

DIRECTORS' REPORT



Dear Members,

NINtec Systems Limited

Your Directors hereby present the Fifth Annual Report of your company together with the Audited Standalone Financial Statements for the Financial Year ended 31st March, 2020.

1. FINANCIAL HIGHLIGHTS

<i>Particulars</i>	<i>Results for the Financial Year 2020</i>	<i>Results for the Financial Year 2019</i>
<i>Revenue from Operations</i>	7,73,52,246	7,83,44,014
<i>Other Income</i>	75,09,830	66,02,723
<i>Finance Cost</i>	(17,889)	27,117
<i>Depreciation & Amortization</i>	14,27,832	13,92,110
PROFIT BEFORE TAX	1,66,40,739	1,19,31,408
<i>(i) Provision for Taxation (Current)</i>	42,26,341	34,46,601
<i>(ii) Provision for Taxation (Deferred)</i>	(3,78,843)	(1,05,836)
<i>(iii) Short Provision for earlier year</i>	-	24,576
Total Tax	38,47,998	33,65,340
PROFIT AFTER TAX	1,27,92,740	85,66,068
<i>Minority Interest</i>	-	-
<i>Re-measurement of Defined benefit liabilities/assets</i>	(66,904)	1,69,162
<i>Surplus Brought Forward from Previous Year</i>		
<i>Balance available for appropriations</i>	1,27,25,836	87,35,230
<i>Transferred to General Reserve</i>	-	-
<i>Interim / Final Dividend on Equity Shares</i>	-	-
<i>Tax on Dividend on Equity Shares</i>	-	-
<i>Balance Carried to Balance Sheet</i>	1,27,25,836	87,35,230
<i>Earnings per share (Basic)</i>	1.86	1.25
<i>Earnings per share (Diluted)</i>	1.86	1.25

2. DIVIDEND

Your directors do not recommend any dividend for the Financial Year 2019-2020 in lieu to conserve the resources for future growth plans considering the global crisis due to pandemic of covid-19.

3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There is no unclaimed/unpaid Dividend within the meaning of the provisions of Section 125 of the Companies Act, 2013.

4. SHARE CAPITAL

The paid up capital of the company as on 31st March 2020 is Rs. 6,88,00,000/-. During the year under review, the company has not issued any shares.

5. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the year under review, your company has earned a net revenue from operations on a Standalone basis of Rs. 7,73,52,246/- for the financial year 2019-2020. Further, your company has earned a Profit before tax (PBT) of Rs. 1,66,40,739/- and Profit after tax (PAT) of Rs. 1,27,92,740/-. The company is working on the diversification of its operations which will give exponential growth in coming years.

6. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

7. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has appointed Ms. Zalak Kaushikbhai Choksi as the Internal Auditor of the Company for the Financial Year 2019-2020 to evaluate and manage the efficacy and adequacy of Internal Controls and to ensure the adequate systems which are place in the company are adhered with time to time checks and to ensure compliances procedures and policies are adhered. During the year, such controls were tested and no reportable material weaknesses in the operations of the company were observed.

8. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The Board wishes to inform the members that there are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the Financial Year 2019-2020 and the date of this report.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are attached as Annexure "A" which forms part of this report.

10. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The risk management process is followed by the company to ensure timely identification, categorization and prioritization of operational, financial and strategic business risks. Teams are authorised for managing such risks and updating it to the senior management.

The Board and Audit Committee review on regular basis the risk assessment in the company.

11. SECRETARIAL STANDARDS

The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

12. LISTING WITH STOCK EXCHANGE

Pursuant to the provisions of listing agreement with stock exchanges, the equity shares of the Company are listed at Bombay Stock Exchange (BSE SME).

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There are no loans given, guarantees issued or investments made to which provisions of Section 186 are applicable to the Company. The details of the Investments made by the Company are given in the notes to the Financial Statements.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

With reference to Section 134 (3) (h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the Financial Year, were in the ordinary course of business and on an arm's length basis.

The details of transactions with the company and related parties are given as information under Notes to Accounts and Form AOC – 2 as Annexure "B" which forms a part of this Report.

15. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

The Statutory Auditors and Secretarial Auditors have not raised any qualifications, reservations or remarks in their respective Audit Report for the financial year ended on 31st March 2020. The specific notes forming part of the accounts referred to in the Auditor's Report are self-explanatory.

16. POLICIES

A. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. In compliance with Section 177 of the Companies Act, 2013 and other applicable provisions, the company has formulated a Vigil Mechanism / Whistle Blower Policy (Mechanism) for its Stakeholders, Directors and Employees in order to promote ethical behaviour in all its business activities and in line with the best governance practices.

Vigil Mechanism provides a channel to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policy. It provides adequate safeguards against victimization of directors, employees and all stakeholders. It also provides direct access to the Chairman of the Audit Committee.

The policy is available on the website of the company www.nintecsystems.com

B. PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT

Your company believes in providing a healthy, safe and harassment-free workplace for all its employees. Further company ensures that every women employee is treated with dignity and respect.

The Company has in place an Anti-Sexual Harassment Policy as per the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year under review, no complaints of sexual harassment have been received by the company.

C. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

Your company has in place the code of conduct to regulate, monitor and report trading by Directors and Designated Employees in order to protect the investor's interest as per Securities and Exchange of Board of India (Prohibition of Insider Trading) Regulations, 2015. As per the code, periodical disclosures and pre-clearances for trading in securities by the Directors, Designated Employees and Connected Persons is regulated and monitored.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. BOARD OF DIRECTORS

(i) Composition:

The Board composition is as per the Listing Regulations and provisions of the Companies Act, 2013. At March 31, 2020, the Board of the company comprised of 8 (Eight) Directors, out of which 4 (four) are independent Directors, three non-executive directors and one managing director.

There were no changes in the composition of directors and key managerial personnel during the year.

(ii) Retirement by rotation:

In accordance with section 152 of the Companies Act, 2013, Mr. Indrajeet Mitra, Non-Executive director of the company, would retire by rotation at the forthcoming 5th Annual General Meeting of the Company and is eligible for re-appointment. Mr. Indrajeet Mitra has offered himself for re-appointment.

(iii) Declaration of Independence

All Independent directors have given declarations confirming that they meet the criteria of independence as prescribed both under Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

B. KEY MANAGERIAL PERSONNEL

Mr. Sagar Sharma, Associate Company Secretary is the Company Secretary and Compliance officer of the Company and Mr. Bharat Thaker* was the Chief Financial Official (CFO) of the Company for the Financial year 2019-2020.

*Note: Mr. Bharat Thaker resigned from the post of CFO of the Company with effect from 29th June, 2020 and Ms. Shivangi Vakil has been appointed as the CFO of the company with effect from 30th June, 2020.

C. MEETINGS OF THE BOARD

During the year under review, five Board Meetings were convened. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time.

D. COMMITTEES OF THE BOARD OF DIRECTORS

In compliance with the requirement of applicable laws and as part of the best governance practice, the Board has constituted various Committees of its members. These Committees hold meetings at such frequencies as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them. Minutes of the meetings of each of these Committees are tabled regularly at the Board Meetings.

Your Company currently has 3 (Three) Committees viz.:

- (i) **Audit Committee** - The Company has a qualified and Independent Audit Committee which acts as a link between the Statutory and Internal Auditors and the Board of Directors. The terms of reference of the Audit Committee cover the matters specified for Audit Committee in the SEBI Listing Regulations and Section 177 of the Companies Act, 2013.

As on 31st March, 2020 the Audit Committee comprises of the following members-

- Mr. Vishal Shah Chairman
- Mr. Indrajeet Mitra Member
- Mr. Bhushan Saluja Member

Five Audit Committee meetings were held during the year. Mr. Sagar Sharma, Company Secretary & Compliance Officer acted as the Secretary of the Committee.

(ii) **Stakeholders Relationship Committee-** Stakeholders Relationship Committee is constituted according to Section 178 of the Companies Act, 2013 and SEBI Listing Regulations. The Committee ensures cordial investor relations and oversees the mechanism for redressal of investor grievances. The Committee specifically looks into redressing shareholders and investor complaints/ grievances pertaining to share transfers, non-receipts of annual reports, non- receipt of dividend and other allied complaints.

As on 31st March, 2020, the Stakeholders Relationship Committee comprises of the following members-

- Mr. Indrajeet Mitra Chairman
- Mr. Vishal Shah Member
- Mrs. Rachana Gemawat Member

One meeting was held for the Committee during the year. Mr. Sagar Sharma, Company Secretary & Compliance Officer acted as the Secretary of the Committee.

(iii) **Nomination and Remuneration Committee-** As on 31st March, 2020, the Nomination and Remuneration Committee comprises of the following members-

- Mr. Vishal Shah Chairman
- Mr. Bhushan Saluja Member
- Mrs. Rachana Gemawat Member

During the year, two Nomination and Remuneration Committee meetings were held. Mr. Sagar Sharma, Company Secretary & Compliance Officer acted as the Secretary of the Committee.

E. BOARD EVALUATION

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgement, governance issues etc.

F. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm:

- (a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- (b) That they had selected such accounting policies and applied them consistently, and made judgements 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 and loss of the Company for that period;

- (c) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That they had prepared the Annual Accounts on a going concern basis;
- (e) That they had laid down Internal Financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) That they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. AUDITORS

A. STATUTORY AUDITORS

M/s. Samir M. Shah & Associates, Chartered Accountants were appointed as the Statutory Auditors of the Company to hold office from the conclusion of 1st Annual General Meeting till the conclusion of 6th Annual General Meeting of the Company i.e. for a period of 5 years.

B. SECRETARIAL AUDITORS

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. Tushar Vora & Associates, Company Secretaries for conducting secretarial audit of the company for the year ended 31st March, 2020. Secretarial Audit Report issued by Mr. Tushar Vora, Practicing Company Secretary in Form MR – 3 (Annexure – F) forms part of this report.

19. FINANCE & ACCOUNTS

Your Company prepares its financial statements in compliances with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. Cash and Cash Equivalents as at March 31, 2020 were Rs. 20,63,139/-. The company continues to focus on its working capital, receivables and other parameters were kept under check through continuous monitoring.

20. PUBLIC DEPOSITS

Your company has not invited, accepted, received or renewed any deposits from public falling within the meaning of Section 73 and 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014, as amended from time to time during the year under review and accordingly, there were no deposits which were due for repayment on or before 31st March, 2020.

21. SHARES

- a. **BUY BACK OF SECURITIES-** The Company has not bought back any of its securities during the year under review.
- b. **SWEAT EQUITY-** The Company has not issued any Sweat Equity Shares during the year under review.
- c. **BONUS SHARES-** No Bonus Shares were issued during the year under review.
- d. **EMPLOYEES STOCK OPTION PLAN-** The Company has not provided any Stock Option Scheme to the employees.

22. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your company does not have any subsidiary, joint venture and associate companies.

23. CORPORATE GOVERNANCE

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions as prescribed in SEBI Listing Regulations and other applicable provisions.

24. LITIGATIONS

There were no litigations outstanding as on March 31, 2020.

25. NUMBER OF COMPLAINTS RELATING TO CHILD LABOUR, FORCED LABOUR, INVOLUNTARY LABOUR

During the year under review, no cases of child labour, forced labour, involuntary labour and discriminatory employment were reported.

26. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 in terms of Section 92(3) of the Companies Act, 2013 for the financial year under review has been provided in an Annexure "C" which forms part of the Directors' Report.

27. MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

The Management Discussion and Analysis Report, highlighting the important aspects of the business of the company for the year under review is given as a separate statement as Annexure - D, which forms part of this Annual Report.

28. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Your company has in place a structured induction and familiarisation programme for the Independent Directors of the company. Your company through such programmes familiarises the Independent Directors with a brief background of your company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, ongoing events, etc. They are also informed of the important policies of your company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading. Brief details of the familiarisation programme are uploaded on the website of your company (www.nintecsystems.com).

29. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure 'E' which forms a part of this report.

30. HUMAN RESOURCE MANAGEMENT

At NINtec Systems Limited, we believe that human resources are precious assets of the company. The motto during the year has been to enhance the morale and capabilities of the employees. We strongly believe in favourable work environment that encourages innovation and creativity. Your Company has established an organization structure that is agile and focused on delivering business results, stimulating performance culture and motivating employees to develop themselves personally and professionally.

31. FRAUD REPORTING

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

32. CAUTIONARY STATEMENT

Statements in the Board's Report describing the company's objective, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement.

33. ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the assistance, cooperation, and support received from all the clients, vendors, bankers, Registrar of Companies, auditors, suppliers, government bodies, shareholders and other business associates.

The Directors also acknowledge the hard work, dedication and commitment of the employees. Their enthusiasm and unstinting efforts have enabled the company to grow during the year under review.

The Board deeply acknowledges the trust and confidence placed by the clients of the company and all its shareholders. Your Directors look forward to the long term future confidently.

For and on behalf of the Board

Date: 31st August, 2020

Place: Ahmedabad

NIRAJ GEMAWAT

Chairman & Managing Director

DIN: 00030749