Financial assets			
i) Trade receivables	6.1	2,231,898	1,534,596
ii) Cash and cash equivalents	6.2	2,432,840	5,991,683
iii) Loans	6.3	29,384,000	30,400,000
(b) Other current assets	7	5,373,122	4,347,020
<b>Total Current Assets</b>		<b>39,421,860</b>	<b>42,273,299</b>
<b>TOTAL ASSETS</b>		<b>544,908,029</b>	<b>544,772,916</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	8	557,740,000	557,740,000
(b) Other Equity	9	(21,181,684)	(22,018,337)
<b>Total Equity</b>		<b>536,558,316</b>	<b>535,721,663</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
Other Financial Liabilities	10	491,242	1,561,240
(b) Deferred Tax Liabilities (net)		-	-
<b>Total Non-Current Liabilities</b>		<b>491,242</b>	<b>1,561,240</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	11	2,251,899	4,195,844
(b) Other current liabilities	12	5,120,837	2,613,123
(c) Provisions	13	485,736	681,046
(d) Current Tax Liabilities(Net)		-	-
<b>Total Current Liabilities</b>		<b>7,858,472</b>	<b>7,490,013</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>544,908,029</b>	<b>544,772,916</b>
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

1 to 27

In terms of our report attached

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

For **Jain Sonu and Associates**

Chartered Accountants  
Firm's Regn. Number: 324386E

**Sonu Jain**

Partner (Membership No.: 060015)  
Kolkata, 29th June, 2020

**Ajay Kumar Agarwal**  
Director (DIN : 01265141)

**Vikash Singh**  
Chief Financial Officer

**Arpita Gupta**  
Director (DIN : 02839878)

**Rupal Poddar**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

	NOTE NO.	Year ended 31.03.2020 Amount (₹)	Year ended 01.04.2019 Amount (₹)
I. Revenue from operations	14	41,650,804	35,345,858
II. Other income	15	5,980,427	2,462,237
<b>III. Total revenue (I + II)</b>		<b>47,631,231</b>	<b>37,808,095</b>
<b>IV. Expenses</b>			
Purchase (Software & Service)		4,943,701	4,656,728
Employee benefits expense	16	22,737,960	15,574,984
Depreciation and amortization expense	17	297,538	259,396
Other expenses	18	18,233,610	15,959,499
<b>Total expenses</b>		<b>46,212,808</b>	<b>36,450,607</b>
<b>V. Profit before tax (III - IV)</b>		<b>1,418,422</b>	<b>1,357,488</b>
<b>VI. Tax expense:</b>			
(1) Current tax		385,522	62,023
(2) Deferred tax		-	-
<b>VII. Profit for the period (V-VI)</b>		<b>1,032,900</b>	<b>1,295,465</b>
<b>VIII. Other comprehensive income</b>			
Items that will not be reclassified to statement of profit and loss			
a) Changes in Fair Value of Equity Instruments through Other Comprehensive Income		(196,248)	189,347
b) Income tax relating to item (a) above		-	-
<b>Other comprehensive income (net of tax )</b>		<b>(196,248)</b>	<b>189,347</b>
<b>IX. Total comprehensive income for the year</b>		<b>836,653</b>	<b>1,484,812</b>
<b>X. Earning per equity share :</b>			
(1) Basic		0.02	0.02
(2) Diluted		0.02	0.02

Summary of significant accounting policies 2

The accompanying notes 1 to 27 are an integral part of the financial statements

In terms of our report attached

For **Jain Sonu and Associates**  
 Chartered Accountants  
 Firm's Regn. Number: 324386E

**Sonu Jain**  
 Partner  
 Membership No.: 060015

Place : Kolkata  
 Date : 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**  
 Director (DIN : 01265141)

**Vikash Singh**  
 Chief Financial Officer

**Arpita Gupta**  
 Director (DIN : 02839878)

**Rupal Poddar**  
 Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

SI No.	PARTICULARS	Year ended 31.03.2020		Year ended 31.03.2019	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>I.</b>	<b>CASH FLOWS</b>				
1	<u>From Operating Activities</u>				
	(a) Net Profit / (Loss) before tax from Operating Activities		1,418,422		1,357,488
	Adjustments:				
	Depreciation and amortisation	297,538		259,396	
	Interest Income	(4,996,639)		(2,418,411)	
	Other Income	(983,788)	(5,682,889)	(43,826)	(2,202,841)
	Operating Profit/ (Loss) before working capital changes		(4,264,467)		(845,353)
	(b) Working Capital changes:				
	Decrease/ ( Increase) in trade receivables	859,043		(1,335,922)	
	Decrease/ ( Increase) in Loans	1,016,000		(30,340,000)	
	Decrease/ (Increase) in other current assets	(1,026,101)		(944,305)	
	Increase/ ( Decrease) in Trade Payables	(1,943,944)		287,316	
	Increase/ ( Decrease) in other current liabilities	2,507,713		928,178	
	Increase/ ( Decrease) in provisions	(195,310)	1,217,401	258,669	(31,146,064)
	Cash generated from Operating Activities		(3,047,066)		(31,991,417)
	Income Taxes Paid		(385,522)		(62,023)
	Taxes relating to earlier year		-		-
	<b>Net Cash from Operating Activities</b>	<b>Total of (1)</b>	<b>(3,432,588)</b>	<b>(32,053,440)</b>	
2	<u>From Investing Activities</u>				
	Purchase of Fixed Aseets	(216,805)		(297,899)	
	Purchase/Sale of Investment	(440,978)		(6,841,923)	
	Decrease/(Increase) in non current loans	(5,264,721)		(51,738,882)	
	Decrease/(Increase) in other Financial Assets	115,525		294,373	
	Decrease/(Increase) in other non current loans	770,294		93,454,723	
	Decrease/(Increase) in other Financial Liabilities	(1,069,998)		100,361	
	Interest received	4,996,639		2,418,411	
	Other income	983,788		43,826	
	<b>Net Cash from Investing Activities</b>	<b>Total of (2)</b>	<b>(126,255)</b>	<b>37,432,989</b>	
3	<u>From Financing Activities</u>				
	Decrease/(Increase) in other Equity		-		(157,648)
	<b>Total of (3)</b>		<b>-</b>		<b>(157,648)</b>
<b>II.</b>	<b>Net (decrease)/increase in Cash and Bank Balances (I-II)</b>	<b>Total Cash flows (1+2+3)</b>	(3,558,844)		5,221,902
	Add: Cash and Bank Balances at the beginning of the period		5,991,683		769,782
<b>III.</b>	<b>Cash and Bank Balances at the end of the period (Refer Note 6.2)</b>		<b>2,432,840</b>		<b>5,991,683</b>

In terms of our report attached

For **Jain Sonu and Associates**  
Chartered Accountants  
Firm's Regn. Number: 324386E

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**  
**Ajay Kumar Agarwal**  
Director (DIN : 01265141)

**Arpita Gupta**  
Director (DIN : 02839878)

**Sonu Jain**  
Partner  
Membership No.: 060015

**Vikash Singh**  
Chief Financial Officer

**Rupal Poddar**  
Company Secretary

Kolkata, 29th June, 2020



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**A. EQUITY SHARE CAPITAL**

<b>PARTICULARS</b>	<b>AMOUNT (₹)</b>
<b>As at 31 March 2019</b>	<b>55,774,000</b>
Changes in equity share capital	-
<b>As at 31 March 2020</b>	<b>55,774,000</b>

**B. OTHER EQUITY**

<b>PARTICULARS</b>	<b>RESERVES AND SURPLUS</b>		<b>TOTAL</b>
	<b>Capital Reserve (₹)</b>	<b>Retained Earnings (₹)</b>	
<b>Balance as at 31 March 2019</b>	<b>10,000</b>	<b>(21,870,689)</b>	<b>(21,860,689)</b>
Profit for the year	-	1,032,900	1,032,900
Other comprehensive income	-	(196,248)	(196,248)
<b>Balance as at 31 March 2020</b>	<b>10,000</b>	<b>(21,034,036)</b>	<b>(21,034,036)</b>

In terms of our report attached  
For **Jain Sonu and Associates**  
Chartered Accountants  
Firm's Regn. Number: 324386E

**Sonu Jain**  
Partner  
Membership No.: 060015

Place : Kolkata  
Date : 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**  
Director (DIN : 01265141)

**Vikash Singh**  
Chief Financial Officer

**Arpita Gupta**  
Director (DIN : 02839878)

**Rupal Poddar**  
Company Secretary



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

#### NOTE - 1

##### Corporate & general information

Lee & Nee Softwares (Exports) Ltd. is a Company limited by shares, incorporated and domiciled in India. It is an IT-enabled service company based in the IT hub of Kolkata, India. With over 29 years of experience Lee & Nee Softwares (Exports) Ltd is engaged in business of developing , designing, manufacturing, processing, assembling, computer software & hardware products and allied products and providing **ERP solutions** and services for **website design and development**, mobile application development and **digital marketing** all over the globe.

The Company is listed on Bombay Stock Exchange Limited and Kolkata Stock Exchange Limited. The registered office of the Company is located at 14-B, Camac Street, Kolkata-700017, India.

The financial statements of the Company for the year 31<sup>st</sup> March 2020 were approved and authorized for issue by board of directors in their meeting held on 29<sup>th</sup> June, 2020.

#### NOTE - 2

##### Significant accounting policies

- a. **Statement of Compliances:** These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.
- b. **Basis of Preparation of Financial Statements:** The Company has consistently applied the accounting policies used in the preparation of financial statement of all period presented. The financial statements has been prepared considering all IND AS as notified and made applicable by Ministry of Corporate Affairs for reporting date i.e. 31 March 2020.

The Company follows the mercantile system of accounting and generally the accrual concept in preparing the accounts except dividend which is recorded on cash basis.

- c. **Basis of measurement:** The standalone financial statements have been prepared on a historical cost basis, except the financial assets (investments) & financial liabilities, if any which are measured at fair value. They are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income.
- d. **Use of Estimates and Judgments:** Preparation of financial statements requires the use of judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation of such estimates and judgments are done based on historical experience and other factors, including future expectations that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively and in the period in which the estimates are revised and future periods are affected. Differences between actual results and estimates are recognised in the period in which they materialize.

Details of critical estimates and judgments used which have a significant effect on the carrying amount of assets and liabilities, are provided in the following notes:

##### *Income tax:*

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

*Useful lives of Property, plant and equipments:*

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and its residual value at the end of its life. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. This reassessment may result in change in depreciation expense in future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

*Measurement of defined benefit obligations:*

The company's defined benefit obligation to its employees and net periodic defined benefit cost / income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans. Actuarial gains / losses, the sensitivity analysis for changes in estimates are disclosed under relevant Notes.

*Impairment Testing:*

Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Refer note 2 (g), (i) and (l) for details.

*Estimation of provisions and contingencies:*

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements. Refer note 2 (n), 13 for details.

*Recognition of deferred tax assets:*

Refer note 2 (u) for details.

*Current & Non-current classification:*

The Company presents all its assets and liabilities in the standalone balance sheet based on current or non-current classification. Assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

*Fair value measurements:*

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

*Estimation of uncertainties relating to the global health pandemic COVID-19:*

The management has considered the possible effects, if any, that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables. In making the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial statements and has used internal and external sources of Information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in the future due to the impact of the pandemic.

**e. Revenue/Expenses Recognition:**

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Recognition criteria for various types of contracts are as follows:

*Time and Material Contracts:*

Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients.

*Fixed-Price Contracts:*

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

*Sale of software products and licenses:*

Revenue from sale of third party software products and hardware is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on physical or electronic dispatch of goods.

Revenue from sale of licenses, where no customization is required, is recognized upon delivery of these licenses which constitute transfer of all risks & rewards.

*Maintenance Contracts:*

Revenue from maintenance contracts is recognised on a pro-rata basis over the period in which such services are rendered.

For all types of contracts, unearned revenues represent billing in excess of revenue recognized on software development and service contracts and is included in Other Current Liabilities until the above revenue recognition criteria is met. Advance payments received from customers for whom no services have been rendered are presented as “Advance from customers”.

Revenues are reported net of GST and applicable discounts and allowances.

*Other Income*

Other income primarily comprises of interest, dividend. Interest income is recognized in the Statement of Profit and Loss using effective interest method at the time of accrual. Dividend income is recognized in the Statement of Profit and Loss when the right to receive payment is established.

**f. Standards issued but yet not effective**

Ministry of Corporate Affairs (MCA) notified new standard and amendments to the existing standards. There is no such notification, which would have been applicable from 01 April 2020.

**g. Property, Plant and Equipment:**

Recognition and Initial measurement:

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are added in the asset's carrying amount/recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably. All other repairs and maintenance expenses are charged to the standalone statement of profit and loss in the period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the standalone statement of profit and loss.

**Subsequent measurement (depreciation and useful lives):**

Depreciation is provided on a pro-rata basis on the written down value (WDV) method based on estimated useful life prescribed under Schedule II of the Companies Act, 2013. However, assets value up to Rs 5,000 are fully depreciated in the year of acquisition. Residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each Balance Sheet date and any change in them is adjusted prospectively.

Category of asset	Useful life
Furniture and fixtures	10 years
Office equipments	3 - 5 years

**De-recognition:**

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future Economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the standalone statement of profit and loss, when the asset is de-recognized.

**h. Intangible assets:**

Technical know - how fees / acquired computer software and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use. Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets/Software Licenses are amortized on their respective individual estimated useful lives on a written down value basis, commencing from the date the assets is available to the company for its use.

Intangible assets with indefinite useful lives (like goodwill, brands), if any are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether indefinite life continues to be supportable. The change in useful life from indefinite to finite life if any, is made on prospective basis.

**i. Impairment of non-financial assets:**

Assessment for impairment is done at each Balance Sheet date when there is an indication that a non-financial asset may be impaired. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/

cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the standalone statement of profit and loss. Recoverable amount is higher of an asset's/cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset/cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset/cash generating unit in any prior accounting periods may no longer exist or may have decreased, based on which a reversal of an earlier recorded impairment loss is recognized in the standalone statement of profit and loss.

**j. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date of investment made, are classified as Current Investments. All investments other than current investments are classified as non-current investments. Investments are valued in accordance with the applicable Ind AS.

**k. Investments in subsidiaries**

Investments in subsidiaries are measured at cost less impairment loss, if any.

**l. Financial instruments**

**i) Initial recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**ii) Subsequent measurement**

*Financial assets carried at amortized cost*

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other comprehensive income*

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at fair value through other comprehensive income, all fair value changes on the investment are recognised in other comprehensive income. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

*Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognized in Other Comprehensive Income.

*Equity instruments:*

The Company classifies all its equity investments at fair value, apart from investments in subsidiary and Partnership firm. In case of equity instruments not held for trading, Company's management has made an irrevocable election to present fair value gains and losses on such equity instruments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to the standalone statement of profit and loss.

*Investments in mutual funds:*

Investments in mutual funds are measured at fair value at each balance sheet date.

iii) ***Derecognition of financial instruments***

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

m. ***Foreign currency transactions***

**Functional currency and presentation currency:**

The financial statements are presented in Indian Rupees (i.e., INR). Functional currency is the currency of the primary economic environment in which the Company operates.

**Transactions and balances:**

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the exchange rates prevailing on the balance sheet dates are recognized in the standalone statement of profit and loss.

n. ***Provisions, contingent liabilities and contingent assets :***

A provision is recognized when an enterprise has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the amount can be reliably estimated. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A disclosure for contingent liability is made when there is a possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and that may, but not probable that an outflow of resources would be required to settle the obligation. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

o. ***Employee benefits expense***

**Defined contribution plans:**

The Company provides defined contribution plan for post-employment benefits in the form of provident fund and Employee State insurance benefit scheme administered by Regional Provident Fund Commissioner and the ESI's authorities respectively. The Company's contributions to defined contribution plans are charged to the standalone statement of profit and loss as and when incurred.

**Defined benefit plans:**

The Company also provides for Gratuity and Leave Encashment based on actuarial valuation made by an independent actuary as per Ind AS 19 Compliance of The Institute of Chartered Accountants of India. Actuarial gains / losses are disclosed under relevant Notes.

**Short term employee benefits:**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentives.

p. ***Borrowings:***

The Company has not borrowed any sums.

**q. Cash flow Statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

**r. Inventories:**

Company does not have any inventory. As such provisions of Ind AS 2 are not applicable.

**s. Cash and Cash Equivalents:**

Cash and cash equivalents comprise of cash at bank and on hand and short term investments (having maturity less than three months) which can be readily converted to fixed/determinable amount of money and subject to insignificant risks arising from changes in their fair values, as cash equivalents.

**t. Leases:**

The Company does not have any Lease agreement hence the provision to that effect is not applicable.

**u. Income tax:**

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rates with adjustments for changes in deferred tax assets or liabilities attributable to temporary differences and unused tax losses or credits.

Current tax is calculated based on tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized on temporary differences arising from the tax bases of assets and liabilities and their respective carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that does not result from a business combination and at the time of such transaction, affects neither the accounting profit or loss nor taxable profit (tax loss) for the period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available against which those temporary differences/losses can be utilized. Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the standalone statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Current tax assets and tax liabilities are offsetted where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

**v. Segment reporting:**

The Company is primarily engaged in Information Technology and related services. There are no other reportable segments in terms of IND AS - 108 on Segment Reporting issued by The Institute of Chartered Accountants of India.

**w. Earnings per Share:**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events that have changed the number





of outstanding equity shares, without a corresponding change in the resources. For the purpose of calculating diluted earnings per equity share, net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. As on the balance sheet date, the Company has no dilutive potential equity shares.

x. ***Events after the reporting period:***

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE 3 - PROPERTY, PLANT & EQUIPMENT, GOODWILL & INTANGIBLE ASSETS**

Amount (₹)

GROSS CARRYING AMOUNT	PROPERTY, PLANT AND EQUIPMENT			GOODWILL	INTANGIBLE ASSETS (Computer Software)
	Buildings (Leasehold Premises)	Plant & Equipment	Furniture & Fixtures		
<b>Cost or valuation</b>					
<b>At 31 March 2019</b>	<b>6,187,500</b>	<b>5,175,129</b>	<b>409,667</b>	<b>243,934,701</b>	<b>1,478,612</b>
Add : Additions	-	216,805	-	-	-
Less : Disposals / Write off	-	-	-	-	-
Less : Capitalised during the year	-	-	-	-	-
Less : Classified as held for sale	-	-	-	-	-
<b>At 31 March 2020</b>	<b>6,187,500</b>	<b>5,391,934</b>	<b>409,667</b>	<b>243,934,701</b>	<b>1,478,612</b>
<b>Accumulated Depreciation / Amortization / Impairment</b>					
<b>At 31 March 2019</b>	<b>6,187,500</b>	<b>4,612,374</b>	<b>391,972</b>	-	<b>1,404,912</b>
Depreciation charge for the year	-	297,233	305	-	-
Disposals	-	-	-	-	-
Impairment charge for the year	-	-	-	-	-
<b>At 31 March 2020</b>	<b>6,187,500</b>	<b>4,909,606</b>	<b>392,277</b>	-	<b>1,404,912</b>
<b>Net Book Value</b>					
At 31 March 2020	-	482,238	17,389	243,934,701	73,700
At 31 March 2019	-	562,755	17,694	243,934,701	73,700



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE - 4.1 INVESTMENTS**

Particulars	Face Value (₹)	Numbers		Amount (₹)	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Quoted, fully paid up:</b>					
Investments in Equity Instruments					
<i>Carried at Fair Value through OCI</i>					
- Hindustan Construction Ltd.	1	100	100	399	1,501
- Hindustan Motor Ltd.	5	100	100	304	734
- PCS Technologies Ltd.	10	50	50	120	468
- Century Extrusions Ltd.	1	200	200	340	1,172
- ICICI Bank Ltd.	2	181	65	58,735	72,192
- Bharat Forge	2	100	-	23,410	-
- NTC Industries Ltd.	10	100	100	2,100	4,310
<b>Sub total of quoted investments in equity (A)</b>				<b>85,407</b>	<b>80,377</b>
Investments in Equity Debentures					
<i>Carried at Fair Value through OCI</i>					
- Finolex Pipe Ltd.	2	25	25	9,688	12,535
<b>Sub total of quoted investments in debentures (B)</b>				<b>9,688</b>	<b>12,535</b>
<b>Aggregate amount of quoted investments (A+B)</b>				<b>92,912</b>	<b>44,453</b>
<b>Unquoted, fully paid up:</b>					
Investments in Equity Instruments					
<i>Measured at Cost</i>					
- Enkay Texofood Ltd.		106	106	2,120	2,120
- Neena Consultants Ltd.		100	100	515	515
- Philips India Ltd.		100	100	8,200	8,200
Investments in Equity Instruments in Subsidiaries					
<i>Measured at Cost</i>					
- Lensei Web Services (P) Ltd.	100	10000	10000	3,614,700	3,614,700
- Rituraj Shares Broking (P) Ltd.	100	36200	36200	29,637,851	29,637,851
<b>Aggregate amount of unquoted investments</b>				<b>33,263,386</b>	<b>33,263,386</b>
<b>Quoted, fully paid up:</b>					
Investments in Mutual Fund					
<i>Carried at Fair Value through OCI</i>					
- HDFC Liquid Fund_Regular Plan_Growth		46,491.589	-	520,961.501	-
- ICICI Prudential balanced Advantage Fund		32,165.771	32,165.771	983,308	1,136,738
- UTI Floating Rate Fund		39,676	68.319	123,171	206,935
- UTI Wealth Builder Fund		-	6,540.726	-	221,281
<b>Aggregate amount of investment in Mutual Fund</b>				<b>1,627,440</b>	<b>1,564,954</b>
<b>Investments in Partnership Firm:</b>					
- M. M. International				33,431,801	33,251,819
<i>Other Partner : Mahesh Gupta, Share of Profit 50% (Total Capital : ₹ 1461662.18)</i>					
<b>Aggregate amount of investment in Partnership Firm</b>				<b>33,431,801</b>	<b>33,251,819</b>
<b>TOTAL</b>				<b>68,417,801</b>	<b>68,173,071</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 4.2</b>		
<b>TRADE RECEIVABLES (Non Current)</b>		
Unsecured, Considered good	<u>8,193,294</u>	<u>9,749,640</u>
<b>NOTE - 4.3</b>		
<b>LOANS (Non Current)</b>		
Unsecured, Considered good		
i) Security Deposit	261,785	261,785
ii) Other Loans (Interest Accrued There On)	52,965,634	48,843,292
iii) Inter Corporate Deposit	<u>68,966,814</u>	<u>67,824,435</u>
	<u>122,194,233</u>	<u>116,929,512</u>
<i>* The Company has given inter corporate deposit to its 100% subsidiary Lensei Web Services Pvt Ltd.</i>		
<b>NOTE - 4.4</b>		
<b>OTHER FINANCIAL ASSETS (Non Current)</b>		
Deposits with more than 12 months Maturity	<u>1,424,178</u>	<u>1,539,704</u>
<b>NOTE - 5</b>		
<b>OTHER NON CURRENT ASSETS</b>		
Unsecured, Considered Good		
i) Deposits with government and others	11,021	441,470
ii) MAT Credit entitlement	635,022	974,867
iii) Other Advances	<u>60,102,500</u>	<u>60,102,500</u>
	<u>60,748,543</u>	<u>61,518,838</u>
<b>NOTE - 6.1</b>		
<b>TRADE RECEIVABLES (Current)</b>		
Unsecured, considered good	<u>2,231,898</u>	<u>1,534,596</u>
<b>NOTE - 6.2</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
i) Balance with Banks:		
- In Current Account	1,890,440	5,554,082
ii) Cash on Hand	<u>542,401</u>	<u>437,601</u>
	<u>2,432,840</u>	<u>5,991,683</u>



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 6.3</b>		
<b>LOANS (Current)</b>		
Unsecured, Considered Good		
i) Security Deposit	60,000	63,500
ii) Inter Corporate Deposit	<u>29,324,000</u>	<u>30,336,500</u>
	<u>29,384,000</u>	<u>30,400,000</u>

\* The Company has given inter corporate deposit to its 100% subsidiary Rituraj Shares Broking Pvt Ltd.

**NOTE - 7**

**OTHER CURRENT ASSETS**

Unsecured, Considered Good

i) Deposits with government and others	5,220,664	4,295,330
ii) Employee Advances	50,000	-
iii) Other Advances	<u>102,458</u>	<u>51,690</u>
	<u>5,373,122</u>	<u>4,347,020</u>



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
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**NOTE - 8**

**EQUITY SHARE CAPITAL**

**Authorised**

60,000,000 Equity Shares of Rs.10 each (Previous years : 60,000,000 Equity Shares)	600,000,000	600,000,000
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**Issued, Subscribed and Fully Paid**

55,774,000 Equity Shares of Rs.10 each (Previous years : 55,774,000 Equity Shares)	557,740,000	557,740,000
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**A) Movement in Equity Share Capital:**

Particulars	No. of shares	Amount (₹)
Balance at March 31, 2019	55,774,000	557,740,000
Movement during the year	-	-
Balance at March 31, 2020	55,774,000	557,740,000

**B) Details of the shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	<u>As at March 31, 2020</u>		<u>As at March 31, 2019</u>	
	No. of shares held	% of holding	No. of shares held	% of holding
Sunita Gupta	8573533	15.3719	8573533	15.3719
Neena Gupta	4801772	8.6093	4801772	8.6093
Rajkumari Agarwal	5229418	9.3761	5229418	9.3761
Rituraj Shares & Securities Ltd.	7353581	13.1846	7353581	13.1846
Haresh Collections Pvt Ltd.	10269410	18.4125	10269410	18.4125

**C) Terms / Rights attached to Equity Shares:**

- a) The Company has only one class of Equity Shares having par value of Rs 10 each. Each share holder is eligible for one vote per share held.
- b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
<b>NOTE - 9</b>		
<b>OTHER EQUITY</b>		
i) Capital Reserve	10,000	10,000
ii) Retained Earnings	(21,191,684)	(22,028,337)
	<u>(21,181,684)</u>	<u>(22,018,337)</u>
<b>i) Capital Reserve</b>		
Opening balance	10,000	10,000
Movement during the year	-	-
<b>Closing balance</b>	<u>10,000</u>	<u>10,000</u>
<b>ii) Retained Earnings</b>		
Opening balance	(22,028,337)	(23,355,501)
Profit for the year	836,653	1,484,812
Items of other comprehensive Income recognised directly in retained earnings	-	(157,648)
<b>Closing balance</b>	<u>(21,191,684)</u>	<u>(22,028,337)</u>
<b>NOTE - 10</b>		
<b>OTHER FINANCIAL LIABILITIES (Non Current)</b>		
Others	<u>491,242</u>	<u>1,561,240</u>
<b>NOTE - 11</b>		
<b>TRADE PAYABLES (Current)</b>		
Dues to micro enterprises and small enterprises	-	228,535
Dues to creditors other than micro enterprises and small enterprises	2,251,899	3,967,309
	<u>2,251,899</u>	<u>4,195,844</u>
<b>NOTE - 12</b>		
<b>OTHER CURRENT LIABILITIES</b>		
i) Advances from customers	706,467	139,576
ii) Statutory liabilities	2,174,261	1,267,172
iii) Employee benefits payable	2,240,110	1,206,376
	<u>5,120,837</u>	<u>2,613,123</u>
<b>NOTE - 13</b>		
<b>PROVISIONS</b>		
Provision for Income Tax	<u>485,736</u>	<u>681,046</u>





**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 14</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Software Services (ITES)		
- Exports	14,988,692	13,249,009
- Domestic	26,662,112	22,096,849
	<u>41,650,804</u>	<u>35,345,858</u>
<b>NOTE - 15</b>		
<b>OTHER INCOME</b>		
i) Interest Income:		
- from others	4,871,580	2,288,087
- from Bank Deposits	125,060	130,324
ii) Other Non Operating Income		
- Other Income (includes share of Profit of M.M. International: Rs. 11981.42)	983,788	43,826
	<u>5,980,427</u>	<u>2,462,237</u>
<b>NOTE - 16</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	22,083,555	14,577,579
Contribution to provident and other funds	58,625	17,008
Staff welfare expenses	595,780	980,397
	<u>22,737,960</u>	<u>15,574,984</u>
<b>NOTE - 17</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment	297,538	257,564
Amortisation of intangible assets	-	1,832
	<u>297,538</u>	<u>259,396</u>

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
<b>NOTE - 18</b>		
<b>OTHER EXPENSES</b>		
Power & Fuel	723,719	825,066
Maintenance Exp.	258,519	258,519
<b><u>Repairs &amp; Maintenance</u></b>		
- Others	21,704	520,997
Rates & taxes	16,756	20,877
Advertisement & Publicity	40,522	27,420
Business Promotion Exp.	1,138,797	987,819
Legal Expenses	186,100	6,400
Consultancy Charges	1,374,557	828,787
Cost to Investment Exp	1,493	885
<b><u>Communication Exp</u></b>		
- Telephone Exp.	120,628	146,873
- Bandwidth Charges	313,750	281,107
Bank Charges & Commission	7,555	12,992
Consumables	-	216,224
Customer Support	1,979,500	940,240
Software Development Exp	5,980,000	4,238,936
Travelling Exp	1,203,787	1,318,351
Paypal Charges	87,326	158,734
Referral Fee Paid	1,433,000	2,147,740
Renovation Expenses	607,685	-
Income Tax	-	140,305
Director Sitting Fees	16,000	14,000
Other Expenses	1,460,293	1,688,150
<b><u>Statutory Expenses</u></b>		
- Postage for AGM	249,280	258,742
- Printing & Stationery AGM	378,000	336,000
- Share Transfer Fees	60,305	50,732
- Other Statutory Expenses	524,335	475,605
Payment to Auditor		
(a) To statutory auditors		
- Statutory audit fee	20,000	20,000
- Internal Audit Fee	30,000	30,000
- Tax audit fee	-	-
(b) To others		
- Certification and taxation matters	-	8,000
	<b><u>18,233,610</u></b>	<b><u>15,959,499</u></b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**19. Deferred Taxes :**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences whereas, deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax has not been recognized due to brought forward losses which may remain unutilized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as asset if there is convincing evidence that the Company will pay normal Income tax.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow to the Company.

20. The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. The information required to be disclosed under the Micro, Small And Medium Enterprises Development Act, 2006 ("the MSMED Act") has been determined to the extent such parties have been identified on the basis of information received from such parties and available with the Company. There are no overdue to parties on account of principal amount and / or interest.
21. The Company's business activity falls within a single primary business segment i.e. Software business and therefore, the disclosure requirement of "Segment Reporting" is not applicable.
22. EarningsPer Share (EPS)

<b>Particulars</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Net profit attributable to equity shareholders (₹)	10,32,900	12,95,465
Weighted average number of equity shares outstanding during the year (nos)	55774000	55774000
Face value per share (₹)	10	10
Earnings per share (₹)		
- Basic earnings per equity share	0.02	0.02
- Diluted earnings per equity share	0.02	0.02

**23. Employee Benefits Provisions:**

<b>Defined Contribution Plan:</b>	<u>2019-20 (₹)</u>	<u>2018-19 (₹)</u>
Contribution to the above plan is recognized for the year as under:		
Employer's Contribution to Provident Fund	36,669/-	1200/-
Employer's contribution to Employee State Insurance	21,956/-	15,808/-

**Defined Benefit Plan:**

The Company has got the actuarial valuation of employee benefit done at the year end.

**23.1 (a) Table Showing Changes in Present Value of Obligations:**

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Present value of the obligation at the beginning of the period	9,75,493	6,47,399
Interest cost	58,530	50,173
Current service cost	4,42,637	3,41,428
Past Service Cost	0	0
Benefits paid (if any)	0	0
Actuarial (gain)/loss	69083	(63,507)
Present value of the obligation at the end of the period	15,45,743	9,75,493

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

## 23.1.(b): Bifurcation of total Actuarial (gain) / loss on liabilities

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Actuarial gain / losses from changes in Demographics assumptions (mortality )	Not Applicable	Not Applicable
Actuarial gain / losses from changes in Financial assumptions	1,95,135	0
Experience Adjustment (gain)/ loss for Plan liabilities	(1,26,052)	(63,507)
Total amount recognized in other comprehensive Income	69,083	(63,507)

## 23.2 Key results (The amount to be recognized in the Balance Sheet):

<b>Period</b>	<b>As on 31/3/2020</b>	<b>As on 31/3/2019</b>
Present value of the obligation at the end of the period	15,45,743	9,75,493
Fair value of plan assets at end of period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	15,45,743	9,75,493
Funded Status - Surplus/ (Deficit)	(15,45,743)	(9,75,493)

## 23.2 (a) Expense recognized in the statement of Profit and Loss:

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Interest cost	58,530	50,173
Current service cost	4,42,637	3,41,428
Past Service Cost	0	0
Expected return on plan asset	(0)	(0)
Expenses to be recognized in P&L	5,01,167	3,91,601

## 23.2 (b) Other comprehensive (income) / expenses (Remeasurement):

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(63,507)	0
Actuarial (gain)/loss - obligation	69,083	(63,507)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	69,083	(63,507)
Cumulative Total Actuarial (gain)/loss c/f	5,576	(63,507)

## 23.2 (c) Net Interest Cost

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Interest cost on defined benefit obligation	58,530	50,173
Interest income on plan assets	0	0
Net interest cost (Income)	58,530	50,173

## 23.3 Experience adjustment:

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Experience Adjustment (Gain ) / loss for Plan liabilities	(1,26,052)	(63,507)
Experience Adjustment Gain / (loss ) for Plan assets	0	0

## 23.4 Summary of membership data at the date of valuation and statistics based thereon:

<b>Period</b>	<b>As on 31/3/2020</b>	<b>As on 31/3/2019</b>
Number of employees	62	40
Total monthly salary	22,84,005	12,40,404
Average Past Service(Years)	1.8	2.0
Average Future Service (yr)	26.3	27.0
Average Age(Years)	33.7	33.0
Weighted average duration (based on discounted cash flows) in years	25	26
Average monthly salary	36,839	31,010



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

23.5 The assumptions employed for the calculations are tabulated:

Discount rate	6.00 % per annum	7.75 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	25.00% p.a.	5.00% p.a.

23.6 Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 Years of service	5 Years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (yr)	15/26 * Salary * Past Service (yr)
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that no vesting conditions apply
Limit	2000000.00	2000000.00

23.7 Current Liability (\*Expected payout in next year as per schedule III of the Companies Act, 2013) :

Period	As on 31/3/2020	As on 31/3/2019
Current Liability (Short Term)*	2,71,934	32,520
Non Current Liability (Long Term)	12,73,809	9,42,973
Total Liability	15,45,743	9,75,493

23.8 Effect of plan on entity's future cash flows:

23.8 (a) Funding arrangements and funding policy

Not Applicable

23.8 (b) Expected contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year	8,17,422	4,96,308
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23.8 (c) Maturity profile of defined benefit obligation

Weighted average duration (based on discounted cash flows) in years	25	26
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23.8 (d) Estimate of expected benefit payments

(In absolute terms i.e. undiscounted)

01 Apr 2020 to 31 Mar 2021	2,71,934
01 Apr 2021 to 31 Mar 2022	69,443
01 Apr 2022 to 31 Mar 2023	79,490
01 Apr 2023 to 31 Mar 2024	79,718
01 Apr 2024 to 31 Mar 2025	80,222
01 Apr 2025 Onwards	9,64,936

23.9 Projection for next period:

Best estimate for contribution during next Period	8,17,422
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23.10 Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on 31/3/2020
Defined Benefit Obligation (Base)	15,45,743 @ Salary Increase Rate : 5%, and discount rate :6%
Liability with x% increase in Discount Rate	14,91,366; x=1.00% [Change (4)% ]
Liability with x% decrease in Discount Rate	16,04,197; x=1.00% [Change 4% ]
Liability with x% increase in Salary Growth Rate	16,04,197; x=1.00% [Change 4% ]
Liability with x% decrease in Salary Growth Rate	14,90,370; x=1.00% [Change (4)% ]
Liability with x% increase in Withdrawal Rate	15,28,209; x=1.00% [Change (1)% ]
Liability with x% decrease in Withdrawal Rate	15,63,676; x=1.00% [Change 1% ]

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**23.11 Reconciliation of liability in balance sheet**

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Opening gross defined benefit liability/ (asset)	9,75,493	6,47,399
Expenses to be recognized in P&L	5,01,167	3,91,601
OCI- Actuarial (gain)/ loss-Total current period	69,083	(63,507)
Benefits paid (if any)	0	0
Closing gross defined benefit liability/ (asset)	15,45,743	9,75,493

**24. Related Party disclosures :**

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures for the year ended 31 March 2020.

Name of the related parties and related party relationships

**i) Related Party where control exists**

Subsidiary	
- Lenseal Web Services Pvt. Ltd.	Wholly Owned Subsidiary
- Rituraj Shares Broking Pvt. Ltd.	Wholly Owned Subsidiary

**ii) Key management personnel**

<u>Name Of The Person</u>	<u>Designation</u>
Ajay Kumar Agarwal	Executive Director
Sagar Mal Gupta	Promoter Non-Executive Director
Arpita Gupta	Non-Executive Director
Vikash Kamani	Independent Director
Sushil Kumar Gupta	Independent Director
Leela Murjani	Independent Director
Mahesh Gupta	Chief Executive Officer
Biswarup Maity	Chief Financial Officer (upto 30.10.2019)
Vikash Singh	Chief Financial Officer (w.e.f. 01.11.2019)
Rupal Poddar	Company Secretary

**iii) Relatives of Key Management Personnel / Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

Leena Consultancy
Rituraj Shares & Securities Ltd.
Rituraj Shares & Securities

**iv) Transactions with related parties**

Payment To Key Managerial Personnel

		<b>Year ended 31 March 2020 (₹)</b>	<b>Year ended 31 March 2019 (₹)</b>
Remuneration	Mr. Biswarup Maity	2,00,000/-	3,16,374/-
Remuneration	Mr. Vikash Singh	44,000/-	-
Remuneration	Mrs. Rupal Poddar	1,44,000/-	79,500/-
Director sitting fees	Mr. Sushil Kumar Gupta	Rs. 8000/-	Rs. 6000/-
Director sitting fees	Ms. Leela Murjani	Rs.8,000/-	Rs. 8000/-
Reimbursement Expenses	Mr. Mahesh Gupta	Rs. 1,35,000/-	-

**v) Year End Balances with related parties:**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2020 (₹)</b>	<b>As at 31<sup>st</sup> March 2019 (₹)</b>
<b>Loan to wholly owned subsidiary :</b>		
Lenseal Web Services Pvt. Ltd.	68,966,814/-	67,824,435/-
Rituraj Shares Broking Pvt. Ltd.	29,324,000/-	30,336,500/-
<b>Trade Receivables :</b>		
Leena Consultancy	46,83,212/-	46,83,212/-
Rituraj Shares & Securities Ltd.	-	1,399,539/-
Rituraj Shares & Securities	34,62,886/-	34,62,886/-

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**25. Fair value measurement:**
**A. Category wise classification of financial instruments**

Particulars	As at 31 <sup>st</sup> March 2020 (₹)	As at 31 <sup>st</sup> March 2019 (₹)
<b>a. Financial assets</b>		
<b>i. Designated at fair value through other comprehensive income (FVTOCI)</b>		
Investments in Quoted Equity Instruments (refer note (i) below)	95,175/-	92,912/-
Investment in Quoted Mutual Fund	16,27,440/-	15,64,954/-
<b>ii. Carried at cost</b>		
Trade Receivable	10,425,192/-	11,284,235/-
Loans	1,515,78,233/-	1,47,329,512/-
Others	14,24,178/-	15,39,704/-
Cash and Cash Equivalents	24,32,840/-	59,91,683/-
<b>iii. Measured at Cost</b>		
Investments in Unquoted Equity Instruments	10,835/-	10,835/-
Investment in Equity Shares of - Subsidiary Company	33,252,551/-	33,252,551/-
Investment in Partnership Firm	33,431,801/-	33,251,819/-
<b>Total Financial Assets</b>	<b>2,34,278,245/-</b>	<b>2,34,318,205/-</b>
<b>b. Financial Liabilities</b>		
<b>Measured at Amortized Cost</b>		
Trade Payables	22,51,899/-	41,95,844/-
Other Financial Liabilities	4,91,242/-	15,61,240/-
<b>Total Financial Liabilities</b>	<b>27,43,141/-</b>	<b>57,57,084/-</b>

**Notes:**

- i) These investments are not held for trading. Upon application of Ind AS - 109 - Financial Instruments, the Company has chosen to measure these investments in quoted equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these investments in the standalone statement of profit and loss may not be indicative of the performance of the Company.
- ii) The management assessed that the fair value of cash and cash equivalents, loans, Trade receivables, other advance, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

**B. Fair value hierarchy**

The fair value of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The Categories used are as follows:

- Level 1: Quoted prices (Unadjusted) in active markets for financial instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

For Assets and Liabilities which are measured at fair value as at balance sheet date, the classification of fair value by category and level on inputs used is given below:

Particulars	Level 1	Level 2	Level 3
<u>As at 31st March, 2020</u>			
<b>Designated at fair value through other comprehensive income (FVTOCI)</b>			
Investments in Quoted Equity Instruments	95,175/-	-	-
Investments in Quoted Mutual Fund	1,627,440/-	-	-
<u>As at 31st March, 2019</u>			
<b>Designated at fair value through other comprehensive income (FVTOCI)</b>			
Investments in Quoted Equity Instruments	92,912/-	-	-
Investments in Quoted Mutual Fund	1,564,954/-	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

### C. Computation of Fair Values

Investments in equity instruments represents long term strategic investments made in certain listed or unlisted companies. For listed companies, fair value is based on quoted market prices of such instruments as on the balance sheet date on the recognised stock exchange (where traded volume is more during last six months).

### D. Fair value of assets and liabilities measured at cost/amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would be eventually received or settled. Management assessed that fair values of cash and cash equivalents, loans, trade receivables, other advance, trade payables and other financial liabilities approximate their carrying amounts due to the short term maturities of these instruments.

## 26. Financial risk management

Company's business activities are exposed to a variety of financial risks like credit risk, market risks and liquidity risk. Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyze potential risks faced by the Company, set and monitor appropriate risk limits and controls periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies need approval of its Board of Directors.

### a. Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### i) Trade receivables

Customer credit risks are managed by each business unit in accordance with the credit policy, procedures and controls relating to credit risk management. Credit quality of each individual customer is assessed based on financial positions, past trends, market reputation, prevailing market and economic conditions, expected business and anticipated regulatory changes. Based on this evaluation, credit limit and credit terms are decided for each individual customer. Exposure to customer credit risk is regularly monitored through credit locks and release.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

The Company has a low concentration of risk in respect of trade receivables since its customers are widely spread and operates in diversified industries and varying market conditions. Export customers are secured through letter of credit and generally not subject to credit risks.

Impairment of trade receivables is based on expected credit loss model (simplistic approach) depending upon the historical data, present financial conditions of customers and anticipated regulatory changes. Maximum exposure to credit risks at the reporting date is disclosed in Note 4.2 & 6.1. Company does not hold any collateral in respect of such receivables.

### ii) Other financial instruments

Credit risks from other financial instruments include mainly cash and cash equivalents and deposits with banks. Such risk is managed by the Board of Directors of the Company in accordance with Company's overall investment policy approved by its Board of Directors. The investments are reviewed by the Board of Directors on a quarterly basis.

The Company has no exposure to credit risk relating to its cash and cash equivalents. Credit risk for other financial instruments is monitored by the Board of Directors in accordance with its overall risk management policies. Impairment of such assets is computed per expected credit loss model (general approach) assessed on the basis of financial position, detailed analysis and expected business of the counterparty to such financial assets.

### iii) Investments

The Company limits its exposure to credit risk by generally investing in liquid securities. The Company does not have any significant concentration of exposures to specific industry sectors.

## b. Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks comprises of - currency risk, cyber security risk, concentration risk, competition risk, regulatory risk and other price risk, such as equity price risk. Financial Instruments affected by market risks include investments in mutual funds or equity instruments.

- i) **Currency risk** – The Company has made a well defined currency hedging Policy which helps in controlling risk arisen from currency fluctuations and volatility.
- ii) **Cyber Security Risks** - Cyber Security and quality management are few key areas of concern in today's information age. To overcome such concerns in today's global IT scenario, an increasing number of IT-BPO companies in India have gradually started to emphasize on quality to accept global standards such as ISO 9001 (for quality management) and ISO 27000 (for information security). Today, centers based in India account for the largest number of quality certifications achieved by any single country.
- iii) **Concentration Risk** - Regional concentration as well as vertical concentration can adversely impact Company's business in case of a slowdown.
- iv) **Competition Risk**- The ever –increasing competition poses a key risk in terms of acquiring client business as well as human talent. Lee & Nee Softwares (Exports) Ltd. has enhanced their value in the proposition of its customers by way of deepening its domain expertise, technological capabilities and customer engagement, on the human capital front, Lee & Nee Softwares (Exports) Ltd. Brand equity and best in class HR principles and practices has made it a preferred employer.
- v) **Regulatory Risk**- Legislation in various countries in which we operate including the US,UK , Australia, Canada and Middle East may place restrictions on companies in those countries from outsourcing work to us, or may enact stricter immigration laws or may limit our ability to send our employees to certain client sites. A team of professionals has been employed within and outside the Company. The Company has working on mitigating this on a continuous basis.
- vi) **Price risk** - Price risk is the risk that the fair value or future cash flows will fluctuate due to change in market prices. The Company is exposed to price risk arising from its Investments and Equity Instruments. The Company's manages such risk in accordance with its overall risk management policy approved by the Board of Directors.

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**c. Liquidity risk:**

Liquidity risk is the risk that the Company may not be able to meet its contractual obligations associated with its financial liabilities. The Board of Director of the Company manages its liquidity risk by preparing and continuously monitoring business plans or rolling cash flow forecasts which ensure that the funds required for carrying on its business operations and meeting its financial liabilities are available in a timely manner and at an optimal cost. The Company plans to meet the contractual obligations from its internal accruals. Additionally, surplus funds generated from operations are parked in short term debt or liquid mutual funds and bank deposits which can be readily liquidated when required.

The working capital position of the Company is given below:

Particulars	As at	As at
	31 <sup>st</sup> March 2020 (₹)	31 <sup>st</sup> March 2019 (₹)
Cash and cash equivalents	24,32,840/-	59,91,683/-
Trade receivables	22,31,898/-	15,34,596/-
Other financial assets	2,93,84,000/-	3,04,00,000/-
Other current assets	53,73,122/-	43,47,020/-

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019:

Particulars	As at 31 <sup>st</sup> March 2020 (₹)	
	Less than 1 year	More than 1 year
Trade payables	16,84,174/-	5,67,725/-
Other financial liabilities	50,77,594/-	43,243/-

Particulars	As at 31 <sup>st</sup> March 2019 (₹)	
	Less than 1 year	More than 1 year
Trade payables	34,06,869/-	7,88,975/-
Other financial liabilities	25,98,603/-	14,520/-

**d. Capital Management:**

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximize the shareholder value.

27. The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification.

In terms of our report attached

For **Jain Sonu and Associates**  
 Chartered Accountants  
 Firm's Regn. Number: 324386E

**Sonu Jain**  
 Partner  
 Membership No.: 060015

Place : Kolkata  
 Date : 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**  
 Director (DIN : 01265141)

**Vikash Singh**  
 Chief Financial Officer

**Arpita Gupta**  
 Director (DIN : 02839878)

**Rupal Poddar**  
 Company Secretary



## INDEPENDENT AUDITORS REPORT

To,

The Members of M/s Lee & Nee Softwares (Exports) Ltd.

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying Consolidated Financial Statements of **M/s LEE & NEE SOFTWARES (EXPORTS) LTD** (hereinafter referred to as 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at March 31, 2020, and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated financial statements.

#### **Key Audit Matters**

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

#### **Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated financial performance (consolidated statement of profit or loss including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in

the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. We have nothing to report in this regard.

#### **Report on Other Legal and Regulatory Requirements**

- A As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - On the basis of the written representations received from the directors of the Holding company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and from the directors of its subsidiaries which are incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Group (Holding and Subsidiary Companies incorporated in India) and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Audit and Auditors) amendment rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- The Group does not have any pending litigations which would impact its financial position in its Consolidated Ind AS Financial Statements.
  - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - The Group did not have any amount which had fallen due and required to be transferred to the Investor Education and Protection Fund by the Company.
  - The disclosures in the Consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner

Place: Kolkata  
Date: 29th June, 2020

Membership No.:060015  
UDIN : 20060015AAAABA5437



## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(REFERRED TO IN PARAGRAPH 1(f) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LEE & NEE SOFTWARES (EXPORTS) LTD.)

### **Report on the Internal Financial Controls over Financial Reporting under clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

#### **OPINION**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Lee & Nee Softwares (Exports) Ltd. (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries (incorporated in India) together referred to as "the Group") as of that date.

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting of the Company based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of Internal Financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E

**Sonu Jain**  
Partner  
Membership No.:060015  
UDIN : 20060015AAAABA5437

Place: Kolkata  
Date: 29th June, 2020



**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020**

	NOTES	AS AT 31.03.2020 Amount (₹)	AS AT 31.03.2019 Amount (₹)
<b>I ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	838,418	890,760
(b) Goodwill	3	243,934,701	243,934,701
(c) Intangible Assets	3	73,700	73,700
(d) Financial Assets			
i) Investments	4.1	40,325,982	40,081,589
ii) Trade Receivables	4.2	29,615,493	31,318,508
iii) Loans	4.3	67,310,987	61,680,433
iv) Others Financial Assets	4.4	2,424,178	1,539,704
(e) Other Non-Current Assets	5	96,656,072	99,330,807
		<u>481,179,532</u>	<u>478,850,203</u>
<b>Current Assets</b>			
(a) Financial Assets			
i) Investments	6.1	6,481,936	11,438,836
ii) Trade Receivables	6.2	2,329,580	1,966,937
iii) Cash and Cash Equivalents	6.3	3,661,979	6,745,297
iv) Loans	6.4	556,855,469	55,380,612
(b) Other Current Assets	7	6,340,672	4,992,936
		<u>75,669,637</u>	<u>80,524,618</u>
<b>TOTAL ASSETS</b>		<b><u>556,849,169</u></b>	<b><u>559,374,821</u></b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	8	557,740,000	557,740,000
(b) Other Equity	9	(14,470,436)	(10,365,357)
		<u>543,269,564</u>	<u>547,374,643</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
Other Financial Liabilities	10	491,242	1,561,240
(b) Other Non current Liabilities	11	136,618	30,817
		<u>627,860</u>	<u>1,592,056</u>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	12.1	3,086,000	1,490,000
ii) Trade Payables	12.2	3,758,265	4,843,314
(b) Other Current Liabilities	13	5,488,358	3,266,636
(c) Provisions	14	619,122	808,171
		<u>12,951,745</u>	<u>10,408,121</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>556,849,169</u></b>	<b><u>559,374,821</u></b>

Summary of Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements

1 to 28

In terms of our report attached

 For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

 For **Jain Sonu and Associates**

Chartered Accountants

Firm's Regn. Number: 324386E

**Ajay Kumar Agarwal**  
 Director (DIN : 01265141)

**Arpita Gupta**  
 Director (DIN : 02839878)

**Sonu Jain**

 Partner (Membership No.: 060015)  
 Kolkata, 29th June, 2020

**Vikash Singh**  
 Chief Financial Officer

**Rupal Poddar**  
 Company Secretary



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

	NOTE NO.	Year ended 31.03.2020 Amount (₹)	Year ended 01.04.2019 Amount (₹)	
I	Revenue From Operations	15	47,491,080	42,785,056
II	Other Income	16	12,278,326	6,486,942
III	<b>Total Income (I + II)</b>		<u>59,769,406</u>	<u>49,271,998</u>
IV	<b>EXPENSES</b>			
	(a) Purchase (Software & Service)		5,860,319	5,602,364
	(b) Employee benefit expense	17	27,963,631	20,391,006
	(c) Depreciation and amortization expense	18	338,246	282,480
	(d) Other expenses	19	24,505,234	22,768,693
	<b>Total Expenses</b>		<u>58,667,429</u>	<u>49,044,543</u>
V	<b>Profit before tax (III - IV)</b>		<b>1,101,977</b>	<b>227,455</b>
VI	<b>Tax expense</b>			
	(a) Current tax		385,522	62,023
	(b) Deferred tax		-	-
	<b>Total Tax Expense</b>		<u>385,522</u>	<u>62,023</u>
VII	<b>Profit for the period (V - VI)</b>		<b>716,455</b>	<b>165,432</b>
VIII	<b>Other comprehensive income</b>			
	Items that will not be reclassified to statement of profit and loss			
	(a) Changes in Fair Value of Equity Instruments through Other Comprehensive Income		(4,802,081)	(2,602,098)
	(b) Income tax relating to item (a) above		-	-
	<b>Other comprehensive income (net of Tax)</b>		<u>(4,802,081)</u>	<u>(2,602,098)</u>
IX	<b>Total comprehensive income for the year (VII + VIII)</b>		<b>(4,085,626)</b>	<b>(2,436,666)</b>
X	<b>Earning per equity share</b>			
	(a) Basic		0.01	0.00
	(b) Diluted		0.01	0.00

Summary of significant accounting policies

2

The accompanying notes 1 to 28 are an integral part of the financial statements

In terms of our report attached

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**For Jain Sonu and Associates**

Chartered Accountants

Firm's Regn. Number: 324386E

**Ajay Kumar Agarwal**

Director (DIN : 01265141)

**Arpita Gupta**

Director (DIN : 02839878)

**Sonu Jain**

Partner

Membership No.: 060015

Kolkata, 29th June, 2020

**Vikash Singh**

Chief Financial Officer

**Rupal Poddar**

Company Secretary



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

SI No.	PARTICULARS	Year ended 31.03.2020		Year ended 31.03.2019	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>I.</b>	<b>CASH FLOWS</b>				
1	<u>From Operating Activities</u>				
	(a) Net Profit / (Loss) before tax from Operating Activities		1,101,977		227,455
	Adjustments:				
	Depreciation and amortisation	338,246		282,480	
	Interest Income	(11,289,598)		(5,840,732)	
	Other Income	(983,788)	(11,935,141)	(43,877)	(5,602,128)
	Operating Profit/ (Loss) before working capital changes		(10,833,164)		(5,374,673)
	(b) Working Capital changes:				
	Decrease/ ( Increase) in trade receivables	1,340,373		(1,563,331)	
	Decrease/ (Increase) in other current assets	(1,347,736)		(1,087,376)	
	Increase/ ( Decrease) in Trade Payables	(1,085,049)		23,913	
	Increase/ ( Decrease) in Borrowings	1,596,000		1,430,000	
	Increase/ ( Decrease) in other current liabilities	2,221,723		951,688	
	Increase/ ( Decrease) in provisions	(189,049)	2,536,261	268,246	23,141
	Cash generated from Operating Activities		(8,296,903)		(5,351,533)
	Income Taxes Paid		(385,522)		(62,023)
	Taxes relating to earlier year		-		-
	<b>Net Cash from Operating Activities</b>	<b>Total of (1)</b>	<b>(8,682,425)</b>	<b>(5,413,556)</b>	
2	<u>From Investing Activities</u>				
	Purchase of Fixed Aseets	(285,905)		(297,899)	
	Purchase/Sale of Investment	(89,575)		(5,786,738)	
	Decrease/(Increase) in loans	(1,474,857)		(55,320,612)	
	Decrease/(Increase) in non current loans	(5,630,554)		(31,387,655)	
	Decrease/(Increase) in other Financial Assets	(884,475)		294,373	
	Decrease/(Increase) in other non current Assets	2,674,736		95,901,086	
	Decrease/(Increase) in other Financial Liabilities	(1,069,998)		100,361	
	Decrease/(Increase) in other non current Liabilities	105,801		(25,175)	
	Interest received	11,289,598		5,840,732	
	Other income	983,788		43,877	
	<b>Net Cash from Investing Activities</b>	<b>Total of (2)</b>	<b>5,618,560</b>	<b>9,362,348</b>	
3	<u>From Financing Activities</u>				
	Decrease/(Increase) in other Equity		(19,453)		(203,322)
	<b>Total of (3)</b>		<b>(19,453)</b>		<b>(203,322)</b>
<b>II.</b>	<b>Net (decrease)/increase in Cash and Bank Balances (I-II)</b>	<b>Total Cash flows (1+2+3)</b>	(3,083,319)		3,745,471
	Add: Cash and Bank Balances at the beginning of the period		6,745,297		2,999,826
<b>III.</b>	<b>Cash and Bank Balances at the end of the period (Refer Note 6.3)</b>		<b>3,661,979</b>		<b>6,745,297</b>

In terms of our report attached

For **Jain Sonu and Associates**

Chartered Accountants

Firm's Regn. Number: 324386E

**Sonu Jain**

Partner (Membership No.: 060015)

Kolkata, 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**

Director (DIN : 01265141)

**Vikash Singh**

Chief Financial Officer

**Arpita Gupta**

Director (DIN : 02839878)

**Rupal Poddar**

Company Secretary



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**A. EQUITY SHARE CAPITAL**

<b>PARTICULARS</b>	<b>AMOUNT (₹)</b>
<b>As at 31 March 2019</b>	<b>55,774,000</b>
Changes in equity share capital	-
<b>As at 31 March 2020</b>	<b>55,774,000</b>

**B. OTHER EQUITY**

<b>PARTICULARS</b>	<b>RESERVES AND SURPLUS</b>		<b>TOTAL</b>
	<b>Capital Reserve</b>	<b>Retained Earnings</b>	
<b>Balance as at 31 March 2019</b>	<b>13,582,487.00</b>	<b>(25,537,344)</b>	<b>(25,527,344)</b>
Profit for the year	-	716,455	716,455
Other comprehensive income	-	(4,802,081)	(4,802,081)
<b>Balance as at 31 March 2020</b>	<b>13,582,487.00</b>	<b>(29,622,970)</b>	<b>(29,612,970)</b>

In terms of our report attached

For **Jain Sonu and Associates**  
Chartered Accountants  
Firm's Regn. Number: 324386E

**Sonu Jain**  
Partner  
Membership No.: 060015

Place : Kolkata  
Date : 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**  
Director (DIN : 01265141)

**Vikash Singh**  
Chief Financial Officer

**Arpita Gupta**  
Director (DIN : 02839878)

**Rupal Poddar**  
Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

#### NOTE - 1

##### Corporate & general information

The Consolidated Financial Statements comprise financial statements of Lee & Nee Softwares (Exports) Ltd. (“the Holding Company”) and its Subsidiaries (collectively referred to “the Group”) for the year ended 31 March 2020.

The Holding Company is primarily engaged in Information Technology and related services. The Company is a Company limited by shares, incorporated and domiciled in India. It is an IT-enabled service company based in the IT hub of Kolkata, India.

The Holding Company is listed on Bombay Stock Exchange Limited and Kolkata Stock Exchange Limited. The registered office of the Company is located at 14-B, Camac Street, Kolkata – 700 017, India.

The list of Subsidiary Companies considered in the Consolidated Financial Statements is as follows:

Name of the Subsidiary Companies	Country of Incorporation	Financial year ended	Holding Company's Interest
Rituraj Shares Broking Pvt. Ltd	India	31.03.2020	100.00%
Lensel Web Services Pvt. Ltd.	India	31.03.2020	100.00%

Lensel Web Services Pvt Ltd. is the material subsidiary of the Company.

These financial statements are approved by the Holding Company’s Board of Directors on 29<sup>th</sup> June, 2020.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### NOTE - 2

##### Significant accounting policies

- Statement of Compliances:** These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.
- Basis of Preparation of Financial Statements:** The Group has consistently applied the accounting policies used in the preparation of financial statement of all period presented. The financial statements has been prepared considering all IND AS as notified and made applicable by Ministry of Corporate Affairs for reporting date i.e. 31 March 2020.

The Group follows the mercantile system of accounting and generally the accrual concept in preparing the accounts except dividend which is recorded on cash basis.

- Basis of measurement:** The consolidated financial statements have been prepared on a historical cost basis, except the financial assets (investments) & financial liabilities, if any which are measured at fair value. They are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income.
- Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group has:

- Power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee.
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Group has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.



-Rights arising from other contractual arrangements.

-The Holding Company's voting rights and potential voting rights.

-The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting right holders.

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Holding Company gains control until the date the Parent Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of the subsidiary Group used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31 March, 2020. When the end of the reporting period of the Holding is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding to enable the Holding to consolidate the financial information of the subsidiary, unless it is impracticable to do so. However the two subsidiaries are wholly owned by the Holding Company and the reporting date in all the cases are same.

**Consolidation procedure:**

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- e. **Use of Estimates and Judgments:** Preparation of consolidated financial statements requires the use of judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation of such estimates and judgments are done based on historical experience and other factors, including future expectations that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively and in the period in which the estimates are revised and future periods are affected. Differences between actual results and estimates are recognized in the period in which they materialize.

Details of critical estimates and judgments used which have a significant effect on the carrying amount of assets and liabilities, are provided in the following notes:

*Income tax:*

The Holding Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

*Useful lives of Property, plant and equipments:*

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and its residual value at the end of its life. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. This reassessment may result in change in depreciation expense in future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

*Measurement of defined benefit obligations:*

The Group's defined benefit obligation to its employees and net periodic defined benefit cost / income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans. Actuarial gains / losses, the sensitivity analysis for changes in estimates are disclosed under relevant Notes.

*Impairment Testing:*

Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Refer note 2 (h), (j) and (l) for details.

*Estimation of provisions and contingencies:*

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Group uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements. Refer note 2 (n), 14 for details.

*Recognition of deferred tax assets:*

Refer note 2 (u) for details.

*Current & Non-current classification:*

The Group presents all its assets and liabilities in the consolidated balance sheet based on current or non-current classification. Assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

*Fair value measurements:*

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

*Estimation of uncertainties relating to the global health pandemic COVID-19:*



The management has considered the possible effects, if any, that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables. In making the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial statements and has used internal and external sources of Information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in the future due to the impact of the pandemic.

**f. Revenue/Expenses Recognition:**

The Group derives revenue primarily from Information Technology Services and Solutions. The Group recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Recognition criteria for various types of contracts are as follows:

*Time and Material Contracts:*

Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients.

*Fixed-Price Contracts:*

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

*Sale of software products and licenses:*

Revenue from sale of third party software products and hardware is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on physical or electronic dispatch of goods.

Revenue from sale of licenses, where no customization is required, is recognized upon delivery of these licenses which constitute transfer of all risks & rewards.

*Maintenance Contracts:*

Revenue from maintenance contracts is recognised on a pro-rata basis over the period in which such services are rendered.

For all types of contracts, unearned revenues represent billing in excess of revenue recognized on software development and service contracts and is included in Other Current Liabilities until the above revenue recognition criteria is met. Advance payments received from customers for whom no services have been rendered are presented as “Advance from customers”.

Revenues are reported net of GST and applicable discounts and allowances.

*Other Income*

Other income primarily comprises of interest, dividend. Interest income is recognized in the Statement of Profit and Loss using effective interest method at the time of accrual. Dividend income is recognized in the Statement of Profit and Loss when the right to receive payment is established.

**g. Standards issued but yet not effective**

Ministry of Corporate Affairs (MCA) notified new standard and amendments to the existing standards. There is no such notification, which would have been applicable from 01 April 2020.

**h. Property, Plant and Equipment:**

Recognition and Initial measurement:

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are added in the asset's carrying amount/recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of such item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of profit and loss in the



period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the consolidated statement of profit and loss.

Subsequent measurement (depreciation and useful lives):

Depreciation is provided on a pro-rata basis on the written down value (WDV) method based on estimated useful life prescribed under Schedule II of the Companies Act, 2013. However, assets value up to Rs 5,000 is fully depreciated in the year of acquisition. Residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each Balance Sheet date and any change in them is adjusted prospectively.

Furniture and fixtures	10 years
Office equipments	3 - 5 years
Buildings	60 years

De-recognition:

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future Economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statement of profit and loss, when the asset is de-recognized.

**i. Intangible assets:**

Technical know - how fees / acquired computer software and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use. Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets/Software Licenses are amortized on their respective individual estimated useful lives on a written down value basis, commencing from the date the assets is available to the Group for its use.

Intangible assets with indefinite useful lives (like goodwill, brands), if any are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether indefinite life continues to be supportable. The change in useful life from indefinite to finite life if any, is made on prospective basis.

**j. Impairment of non-financial assets:**

Assessment for impairment is done at each Balance Sheet date when there is an indication that a non-financial asset may be impaired. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the consolidated statement of profit and loss. Recoverable amount is higher of an asset's/cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset/cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset/cash generating unit in any prior accounting periods may no longer exist or may have decreased, based on which a reversal of an earlier recorded impairment loss is recognized in the consolidated statement of profit and loss.

**k. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date of investment made, are classified as Current Investments. All investments other than current investments are classified as non-current investments. Investments are valued in accordance with the applicable Ind AS.

**l. Financial instruments**

**i) Initial recognition**

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**ii) Subsequent measurement**

*Financial assets carried at amortized cost*

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other comprehensive income*

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the Group has exercised the option to classify the equity investment as at fair value through other comprehensive income, all fair value changes on the investment are recognised in other comprehensive income. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

*Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. However, in cases where the Group has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognized in Other Comprehensive Income.

*Equity instruments:*

The Group classifies all its equity investments at fair value, apart from investments in subsidiary and Partnership firm. In case of equity instruments not held for trading, Group's management has made an irrevocable election to present fair value gains and losses on such equity instruments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit and loss.

*Investments in mutual funds:*

Investments in mutual funds are measured at fair value at each balance sheet date.

iii) *Derecognition of financial instruments*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

m. **Foreign currency transactions**

**Functional currency and presentation currency:**

The consolidated financial statements are presented in Indian Rupees (i.e., INR). Functional currency is the currency of the primary economic environment in which the Group operates.

**Transactions and balances:**

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the exchange rates prevailing on the balance sheet dates are recognized in the consolidated statement of profit and loss.

n. **Provisions, contingent liabilities and contingent assets :**

A provision is recognized when an enterprise has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the amount can be reliably estimated. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A disclosure for contingent liability is made when there is a possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and that may, but not probable that an outflow of resources would be required to settle the obligation. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

**o. Employee benefits expense**

**Defined contribution plans:**

The Group provides defined contribution plan for post-employment benefits in the form of provident fund and Employee State insurance benefit scheme administered by Regional Provident Fund Commissioner and the ESI's authorities respectively. The Group's contributions to defined contribution plans are charged to the consolidated statement of profit and loss as and when incurred.

**Defined benefit plans:**

The Group also provides for Gratuity and Leave Encashment based on actuarial valuation made by an independent actuary as per Ind AS 19 Compliance of The Institute of Chartered Accountants of India. Actuarial gains / losses are disclosed under relevant Notes.

**Short term employee benefits:**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentives.

**p. Borrowings:**

The Group has not borrowed any sums from any financial institutions, except from Directors. Refer note 12.1 for details.

**q. Cash flow Statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Group are segregated.

**r. Inventories:**

Group does not have any inventory. As such provisions of Ind AS 2 are not applicable.

**s. Cash and Cash Equivalents:**

Cash and cash equivalents comprise of cash at bank and on hand and demand deposits with banks. The Group considers its highly liquid, short term investments (having maturity less than three months) which can be readily converted to fixed/determinable amount of money and subject to insignificant risks arising from changes in their fair values, as cash equivalents.

**t. Leases:**

The one of the Subsidiary Companies has acquired certain building on finance lease. Such lease arrangements are for a period of 99 years and the entire lease rentals has been paid upfront at the time of initiation of the lease. The Subsidiary Group has recognized these building so acquired as owned assets instead of lease under property, plant and equipment at an amount equal to the upfront lease payment plus initial direct costs. Such amount is amortized over the estimated life of the assets under straight line method.

**u. Income tax:**

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rates with adjustments for changes in deferred tax assets or liabilities attributable to temporary differences and unused tax losses or credits.

Current tax is calculated based on tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized on temporary differences arising from the tax bases of assets and liabilities and their respective carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that does not result from a business combination and at the time of such transaction, affects neither the accounting profit or loss nor taxable profit (tax loss) for the period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available against which those temporary differences/losses can be utilized. Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence

that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the consolidated statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Current tax assets and tax liabilities are offsetted where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

**v. Segment reporting:**

The Group's respective business activity falls within a single primary business segment i.e. Software business and share trading business therefore, the disclosure requirement of "Segment Reporting" is not applicable.

**w. Earnings per Share:**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events that have changed the number of outstanding equity shares, without a corresponding change in the resources. For the purpose of calculating diluted earnings per equity share, net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. As on the balance sheet date, the Group has no dilutive potential equity shares.

**x. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

**y. Recent accounting pronouncements**

Certain new standards, amendments to standards and interpretations are effective for annual periods beginning after 01 April 2019, and have not been applied in preparing these consolidated financial statements. New standards, amendments to standards and interpretations that could have potential impact on the consolidated financial statements of the Group are:

**1. Ind AS 116 – Leases**

Ind AS 116 on Leases notified by The Ministry of Corporate Affairs on 30th March 2019, effective for financial periods beginning from 1st April 2019, replaces the existing standard Ind AS 17 on Leases. The revised Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both, the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all both operating and finance leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses to the lessee are charged to the statement of Profit & Loss as and when incurred. Ind AS 116 does not envisage any difference in accounting of lease income for the lessor as compared the erstwhile standard. The revised Standard also contains enhanced disclosure requirements for lessees.

The standard permits two possible methods of transition:

- Full retrospective – Recognize assets and liabilities relating to lease commitments retrospectively in each prior period, applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Recognized the right to use (ROU) asset at the date of initial application by measuring the same at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

The Group is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116 on the date of initial application (April 1, 2019). Accordingly, the comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Management is in the process of assessing the impact on adoption of Ind AS 116 and does not expect the same to be significant considering the low value of the asset, since exemption is available for the same.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE 3 - PROPERTY, PLANT & EQUIPMENT, GOODWILL & INTANGIBLE ASSETS**

Amount (₹)

GROSS CARRYING AMOUNT	PROPERTY, PLANT AND EQUIPMENT			GOODWILL	INTANGIBLE ASSETS (Computer Software)
	Buildings (Leasehold Premises)	Plant & Equipment	Furniture & Fixtures		
<b>Cost or valuation</b>					
<b>At 31 March 2019</b>	6,693,301	6,354,357	663,832	243,934,701	1,478,612
Add : Additions	-	285,905	-	-	-
Less : Disposals / Write off	-	-	-	-	-
Less : Capitalised during the year	-	-	-	-	-
Less : Classified as held for sale	-	-	-	-	-
<b>At 31 March 2020</b>	<b>6,693,301</b>	<b>6,640,262</b>	<b>663,832</b>	<b>243,934,701</b>	<b>1,478,612</b>
<b>Accumulated Depreciation / Amortization / Impairment</b>					
<b>At 31 March 2019</b>	<b>6,450,480</b>	<b>5,736,821</b>	<b>633,429</b>	-	<b>1,404,912</b>
Depreciation charge for the year	12,242	325,698	305	-	1,832
Disposals	-	-	-	-	-
Impairment charge for the year	-	-	-	-	-
<b>At 31 March 2019</b>	<b>6,462,723</b>	<b>6,062,519</b>	<b>633,734</b>	-	<b>1,404,912</b>
<b>Net Book Value</b>					
At 31 March 2020	230,578	577,742	30,098	243,934,701	73,700
At 31 March 2019	242,821	617,537	30,403	243,934,701	73,700



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE - 4.1 INVESTMENTS**

Particulars	Face Value (₹)	Numbers		Amount (₹)	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Quoted, fully paid up:</b>					
Investments in Equity Instruments					
<i>Carried at Fair Value through OCI</i>					
- Hindustan Construction Ltd.	1	100	100	399	1,501
- Mahindra Lifespace Developers Ltd.	10	2	2	382	719
- Hindustan Motor Ltd.	5	100	100	304	734
- Century Extrusions Ltd.	1	200	200	340	1,172
- ICICI Bank Ltd.	2	181	181	58,735	72,192
- Bharat Forge	2	100	-	23,410	-
- PCS Technologies Ltd.	10	50	50	120	468
- NTC Industries Ltd.	10	100	100	2,100	4,310
<b>Sub total of quoted investments in equity (A)</b>		<b>833</b>	<b>733</b>	<b>85,789</b>	<b>81,096</b>
Investments in Debentures					
<i>Carried at Fair Value through OCI</i>					
- Finolex Pipe Ltd.	2	25	25	9,768	12,535
<b>Sub total of quoted investments in debentures (B)</b>				<b>9,768</b>	<b>12,535</b>
<b>Aggregate amount of quoted investments (A+B)</b>				<b>93,631</b>	<b>45,338</b>
<b>Unquoted, fully paid up:</b>					
Investments in Equity Instruments					
<i>Measured at Cost</i>					
- Enkay Texofood Ltd.		106	106	2,120	2,120
- Neena Consultants Ltd.		100	100	515	515
- Philips India Ltd.		100	100	8,200	8,200
Investments in Equity Instruments in Subsidiaries (Unquoted Fully Paid Up)					
- Rituraj Shares & Securities Ltd.	10	26905	26905	2,503,000	2,603,000
- Haresh Collections Pvt Ltd	10	7250	7250	2,657,350	2,657,350
<b>Aggregate amount of unquoted investments</b>				<b>5,171,185</b>	<b>5,271,185</b>
<b>Quoted, fully paid up:</b>					
Investments in Mutual Fund					
<i>Carried at Fair Value Through OCI</i>					
- HDFC Liquid Fund_Regular Plan_Growth		46,492	-	520,962	-
- ICICI Prudential balanced Advantage Fund		32,166	32,166	983,308	1,136,738
- UTI Floating Rate Fund		40	68	123,171	206,935
- UTI Wealth Builder Fund		-	6,541	-	221,281
<b>Aggregate amount of investment in Mutual Fund</b>		<b>78,697</b>	<b>38,775</b>	<b>1,627,440</b>	<b>1,564,954</b>
<b>Investments in Partnership Firm:</b>					
- M. M. International				33,431,801	33,251,819
<i>Other Partner : Mahesh Gupta, Share of Profit 50% (Total Capital : ₹ 1493625.02)</i>					
<b>Aggregate amount of investment in Partnership Firm</b>				<b>33,431,801</b>	<b>33,251,819</b>
<b>TOTAL</b>				<b>40,325,982</b>	<b>40,081,589</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at	As at
	31.03.2020	31.03.2019
	Amount (₹)	Amount (₹)

**NOTE - 4.2**
**TRADE RECEIVABLES (Non Current)**

Unsecured, Considered Good

29,615,493	31,318,508
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**NOTE - 4.3**
**LOANS (Non Current)**

Unsecured, Considered Good

i) Security Deposit	268,695	268,695
ii) Other Loans (Interest accrued thereon)	67,042,292	61,411,738
	<u>67,310,987</u>	<u>61,680,433</u>

\* The Company has given inter corporate deposit to its 100% subsidiary Lenseel Web Services Pvt Ltd.

**NOTE - 4.4**
**OTHER FINANCIAL ASSETS (Non Current)**

Deposits with more than 12 months maturity

2,424,178	1,539,704
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**NOTE - 5**
**OTHER NON CURRENT ASSETS**

Unsecured, Considered Good

i) Deposits with Govt. and others	40,826	461,846
ii) MAT credit entitlement	775,783	1,109,368
iii) Other Advances (Trade Advances)	95,839,462	97,759,593
	<u>96,656,072</u>	<u>99,330,807</u>

**NOTE - 6.1**
**INVESTMENTS (Current)**

Particulars	Face Value (₹)	Numbers		Amount (₹)	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Quoted, fully paid up:</b>					
Investments in Equity Instruments					
<i>Carried at Fair Value through OCI</i>					
Ashok Leyland	1	1,000	-	42,350	-
Ramkrishna Forgings Limited	10	227	827	33,937	432,480
Emkay Global Financial Services Ltd.	10	3,000	3,000	73,500	315,000
Greencrest Financial Services Ltd	1	5,000	5,000	2,450	7,250
GVK Power & Infrastructure Ltd	1	5,499	5,499	12,208	42,507
Indiabulls Real Estate Limited	2	3,250	3,250	132,600	299,650
Kaya Ltd	10	500	500	55,700	357,775
Kesar Terminals & Infrastructure Ltd	5	2,000	2,000	35,900	126,000
Sri Adhikari Brothers Television Network Limited	0	1,000	1,000	1,000	4,980
Selan Exploration Technology Ltd	10	1,275	1,275	86,318	232,178
Sumeet Industries Ltd	10	12,500	12,500	15,875	51,000

Contd.....



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE - 6.1 (Contd...)**

**INVESTMENTS (Current)**

<b>Particulars</b>	<b>Face Value (₹)</b>	<b>Numbers</b>		<b>Amount (₹)</b>	
		<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Viceroy Hotels Ltd	10	2,000	2,000	1,720	7,080
Welspun Enterprises Ltd	10	1,000	1,000	40,900	106,200
Zee Media Corporation Ltd	1	3,000	3,000	10,890	55,050
<b>Aggregate amount of Quoted investments</b>		<b>41,251</b>	<b>40,851</b>	<b>545,347</b>	<b>2,037,149</b>
<b>Quoted, fully paid up:</b>					
Investments in Mutual Fund					
<i>Carried at Fair Value Through OCI</i>					
Kotak Low Duration Fund		17	-	66,272	-
ICICI Pru Fund Growth		851	2,725	26,015	237,857
HDFC Prudent Fund - Dividend		308,163	308,163	5,844,303	9,163,830
<b>Aggregate amount of investment in Mutual Fund</b>		<b>309,030</b>	<b>310,888</b>	<b>5,936,589</b>	<b>9,401,687</b>
<b>TOTAL</b>				<b>6,481,936</b>	<b>11,438,836</b>





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 6.2</b>		
<b>TRADE RECEIVABLES (Current)</b>		
Unsecured, Considered Good	<u>2,329,580</u>	<u>1,966,937</u>
<b>NOTE - 6.3</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
i) Balance with Banks:		
- In Current Account	2,111,741	5,746,892
ii) Cash on Hand	1,550,238	998,405
iii) Bank Deposits	-	-
	<u>3,661,979</u>	<u>6,745,297</u>
<b>NOTE - 6.4</b>		
<b>LOANS (Current)</b>		
Unsecured, Considered Good		
Security Deposit	60,000	63,500
Other Loans ( Interest Accrued There On)	<u>56,795,469</u>	<u>55,317,112</u>
	<u>56,855,469</u>	<u>55,380,612</u>

\* The Company has given inter corporate deposit to its 100% subsidiary Rituraj Shares Broking Pvt Ltd.

**NOTE - 7**

**OTHER CURRENT ASSETS**

Unsecured, Considered Good

i) Deposits with Govt. and others	6,176,354	4,929,386
ii) Employee Advances	50,000	-
iii) Other Advances (Trade Advances)	<u>114,317</u>	<u>63,549</u>
	<u>6,340,672</u>	<u>4,992,936</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
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**NOTE - 8**

**EQUITY SHARE CAPITAL**

**Authorised**

60,000,000 Equity Shares of Rs.10 each (Previous years : 60,000,000 Equity Shares)	600,000,000	600,000,000
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**Issued, Subscribed and Fully Paid**

55,774,000 Equity Shares of Rs.10 each (Previous years : 55,774,000 Equity Shares)	557,740,000	557,740,000
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**A) Movement in Equity Share Capital:**

Particulars	No. of shares	Amount (₹)
Balance at March 31, 2019	55,774,000	557,740,000
Movement during the year	-	-
Balance at March 31, 2020	55,774,000	557,740,000

**B) Details of the shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	<u>As at March 31, 2020</u>		<u>As at March 31, 2019</u>	
	No. of shares held	% of holding	No. of shares held	% of holding
Sunita Gupta	8,573,533	15	8,573,533	15
Neena Gupta	4,801,772	9	4,801,772	9
Rajkumari Agarwal	5,229,418	9	5,229,418	9
Rituraj Shares & Securities Ltd.	7,353,581	13	7,353,581	13
Haresh Collections Pvt Ltd.	10,269,410	18	10,269,410	18

**C) Terms / Rights attached to Equity Shares:**

- a) The Company has only one class of Equity Shares having par value of Rs 10 each. Each share holder is eligible for one vote per share held.
- b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

PARTICULARS	As at 31.03.2020 Amount (₹)	As at 31.03.2019 Amount (₹)
<b>NOTE - 9</b>		
<b>OTHER EQUITY</b>		
i) Capital Reserve	13,582,487	13,582,487
ii) Retained Earnings	<u>(28,052,923)</u>	<u>(23,947,844)</u>
	<u>(14,470,436)</u>	<u>(10,365,357)</u>
<b>i) Capital Reserve</b>		
Opening balance	13,582,487	13,582,487
Movement during the year	-	-
<b>Closing balance</b>	<u>13,582,487</u>	<u>13,582,487</u>
<b>ii) Retained Earnings</b>		
Opening balance	(23,947,844)	(21,307,856)
Profit for the year	(4,085,626)	(2,436,666)
Items of other comprehensive Income recognised directly in retained earnings	(19,453)	(203,322)
<b>Closing balance</b>	<u>(28,052,923)</u>	<u>(23,947,844)</u>
<b>NOTE - 10</b>		
<b>OTHER FINANCIAL LIABILITIES (Non Current)</b>		
Others	<u>491,242</u>	<u>1,561,240</u>
<b>NOTE - 11</b>		
<b>OTHER NON CURRENT LIABILITIES</b>		
Advances from Customers	<u>136,618</u>	<u>30,817</u>
<b>NOTE - 12.1</b>		
<b>BORROWINGS (Current)</b>		
Unsecured Loans		
Loans from related parties	<u>3,086,000</u>	<u>1,490,000</u>
* Loan from related party represents loan taken from Directors Leela Murjani and Mahesh Gupta		
<b>NOTE - 12.2</b>		
<b>TRADE PAYABLES (Current)</b>		
Dues to micro enterprises and small enterprises	-	228,535
Dues to creditors other than micro & small enterprises	<u>3,758,265</u>	<u>4,614,779</u>
	<u>3,758,265</u>	<u>4,843,314</u>
<b>NOTE - 13</b>		
<b>OTHER CURRENT LIABILITIES</b>		
i) Advances from customers	814,898	408,937
ii) Statutory Liabilities	2,166,722	1,332,043
iii) Employee benefits payable	2,506,739	1,525,656
	<u>5,488,358</u>	<u>3,266,636</u>
<b>NOTE - 14</b>		
<b>PROVISIONS (Current)</b>		
Provision for Income Tax	<u>619,122</u>	<u>808,171</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 15</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Software Services (ITES)		
- Exports	14,988,692	13,249,009
- Domestic	31,283,594	28,140,316
- Brokerage Income	30,156	55,416
- Commission on Mutual Fund	10,187	41,600
- Long term Capital Gain	0	96,497
- Dividend Income	<u>1,178,452</u>	<u>1,202,218</u>
	<u>47,491,080</u>	<u>42,785,056</u>
<b>NOTE - 16</b>		
<b>OTHER INCOME</b>		
i) Interest Income:		
- from others	11,131,991	5,687,944
- from Bank Deposits	157,608	152,788
ii) Other Non Operating Income:		
- Other Income (includes share of Loss of M.M. International: Rs. 83379.84)	983,788	43,877
- Incentive Received from SMC	4,940	-
- Provision for dimunition in value of current invetsments	-	602,334
	<u>12,278,326</u>	<u>6,486,942</u>
<b>NOTE - 17</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salary, wages & bonus	26,990,616	19,014,890
Contribution to Provident Fund & Other Funds	61,506	54,134
Staff welfare expenses	<u>911,508</u>	<u>1,321,982</u>
	<u>27,963,631</u>	<u>20,391,006</u>
<b>NOTE - 18</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment	338,246	280,648
Amortisation of intangible assets	-	1,832
	<u>338,246</u>	<u>282,480</u>
<b>NOTE - 19</b>		
<b>OTHER EXPENSES</b>		
Power & Fuel	744,309	870,806
Maintenance Exp.	258,519	258,519
<u>Repairs &amp; Maintenance</u>		
- Others	27,554	573,849
Rates & taxes	19,080	25,687
Franchise Exp	6,442	8,496
Advertisement & Publicity	40,522	27,420
Business Promotion Exp.	1,247,310	1,241,211

Contd.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

<b>PARTICULARS</b>	<b>As at 31.03.2020 Amount (₹)</b>	<b>As at 31.03.2019 Amount (₹)</b>
<b>NOTE - 19 (Contd...)</b>		
<b>OTHER EXPENSES</b>		
Legal Expenses	366,100	6,400
Consultancy Charges	1,645,557	1,082,187
Cost to Investment Exp	2,083	1,475
<u>Communication Exp</u>		
- Telephone Exp.	175,115	258,271
- Bandwidth Charges	313,750	281,107
Bank Charges & Commission	11,109	18,995
Board Meeting Exp.	336,000	334,000
Consumables	-	216,224
Customer Support	2,339,500	1,974,840
Software Development Exp.	5,980,000	4,238,936
SEBI Reg fees	1,500	1,500
Conveyance	291,193	338,011
Travelling Exp	1,391,627	1,536,836
Paypal Charges	87,326	158,734
Referral Fee Paid	1,678,978	2,531,040
Printing & Stationery	264,950	216,545
Demat Charges	2,889	4,265
Analysis of Market	80,000	120,000
GST Late Fee Paid	-	150
Income Tax	-	165,246
Intt on TDS	-	247
MTM Loss	2,878,295	2,628,361
Short Term Capital Loss	13,195	271,284
Speculation Loss	209	1,521
Donation	-	20,000
Software Expenses	24,000	24,000
Subscription Charges	88,800	84,000
Rent	240,000	120,000
Professional Fees	6,500	-
Renovation Expenses	607,685	-
Other Expenses	1,871,019	1,934,853
Filing Fees	7,700	1,700
<u>Statutory Expenses</u>		
- Postage for AGM	249,280	258,742
- Printing & Stationery AGM	378,000	336,000
- Share Transfer Fees	60,305	50,732
- Other Statutory Expenses	527,935	477,605
<u>Payment to Auditors</u>		
(a) To statutory auditors		
-Statutory audit fee	30,900	30,900
-Internal Audit Fee	210,000	30,000
(b) To others		
-Certification and taxation matters	-	8,000
	<u>24,505,234</u>	<u>22,768,693</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**20. Deferred taxes:**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences whereas, deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax has not been recognized due to brought forward losses which may remain unutilized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal Income tax.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow to the Group.

21. The Group has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. The information required to be disclosed under the Micro, Small And Medium Enterprises Development Act, 2006 ("the MSMED Act") has been determined to the extent such parties have been identified on the basis of information received from such parties and available with the Group. There are no overdue to parties on account of principal amount and / or interest.
22. The Group's respective business activity falls within a single primary business segment i.e. Software business and share trading business therefore, the disclosure requirement of "Segment Reporting" is not applicable.
23. Earnings Per Share (EPS) :

<b>Particulars</b>	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
Net profit attributable to equity shareholders	7,16,455	1,65,432
Weighted average number of equity shares outstanding during the year (nos)	55774,000	55774,000
Face value per share	10.00	10.00
Earnings per share		
- Basic earnings per equity share	(0.01)	0.00
- Diluted earnings per equity share	(0.01)	0.00

24. Disclosure in accordance with Ind AS-19 on employee benefits expense :

<b>Defined Contribution Plan:</b>	<b><u>2019-20 (Rs.)</u></b>	<b><u>2018-19 (Rs.)</u></b>
Contribution to the above plan is recognized for the year as under:		
Employer's Contribution to Provident Fund	36,669/-	1200/-
Employer's contribution to Employee State Insurance	24,837/-	36,995/-

**Defined Benefit Plan:**

The Group has got the actuarial valuation of employee benefit done at the year end.

- 24.1 (a) Table Showing Changes in Present Value of Obligations:

<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
Present value of the obligation at the beginning of the period	15,86,930	11,93,883
Interest cost	1,01,331	92,526
Current service cost	5,46,245	4,55,316
Past Service Cost	-	-
Benefits paid (if any)	-	-
Actuarial (gain)/loss	(61,624)	(1,54,795)
Present value of the obligation at the end of the period	21,72,882	15,86,930

24.1 (b)	Bifurcation of total Actuarial (gain) / loss on liabilities		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Actuarial gain / losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
	Actuarial (gain)/ losses from changes in financial assumptions	2,41,049	0
	Experience Adjustment (gain)/ loss for Plan liabilities	(3,02,673)	(1,54,795)
	Total amount recognized in other comprehensive Income	(61,624)	(1,54,795)
24.2	Key results (The amount to be recognized in the Balance Sheet):		
	<b>Period</b>	<b>As on 31/3/2020</b>	<b>As on 31/3/2019</b>
	Present value of the obligation at the end of the period	21,72,882	15,86,930
	Fair value of plan assets at end of period	0	0
	Net liability/(asset) recognized in Balance Sheet and related analysis	21,72,882	15,86,930
	Funded Status - Surplus/ (Deficit)	(21,72,822)	(15,86,930)
24.2 (a)	Expense recognized in the statement of Profit and Loss:		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Interest cost	1,01,331	92,526
	Current service cost	5,46,245	4,55,316
	Past Service Cost	0	0
	Expected return on plan asset	(0)	(0)
	Expenses to be recognized in P&L	6,47,576	5,47,842
24.2 (b)	Other comprehensive (income) / expenses (Remeasurement)		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Cumulative unrecognized actuarial (gain)/loss opening. B/F	(1,54,795)	0
	Actuarial (gain)/loss - obligation	(61,624)	(1,54,795)
	Actuarial (gain)/loss - plan assets	0	0
	Total Actuarial (gain)/loss	(61,624)	(1,54,795)
	Cumulative total actuarial (gain)/loss. C/F	(2,16,419)	(1,54,795)
24.2 (c)	Net Interest Cost		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Interest cost on defined benefit obligation	1,01,331	92,526
	Interest income on plan assets	0	0
	Net interest cost (Income)	1,01,331	92,526
24.3	Experience adjustment:		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Experience Adjustment (Gain ) / loss for Plan liabilities	(3,02,673)	(1,54,795)
	Experience Adjustment Gain / (loss ) for Plan assets	0	0
24.4	The assumptions employed for the calculations are tabulated:		
	Discount rate	6.5% per annum	7.75 % per annum
	Salary Growth Rate	5.00 % per annum	5.00 % per annum
	Mortality	IALM 2012-14	IALM 2006-08 Ultimate
	Withdrawal rate (Per Annum)	15.00% p.a.	5.00% p.a.
24.5	Benefits valued:		
	Normal Retirement Age	60 Years	60 Years
	Salary	Last drawn qualifying salary	Last drawn qualifying salary
	Vesting Period	5 Years of service	5 Years of service
	Benefits on Normal Retirement	15/26 * Salary * Past Service (yr)	15/26 * Salary * Past Service (yr)
	Benefit on early exit due to death- and disability	As above except that- no vesting conditions apply	As above except that- no vesting conditions apply
	Limit	2000000.00	2000000.00



24.6	Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013) :		
	<b>Period</b>	<b>As on 31/3/2020</b>	<b>As on 31/3/2019</b>
	Current Liability (Short Term)*	3,02,194	52,804
	Non-Current Liability (Long Term)	18,70,688	15,34,126
	Total Liability	21,72,882	15,86,930
24.7	Effect of plan on entity's future cash flows :		
24.7(a)	Funding arrangements and funding policy		Not Applicable
24.7(b)	Expected contribution during the next annual reporting period		
	The Company's best estimate of Contribution during the next year	9,46,774	6,43,558
24.7(c)	Estimate of expected benefit payments (In absolute terms i.e. undiscounted)		
	01 Apr 2020 to 31 Mar 2021	3,02,194	
	01 Apr 2021 to 31 Mar 2022	80,006	
	01 Apr 2022 to 31 Mar 2023	90,053	
	01 Apr 2023 to 31 Mar 2024	90,480	
	01 Apr 2024 to 31 Mar 2025	91,212	
	01 Apr 2025 Onwards	15,18,937	
24.8	Projection for next period :		
	Best estimate for contribution during next Period	9,46,774	
24.9	Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:		
	<b>Period</b>	<b>As on 31/3/2020</b>	
	Defined Benefit Obligation (Base)	21,72,882 @ Salary Increase Rate : 5%,	
	Liability with x% increase in Discount Rate	20,53,275; x=1.00%	
	Liability with x% decrease in Discount Rate	23,08,829; x=1.00%	
	Liability with x% increase in Salary Growth Rate	23,09,655; x=1.00%	
	Liability with x% decrease in Salary Growth Rate	20,50,520; x=1.00%	
	Liability with x% increase in Withdrawal Rate	21,66,003; x=1.00%	
	Liability with x% decrease in Withdrawal Rate	21,78,329; x=1.00%	
24.10	Reconciliation of liability in balance sheet :		
	<b>Period</b>	<b>1/4/2019 to 31/3/2020</b>	<b>1/4/2018 to 31/3/2019</b>
	Opening gross defined benefit liability/ (asset)	15,86,930	11,93,883
	Expenses to be recognized in P&L	6,47,576	5,47,842
	OCI- Actuarial (gain)/ loss-Total current period	(61,624)	(1,54,795)
	Benefits paid (if any)	0	0
	Closing gross defined benefit liability/ (asset)	21,72,882	15,86,930

**25. Related Party disclosures :**

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures for the year ended 31 March 2020.

Name of the related parties and related party relationships



**i) Key management personnel**

Name of The Person	Designation
Ajay Kumar Agarwal	Executive Director
Sagar Mal Gupta	Promoter Non-Executive Director
Arpita Gupta	Non-Executive Director
Vikash Kamani	Independent Director
Sushil Kumar Gupta	Independent Director
Leela Murjani	Independent Director
Farzana Chowdhury	Executive Director
Mahesh Gupta	Chief Executive Officer
Biswarup Maity	Chief Financial Officer (upto 30.10.2019)
Vikash Singh	Chief Financial Officer (w.e.f. 01.11.2019)
Rupal Poddar	Company Secretary

**ii) Relatives of Key Management Personnel / Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

S M Gupta & Co.  
 S M Gupta (HUF)  
 Leena Consultancy  
 Rituraj Shares & Securities Ltd.  
 Rituraj Shares & Securities

**iii) Transactions with related parties**

Payment to Key Managerial Personnel

Transaction	Key Managerial Personnel	Year ended 31 March 2020 (₹)	Year ended 31 March 2019 (₹)
Remuneration	Ms. Farzana Chowdhury	5,07,823/-	4,69,452/-
Remuneration	Mr. Biswarup Maity	2,00,000/-	3,16,374/-
Remuneration	Mr. Vikash Singh	44,000/-	-
Remuneration	Mrs. Rupal Poddar	1,44,000/-	79,500/-
Director sitting fees	Mr. Sushil Kumar Gupta	8,000/-	6000/-
Director sitting fees	Mr. Mahesh Gupta	1,60,000/-	1,60,000/-
Director sitting fees	Ms. Leela Murjani	1,68,000/-	1,68,000/-
Legal Expenses	Mrs. Arpita Gupta	1,80,000/-	-
Reimbursement Expenses	Mr. Mahesh Gupta	1,35,000/-	-

**iv) Year End Balances with related parties:**

Particulars	Related Party	As at 31 <sup>st</sup> March 2020 (₹)	As at 31 <sup>st</sup> March 2019 (₹)
Trade Receivables	Leena Consultancy	1,97,63,567/-	1,97,63,567/-
Trade Receivables	Rituraj Shares & Securities	98,04,730/-	98,04,730/-
Trade Receivables	Rituraj Shares & Securities Ltd.	36,99,175/-	50,484,84/-
Trade Advances	S.M.Gupta	-	12,88,961/-
Trade Advances	S.M.Gupta (HUF)	-	1,00,000/-
Loan from Director	Mr. Mahesh Gupta	13,43,000/-	6,00,000/-
Loan from Director	Ms. Leela Murjani	17,43,000/-	8,90,000/-

**26. Fair value measurement:**
**A. Category wise classification of financial instruments**

Particulars	As at 31 <sup>st</sup> March 2020 (₹)	As at 31 <sup>st</sup> March 2019 (₹)
<b>a. Financial assets</b>		
<b>i. Designated at fair value through other comprehensive income (FVTOCI)</b>		
Investments in Quoted Equity Instruments (refer note (i) below)	6,40,904/-	21,30,780/-
Investment in Quoted Mutual Fund	75,64,029/-	10,966,641/-



<b>ii. Carried at cost</b>		
Trade Receivable	31,945,073/-	33,285,446/-
Loans	1,24,166,456/-	1,17,061,045/-
Others	24,24,178/-	15,39,704/-
Cash and Cash Equivalents	36,61,979/-	67,45,297/-
<b>iii. Measured at Cost</b>		
Investments in Unquoted Equity Instruments	51,71,185/-	51,71,185/-
Investment in Partnership Firm	33,431,801/-	33,251,819/-
<b>Total Financial Assets</b>	<b>2,09,005,605/-</b>	<b>2,10,151,917/-</b>

**b. Financial Liabilities :**

**Measured at Amortized Cost**

Trade Payables	37,58,265/-	48,43,314/-
Borrowings	30,86,000/-	14,90,000/-
Other Financial Liabilities	4,91,242/-	15,61,240/-
<b>Total Financial Liabilities</b>	<b>73,35,507/-</b>	<b>78,94,554/-</b>

**Notes:**

- These investments are not held for trading. Upon application of Ind AS - 109 - Financial Instruments, the Group has chosen to measure these investments in quoted equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these investments in the consolidated statement of profit and loss may not be indicative of the performance of the Group.
- The management assessed that the fair value of cash and cash equivalents, other bank balances, bank deposits, loans, Trade receivables, other advance, borrowings, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

**B. Fair value hierarchy**

The fair value of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The Categories used are as follows:

- Level 1: Quoted prices (Unadjusted) in active markets for financial instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

For Assets and Liabilities which are measured at fair value as at balance sheet date, the classification of fair value by category and level on inputs used is given below:

<b>Particulars</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>As at 31st March, 2020</u>			
<b>Designated at fair value through other comprehensive income (FVTOCI)</b>			
Investments in Quoted Equity Instruments	6,40,904/-	-	-
Investment in Mutual Fund	75,64,029/-	-	-
<u>As at 31st March, 2019</u>			
<b>Designated at fair value through other comprehensive income (FVTOCI)</b>			
Investments in Quoted Equity Instruments	21,30,780/-	-	-
Investment in Mutual Fund	10,966,641/-	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

### **C. Computation of Fair Values**

Investments in Mutual Funds are classified under current financial assets are short term investments whose fair value are considered as the net asset value (NAV) declared by the respective fund houses on a daily basis. Thus the declared NAV is similar to fair market value for these mutual fund investments since transactions between the Investor and fund houses will be carried out at such prices.

Investments in equity instruments represent long term strategic investments made in certain listed or unlisted companies. For listed companies, fair value is based on quoted market prices of such instruments as on the balance sheet date on the recognized stock exchange (where traded volume is more during last six months).

### **D. Fair value of assets and liabilities measured at cost/amortized cost**

The carrying amount of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would be eventually received or settled. Management assessed that fair values of cash and cash equivalents, other bank balances, bank deposits, loans, trade receivables, other advance, borrowings, trade payables and other financial liabilities approximate their carrying amounts due to the short term maturities of these instruments.

## **27. Financial risk management**

Group's business activities are exposed to a variety of financial risks like credit risk, market risks and liquidity risk. Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyze potential risks faced by the Group, set and monitor appropriate risk limits and controls periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies need approval of its Board of Directors.

### **a. Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### **i) Trade receivables**

Customer credit risks are managed by each business unit in accordance with the credit policy, procedures and controls relating to credit risk management. Credit quality of each individual customer is assessed based on financial positions, past trends, market reputation, prevailing market and economic conditions, expected business and anticipated regulatory changes. Based on this evaluation, credit limit and credit terms are decided for each individual customer. Exposure to customer credit risk is regularly monitored through credit locks and release. The Group has a low concentration of risk in respect of trade receivables since its customers are widely spread and operates in diversified industries and varying market conditions. Export customers are secured through letter of credit and generally not subject to credit risks.

Impairment of trade receivables is based on expected credit loss model (simplistic approach) depending upon the historical data, present financial conditions of customers and anticipated regulatory changes. Maximum exposure to credit risks at the reporting date is disclosed in Note 4.2 & 6.2. Group does not hold any collateral in respect of such receivables.

#### **ii) Other financial instruments**

Credit risks from other financial instruments include mainly cash and cash equivalents and deposits with banks. Such risk is managed by the Board of Directors of the Group in accordance with Group's overall investment policy approved by its Board of Directors. The investments are reviewed by the Board of Directors on a quarterly basis.



The Group has no exposure to credit risk relating to its cash and cash equivalents. Credit risk for other financial instruments is monitored by the Board of Directors in accordance with its overall risk management policies. Impairment of such assets is computed per expected credit loss model (general approach) assessed on the basis of financial position, detailed analysis and expected business of the counterparty to such financial assets.

**iii) Investments**

The Company limits its exposure to credit risk by generally investing in liquid securities. The Company does not have any significant concentration of exposures to specific industry sectors.

**b. Market risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks comprises of - currency risk, cyber security risk, concentration risk, competition risk, regulatory risk and other price risk, such as equity price risk. Financial Instruments affected by market risks include investments in mutual funds or equity instruments.

- i) Currency risk** – The Group has made a well-defined currency hedging Policy which helps in controlling risk arisen from currency fluctuations and volatility.
- ii) Cyber Security Risks** - Cyber Security and quality management are few key areas of concern in today's information age. To overcome such concerns in today's global IT scenario, an increasing number of IT-BPO companies in India have gradually started to emphasize on quality to accept global standards such as ISO 9001 (for quality management) and ISO 27000 (for information security). Today, centers based in India account for the largest number of quality certifications achieved by any single country.
- iii) Concentration Risk** - Regional concentration as well as vertical concentration can adversely impact Group's business in case of a slowdown.
- iv) Competition Risk**- The ever –increasing competition poses a key risk in terms of acquiring client business as well as human talent. Group has enhanced their value in the proposition of its customers by way of deepening its domain expertise, technological capabilities and customer engagement, on the human capital front.
- v) Regulatory Risk**- Legislation in various countries in which we operate including the US , UK , Australia, Canada & Middle East may place restrictions on companies in those countries from outsourcing work to us, or may enact stricter immigration laws or may limit our ability to send our employees to certain client sites. A team of professionals has been employed within and outside the Group. The Group has working on mitigating this on a continuous basis.
- vi) Price risk** - Price risk is the risk that the fair value or future cash flows will fluctuate due to change in market prices. The Group is exposed to price risk arising from its Investments and Equity Instruments. The Group manages such risk in accordance with its overall risk management policy approved by the Board of Directors.

**c. Liquidity risk:**

Liquidity risk is the risk that the Group may not be able to meet its contractual obligations associated with its financial liabilities. The Board of Director of the Group manages its liquidity risk by preparing and continuously monitoring business plans or rolling cash flow forecasts which ensure that the funds required for carrying on its business operations and meeting its financial liabilities are available in a timely manner and at an optimal cost. The Group plans to meet the contractual obligations from its internal accruals. Additionally, surplus funds generated from operations are parked in short term debt or liquid mutual funds and bank deposits which can be readily liquidated when required.

The working capital position of the Company is given below:

Particulars	As at	As at
	31 <sup>st</sup> March 2020 (₹)	31 <sup>st</sup> March 2019 (₹)
Cash and cash equivalents	36,61,979/-	67,45,297/-
Trade receivables	23,29,580/-	19,66,937/-
Investments	64,81,936/-	1,14,38,836/-
Other financial assets	5,68,55,469/-	5,53,80,612/-
Other current assets	63,40,672/-	49,92,936/-



The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019:

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2020 (₹)</b>	
	<b>Less than 1 year</b>	<b>More than 1 year</b>
Borrowings	30,86,000/-	-
Trade payables	30,26,805/-	7,31,460/-
Other financial liabilities	54,44,216/-	44,143/-

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2019 (₹)</b>	
	<b>Less than 1 year</b>	<b>More than 1 year</b>
Borrowings	14,90,000/-	-
Trade payables	38,90,605/-	9,52,710/-
Other financial liabilities	32,52,117/-	14,520/-

**d. Capital Management:**

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximize the shareholder value.

- 28.** The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification.

In terms of our report attached

**For Jain Sonu and Associates**  
Chartered Accountants  
Firm's Regn. Number: 324386E

**Sonu Jain**  
Partner  
Membership No.: 060015

Place : Kolkata  
Date : 29th June, 2020

For and on behalf of the Board of **Lee & Nee Softwares (Exports) Ltd**

**Ajay Kumar Agarwal**  
Director (DIN : 01265141)

**Vikash Singh**  
Chief Financial Officer

**Arpita Gupta**  
Director (DIN : 02839878)

**Rupal Poddar**  
Company Secretary





**Lee & Nee**  
Softwares (Exports) Ltd.

*If undelivered, please return to :*



**Lee & Nee**  
Softwares (Exports) Ltd.

Office : 14B, Camac Street  
Kolkata - 700 017