

Khandelwal Jain & Associates

Chartered Accountants

INDEPENDENT AUDITORS REPORT

To,

The Members of Leading Network Systems Private Limited

Report on the audit of the financial statements

Qualified Opinion

We have audited the accompanying financial statements of Leading Network Systems Private Limited ("the Company"), in our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit and its cash flows for the year ended on that date.

Basis for Qualified Opinion

The company has not made any provision for post employment benefits which constitutes a departure from the accounting standards, AS-15, Employee Benefits, referred to in specified under Section 133 of the Act. The effect of deviation of the same cannot be determined.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.



Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 are also responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, 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 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 financial statements, including the disclosures, and whether the 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 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

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 Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report 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, and the cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;



(g) 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, in our opinion and to the best of our information and according to the explanations given to us;

a. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements in Note No 35;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khandelwal Jain & Associates
Chartered Accountants
Firm Registration No. 139253W



S C Oswal
Partner
Membership No: 040248
UDIN:- 21040248AAAAFF6306
Place: Pune
Date:- 04/09/2021



ANNEXURE A TO INDEPENDENT AUDITORS REPORT

Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of the company on the financial statements for the year ended 31 March 2021,

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We have been informed by the management that the fixed assets were physically verified during the year in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) The Company does not hold any immovable property on its name; however company has constructed a godown on rented premise.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company.



- v. The company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India, the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed there under are not applicable.
- vi. As informed to us, the maintenance of cost records has not been prescribed by the central government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the company.
- vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no undisputed dues payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, goods and service tax, cess as at the year end, for a period of more than six months from the date they became payable except as mentioned below:-

Name of the Statute	Nature of dispute	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax Act 2002	Excess Input tax Credit taken in J2	1,10,560	FY 2014-15	Deputy Commissioner
Central Sales Tax Act 1956	Failure to produce declaration in Form C and F	4,178	FY 2014-15	Sales Tax Officer
Maharashtra Value Added Tax Act 2002	Mismatch in Annexure J1 and J2	1,11,772	FY 2015-16	Deputy Commissioner
Central Sales Tax Act 1956	Failure to produce declaration in Form C	69,269	FY 2015-16	Sales Tax Officer

In case of Income Tax for the AY 2018-19, an amount of Rs.22,29,247 is disputed but the amount has been deposited with Income Tax Authorities on 14/04/2021. The matter is pending at CIT (Appeals).



- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company has not issued any debentures.
- ix. In our opinion and according to the information given to us, no moneys were raised by way of initial public offer or further public offer (including debt instruments).
- x. In our opinion and according to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information given to us, the managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. The company is not a Nidhi Company and hence Clause (xii) does not apply.
- xiii. In our opinion and according to the information given to us, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details of the same have been disclosed in the financial statements, etc as required by the applicable accounting standards.
- xiv. In our opinion and according to the information 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.
- xv. In our opinion and according to the information given to us, the company hasn't entered into non-cash transactions with the directors or persons connected with him and has been reported accordingly.



- xvi. In our opinion and according to the information given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Khandelwal Jain & Associates

Chartered Accountants-

Registration No.: 139253W



S. C. Oswal

(Partner)

M.No: 040248

Udin:-21040248AAAAFF6306

Place: Pune

Date:- 04/09/2021



Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the Members of Leading Network Systems Private Limited of even date)

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")

We have audited the internal financial controls over financial reporting of Leading Network Systems Private Limited ("the Company") as at March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The board of directors of the Company 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 control 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, 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.

Auditors' responsibility

Our responsibility is to express an opinion on the 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 the 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 were 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 controls 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 control based on the assessed risk. The procedures selected depend on the auditor's



judgement, including the assessment of the risks of material misstatement in the 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 control 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Limitations of internal financial controls over financial reporting

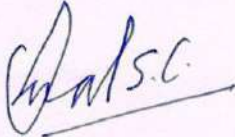
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.



Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting 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.

For Khandelwal Jain & Associates
Chartered Accountants
Firm Registration No. 139253W



S C Oswal
Partner
Membership No: 040248
UDIN:-21040248AAAAFF6306
Place: Pune
Date:- 04/09/2021

LEADING NETWORK SYSTEMS PVT. LTD.

CIN : U30009MH2004PTC150266

Balance Sheet as at 31st March 2021

Sr. No.	Particulars	Note No.	As at 31 March 2021 Amount (Rs.)	As at 31 March 2020 Amount (Rs.)
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	4	25,00,000	25,00,000
	(b) Reserves and surplus	5	24,60,67,702	19,46,33,584
2	Current liabilities			
	(a) Short Term Borrowings	6	-	12,74,683
	(b) Trade payables	7		
	(i) total outstanding dues of micro enterprises and small enterprises; and		2,10,216	9,18,890
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.		20,04,96,692	17,72,39,793
	(c) Other current liabilities	8	1,32,78,262	1,84,45,274
	(d) Short-term provisions	9	1,18,37,175	60,00,557
	TOTAL		47,43,90,047	40,10,12,781
II.	ASSETS			
1	Non-current assets			
	(a) Property, Plant & equipment			
	(i) Tangible assets	10	43,76,456	48,65,009
	(b) Non-current investments	11	13,30,63,476	1,00,100
	(c) Deferred tax Asset (Net)	12	8,15,912	7,37,929
	(d) Long-term loans and advances	13	91,04,480	90,79,480
2	Current assets			
	(a) Current Investments	14	3,48,71,245	-
	(b) Inventories	15	14,66,10,357	7,04,64,447
	(c) Trade Receivables	16	9,52,58,340	13,89,15,502
	(d) Cash and Bank Balances	17	4,11,55,221	17,43,73,807
	(e) Short-term loans and advances	18	10,51,119	8,95,851
	(f) Other Current Assets	19	80,83,441	15,80,657
	TOTAL		47,43,90,047	40,10,12,781

Summary Of Significant Accounting Policies

1 to 39

The accompanying notes are an integral part of the financial statements

As per our report of an even date

For Khandelwal Jain and Associates

Chartered Accountants

Firm Reg. No.: 139253W

S. C. Oswal

(Partner)

M.No. : 040248

Place : Pune

Date : 04-09-2021

For and on behalf of the Board of Directors of
LEADING NETWORK SYSTEMS PVT. LTD.

Aziz Balsara
(Managing Director)

DIN: 01489846

Place: Pune

Ronak Balsara
(Director)

DIN: 01489941

Place: Pune

LEADING NETWORK SYSTEMS PVT. LTD.

CIN : U30009MH2004PTC150266

Statement of Profit and loss for the year ended 31st March 2021

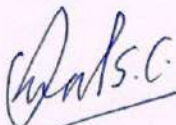
Sr.No.	Particulars	Note No.	2020-21 Amount(Rs.)	2019-20 Amount(Rs.)
I	Revenue from operations	20	58,42,08,496	83,12,25,637
II	Other income	21	1,27,95,027	1,22,74,480
III	Total Revenue (I+II)		59,70,03,523	84,35,00,116
IV	Expenditure			
	(a) Purchase of Traded Goods	22	51,56,37,626	66,91,86,820
	(b) Changes in inventories of Traded Goods	23	(7,61,45,910)	(4,33,77,436)
	(c) Employee cost	24	5,07,27,842	6,73,01,322
	(d) Finance costs	25	56,535	1,82,079
	(e) Depreciation expense	26	12,21,676	13,87,053
	(f) Other expenses	27	3,38,50,174	7,15,60,137
V	Total expenses		52,53,47,944	76,62,39,974
VI	Profit before tax		7,16,55,579	7,72,60,142
VII	Tax expense:			
	(a) Current tax		1,96,00,000	1,95,00,000
	(b) Deferred tax		(77,983)	23,460
	(c) Prior year Income Tax		6,99,444	(88,971)
VIII	Profit for the year		5,14,34,118	5,78,25,653
IX	Earnings per equity share		205.74	231.30

Summary Of Significant Accounting Policies

1 to 39

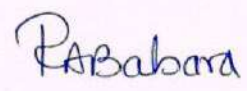
As per our report of even date attached
For Khandelwal Jain and Associates
 Chartered Accountants
 (Firm Reg No 139253W)

For and on behalf of the Board of Directors of
LEADING NETWORK SYSTEMS PVT. LTD.


S. C. Oswal
 (Partner)
 M.No. : 040248
 Place : Pune
 Date : 04-09-2021




Aziz Balsara
 (Managing Director)
 DIN: 01489846
 Place: Pune


Ronak Balsara
 (Director)
 DIN: 01489941
 Place: Pune

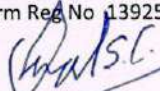
LEADING NETWORK SYSTEMS PVT LTD.
CIN : U30009MH2004PTC150266
CASH FLOW STATEMENTS FOR THE PERIOD 01-04-20 to 31-03-2021

Particulars	For the year 2020-21 (Rs.)	For the year 2019-20 (Rs.)
Cash flows from operating activities		
Net Profit before Tax	7,16,55,579	7,72,60,142
Adjustments:		
Depreciation and amortizations	12,21,676	13,87,053
Assets Written Off	1,024	88,566
Income from sale of units of MF	(49,93,711)	(87,75,194)
Interest received	(55,05,791)	(13,16,800)
Finance charges	56,535	1,82,079
Operating cash flows before working capital changes	6,24,35,312	6,88,25,845
(Increase)/decrease in current assets, loan & advances	(7,40,18,046)	(5,21,60,720)
Increase/(decrease) in current liabilities and provisions	2,32,17,830	2,07,14,986
Cash generated from operations	1,16,35,097	3,73,80,112
Current Tax	(2,02,99,444)	(1,34,10,479)
Net cash provided by operating activities (A)	(86,64,347)	2,39,69,633
Cash flows from investing activities		
Purchase of fixed assets (Net including CWIP including capital advances)	(7,34,148)	(13,57,520)
Interest received	55,05,792	13,16,800
Non Current Investments	(13,29,63,376)	-
Income from sale of units of MF	49,93,711	87,75,194
Net cash used in investing activities (B)	(12,31,98,021)	87,34,474
Cash flows from financing activities		
Long Term Loans & Advances	(25,000)	2,92,731
Short term borrowings	(12,74,683)	10,23,560
Finance charges	(56,535)	(1,82,079)
Net cash used in financing activities (C)	(13,56,218)	11,34,212
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(13,32,18,587)	3,38,38,319
Cash and cash equivalents at the beginning of the period	17,43,73,808	14,05,35,489
Cash and cash equivalents at the end of the period	4,11,55,221	17,43,73,808

Particulars	For the year 2020-21 (Rs.)	For the year 2019-20 (Rs.)
Cash & Cash Equivalent		
In Current accounts	1,94,92,289	61,12,767
Cash on Hand	91,961	94,863
Other bank Balances		
Bank deposits with maturity more than 12 months	2,15,70,971	16,81,66,179
Total	4,11,55,221	17,43,73,808

As per our report of even date attached
For Khandelwal Jain and Associates

Chartered Accountants
(Firm Reg No. 139253W)


S. C. Oswal
(Partner)
M.No. : 040248

Place : Pune
Date : 04-09-2021

For and on behalf of Board of Directors of
LEADING NETWORK SYSTEMS PVT. LTD.


Aziz Balsara
(Managing Director)
DIN: 01489846

Place: Pune


Ronak Balsara
(Director)
DIN: 01489941

Place: Pune



SIGNIFICANT ACCOUNTING POLICIES

1 Corporate Information

Leading Network Systems Private Limited ("the Company") is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The company is carrying on business of trading & installation of server racks & networking material.

2 Basis of preparation:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2014, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current or non-current classification of assets and liabilities

3 Summary of Significant accounting policies :

a) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

i. Sale of goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the

ii. Income from Service:

Revenue from Service contracts are recognised on completion of the related job / service.

iii. Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

c) Tangible Assets :

Tangible fixed assets are initially recognised at cost net-of accumulated depreciation and accumulated impairment loss, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

d) Depreciation and Amortization :

Depreciation is provided on Written down Method (WDV), at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013

e) Investments :

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



f) Inventories:

The inventory of traded goods are valued at cost of Net Realisable Value whichever is lower calculated at FIFO Method

g) Income Taxes:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

h) Provisions :

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

i) Contingent Liabilities :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

j) Earnings per share :

In determining earnings per share, the Company considers the net profit after tax and excludes the post tax effect of any extra-ordinary/exceptional item. The number of shares used in computing basic earning per share is the number of shares outstanding during the period. The Company has not issued any potential equity shares and accordingly basic earning per share and diluted earning per share are the same.

k) Segment Reporting:

The Company is primarily engaged in the business of providing networking solutions, cable Installation , Server cabinet, Panel Board, engineering . All the company's operation share similar economic characteristics. Accordingly, the company has concluded that its operations may be aggregated into one reportable primary segment for the purpose of disclosure required by Accounting Standard 17 on "Segment Reporting". The Company is primarily operating in India which is considered as a single geographical segment.

l) Impairment of Assets:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

m) Cash and cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and short-term investments with an original maturity of three months or less.

n) Retirement Benefits for Employees :

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to provident fund are charged to statement of profit and loss in the year when contributions are due. The company has no obligation, other than the contribution payable to the provident fund. Gratuity & Leave Encashment benefits are accounted for on cash basis.



Notes on Financial Statements for the year ended 31st March 2021

Note 4 : Shareholder's Funds

Share Capital	As at 31st March 2021	As at 31 March 2020
	Authorised 250,000(250,000) Equity Shares of Rs 10 each	25,00,000
Issued, Subscribed & Fully Paid up 250,000(250,000) Equity Shares of Rs 10 each	25,00,000	25,00,000
Total	25,00,000	25,00,000

Note 4.1 : Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	Number
Shares outstanding at the beginning of the year	2,50,000	25,00,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	2,50,000	25,00,000

Note 4.2 : Details of Shareholders holding more than 5% shares in the company:

Name of Shareholder	As at 31st March 2021		As at 31 March 2020	
	No. of Shares held	Holding	No. of Shares held	Holding
Mr. Aziz Balsara	1,95,000	78%	1,95,000	78%
Mrs. Ronak Balsara	55,000	22%	55,000	22%
Total	2,50,000	100%	2,50,000	100%

The company has only one class of shares referred to as Equity shares having a par value of Rs 10 each. Each holder of equity is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Note 5: Reserves and surplus

Particulars	As at 31st March 2021	As at 31st March 2020
Surplus/(deficit) in the Statement of Profit and Loss		
Opening balance	19,46,33,584	13,68,07,931
Add: Net Profit/(Net Loss) For the current year	5,14,34,118	5,78,25,653
Closing Balance	24,60,67,702	19,46,33,584

Note 6 : Short Term Borrowings

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured		
The Cosmos Co-operative Bank CC A/c 10204	-	12,74,683
Total	-	12,74,683

Note 7: Trade payables

Particulars	As at 31st March 2021	As at 31st March 2020
Total outstanding dues of micro enterprises & Small Enterprises	2,10,216	9,18,890
Total outstanding dues of other than micro enterprises & Small Enterprises	20,04,96,692	17,72,39,793
Total	20,07,06,908	17,81,58,683

Note 8: Other current liabilities

Particulars	As at 31st March 2021	As at 31st March 2020
Other Liabilities :		
Salary Payable	29,61,981	35,51,510
TDS payable	9,06,098	16,01,490
TCS payable	60,552	-
Profession Tax payable	23,350	24,300
ESIC and PF Payable	2,39,869	2,90,601
Commission Payable	58,007	1,02,434
Other payables	3,25,270	3,10,151
Outstanding liability for expenses	87,03,135	1,25,64,788
Total	1,32,78,262	1,84,45,274

Note 9: Short-term provisions

Particulars	As at 31st March 2021	As at 31st March 2020
Other provisions :		
Provision for Taxation (Net of advance Tax)	1,18,37,175	60,00,557
Total	1,18,37,175	60,00,557



10 FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation			Net Block			
		As on 01/04/2020	Additions	Deletions/ Adjustments/ Written off	As on 31/03/2021	Upto 01/04/2020	For the Year	Deletions/ Adjustments/ Written off	Upto 31/03/2021	As on 31/03/2021	As on 31/03/2020
A	Tangible Assets										
1	Building	32,01,427	-	-	32,01,427	15,39,050	80,963	-	16,20,012	15,81,415	16,62,377
2	Computer	13,65,633	21,000	35,752	13,50,881	10,48,613	2,31,798	34,729	12,45,683	1,05,198	3,17,020
3	Furniture	33,11,985	2,55,564	-	35,67,549	27,89,918	1,40,456	-	29,30,373	6,37,176	5,22,067
4	Vehicles	14,77,500	20,000	-	14,97,500	6,66,676	2,57,206	-	9,23,882	5,73,618	8,10,824
5	Office Equipments	19,70,579	4,37,584	-	24,08,163	9,13,052	4,75,521	-	13,88,573	10,19,590	10,57,527
6	Tools	5,40,000	-	-	5,40,000	44,809	35,732	-	80,541	4,59,459	4,95,191
	Total	1,18,67,124	7,34,148	35,752	1,25,65,519	70,02,117	12,21,676	34,729	81,89,065	43,76,456	48,65,009



Note 11: Non-current investments

Particulars	As at 31st March 2021	As at 31st March 2020
Non Trade Investments		
Investments in Equity shares of Cosmos Bank- Unquoted (Valued at cost) 1000 shares of Rs 100 each (Previous year : 1000 Shares)	1,00,100	1,00,100
Investment in mutual funds (Valued at cost)		
2,32,724 units of Aditya Birla Mutual Fund Corporate Bond Direct Growth of Rs 84.4036 (MV 2,01,84,758)	1,96,42,766	-
7,86,844 units of Aditya Birla Sun Life Short Term Fund- Direct of Rs. 37.39 (MV 3,02,57,720)	2,93,81,392	-
2,442 units of Axis Banking and PSU Debt Fund of Rs. 2,002 (MV 50,29,779)	48,89,733	-
2,403 units of Axis Banking and PSU Debt Fund Direct Growth of Rs. 2,054 (MV 50,41,850)	49,35,811	-
3,96,144 units of Axis Short Term Fund - Direct Growth of Rs. 25 (MV 1,00,62,810)	98,23,737	-
3,137 units of Axis treasury Advantage Fund of Rs. 2,335 (MV 75,33,506)	73,27,411	-
4,00,333 units of HDFC Corporate Bond Fund Direct Plan Growth of Rs. 25 (MV 1,00,23,234)	99,41,225	-
71,805 units of ICICI Prudential Asset Allocator Fund- Regular Growth of Rs. 68 (MV 49,79,662)	48,93,899	-
1,09,657 units of ICICI Prud Mutual fund Short Term Direct Plan of Rs. 44 (MV 50,28,891)	48,70,322	-
4,12,283 units of SBI Corporate Bond Fund-Direct of Rs. 12 (MV 50,35,702)	49,63,721	-
5,78,784 units of SBI Short Term Debt Fund - Direct of Rs. 21 (MV 1,50,65,044)	1,49,28,540	-
3,07,767 units of Kotak Bond Fund - Short Term of Rs. 46 (MV 1,25,73,772)	1,23,64,818	-
Investment with Portfolio Management Services (Valued at cost) (MV 49,94,019)	50,00,000	-
Total	13,30,63,476	1,00,100

Note 12: Deferred tax Asset (Net)

Particulars	As at 31st March 2021	As at 31st March 2020
Deferred Tax Asset		
a) Depreciation & Amortisation	8,15,912	7,37,929
Total	8,15,912	7,37,929

Note 13: Long-term loans and advances

Particulars	As at 31st March 2021	As at 31st March 2020
Security Deposits- Unsecured, Considered good		
Deposits For Rent	90,84,480	90,59,480
Earnest Money Deposits	20,000	20,000
Total	91,04,480	90,79,480

Note 14: Current Investments

Particulars	As at 31st March 2021	As at 31st March 2020
Investment in Mutual Funds		
75,698 units of Aditya Birla Sun Life Liquid Fund of Rs 330.4213 (MV 2,50,96,306)	2,50,12,168	-
2,07,094 units of ICICI Prudential Short term fund Direct Plan Growth of Rs. 48 (MV 1,00,00,581)	98,59,077	-
Total	3,48,71,245	-



Note 15: Inventories

Particulars	As at 31st March 2021	As at 31st March 2020
Traded Goods (At lower of cost or net realisable value as taken, valued, and certified by the Management)	14,66,10,357	7,04,64,447
Total	14,66,10,357	7,04,64,447

Note 16: Trade Receivables

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, Considered good. Trade receivables	9,52,58,340	13,89,15,502
Total	9,52,58,340	13,89,15,502

The details of trade receivable outstanding for a period of more than 6 months from the date they are due for payment are not available.

Note 17: Cash and Bank Balances

Particulars	As at 31st March 2021	As at 31st March 2020
Cash & Cash Equivalent		
Cash In hand	91,961	94,862
Balance with Banks		
In Current Accounts	1,94,92,289	61,12,766
Other Bank Balances		
Deposits with maturity less than 12 months	-	11,49,30,000
Deposits with maturity more than 12 months	2,12,75,645	5,29,62,411
Bank deposits under lien against bank guarantees	2,95,326	2,73,768
Total	4,11,55,221	17,43,73,807

Note 18: Short-term loans and advances

Particulars	As at 31st March 2021	As at 31st March 2020
(Unsecured, Considered Good)		
Prepaid Expenses	6,67,341	6,03,232
Advance to Staff	3,83,778	2,92,619
Total	10,51,119	8,95,851

Note 19: Other Current Assets

Particulars	As at 31st March 2021	As at 31st March 2020
GST receivable	74,02,218	12,52,970
VAT credit receivable	17,626	17,627
Accrued interest on deposits	6,63,597	3,10,060
Total	80,83,441	15,80,657



Note 20 : Revenue from operations

Particulars	For the year 2020-21	For the year 2019-20
Revenue from Operations :		
Sale of Products	55,73,05,267	76,47,78,238
Sale of Services	2,69,03,229	6,64,47,399
Total	58,42,08,496	83,12,25,637

Note 21 : Other income

Particulars	For the year 2020-21	For the year 2019-20
Interest income - From banks	55,05,791	13,16,800
Income from sale of units of Mutual Fund	49,93,710	87,75,194
Commission income	3,11,454	5,30,900
Other Income	43,762	13,22,660
Discount Received	174	11,115
Insurance claim received	2,75,000	3,17,812
Balances written Back	16,65,136	-
Total	1,27,95,027	1,22,74,480

Note 22 : Purchase of Traded Goods

Particulars	For the year 2020-21	For the year 2019-20
Purchases	51,56,37,626	66,91,86,820
Total	51,56,37,626	66,91,86,820

Note 23 : Changes in inventories of Traded Goods

Particulars	For the year 2020-21	For the year 2019-20
Inventories at the beginning of the year:		
Traded goods	7,04,64,447	2,70,87,011
Inventories at the end of the year:		
Traded goods	14,66,10,357	7,04,64,447
Total	(7,61,45,910)	(4,33,77,436)



Note 24 : Employee cost

Particulars	For the year 2020-21	For the year 2019-20
Salaries, Wages, Bonus etc.	3,64,28,064	5,51,29,424
Contribution to Provident Fund & Other Funds (Including admin Charges)	13,13,603	15,54,723
Staff welfare expenses	1,73,134	1,16,416
Directors Remuneration	1,28,13,041	1,05,00,759
Total	5,07,27,842	6,73,01,322

Note 25 : Finance costs

Particulars	For the year 2020-21	For the year 2019-20
Bank Commision & Charges	56,535	1,82,079
Total	56,535	1,82,079

Note 26 : Depreciation expense

Particulars	For the year 2020-21	For the year 2019-20
Depreciation on Tangible Assets	12,21,676	13,87,053
Total	12,21,676	13,87,053



Note 27 : Other expenses

Particulars	For the year 2020-21	For the year 2019-20
Audit Fees	3,00,000	2,85,500
Assets Written Off	1,024	88,566
Commission paid	35,36,531	32,95,599
Company Professional Tax	35,266	15,101
Corporate Social Responsibility	10,70,000	-
Courier Charges	50,998	1,65,144
Discount Given	13,937	54,480
Electricity Charges	5,18,106	7,06,579
Insurance Premium	13,39,038	12,45,877
Interest on Late Payment of Taxes	8,346	19,723
Labour Charges	27,18,539	56,55,447
Miscellaneous Expenses	3,27,085	2,97,546
Office Expenses	5,17,195	19,22,554
Printing & Stationary	73,809	1,25,232
Professional fees	25,35,126	27,35,978
Rent	1,09,84,107	1,12,02,431
Repairs & maintenance	7,07,952	7,49,721
Sales Promotion	1,44,611	18,92,501
Site Charges	8,70,761	20,92,364
Telephone & Mobile expenses	5,97,409	7,46,645
Transport & Freight	24,61,706	91,05,809
Travelling, Lodging & Boarding	30,86,079	1,06,56,387
Vat paid	19,960	20,145
Warranties	18,58,349	1,45,84,753
Website design charges	74,241	3,29,676
Write Off	-	35,66,380
Total Other Expenses	3,38,50,174	7,15,60,137

Notes:

Particulars	For the year 2020-21	For the year 2019-20
Payments to the auditors (exclusive of GST) comprises		
a) Statutory audit	1,55,000	1,50,000
b) Tax Audit	50,000	48,000
c) For taxation matters	95,000	87,500
Total	3,00,000	2,85,500



28 Related Party Disclosures

a. Names of Related Parties and Related Party Relationship

A. Managing Director	Aziz Balsara
B. Director	Ronak Balsara
C. Associate Enterprises	Eco Rack Systems Network Automation Systems
D. Relative of Director	Farid Zaveri Rahim Balsara

b. Transactions with Related Party

Name of Party	Relationship	Purpose	31 March 2021	31 March 2020
Aziz Balsara	Director	Remuneration	97,11,413	71,25,764
		Rent of Godown and Office	39,00,000	39,00,000
		Purchases from Eco Rack Systems	1,81,09,602	1,95,02,373
Ronak Balsara	Director	Remuneration	31,01,628	33,74,995
		Purchases from Network Automation Systems	1,51,81,946	1,72,68,085
		Rent of Godown and Office	39,00,000	39,00,000
Rahim Balsara	Relative of Director	Salary	12,85,432	9,97,688
Farid Zaveri	Relative of Director	Salary	12,26,955	16,53,101
Total			5,64,16,976	5,77,22,006

- 29 Trade Payables, Other Liabilities, Trade Receivables & Loans and Advances are subject to confirmation and reconciliation wherever necessary. The effect, if any, of such reconciliation, cannot be stated.
- 30 As per the information available, the management has not received any information from their suppliers confirming that they are covered under Micro, Small & Medium Enterprises Development Act, 2006. In management's view, the impact of any interest that may be payable (in accordance with the provisions of the Micro, Small & Medium Enterprises Development Act, 2006) on delayed payments to its micro or small suppliers is not expected to be significant.
- 31 GST liability/Input tax credit is shown as per books of accounts and the same is subject to reconciliation.
- 32 Closing Inventories are taken as certified by management.
- 33 Expenditure related to Corporate Social Responsibility as per section 135 of The Companies Act 2013
Gross Amount required to be spent by the company during the year :- 10,67,140
Amount spent during the year :- 10,70,000
- 34 In the opinion of Board of Directors all assets other than fixed assets are at approximately of the value stated, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.



35 Contingent Liabilities (as certified by the management):

Particulars	As at 31st March 2021	As at 31st March 2020
Contingent Liabilities		
Tax matters in Appeal		
Financial year 2014-15		
VAT	1,10,560	-
CST	4,178	-
Financial year 2015-16		
VAT	1,11,772	-
CST	69,269	-
Assessment year 2018-19		
Income tax	22,29,247	-
Bank Guarantees	13,28,662	34,30,808
Total	38,53,688	34,30,808

Tax Matters in appeal:- In case of income tax, the company has paid the entire demand of Rs. 22,29,247 in the Financial Year 2021-22. However the company has filed appeal with CIT (A).

Bank Guarantees :- Bank guarantees given in normal course of company's operations and are not expected to result in any loss to the company. Performance Bank Guarantees offered of ₹ 13.28 Lakhs (Previous Year ₹ 34.30 lakhs)

The company has reviewed all its pending litigations and proceedings and has made adequate provisions wherever required and disclosed the contingent liabilities wherever applicable, in its financial statements. The company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.

36 Earning Per Share Computation

Particulars	As at 31 March 2021	As at 31 March 2020
Net profit before tax	7,16,55,579	7,72,60,142
Net profit after tax	5,14,34,118	5,78,25,653
Number of equity shares for basic & diluted EPS	2,50,000	2,50,000
Face value per share	10	10
Basic EPS before tax	287	309
Basic EPS after tax	206	231

37 Value of Exports and Imports on CIF Basis:

Particulars	As at 31 March 2021	As at 31 March 2020
Trading goods - Exports		
a)USD	50,960	14,350
Trading goods - Imports		
a)USD	95	-

38 Previous year figures have been regrouped/reclassified, wherever necessary to confirm to current year presentation.

39 The Company has assessed the impact of COVID-19 on its financial statements based on the internal and external information upto the date of approval of these financial statements and expects to recover the carrying amounts of its investments, intangible assets, trade receivable, project work-in-progress and inventories. The Company will continue to monitor the future economic conditions and update its assessment.

As per our report of an even date
For Khandelwal Jain and Associates
Chartered Accountants
Firm Reg. No. : 139253W

S. C. Oswal
(Partner)
M.No. : 040248
Place : Pune
Date : 04-09-2021



For and on behalf of the Board of Directors of
LEADING NETWORK SYSTEMS PVT. LTD.



Aziz Balsara
(Managing Director)
DIN: 01489846
Place: Pune

Ronak Balsara
(Director)
DIN: 01489941
Place: Pune

(Handwritten signatures of Aziz Balsara and Ronak Balsara)