



SoftTech™
Empowering Transformation

2019

23rd ANNUAL REPORT

www.softtech-engr.com



The SoftTech Doctrine

We exist to meet, the worldwide digital & information-technology needs and wants, of the Architecture-Engineering-Construction industry stakeholders. Our products and services must focus on providing accurate solutions, which allows our users to experience High Value and Impeccable Reliability at Reasonable Prices.

Our Products and Services should consistently meet our Architecture-Engineering-Construction industry users' needs and wants, in a manner which creates for them solid operational excellence, genuine business advantages, and generate commercial gains. We must recognize that the key to our continuous growth lies in creating and maintaining high quality customer experience by serving them Accurately, Innovatively, Promptly, and Professionally. In order to achieve this, we need to pursue new ideas, continuously innovate, adopt new technologies, implement high quality standards, apply proven best practices and reengineer our products, processes, as well as mind-sets.

For our employees, throughout the world, we shall provide a work environment and culture that recognizes and respects each individual's diversity, dignity, abilities, work-profile, and organizational contribution. As responsible employers we must ensure that compensation to our employees is fair, adequate, and policy driven. Through our policies and actions, we shall create and sustain a culture that encourages equal opportunity for all; to generate organizational contribution from every individual employee, encourages their merit, recognizes their competence, endorses employee wellbeing, and provides them a sense of security as well as belongingness to us as an organization.

Our expressions and deeds will always reflect our sense of being responsible citizens of the society and the region of our operations. This shall primarily be achieved through our respect for the culture and conformity to the law-of-the-land, we are operating in. We shall accept our share of social responsibilities and execute them in a manner which adds value to the society.

Our business partners must feel proud to be associated with us. They should accomplish, through association with us, growth as a business, development as an organization, and advancement as individuals. Together, our partner and us, must realize a working relationship of immaculate business synergy, thereby opening new business and growth avenues for both.

Acknowledging the strength of our competitors and learning from them, in an unbiased manner, shall be one of our key strengths. Leveraging from, and adapting to competition will thus be one of our hallmarks. We shall always ensure that business competition is met with the spirit of competition, good management, concrete planning, and excellent execution.

We shall look after our shareholders and meet mutually agreed expectations. They must always carry in them, about us as an organization, a sense of investment security, fairness, and pride of association. They should consistently realize fair commercial as well as social returns. We thus, as a business must make good earnings, reserves must be created for difficult times, and shareholders need to realize a good return.





BOARD OF DIRECTORS

Mr. Vijay Gupta	Chairman and Managing Director
Mrs. Priti Gupta	Whole-time Director
Mr. Sridhar Pillalamarri	Independent Director
Mr. Rahul Gupta	Independent Director
Mr. Sundararajan Srinivasan	Additional Director

CHIEF FINANCIAL OFFICER

Mr. Piranvez Irani

COMPANY SECRETARY

Ms. Aishwarya Patwardhan

STATUTORY AUDITORS

M/s. Walker Chandiook & Co LLP, Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001

REGISTERED OFFICE

The Pentagon, Unit No. 5A, Near Satara Road Telephone Exchange, Shahu College Road, Parvati,
Pune 411009

CIN: L30107PN1996PLC016718

Website: www.softtech-engr.com

Email Id: investors@softtech-engr.com

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Chairman's Message

Dear Shareholders,

I'm proud to present to you the yearly report 2019; one more year of amazing performance by your company SoftTech Engineers Limited.

Bettering expectations, your company has registered fantastic growth figures. The company has also bagged some prestigious projects. You would be proud to know that your company, SoftTech Engineers Limited is contributing a lion's share towards Ease of Doing Business (EODB) and Digital Initiatives by the government of India. I personally take immense pride in reiterating the same.

Not to feel content by its past laurels, your company is totally focused on the future. By adopting emerging technologies and pursuing new opportunities, SoftTech Engineers Limited is all set to strengthen its position as a leader in Building Permit Systems, Infrastructure Project Management and solutions for Digital Construction. Continuously innovating and investing strongly in R&D, your company is committed to offer cutting edge software products to its customers and generate greater wealth for the stakeholders.



Mr. Vijay Gupta
(Chairman and Managing Director)

Domestic & Global Economic Developments

The AEC (Architectural, Engineering & Construction) Industry in India continues to receive a strong boost. India's construction industry is expected to grow at a compounded annual average of 6.44% to US\$690.9 billion in 2023. This is further to a registered output growth of 8.8% in 2017, up from 1.9% (source GlobalData). Additionally the Central Government initiatives like Ease of Doing Business (EODB), Digital India, Smart Cities Mission (SCM) and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) have maintained a strong focus on automating government processes in India. Your company considers this as an opportunity worth capitalising on.

AutoDCR and PWIMS continue to meet the requirements of the construction industry and your company is witnessing a sustained demand in e-Governance projects for construction & infrastructure software. With the introduction of RERA, the private construction industry is evolving into a much more organised sector. This has advertently created a demand for the construction ERP like Opticon. Considering the potential to grow in overseas market and upbeat response to initial market survey, your company has set up subsidiaries in international market, with the objective of tapping into the international growth and demand for software in construction industry. Your Company is looking at infusion of investments to fuel the growth entering in International market.

I am happy to report that during the financial year 2018-19, your company has further reinforced its position as a leader in the implementation of "Building Plan Approval Systems" in India. Its flagship product AutoDCR, is at the forefront of enabling faster construction permits in India and has bagged the order for implementing AutoDCR on SaaS model in the largest state in India - Uttar Pradesh, which is the first of such kind of state-wide initiative

Performance Overview

Your company delivered a healthy financial performance and all-round growth across all parameters. The future looks equally positive, with improving trends. The company is perfectly positioned to be the key beneficiary of industry opportunities as evident from our total revenue in FY 18-19 at Rs. 62.76 CR, achieving a growth of 22%. By concentrating more on quality and high profit revenue, by tapping into new opportunities and better utilization of our resources the Profit after Tax has gone up by 15% in comparison to FY 17-18. SoftTech Engineers Limited bagged a prestigious new orders for state-wide implementation of AutoDCR in the state of Uttar Pradesh and PWIMS for the state of Andhra Pradesh. The company has also enhanced our on-going business relations with State of Telangana.

Technology Vision and product roadmap

The world is moving towards cloud-based solutions on SaaS model and your company is fully geared up to offer its solutions utilizing on cloud. Our project for the implementation of OBPAS (Online Building Plan Approval System) for Housing & Urban Planning Department, Govt. of Uttar Pradesh is a project based SaaS methodology. With this project, SoftTech shall be entering into the lucrative cloud-hosted portal-based service delivery approach, from earlier license based on premise server based approach. The SaaS based approach has great advantages; payments will be collected directly, online from the applicants on the basis of per square meter of approved carpet area of buildings. We're receiving informal inputs from many customers to opt for SaaS model instead of the traditional license model. I envision this shift in business model is a positive development with continuous revenue stream on a long term basis.

During FY-18-19 your company has established its subsidiary in USA, focused towards gaining business from both government and corporate businesses. The team is now working on customizing software products to meet the specific requirements of the US market.

Additionally your company will be leveraging latest technologies like Internet of Things, Artificial Intelligence, Machine Learning, Virtual & Augmented Reality and Big Data Analytics in enhancing existing products and launching new products like Rulebuddy and IBPS.

Future Outlook

Your company is looking forward to further consolidate its leading position in Building Plan Approval Systems in India, at the same time, widening the reach of its other products in the market and making significant penetration in private sector.

We are now motivated to enter the international market; having established subsidiaries in the United States and signing agreements with US based partners. Apart from the USA, we are in the process of signing agreements with Partners in countries in Asia Pacific. This will help your company to make entry into the international market, increase its sales revenue and achieve higher profits. On the whole, we shall continue to drive the Company's Revenue and Profitability, increasing Return on Capital Employed and resource utilization and improving cash flows for our business with strong ethical and corporate governance practices.

Your company remains guided by the values and culture it believes in. with a team of 500+ members is bound by high Company values and ethics, which translates into value generation for its customers. I'm confident, with the continued growth focus; your company will reach even higher summits.

Last but not the least, I would like to thank you for your constant support and increased faith in your company's abilities to make further progress and earnestly seek your continued participation in your company's upcoming success stories.

Thank You!





Board's Report and its annexures for the members



BOARD'S REPORT

Dear Members,

Your directors have pleasure in presenting the 23rd Annual Report on the business and operations of your Company together with the Audited Financial Statement and the Auditors' Report of your Company for the financial year ended 31st March, 2019.

1. COMPANY'S PERFORMANCE, STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK:

Your Company is primarily involved in software development and providing software support and maintenance to the clients. In last 23 years, the Company is constantly improving, developing and innovating software products to meet the AEC industry requirements. We have a portfolio of 4 established products –AutoDCR, PWIMS, OPTICON, BIMDCR and two products under development stage- RuleBuddy and IBPS, out of which RuleBuddy is ready for beta launch.

Your Company's financial performance for the year under review has been encouraging. During the year under review, the Company has achieved a gross turnover of INR 62,75,54,789/- in comparison to previous year's turnover which was INR 51,54,23,246/-. It represented an increase of 21.76% over the previous year. Your Company has earned a net profit of INR 7,79,34,792/- against last year's INR 6,79,36,851/-. Key aspects of Financial Performance of your Company for the current financial year 2018-19 along with the previous financial year 2017-18 are tabulated below in the Financial Results.

The future outlook of the Company and its professional management makes an enterprise of high quality and high efficiency as core competition. Our focus on quality has enabled us to sustain and grow our business model to benefit our customers. Our Company is managed by a team of experienced personnel having experience in different aspects of software industry.

2. FINANCIAL RESULTS:

The Company's financial performance for the year under review is given hereunder:

(Amount in INR)

Particulars	Standalone		Consolidated
	FY 2018-19	FY 2017-18	FY 2018-19
Revenue from Operations (Net)	627,554,789.00	515,423,246.00	627,554,789.00
Other Income	8,013,525.00	4,501,462.00	7,877,011.00
Total Revenue	635,568,314.00	519,924,708.00	635,431,800.00
Depreciation and Amortization	40,419,359.00	37,801,546.00	40,419,359.00
Total Expenses (including Depreciation and Amortization)	526,322,689.00	423,616,770.00	529,874,076.00
Profit/ (Loss) Before Tax	109,245,625.00	96,307,938.00	105,557,724.00
Tax Expenses:			
1. Current Tax	35,280,000.00	32,393,518.00	35,280,000.00
2. Deferred Tax	(3,969,167.00)	(4,022,431.00)	(3,969,167.00)
Net Profit/ (Loss) After Tax	77,934,792.00	67,936,851.00	74,246,890.00
Add/Less: Minority Interest (loss/profit)	-	-	13,982.00
Profit for the year	77,934,792.00	67,936,851.00	74,260,873.00

3. KEY DEVELOPMENTS OF THE COMPANY DURING THE YEAR:

- Successfully Implemented the product AutoDCR - an Integrated Online Development Permission System (ODPS) for State of Gujarat
- Successful implementation of "Online Development Permission Management System" through AutoDCR software for both the states of Andhra Pradesh and Telangana who have achieved top rankings for EODB
- Bagged prestigious order to configure, customize, integrate, implement and maintain the works and projects management and monitoring application from the Municipal Administration Department of Andhra Pradesh state

4. DIVIDEND:

Your directors are pleased to recommend a Final Dividend of INR 0.50/- per equity share of face value of INR 10/- each for the year ended 31st March, 2019. The Final Dividend is subject to the approval of Members at the ensuing Annual General Meeting.

5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

Since no unclaimed dividend amount is pending with the Company for seven consecutive years or more, no amount is required to be transferred to the Investor Education and Protection Fund.

6. LISTING OF SECURITIES ON STOCK EXCHANGES:

The shares of the Company are listed at the National Stock Exchange of India Limited on SME platform with effect from 11th May, 2018. The Company is registered with both NSDL & CDSL for holding the shares in dematerialized form and open for trading.

7. MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:

In accordance with the provisions of the Companies Act, 2013 and SEBI regulations, the Management Discussion and Analysis report is given as ‘Annexure A’ to this report.

8. EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information as ‘Annexure B’.

9. PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered with related parties during the F.Y. 2018-19 were on arm’s length basis and were in the ordinary course of business and provisions of Section 188(1) are not attracted. There have been no materially significant related party transactions with the Company’s Promoters, Directors and others as defined in section 2(76) of the Companies Act, 2013. Form AOC 2 is enclosed herewith as ‘Annexure C’ to the Boards’ Report.

The other disclosures regarding the related party transactions are given in the notes to accounts.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

• **CONSERVATION OF ENERGY:**

The operations carried out by the Company are such that they are not deemed as energy intensive. However, the Company constantly makes efforts to avoid excessive consumption of energy. The measures are aimed at effective management and utilization of energy resources and resultant cost saving of the Company.

• **TECHNOLOGY ABSORPTION:**

- (i) the efforts made towards technology absorption – Nil.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution – Nil.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year – Nil.

• **FOREIGN EXCHANGE EARNINGS AND OUTGO (IN RUPEES):**

Earnings	INR 2,49,655/-.
Outgo	INR 56,20,994/-.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

I. Changes in Composition of the Board of Directors:

- a) Mr. Ravi Mathur (DIN: 01777668) ceased to hold office as a Nominee Director w.e.f. 4th March, 2019 on account of withdrawal of Nomination by Rajasthan Venture Capital Fund.
- b) Mrs. Priti Gupta (DIN: 01735673) Whole-time Director of the Company, pursuant to the provisions of Section 152(6) and other applicable provisions of the Companies Act, 2013, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.
- c) It is proposed to re-appoint Mr. Vijay Gupta (DIN: 01653314) as a Managing Director for a period of Five (5) years w.e.f. 24th February, 2020. His brief profile and other information of Mr. Vijay Gupta (DIN: 01653314) proposing reappointment as Managing Director is appended as an annexure to the notice of ensuing Annual General Meeting.
- d) It is proposed to re-appoint Mrs. Priti Gupta (DIN: 01735673) as a Whole Time Director for a period of Five (5) years w.e.f. 24th February, 2020. Her brief profile and other information of Mrs. Priti Gupta (DIN:

01735673) proposing reappointment as Whole Time Director is appended as an annexure to the notice of ensuing Annual General Meeting.

II. Appointment / Resignation of Key Managerial Personnel:

- a) Mr. Anand Dad has resigned as an CFO(KMP) with effect from 6th October, 2018
- b) Mr. Amit Katariya was appointed as a CFO(KMP) with effect from 6th October, 2018
- c) Designation of Mr. Amit Katariya Changed from CFO(KMP) to Finance controller w.e.f. 1st April, 2019
- d) Mr. Piranvez Irani has been appointed as CFO(KMP) with effect from 20th April, 2019

III. Declaration from Independent Directors:

Your Company has received necessary declarations from all its Independent Directors stating that they meet the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

IV. Board Evaluation:

The annual evaluation framework for assessing the performance of Directors comprises of the following key areas:

- a) Attendance for the meetings, participation and independence during the meetings.
- b) Interaction with Management.
- c) Role and accountability of the Board.
- d) knowledge and proficiency
- e) Strategic perspectives or inputs.

The evaluation involves assessment by the Nomination and Remuneration Committee and Board of Directors. A member of the Nomination and Remuneration Committee and Board does not participate in the discussion of his / her evaluation.

The Composition of Board of Directors & Key Managerial Person as at 31st March, 2019 consists of following:

Sr. No.	Name	Designation
1.	Mr. Vijay Gupta	Managing Director
2.	Mrs. Priti Gupta	Whole-time Director
3.	Mr. Rahul Gupta	Independent Director
4.	Mr. Sridhar Pillalamarri	Independent Director
5.	Mr. Amit Katariya	CFO(KMP)
6.	Ms. Aishwarya Patwardhan	Company Secretary

12. AUDITORS:

a) Statutory Auditors:

M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) were appointed as Statutory Auditors for a period of 5 years in the Annual General Meeting (AGM) held on 26th September, 2016. This was done as per the provisions of the Companies Act, 2013. In the Annual General Meeting dated 28th September, 2018 members approved ratification of appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as the Statutory Auditors of the Company, for the remaining term of Three (3) years i.e. from the conclusion of ensuing Annual General Meeting up to the conclusion of the 25th Annual General Meeting of the Company to be held in the year 2021. They have indicated their willingness to continue as Statutory Auditors of the Company.

b) Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Devesh Tudekar, Practicing Company Secretary, as a secretarial auditor, a Report of the Secretarial Audit is annexed herewith as Annexure D.

13. REPORTING OF FRAUD BY STATUTORY AUDITORS:

There was no fraud suspect in the Company, hence no reporting was made by Statutory Auditors of the Company under sub-section (12) of section 143 of Companies Act, 2013.

14. DEPOSITS:

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

15. TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013:

No amount was transferred to the reserves during the Financial Year ended on 31st March, 2019.

16. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- b) The directors had 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 profit of the Company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the Annual Accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. PERSONNEL:

During the financial year under review, the provision of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 i.e. the particulars and information of the employees forms integral part of this report.

18. CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated and applicable under various regulations are complied with.

19. COMPLIANCE OF SECRETARIAL STANDARDS:

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

20. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code provides for periodical disclosures from Directors and designated employees as well as pre-clearances of transactions by such persons.

The detailed Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders is placed on the Company's website and can be viewed at: <http://softtech-engr.com/wp-content/uploads/2018/07/3.-CODE-OF-INTERNAL-PROCEDURES-AND-CONDUCT-FOR-PREVENTION-OF-INSIDER-TRADING-REGULATIONS.pdf>

21. MEETINGS OF THE BOARD OF DIRECTORS AND IT'S COMMITTEES:

A. MEETINGS OF BOARD OF DIRECTORS:

During the Financial Year under review, the Board of Directors of the Company has duly met Six (6) times on:

Sr. No.	Date of Board Meeting	Sr. No.	Date of Board Meeting
1.	11 th April, 2018	2.	28 th May, 2018
3.	31 st August, 2018	4.	6 th October, 2018
5.	14 th November, 2018	6.	4 th March, 2019

The details of number of meetings attended by each director are summarized as below:

Sr. No.	Name of Director	Number of meetings entitled to attended	Number of meetings attended
1.	Mr. Vijay Gupta	6	6
2.	Mrs. Priti Gupta	6	6
3.	Mr. Rahul Gupta	6	4
4.	Mr. Sridhar Pillalamarri	6	4
5.	Mr. Ravi Mathur	6	2

B. AUDIT COMMITTEE MEETING:

During the financial year under review, the Audit Committee of the Company has duly met on Four (4) times on:

Sr. No.	Date of Audit Committee Meeting	Sr. No.	Date of Audit Committee Meeting
1.	11 th May, 2018	2.	31 st August, 2018
3.	6 th October, 2018	4.	14 th November, 2018

The details of number of meetings attended by each member of the Audit Committee are summarized as below:

Sr. No.	Name of the member of the Audit committee	Number of meetings entitled to attended	Number of meetings attended
1.	Mr. Vijay Gupta	4	4
2.	Mr. Rahul Gupta	4	3
3.	Mr. Sridhar Pillalamarri	4	3

C. NOMINATION & REMUNERATION COMMITTEE MEETING:

During the financial year under review, the Nomination and Remuneration Committee of the Company has duly met Two (2) times on 24th August, 2018 and on 6th October, 2018.

Sr. No.	Name of the member of the Nomination and Remuneration committee	Number of meetings entitled to attended	Number of meetings attended
1.	Mr. Sridhar Pillalamarri	2	2
2.	Mr. Rahul Gupta	2	2
3.	Mr. Ravi Mathur	2	0

D. COMPENSATION COMMITTEE MEETING:

During the financial year under review, no meeting of Compensation Committee was held.

E. IPO COMMITTEE MEETING:

During the financial year under review, the IPO Committee of the Board of Directors of the Company has duly met Three (3) times on 18th April, 2018, 4th May, 2018 and on 9th May, 2018. The details of number of meetings attended by each member of the IPO Committee are summarized as below:

Sr. No.	Name of Member of the IPO Committee	Number of meetings entitled to attended	Number of meetings attended
1.	Mr. Vijay Gupta	3	3
2.	Mrs. Priti Gupta	3	3
3.	Mr. Rahul Gupta	3	0

F. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE MEETING:

During the financial year under review, the Corporate Social Responsibility (CSR) Committee of the Company has duly met Two (2) times on 11th April, 2018 and on 31st August, 2018.

Sr. No.	Name of Member of the Corporate Social Responsibility (CSR) Committee	Number of meetings entitled to attended	Number of meetings attended
1.	Mr. Vijay Gupta	2	2

Sr. No.	Name of Member of the Corporate Social Responsibility (CSR) Committee	Number of meetings entitled to attended	Number of meetings attended
2.	Mrs. Priti Gupta	2	2
3.	Mr. Rahul Gupta	2	1

G. STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING:

During the financial year under review, no meeting of Stakeholders Relationship Committee was held.

22. COMMITTEES OF THE BOARD:

As on 31st March, 2019 the Board had Committees such as the Audit Committee, the Nomination and Remuneration Committee, Compensation Committee, IPO Committee, Corporate Social Responsibility (CSR) Committee, and Stakeholders Relationship Committee.

- **Composition of Audit Committee:**

As per the provisions of Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of the three directors for the financial year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Vijay Gupta	Chairman
Mr. Rahul Gupta	Member
Mr. Sridhar Pillalamarri	Member

- **Composition of Nomination and Remuneration Committee:**

As per the provisions of Section 178 of the Companies Act, 2013 the Company's Nomination and Remuneration Committee comprised of the three directors for the Financial Year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Sridhar Pillalamarri	Chairman
Mr. Rahul Gupta	Member
Mr. Vijay Gupta*	Member

* With effect from 4th March, 2019 Mr. Ravi Mathur, Nominee Director ceased to be Director of the Company and member of Nomination of Remuneration committee and Mr. Vijay Gupta was elected as member of the Committee.

- **Composition of Compensation Committee:**

The Company's Compensation Committee comprised of the two directors for the Financial Year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Vijay Gupta	Chairman
Mrs. Priti Gupta	Member

The Board in its meeting dated 27th May, 2019 decided to close Compensation committee as terms of reference of this committee got merged into Nomination and Remuneration committee.

- **Composition of IPO Committee:**

The Company's IPO Committee comprised of the three directors for the Financial Year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Vijay Gupta	Chairman
Mrs. Priti Gupta	Member
Mr. Rahul Gupta	Member

Further the Board in its meeting dated 27th May, 2019 decided to dissolve IPO committee with immediate effect.

- **Composition of Corporate Social Responsibility (CSR) Committee:**

The Company's Corporate Social Responsibility (CSR) Committee comprised of the three directors for the Financial Year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Vijay Gupta	Member
Mrs. Priti Gupta	Member
Mr. Rahul Gupta	Member

- **Composition of Stakeholders Relationship Committee:**

The Company's Stakeholders Relationship Committee comprised of the three directors for the Financial Year ended 31st March, 2019. The table sets out the composition of the Committee:

Name of the Director	Category
Mr. Rahul Gupta	Chairman
Mr. Sridhar Pillalamarri	Member
Mr. Vijay Gupta	Member

23. RISK MANAGEMENT POLICY:

Periodic assessments to identify the risk areas are carried out and the management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a Policy for Risk Management with the following objectives:

- Provide an overview of the principles of risk management.
- Explain approach adopted by the Company for risk management.
- Define the organizational structure for effective risk management.
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT:

The Company has maintained adequate internal controls commensurate with its size and nature of operations. The Company has also formed an Audit Committee. Audit Committee reviews with the management adequacy and effectiveness of the internal control system and internal audit functions. The scope of the Internal Audit is decided by the Audit Committee and the Board. There are policies, guidelines and delegation of power issued for the compliance of the same across the Company.

25. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186:

During the year under review, the Company has invested INR 202,806/-(Euros 2,500/-) in Equity Shares of SoftTech Finland Oy and INR 608,424 (USD 8,000/-) in Common stock of SoftTech Engineers Inc. Further the Company has given loan of INR 2,487,300/- (Euros 30,000/-) and INR 2,194,044/-(USD 30,000/-) to SoftTech Finland Oy and SoftTech Engineers Inc. respectively in the form of debentures. The Company has existing investment in equity shares of The Mahesh Sahakari Bank Limited and The Saraswat Co-operative Bank Limited amounting to INR 3,54,800/- and INR 25,000/- respectively.

26. INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY:

During the Financial Year under review your Company has formed following subsidiaries:

- The Company formed a wholly owned subsidiary SoftTech Finland Oy located in Republic of Finland. This new subsidiary will enhance, upgrade and develop Company's products in international markets
- The Company acquired subsidiary as SoftTech Engineers Inc, in state of Delaware and formed a step-down subsidiary SoftTech Government Solutions Inc. in the Commonwealth of Virginia. SoftTech Government Solutions Inc. will mainly focus on handling government projects in the US.

Except above there have been no subsidiary/JV/associate Company which was formed or ceased during the Financial Year under review.

27. NOMINATION & REMUNERATION POLICY:

The Policy, in compliance with the provisions of the Companies Act, 2013 read with the Rules made therein, is formulated to provide a framework and set standards. The brief objectives of the policy are as follows:

- I. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.

- III. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
 - IV. To ensure the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
 - V. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
 - VI. To promote and develop a high performance workforce in line with the Company strategy.
 - VII. To lay down criteria and terms and conditions with regard to identifying person who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
 - VIII. To determine the remuneration based on the Company's size and financial position and practices in the industry.
- The detailed Nomination & Remuneration Policy of the Company is placed on the Company's website and can be viewed at: <http://softtech-engr.com/wp-content/uploads/2018/07/7.-Nomination-and-Remuneration-Committee.pdf>

28. VIGIL MECHANISM:

The Company has adopted a Vigil Mechanism / Whistle Blower Policy, to provide a formal mechanism to the directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, the Company has not received any complaints under the said mechanism. The Vigil Mechanism / Whistle Blower Policy has been posted on the website of the Company (<http://softtech-engr.com/wp-content/uploads/2018/07/13.-Vigil-Mechanism-Whistle-Blower.pdf>).

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy has set guidelines on the redressal and inquiry process that is to be followed by aggrieved woman, whilst dealing with issues related to sexual harassment at the work place towards any women. All employees (permanent, temporary, contractual and trainees) are covered under this policy.

The Company has complied with the provision relating to the constitution of the Internal Complaint Committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

It may be noted that during the year 2018-19, no grievance / complaint from any women employee was reported.

30. MATERIAL CHANGES & COMMITMENTS, BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF BOARD REPORT:

Designation of Mr. Amit Katariya Changed from CFO(KMP) to Finance controller w.e.f. 1st April, 2019 and Mr. Piranvez Irani has been appointed as CFO(KMP) with effect from 20th April, 2019.

Except above there have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the report, except as disclosed elsewhere in this report.

31. INDUSTRIAL RELATIONS:

The industrial relations during the year 2018-19 have been cordial. The Directors take on record the dedicated services and significant efforts made by the Officers, Staff and Workers towards the progress of the Company.

32. CORPORATE SOCIAL RESPONSIBILITY:

The Company has developed Corporate Social Responsibility Policy as per the provisions of the Section 135 of the Companies Act 2013. The details as per the requirement are annexed to this report as 'Annexure E'.

33. CHANGE IN NATURE OF BUSINESS, IF ANY:

During the year under review, there was no change in the nature of business of the Company.

34. THE EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE STATUTORY AUDITORS/ SECRETARIAL AUDITOR IN THE AUDIT REPORT:

There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any clarification/ explanation. The notes on financial statements and comments by Statutory Auditors are self-explanatory, and needs no further explanation.

Observation by Secretarial Auditor	Explanation by the Board
<i>The composition of Nomination and Remuneration Committee after 4th March, 2019 is not in compliance with the provisions of Section 178 of Companies Act, 2013, as one of the Investor has withdrawn the nomination from the Board of Directors of the Company and the Nominee director ceased to be part of the Board and Nomination and Remuneration Committee with effect from 4th March, 2019.</i>	The Board has appointed Mr. Sundararajan Srinivasan as Non-Executive Director and member of Nomination and Remuneration Committee with effect from 27 th August, 2019.

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S FUTURE OPERATIONS:

The Company has not received any such orders from regulators or courts or tribunals during the year, which may impact the going concern status of the Company or its operations.

36. LOAN FROM DIRECTORS AND RELATIVES OF DIRECTOR:

During the financial year under review, the Company has taken unsecured loan of INR 3,000,000/- from Mr. Vijay Gupta and repaid loan of INR 3,600,000/- to him. Further, the details of loans and advances accepted from directors of the Company and relatives of directors as on 31st March, 2019 is given below:

Sr. No.	Name of person	Designation	Amount in INR
1	Vijay Gupta	Managing Director	1,69,39,662
2	Priti Gupta	Whole-Time Director	6,36,975

37. CHANGES IN SHARE CAPITAL:

During the year under review, the Company has allotted 28,51,200 Equity Shares of face value of INR 10/- each fully paid at price of INR 80/- per equity share (including a share premium of INR 70/- per equity share), comprising of a fresh issue of 23,71,200 equity shares by the Company ("Fresh Issue") and an offer for sale of 4,80,000 equity shares by existing shareholder, Rajasthan Trustee Company Pvt. Ltd. A/c SME TECH FUND, RVCF Trust II.

Further, the Company has neither allotted any sweat equity nor it has bought back any shares or securities.

38. EMPLOYEE STOCK OPTION SCHEME:

The Company has approved the 'SoftTech Employees Stock Option Plan 2017' in the Annual General Meeting held for the Financial Year ended 31st March, 2017. The details pursuant to the sub rule 9 of the Rule 12 of The Companies (Share Capital and Debenture) Rules, 2014 are mentioned herein under:

Particulars	Pre-Bonus	Post-Bonus
Options granted	35,116	70,232
Options vested	NIL	NIL
Options exercised	NIL	NIL
Total number of Equity Shares that would arise as a result of full exercise of options granted	35,116	70,232
Options forfeited/lapsed/cancelled	NIL	NIL
Variation in terms of options	NIL	NIL
Money realised by exercise of options	NIL	NIL
Total number of options in force	35,116	70,232

Particulars	Pre-Bonus	Post-Bonus								
Employee wise details of options granted to										
i. Senior managerial personnel, i.e. Directors and key management personnel	<table border="1"> <thead> <tr> <th>Name of Employee</th> <th>Total Options Granted</th> </tr> </thead> <tbody> <tr> <td>NIL</td> <td></td> </tr> </tbody> </table>	Name of Employee	Total Options Granted	NIL		<table border="1"> <thead> <tr> <th>Name of Employee</th> <th>Total Options Granted</th> </tr> </thead> <tbody> <tr> <td>NIL</td> <td></td> </tr> </tbody> </table>	Name of Employee	Total Options Granted	NIL	
Name of Employee	Total Options Granted									
NIL										
Name of Employee	Total Options Granted									
NIL										
ii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	1. Sheetal Jagtap Kurhade 2. Neetesh Singhal 3. Kingshuk Chail 4. Srinivas Rao Perla 5. Kuldeep Rathi 6. Premanath Basava 7. Sarika Y. Jaglaganeshwala 8. Deepak Warad	1. Sheetal Jagtap Kurhade 2. Neetesh Singhal 3. Kingshuk Chail 4. Srinivas Rao Perla 5. Kuldeep Rathi 6. Premanath Basava 7. Sarika Y. Jaglaganeshwala 8. Deepak Warad								
iii. Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	NIL	NIL								

39. **ACKNOWLEDGEMENT:**

Your directors would like to express their heartfelt gratitude to all Bankers, Government Authorities, Customers, Vendors and Business Partners for their continued support and association. The directors would also like to express their appreciation to the employees of the Company for their dedicated, individual and collective contribution in the overall growth of the Company.

INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUERATION OF MANAGERIAL REMUNERATION) RULES, 2014

Sr No	Particulars	Details
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Refer Annexure I
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	Refer Annexure II
3	The percentage increase in the median remuneration of employees in the financial year.	7%
4	The number of permanent employees on the rolls of Company.	236 as on 31 March 2019
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel is 10% Percentage increase in salaries of employee is 1.4% The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance vis-à-vis industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with industry.

Sr No	Particulars	Details
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration to employees of the Company is as per the remuneration policy of the Company
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who, (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of the equity shares of the Company.	Annexure III

Annexure I:

Sr. No.	Name of Director	Ratio of remuneration of each Director to the median remuneration of the employees of the Company
1.	Mr. Vijay Gupta	11.86 times of median
2.	Mrs. Priti Gupta	3.05 times of median
3.	Mr. Rahul Gupta	No remuneration. only sitting fees are paid
4.	Mr. Sridhar Pillalamarri	No remuneration. only sitting fees are paid

Annexure II:

Sr. No.	Name of Director/KMP	Designation	% Increase/(Decrease) in the Remuneration (Including sitting fees paid to the Directors)
1	Mr. Vijay Gupta	Managing Director	10%
2	Mrs. Priti Gupta	Director	10%
3	Mr. Rahul Gupta	Director	No remuneration. only sitting fees are paid
4	Mr. Sridhar Pillalamarri	Director	No remuneration. only sitting fees are paid
5	Ms. Aishwarya Patwardhan	Company Secretary	No increase
6	Mr. Amit Katariya	CFO(KMP)	Not Applicable

Annexure III
Statement showing the names of the top ten employees in terms of remuneration drawn during FY 18-19

S.No	Emp code	Name of the employee	Designation	Remuneration received p.a. IN FY 18-19 INR	Nature of employment	Qualification and Experience of the employee	Date of commencement of employment	Age	Last employment	Percentage of equity shares held by the employee	Whether any such employee is relative of any Director and if so name of such director
1	ST001	Vijay Gupta	Managing Director	4,200,000	Permanent	IT, Mumbai EXP-32 Years	17-Jun-96	58	-	39.07%	Related to Mrs. Priti Gupta
2	ST177	Kuldeep Rathi	Senior Project Manager - Dev	1,949,768	Permanent	MCA EXP-14 Years	1-Sep-08	37	1. Apex Info Soft Pvt. Ltd. 2. Neuring Technologies 3. Telex Communications	-	no
3	ST041	Srinivas Rao Perla	Senior Project Manager - Dev	1,855,240	Permanent	MCA EXP-16 Years	7-Feb-06	44	Surekha Rama Software Pvt. Ltd.	-	no
4	ST070	Sheetal Kurhade	Assistant Vice President - AutoDCR	1,812,218	Permanent	B.Arch EXP-18 Years	14-Aug-06	44	-	-	no
5	ST742	Amit Katariya	Chief Financial Officer	1,690,320	Permanent	Bcom, CA EXP-16 Years	28-May-18	41	1. Bora & Bora Technologies LLP 2. Synchrony International Services Pvt. Ltd.	-	no
6	ST137	Neetesh Singhal	Assistant Vice President - Technology	1,672,238	Permanent	BE, MS EXP-20 Years	1-Apr-09	42	CoVisible Solutions Inc. USA	-	Yes, Mr Vijay Gupta and Mrs. Priti Gupta
7	ST116	Premanath Basava	Assistant VP - Opticon Delivery	1,630,021	Permanent	BE, MMS EXP-26 Years	1-Nov-10	51	1. Avam Computer Mgmt & Consultancy 2. Global Solutions 3. Ador Samia Limited	-	no
8	ST265	Amit Rai	Manager - Implementation	1,603,415	Permanent	BIT, MCA EXP-13 Years	2-Jul-07	37	1. CMC Ltd. Kolkata	-	
9	ST535	Deepak Trimbak Warad	VP- Accounts & Contract Management	1,586,000	Permanent	BE- Civil, Management EXP-25 Years	1-Oct-15	52	1. StruEngineer (India) Pvt. Ltd. 2. CSC World (India) Pvt. Ltd	-	no
10	ST503	Chandrashekhar Sambhaji Bagesar	Program Manager	1,488,144	Permanent	BE- Mech EXP-20 Years	23-Jun-15	45	1. Magnaquest Technologies Limited 2. KPMG	-	no

FORM NO. AOC.1
Statement containing salient features of the financial statement of
Subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of
Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sr. No.	Particulars	SoftTech Finland Oy.	SoftTech Engineers Inc.
1.	Sl. No.	1	2
2.	Name of the subsidiary	SoftTech Finland Oy.	SoftTech Engineers Inc.
3.	The date since when subsidiary was acquired	16 th July, 2018	21 st November, 2018
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Reporting Currency-Euro Exchange rate as on 31.03.2019-77.7024	Reporting Currency-USD Exchange rate as on 31.03.2019-69.1713
6.	Share capital	2,02,806.00	6,56,688.51
7.	Reserves & surplus	(35,16,764.00)	(1,91,943.04)
8.	Total assets	6,57,880.00	26,58,789.70
9.	Total Liabilities	39,71,838.00	21,94,044.23
10.	Investments	Nil	6,63,773.55
11.	Turnover	Nil	Nil
12.	Profit before taxation	Nil	Nil
13.	Provision for taxation	Nil	Nil
14.	Profit after taxation	Nil	Nil
15.	Proposed Dividend	Nil	Nil
16.	% of shareholding	100%	92%

1. Names of subsidiaries which are yet to commence operations

- a) SoftTech Finland Oy.
- b) SoftTech Engineers Inc.

2. Names of subsidiaries which have been liquidated or sold during the year.
NIL

Part "B": Associates and Joint Ventures- NA

For and on behalf of the Board of Directors
SOFTTECH ENGINEERS LIMITED

Sd/-

VIJAY GUPTA
CHAIRMAN & MANAGING DIRECTOR
DIN:01653314
DATE: 27.08.2019
PLACE: PUNE

Encl:

- a) **Annexure A- Management Discussion and Analysis Report.**
- b) **Annexure B- Extract of Annual Return in Form MGT-9.**
- c) **Annexure C- Particulars of Contract/Arrangement with Related Parties in Form AOC-2**
- d) **Annexure D- Report of the Secretarial Audit**
- e) **Annexure E- Annual Report on Corporate Social Responsibility Activities.**

Annexure - A

Management Discussion and Analysis Report.

This section lists forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

I. OVERVIEW OF COMPANY:

Established in 1996, SoftTech empowers business transformation through software products and solutions that are built on deep domain expertise. Over the years, we have leveraged our leading industry practices in the architecture, engineering and construction (AEC) domains to create value for businesses. Our solutions are designed to augment and enhance the sustainable competitive edge of businesses through robust frameworks that positively impact all the business critical factors. We constantly improve and maintain our high-quality solutions through dedicated, proactive market research and developmental efforts.

Coming with a deep domain expertise within the software and AEC industry, we bring the ability to understand customer and category needs and provide solutions to deliver business results. We're focused on software for the Infrastructure and Construction industry and have serviced over 4500 clients in India and across the world till date.

II. INDUSTRY OVERVIEW:

Global Economic Outlook:

The global growth in 2019 was a modest 3.3%, broadly in line with the previous year. The recovery is projected to strengthen in 2020 and beyond, driven primarily by emerging market and developing economies. Global growth is expected to tick up to 3.6% in next year, supported by notable pickups in investment, trade, and industrial production, coupled with stronger business and consumer confidence.¹

Global growth is projected to reach 3.3% in 2019 and 3.6% in 2020

India's growth rate is expected to rise to 7.3% in 2019 and 7.5% in 2020.

²Global growth is projected to reach 3.3% in 2019 and 3.6% in 2020, but the expansion is becoming less even, and risks to the outlook are mounting. The rate of expansion appears to have peaked in some major economies and growth has become less synchronized.

Emerging and Developing Asia is expected to maintain its robust performance, growing at 6.3 percent in 2018–19. India's growth rate is expected to rise from 7.1 percent in 2018 to 7.3 percent in 2019 and 7.5 percent in 2020, as drags from the currency exchange initiative and the introduction of the goods and services tax fade.

Indian Economy Overview³

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 7.3 per cent in 2018-19 and is expected to grow 7.5 per cent in 2019-20.

¹ World Economic Outlook: Seeking Sustainable Growth

²World Economic Outlook update

³IBEF- Indian economy overview

India's gross domestic product (GDP) at constant prices grew by 7.1 per cent in September 2018 quarter as per the Central Statistics Organisation (CSO). Corporate earnings in India are expected to grow by 15-20 per cent in FY 2019-20 supported by recovery in capital expenditure, according to JM Financial. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by Price water house Coopers.

India's GDP is expected to grow 7.5% in 2019-20.

India's GDP is expected to reach US\$ 6 trillion by FY 27 and achieve upper middle income status on the back of

- *Digitization*
- *Globalization*
- *Favorable demographics and*
- *Reforms*

Indian Construction Industry⁴

Under Union Budget 2019-20, Government has announced to invest INR 100 lakh crores (US\$ 1.5 trillion) in infrastructure over the next five years. Increased impetus to develop infrastructure in the country is attracting both domestic and international players. Private sector is emerging as a key player across various infrastructure segments, ranging from roads and communications to power and airports. In order to boost the construction of buildings in the country, the Government of India has decided to come up with a single window clearance facility to accord speedy approval

In order to boost the construction of buildings in the country, the Government of India has decided to come up with a Single Window Clearance (SWC) system to accord speedy approvals of construction projects

of construction projects. The country needs around 55 new airports by 2030 with an investment of US\$ 36-45 billion. In the road's sector, the government's policy to increase private sector participation has proved to be a boon for the infrastructure industry with a large number of private players entering the business through the public-private partnership (PPP) model. During the next five years, investment through PPP is expected to be US\$ 31 billion. India has a requirement of investment worth Rs. 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country.

The Government of India has launched following schemes and reforms, which will have a positive impact on AEC (Architectural, Engineering & Construction) vertical in India:

Smart Cities Mission⁵:

Under Smart Cities Mission, 100 Smart Cities were to be selected through a 'City Challenge Competition,' linking financing and ability to achieve multidimensional objectives of urban infrastructure development like adequate and clean water supply, sanitation and solid waste management, efficient urban mobility and public transportation, affordable housing for the poor, power supply, robust IT connectivity, governance, especially e-governance and citizen participation, safety and security of citizens, health and education and sustainable urban environment. Smart City mission has been implemented through Special purpose Vehicles (SPV) to be managed by the state government.

99 Smart cities have been identified. E-governance with citizens' participation is one of the key objectives of this mission.

Till date, 100 cities have been identified, with an outlay of USD 31.38 billion. The scheme is projected to positively impact 99 million of urban population. 96 Special Purpose Vehicles (SPVs) have been formed.

⁴IBEF- Infrastructure Industry analysis report

⁵ Make in India- Construction

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)⁶:

The mission is interlinked to the Smart City Mission, adopting a project approach to ensure basic infrastructure services relating to water supply, sewerage, management, storm water drains, transport and development of green spaces.

State level plans of USD 11 billion for 500 cities have been approved. Uttar Pradesh has got the highest investment under the Atal Mission of USD 1.75 billion. This is followed by: Tamil Nadu (USD 1.72 billion), Maharashtra (USD 1.03 billion), Haryana (USD 0.39 billion), Chhattisgarh (USD 0.33 billion), Manipur (USD 27 million), Sikkim (USD 6 million) .

Pradhan Mantri AwasYojana (PMAY)⁷:

“Housing for All” Mission for urban area is to be implemented during 2015-2022 and this Mission will provide central assistance to implementing agencies through States and UTs for providing houses to all eligible families/beneficiaries by 2022.

All 4041 statutory towns as per Census 2011 with focus on 500 Class I cities would be covered in three phases.

RERA⁸:

Government of India has enacted the Real Estate (Regulation and Development) Act 2016 and all the sections of the Act have come into force with effect from May 1, 2017. All commercial and residential real estate projects will have to register (with some exceptions). As per the RERA, details of all the Registered Projects shall be available online for citizens including

1. Sanctioned plans, layout plans, along with specifications, approved by the competent authority
2. Proposed Plan, Proposed Layout Plan of the whole project and Floor Space Index proposed to be consumed in the whole project, as proposed by the promoter
3. Proposed Number of building(s) or wing(s) to be constructed and sanctioned number of the building(s) or wing(s)
4. The stage wise time schedule of completion of the project, including the provisions for civic infrastructure like water, sanitation and electricity

The Real Estate sector involving over 76,000 companies came into the ambit of regulation from May'2017.

Ease of Doing Business⁹:

The Ease of Doing Business (EODB) index is a ranking system established by the [World Bank Group](#). India is ranked 77th in 2019 and 100th in 2018 improving by 23 positions among 190 countries.

Dealing with construction permits is one of the 10 areas of business regulation for which information is collected for research. India ranked 52nd in dealing with construction permits among 190 economies in 2019 rankings. Government has initiated Business Reform Action Plan (Ref: <http://eodb.dipp.gov.in/>) to improve the EODB rankings. As such there will be major reforms implemented for issuing construction permits all over India.

India ranked 100th in 2018 Ease of doing Business rankings by World Bank.

It ranked 181st in dealing with construction permits among 189 economies.

⁶[Make in India- Construction](#)

⁷PMAY site

⁸RERA site

⁹Make in India- Ease of doing business; World bank group- doing business 16th Edition

Digital India:

Launched in 2015, Digital India encompasses a set of initiatives targeted at transforming India into a digitally empowered society and a knowledge economy. It promises to create digital infrastructure and internet for all in next few years and aims to ensure digital literacy and availability of government services in real time for everyone.

Due to the above mentioned Government initiatives, an overall boost to construction industry in terms of – i) Automation in management of smart city infrastructure, ii) Increase in housing – higher construction activities, iii) Increase in construction infrastructure projects, iv) Adoption of technology among private construction companies v) Greater automation in issuing construction permits vi) Digitization and usage of software application for e-Governance, replacing manual operations. Since SoftTech’s software products are aimed at fulfilling the market requirements in above areas, we foresee a sustainable increase in demand for our software solutions during next five years.

IT and Technology Industry

Information technology (IT) spending will continue to dominate total tech spending, especially in emerging markets. The global tech market in currency terms will decline modestly throughout 2018 to 2020 at 5% and 3.8% respectively.¹⁰ Information technology is not only fuelling major business transformation across industries, it’s also changing how technology enterprises sell their products and services, operate and plan for future growth.

Global Digital Transformation Market:

New developments in Information technology and software solutions are transforming and disrupting almost every industry. There is a software application for every sector and business function such as, sales, banking, accounting, payroll software technology which has existed in the form of web, mobile technologies, management information systems, data management tools etc. The global digital transformation market size is estimated to rise at a CAGR of 18.6% from US\$ 1.2 trillion in 2017 to US\$ 2 trillion in 2020¹¹. India’s IT industry is increasingly focusing on digital opportunities as digital is poised to be a major segment in the next few years. It is also currently the fastest growing segment, growing over 30 per cent annually. Revenue from digital is expected to comprise 38 per cent of the forecasted US\$ 350 billion industry revenue by 2025.¹² With growth potential, NOW is the perfect time to focus on digital opportunities in the IT sector.

Some of the most promising aspects of digital transformation that are currently emerging and expected to change the dynamics of the IT adoption in AEC industry:

- *Internet of Things(IoT)*
- *Artificial Intelligence(AI)*
- *Machine Learning(ML)*
- *Big Data Analytics*
- *Product Engineering*
- *Digital Media*
- *Building Information Modelling*

Upcoming Technologies:

India, having proven its capabilities multiple times in delivering both on-shore and off-shore services to global clients, is now exposed to pioneering technologies which are offering a new spectrum of opportunities to IT firms.

Growth Area #1: Internet of Things is shaping the future with its high economic potential by disrupting nearly every sector- be it agriculture, manufacturing, healthcare, retail, transport or energy. IoT is often used in tandem with cloud computing, as IoT generates massive amounts of data and cloud computing provides a pathway for this data to travel and platform for it to be processed. Some of the few remarkable impacts created with the help of IoT are - driverless cars, wearable healthcare devices that provide constant

¹⁰ Global Tech Market growth slows from 5%-3.8% from 2018-2020, Forrester

¹¹IT &ITes Industry in India by IBEF

** all figures are in fiscal year

¹²IT &ITes Industry in India by IBEF

** all figures are in fiscal year

monitoring & personalized care, agricultural drones & sensors making high tech farming possible and IT-optimized smart manufacturing using human resources at the manufacturing plant in a more productive way. Following this boom, the IoT market will likely hit US\$ 8.9 trillion by 2020 attaining a 19.9% CAGR¹³.

Growth Area #2: Integration of **Artificial Intelligence & Machine Learning** are making routine business operations dynamic and less time-consuming. All types of services are getting smarter with sensors as well as intelligent controls. Machine Learning market is expected to grow at a CAGR of 44.1% and become worth US\$ 8.8 billion by 2022. ¹⁴Spending on Artificial Intelligence and Machine Learning will grow from US\$12billion in 2017 to US\$57.6 billion by 2021. ¹⁵

Growth Area #3: Another area that received high demand is **Big Data Analytics**-the process of examining large & varied data sets to uncover patterns, correlations, market trends & other useful information that can help organizations make more informed business decisions. The market for Big Data will experience major growth from US\$ 35 billion in 2017 to US\$ 77 billion in 2023.¹⁶

Growth Area #4: Product engineering is another field that has received high demand in recent times. It takes care of the entire product life cycle from the innovation phase to deployment & user acceptance phase. Product engineering is also expected to see robust growth in the future. The product engineering services market is estimated to reach US\$ 1 trillion by 2021 & grow at a CAGR of 8.2% in 5 years.¹⁷

Growth Area #5: Digital Media, a blend of technology & content used to develop various applications. Digital media products are abundant in the world we live in today and has penetrated almost every industry. With a current market revenue of US\$ 100.2 billion, its market is expected to reach US\$130.6 billion by 2022.¹⁸

"In this digital age, we have an opportunity to transform lives of people in ways that was hard to imagine just a couple of decades ago.

– Narendra Modi,

Prime Minister of India

Growth Area #6: Building Information Modelling is a digital representation of physical and functional characteristics of a facility. building information model is a shared knowledge resource for information about a facility forming a reliable basis for decisions during its life-cycle; defined as existing from earliest conception to demolition. The adoption of BIM in Indian construction projects is to the tune of 22% currently and expected to grow rapidly in upcoming years.

The new road to development is Information Technology & that has helped to improve the image of India in the international forum.

¹³Size of the Internet of Things market worldwide in 2014 and 2020, by industry (in billion US dollars), Statista

¹⁴Machine Learning Market worth 8.81 billion USD by 2022, Markets and Markets

¹⁵Roundup of Machine Learning forecasts and estimates, Forbes

¹⁶Forecast of Big Data Market Size, based on revenue from 2011 to 2027 (in billion US dollars), Statista

¹⁷Product Engineering services market worth 1003.12 billion USD by 2021, Markets and Markets

¹⁸Digital media revenue worldwide from 2016 to 2022, by category (in million US dollars)

²¹http://www.fig.net/resources/proceedings/fig_proceedings/fig2014/ppt/ss36/ss36_kavanagh_7434.pdf

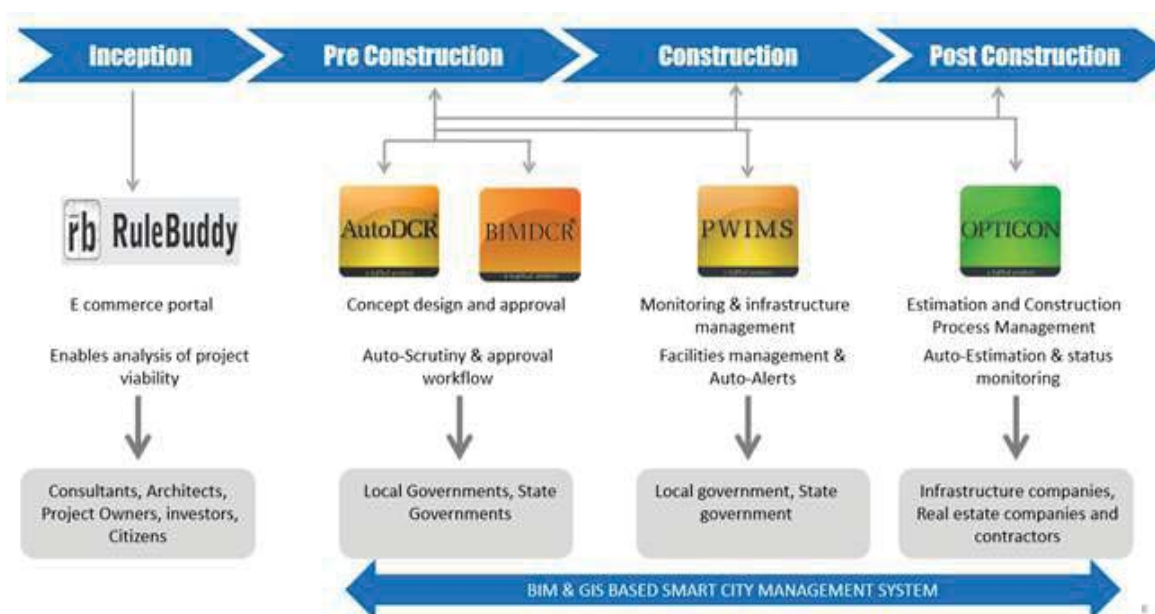
III. OPPORTUNITIES AND THREATS

Our Business

In last 20 years, the company is constantly improving, developing and innovating software products to meet the AEC industry requirements. We have a portfolio of established 3 products, newly released products and two products under development stage. These products cover entire value chain of the construction industry right from pre-construction to during construction and then to the post construction stage. These products are being used by government authorities, local bodies, municipalities, construction and infrastructure enterprises, real estate developers, architects and other consultants in AEC sector.

Product portfolio includes-

- *AutoDCR*
- *PWIMS*
- *OPTICON*
- *BIMDCR*
- *RuleBuddy*



Products

AutoDCR–Technology to Deliver on The Building Plans

AutoDCR is an innovative solution boosting Smart City projects by automating building and layout plan approvals. AutoDCR reads 2D CAD drawings and checks them for compliance to Development Control Regulations (DCR) of Urban Local Bodies (ULBs), Municipal Corporations, Urban Development Authorities and other such approving authorities. It is integrated with online approval workflow to monitor the approval process with associated document scrutiny. This reduces human intervention and at the same time shortens time required for approvals drastically, which further helps the authorities on improving “Ease of Doing Business” rankings. Further, there is increased transparency and uniformity in the work flow.

PWIMS – Smarter Management for Public Works Organizations

PWIMS is a web based, integrated works and procurement management software which is used for managing the core functional processes of works planning, procurement and maintenance large government as well as private civil infrastructure organizations. The services in this software include Budget and Estimate management, Tenders & Project management, Asset & Inventory management, Finance &

Accounts management and HR management. Further, it provides a comprehensive dashboard and generates real-time MIS reports for such organizations.

OPTICON – ERP for Construction Enterprises

OPTICON is Enterprise Resource Planning (ERP) software which combines enterprise technologies with nearly 20 years of construction industry domain experience into an integrated system. The product aims at optimizing construction processes. The services in the product includes detailed tender bid management, cost estimation for the project, managing timeline and schedules, generating MIS reports on real-time basis, managing inventory and purchase records, client billing, Sales & CRM among others. With growing infrastructural and construction activities, it aims at reducing the workload of construction companies and reducing their project completion time saving their overall cost.

BIMDCR

BIMDCR is a recently released product based on cutting edge 3D BIM technology. BIMDCR will update the AutoDCR customers with advanced technology to serve as integrated systems for Smart City projects. BIMDCR is an innovative 3D Building Information Model based Online Single Window Clearance (SWC) system. It enables automatic scrutiny of building proposals by reading 3D Building Models submitted by Applicant. BIMDCR helps in better coordination between different departments providing approvals, NOCs (No Objection Certificates) and ensures comments by different stake holders in a single 3D model thereby detecting or preventing clashes at an earlier stage. The novel BIM model approach will also help development authorities to track unauthorized constructions in due course.

RULEBUDDY

RuleBuddy is an upcoming product by our Company which is currently in Beta phase. It is an e-commerce platform which aims to help customers solve their queries prior to commissioning of any construction activities for particular area. By leveraging the current & validated database of DCRs of various authorities and SoftTech's technical expertise in the construction industry, it will analyze and assess the feasibility of any construction project, further validating DC rules, NOC fees and other documentary requirements. The key users for this product will be Project owners, project developers, construction companies, architects, engineers, financial institutions involved in issuing housing loans among others.

INTEGRATED BUILDING PERMITS SYSTEM (IBPS)¹⁹

IBPS is a vision product by our Company under research and design phase. IBPS provides innovative, intelligent and collaborative platform to accelerate the approval of building projects. It automates and simplifies the building plan/model scrutiny processes, document management, approval workflow and verification of the parameters defined in the city map. It uses technology like Internet of Things (IoT), Virtual Reality/Augmented Reality, Machine Learning and AI tools. It consists of various modules for proposal creation, collaborative verification, virtual site visits and audit, workflow and online collaboration, progress monitoring and tracking, analytical reports, etc. It is useful for private consultants, corporations, government organizations among others.

With these products, our Company will be catering to full value chain of building construction activity through automation; resulting in effective governance, reduced approvals time, lower cost of investment, anywhere access to construction related information, digitalization of the entire process and thereby facilitate the authorities to increase their ranking in "Ease of Doing Business".

¹⁹Under research and design phase

Technology expertise and strength

- **CAD/ CAM Expertise-** CAD Drawing Entity reading, mathematical modelling, numerical methods and data processing; Strong skillset in reading AutoCAD, ZwcAD and open CAD platform APIs.
- **Web Development-** Strong Skill set in various Microsoft framework technologies; Team Proficiency in ASP. Net, C#, MVC, Bootstrap, jQuery, JSON, Ajax and various java script frameworks
- **Mobile Development- Separate** Teams of Android and iOS developments
- **Dashboards & Analytics-** Strong Skills in defining schemas of Transactional data; ETL services and analytical Models
- **Database Engineering & Administration group-** Team and Expertise in managing SQL Server, Oracle and Mongo DB
- **Quality & testing-** Team with strong domain and knowledge of business functions; Proficiency in Manual and Automations testing; Awareness on tools lime Vega (for Security testing) & Selenium (for Automation testing)
- **Rule Engine-** Strong Skill set of C++/ Visual C++ & XML
- **3D/ BIM Expertise-** Skill set for model reading and data processing; Team Proficiency in understanding of Revit APIs and Open Source modelling APIs
- **Domain knowledge and expertise:** Specific knowledge and expertise in Architectural, Engineering and Project Management fields. Architectural: Building design as per Development Control Regulations of different authorities. Engineering- Costing, Rate Analysis, Estimation, automated BOQ generation. Project Management: Project Planning, Scheduling, Procurement calendar, Project Monitoring.

With above products, deep technical expertise, and the experience of over 20 years, we are empowering business transformation s in AEC vertical. With deep industry/ domain knowledge, scalable products and robust frameworks, experienced management team, and technical expertise we have ensured a competitive advantage in this market segment.

Business Strategy

Company is continuously innovating new products to cater to industry in which it operates. It provides solutions to various government departments, local bodies, corporations etc. and other private enterprises to enable transformation. It is focused on continually offering innovative products in entire value chain of the construction industry. Following is the broad level business strategy for next five years:

Business strategy includes-

1. *Innovate*
2. *Augment*
3. *Expand*

Strategy	Particulars	Impact
Innovate	<ul style="list-style-type: none"> - Develop new products - Continued investment in research and development - Develop new applications for existing products 	<ul style="list-style-type: none"> - Pro-active solutions to market needs. - Keeping ahead of competition through technological edge. - New customers - New business from existing customers
Augment	<ul style="list-style-type: none"> - Widen the customer base by augmenting our reach to enterprises and corporates - Increase product contribution PWIMS, Opticon and other products 	<ul style="list-style-type: none"> - Better coverage of market with increased revenue. - Up-selling and cross selling for business revenue growth. - Covering industry entirely across both government as well as private sector markets.
Expand	<ul style="list-style-type: none"> - Product base and industry offering - presence and set up across India and overseas - enter into overseas market 	<ul style="list-style-type: none"> - Increase in margins due to foreign exchange earnings, price advantage in international markets, as our primary software development activities remain within India.

Competition

Currently our business is distributed among two categories- (1) e-Governance projects and (2) Products and services to Private sector companies.

In e-Governance business, there is low level of competition for our AutoDCR products, as there are only 4 to 5 companies actively involved in Building Permission Management system (BPAS). The projects are awarded normally through a formal tendering & bidding process. Since our Company has created a number of success stories and has established our credentials in the market and since AutoDCR product has a technological edge over the competition, we envisage to continue with our leadership position in the BPAS.

There is moderate level of competition for our PWIMS product in e-Governance. However the growth happening in infrastructure projects and as PWIMS has fully matured and well accepted by customers, we envisage a good growth and increase in our market share during next few years.

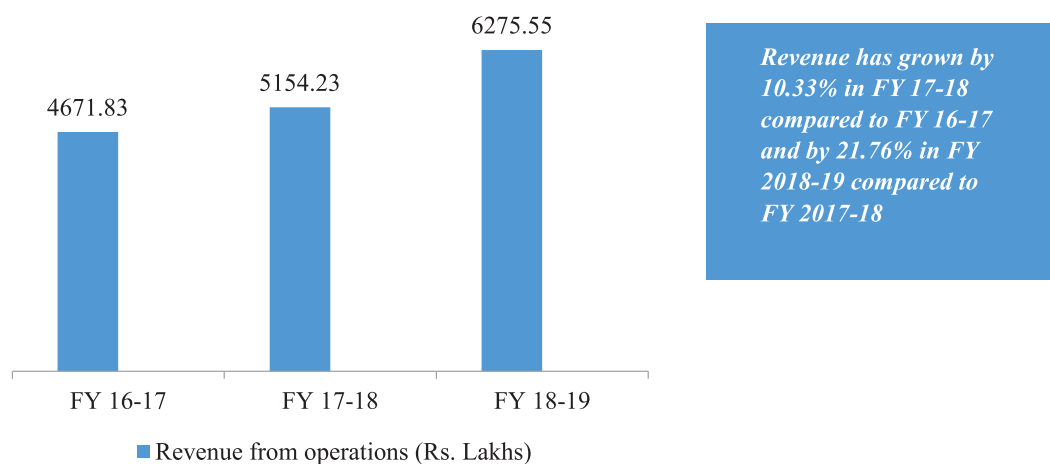
In private sector, though there is high level of competition for our OPTICON product as well as for our services, the increasing volume of market size is expected to have a positive impact for our revenue creation. Introduction of new products such as RuleBuddy and IBPS²⁰ will help us acquire more and more customers from private sector.

Our competitive edge lies in:

- (i) Innovation & meeting market expectations at earlier stage
- (ii) Customer satisfaction through deep level support
- (iii) Continuous R&D to maintain technological edge
- (iv) Building on earlier successes and brand

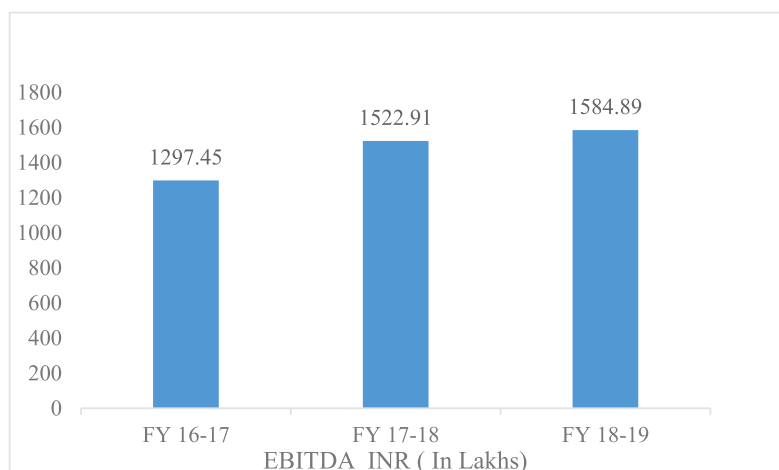
IV. COMPANY PERFORMANCE

- Revenue from operations INR Lakhs



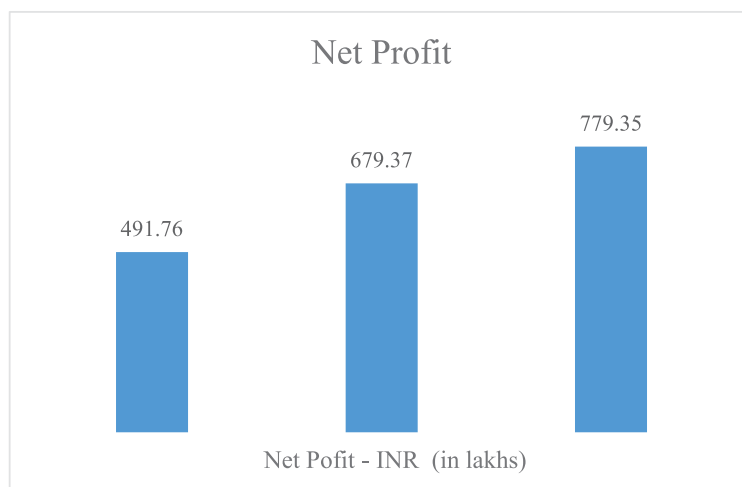
²⁰Under research and design phase

- Earnings before interest, depreciation and amortization and tax (EBITDA INR Lakhs)²¹



EBITDA has grown by 17.38% in FY 17-18 compared to FY 16-17 and by 6.19% in FY 18-19 compared to FY 17-18

- Net profit INR lakhs



Net profit has grown by 38.15% in FY 17-18 compared to FY 16-17 and by 14.72% in FY 2018-19 as compared to FY 2017-18

- Performance of the Company

INR Lakhs

Particulars	Year ended March 31			
	2019	%	2018	%
Revenue from operations	6275.55	100	5154.23	100
Purchases of stock-in-trade	492.29	7.84	440.89	8.55
Employee benefits expense	983.29	15.67	836.83	16.24
Depreciation and amortization expense	404.19	6.44	378.02	7.33
Other expenses	3215.08	51.23	2353.60	45.66
Total expenses	5094.85	81.19	4009.34	77.79

²¹Excluding other income

Operating profit	1180.70	18.81	1144.89	22.21
Other income	80.14	1.28	45.01	0.87
Finance costs	168.37	2.68	226.83	4.40
Profit before tax	1092.47	17.41	963.07	18.69
Net tax expenses	313.11	4.99	283.71	5.50
Net profit	779.36	12.42	679.36	13.18

Revenue from operations has grown from INR 5154.23 lakhs to INR 6275.55 lakhs. It has grown by 21.76% compared to last year. Purchases of stock in trade has increased from INR 440.89 lakhs to INR 492.29 lakhs. Employee benefit expenses increased from INR 836.83 lakhs to INR 983.29 lakhs. As a % of revenue it is decreased from 16.24% to 15.67%. Depreciation and amortization expenses have decreased by 0.89% compared to last year. Other expenses have increased from INR 2353.60 lakhs to INR 3215.08 lakhs. Operating profit has increased from INR 1144.89 lakhs to INR 1180.70 lakhs. Finance cost is decreased from INR 226.83 lakhs to INR 168.37 lakhs. Profit before tax increased from INR 963.07 lakhs to INR 1092.47 lakhs. Net tax expenses increased from INR 283.71 lakhs to INR 313.11 lakhs. Net profit of the company increased from INR 679.36 lakhs in FY 17-18 to INR 779.36 lakhs in FY 18-19.

- **Product wise revenue (INR Lakhs):**

Particulars	FY 18-19	FY 17-18	Growth
AutoDCR	3536.93	2916.33	21.28%
PWIMS	1833.70	1303.97	40.62%
Opticon	386.87	415.87	(6.97)%
Others	518.04	518.06	- %

- **Performance of the company (INR Lakhs)**

Particulars	Year ended March 31	
	2019	2018
Net worth	6115.33	3739.80
Gross debt (Long term + short term debt + Unsecured Loan)	1578.33	1508.35
Gross debt/net worth	0.26	0.40
Total fixed assets (including intangibles under development)	1393.22	1248.39
Current ratio	3.32	1.90

- Gross debt comprises of long term debt of INR 871.40 lakhs in FY 18-19 (FY 17-18 INR 1057.59 lakhs) and short term debt of INR 706.93 lakhs (FY 17-18 INR 450.76 lakhs). Fixed assets include intangibles under development of INR 510.79 lakhs (FY 17-18- INR 380.32 lakhs). Gross debt to net worth has improved from 0.40 x to 0.26 x. Current ratio is 3.32 x FY 18-19 compared to 1.90 x in FY 17-18.

- **Key Financial Ratios**

Particulars	2017-18	2018-19
Operating Profit Margin %	18%	17%
Net Profit Margin %	13%	12%
Debtors Turnover ratio	2.61	3.13
Interest Coverage Ratio	5.25	7.57
Current Ratio	2.06	3.32
Return on Net Worth	18%	13%
Debt Equity Ratio	0.15	0.10

- In FY19, The company has raised equity of INR 22.81 Crore by listing on NSE SME Platform by issue of shares (Book Built Issue)
- Company has utilized the fund raised from IPO for repayment/ pre-payment of certain unsecured borrowings availed by the company which leads to decrease in Debt Equity Ratio
- Improved Debtors Turnover Ratio signifies the speedy recovery of debtors and improved liquidity position of the company
- Improved Interest Coverage ratio signifies that company is generating earnings beyond the amount required to make interest payments on its debt has a larger financial cushion against a temporary downturn in margins
- Decrease in operating Profit Margin & Net profit Margin due to increase in expenses in H2FY19 incurred for following:
 - Increase in employees (senior management team, technical, marketing & sales)
 - Other expenses -invested in additional project implementation costs for timely and efficient execution of growing order book and expansion in overseas markets

V. TALENT ACQUISITION, TRAINING AND RETENTION

Company believes that Human Resources of the Company are its core strength. The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, equality and accountability at functional levels. With expanding business, the company has also undertaken initiatives to re-orient the organizational structure for increased efficiency.

With the changing and turbulent business scenario, the Company's basic focus is to enhance the skill and knowledge level of the existing human assets by providing appropriate leadership at all levels, motivating them to face the hard facts of business, inculcating the attitude for speed of action and taking responsibilities.

In order to keep the employees skill, knowledge and business facilities updated, ongoing in house and external training is provided to the employees at all levels. The effort to rationalize and streamline the work force is a continuous process.

As on March 31, 2019, the Company has total head count of 527 manpower resources.

Department wise team members

Particulars	As on March 31, 2019	As on March 31, 2018
Management	3	3
Implementation	359	358
Development	109	80
QA	24	19

Sales	13	17
Finance and accounts	8	8
Purchase and administration	8	7
Human resource	6	4
Total	530	496

Male and female team members count

Particulars	Male	Female	Male:Female
March 31, 2019	369	161	69:30
March 31, 2018	339	157	68:32

VI. RISKS AND CONCERNS

Risks, concerns and mitigations–

Risks	Impact on Company	Mitigation Plan
Volatile global political and economic scenario	Revenue growth may be highly impacted by political instability or uncertain economic conditions as it is likely to influence the enterprise customer’s outlook to restrict their expenses.	Diversification of business across various locations and industry verticals will help to minimize the risk.
Rapidly changing business models due to technology	The dynamic technological environment is disrupting consumption patterns, rapidly changing demand-supply, leading to new competitors and new client bases. It’s becoming difficult to keep up with the pace of changing expectations, failure of which might lead to loss of market share and decrease in revenue.	Deep focus on Research & Development efforts by using internal experts and valuable external partnerships to develop solutions which are in high demand. Training and re-skilling the existing employees to successfully develop & implement new technologies.
Breach of data privacy and protection	Another area of increasing concern is the privacy and protection of personal data. In case of any violation or breach of security, non-compliance or inadequacy of privacy, policies might result in substantive penalties and financial impact on profitability.	A robust technology infrastructure and stringent data security norms help to keep the data secure. There are stringent confidentiality policies with employees in place as a part of the security management process.

Inadequate laws in case of Intellectual Property (IP) management	There is always a risk of violation by 3 rd party IPs which may often lead to potential liabilities on the part of the company. It can hamper our reputation and increase legal obligations.	Measures to protect IPR through necessary certifications (Copyrights, Trademarks, patents).
Skilled Human Resource Availability and Retention	A lack of skilled human resource often prevents the company from staying relevant in the face of rapidly changing technology trends. This often leads to misalignment of business and workforce strategies.	Early planning and acquisition of talent in line with the expansion plans and estimated growth.
Client concentration risk	Majority client is government authorities etc.	Increase the business with private sector through new products as well as augmenting existing products.
Expenditure on research and development	Company is making expenditure on research and development of new products which may not be recouped.	<ul style="list-style-type: none"> - Regular allocation of budget for R&D. - Build and enhance the R&D team.
Attrition	Our business depends upon the skilled personnel; we may not be able to attract, hire, motivate, retain and train personnel.	Company is providing training and other incentives to attract and retain its employees.
Government Policy change	If government policies relating to Smart cities, digital India, AMRUT, PMAY etc. change, it could result in lower future revenues and profitability	<ul style="list-style-type: none"> - Diversification and expansion of revenue streams to private sector. - Propose Saas based business models.
Technology changes	Changes in technology may render current technologies obsolete or may require significant capital investments	Company is investing in R&D to cope up with current technology changes.

VII. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control systems play a crucial role in the health of a Company in every industry. An effective system of internal control is a backbone, necessary for building, maintaining and improving shareholders confidence and value as well as helps to enhance the overall quality of the business and the enterprise.

The Company has an adequate internal control system commensurate with the size of the Company and the nature of its business. The Company also has internal control system for speedy compilation of accounts and Management Information Reports and to comply with applicable laws and regulations. The company has appointed reputed firm as Internal Auditors.

The Company has also formed an Audit Committee. Audit Committee reviews with the management adequacy and effectiveness of the internal control system and internal audit functions. Besides the above, Audit Committee is actively engaged in overseeing financial disclosures.

VIII. OUTLOOK

With government initiatives like Smart Cities Mission, AMRUT, RERA, Digital India etc, huge opportunities are presented for technology companies like us to transform and simplify the current business activities. We have orders in hand of INR 24,805 lakhs for 58 customers out of which INR 13,520 lakhs are yet to be executed. Orders in pipeline are worth INR 3,716.00 lakhs for 31 prospective customers.

SoftTech's major focus shall be on increasing its market share in each of the product category. The Company's strength lies in the vision of experienced management team and innovative products which would pave in for the future. The Company endeavors to enter into ventures and agreements with new business partners and introduce innovative products in newer geographies and is establishing new branch offices to provide direct customer services. The Company recognizes the need of timely and quality delivery of service and is continuously working towards creating and expanding a work platform for the same.

Over the last decade, the Company has plugged gaps in software requirements of various fields of construction sector and intends to continue doing so with the objective to cement out its reputation as a leading software company in AEC space. The Company has recruited more professionals to innovate new products and to address the number of growing clients.

The Company believes the relationship with the clients is established as they receive repeat order flows. To retain existing customers, the team regularly interacts with them and focuses on gaining an insight into the additional customers. The Company intends to enhance brand image by developing business through customer relationship and continuously upgrading and innovating the software's. Growing existing client relationship has helped the Company to leverage on domain expertise, understanding of target industry and close client relationships. The Company also provides value added services to customers of value businesses segment which are high yielding margin business and will continue to grow on this as well.

ANNEXURE B
FORM NO MGT-9
(EXTRACT OF ANNUAL RETURN)
As on Financial Year ended on 31st March, 2019
[Pursuant to Sec 92(3)of the Companies Act , 2013 and rule 12(1) of the Companies (Management and Administration) Rules,2014]

I. REGISTRATION AND OTHER DETAILS:

S. NO.	PARTICULARS	DETAILS
(i)	CIN	L30107PN1996PLC016718
(ii)	Registration Date	17/06/1996
(iii)	Name of the Company	SOFTTECH ENGINEERS LIMITED
(iv)	Category/Sub Category of the Company	Company Limited by Shares/ Indian Non Government Company
(v)	Address of Registered Office and Contact Details	The Pentagon Unit No 5A, Near Satara Road, Telephone Exchange, Shahu College Road, Parvati Pune 411009
(vi)	Whether Listed Company	Yes
(vii)	Name, Address and Contact Details of Registrar and transfer Agent, if any	Block No 202 2nd Floor Akshay Complex Off Dhole Patil Road Pune 411001 Telephone: +91 20 26160084 26161629 Fax: +91 20 26163503 Email : pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S.NO	NAME AND DESCRIPTION OF MAIN PRODUCTS	NIC CODE OF THE PRODUCT SERVICE	% OF TOTAL TURNOVER OF THE COMPANY
1	Providing software support and maintenance to the client	62013	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

S.NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	SoftTech Finland OY Valurinkuja 2 A 125 02650 Espoo	-	Subsidiary	100%	2(87)(ii)
2	SoftTech Engineers Inc 105 Pear LN Union City, CA – 94587	-	Subsidiary	92%	2(87)(ii)
3	SoftTech Government Solutions Inc. 11490 Commerce Park D, Suite 520, Reston, VA 20191	-	Step down subsidiary	93% by SoftTech Engineers Inc.	-

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i. Category-wise Shareholding									
Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS*									
(1) INDIAN									
g) Individual/HUF		3,714,324	3,714,324	52.68	3,751,124		3,751,124	39.81	-12.87
h) Central Govt	-	-	-	-	-	-	-	-	-
i) State Govt	-	-	-	-	-	-	-	-	-
j) Bodies Corp.	-	299,148	299,148	4.24	299,148	-	299,148	3.17	-1.07
k) Banks /FI	-	-	-	-	-	-	-	-	-
l)Any other	-	-	-	-	-	-	-	-	-
Sub Total(A)(1):-		4,013,472	4,013,472	56.92	4,050,272	-	4,050,272	42.99	-13.93
(2) FOREIGN									
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e)Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)		0	0	0.00		0	0	0.00	0
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)		4,013,472	4,013,472	56.92	4,050,272	-	4,050,272	42.99	-13.93
B) PUBLIC SHAREHOLDING									
1. INSTITUTIONS									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	1,887,796	1,887,796	26.77	1,625,396	0	1,625,396	17.25	-9.52
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	-	-	-	-	67,200	-	67,200	0.71	0.71
j) Others(specify)	-	-	-	-	-	-	-	-	-
Sub total (B)(1):		1,887,796	1,887,796	26.77	1692596	-	1692596	17.96	-8.81
2. NON-INSTITUTIONS									
a) Bodies Corp.									
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakhs	-	-	-	-	1,023,200	-	1,023,200	10.86	10.86
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakhs		1,150,008	1,150,008	16.31	964,772	1,150,008	2,114,780	22.44	6.13
c) Others (specify)									
Trusts					174,400	-	174,400	1.85	1.85
Hindu Undivided Family					147,200	-	147,200	1.56	1.56
Non Resident Indians (Non Repat)					4,800	-	4,800	0.05	0.05
Non Resident Indians (Repat)					8,000	-	8,000	0.08	0.08
Clearing Member	-	-	-	-	59,200	-	59,200	0.63	0.63
Bodies Corporate					148,028	-	148,028	1.57	1.57
Sub-Total (B)(2)		1,150,008	1,150,008	16.31	2,529,600	1,150,008	3,679,608	39.05	22.74
Total public Shareholding (B)=(B)(1)+(B)(2)		3,037,804	3,037,804	43.08	4,222,196	1,150,008	5,372,204	57.01	13.93
C) SHARES HELD BY CUSTODIAN FOR GDR & ADRs									
GRAND TOTAL (A+B+C)		7,051,276	7,051,276	100	8,272,468	1,150,008	9,422,476	100	-

*Shareholding of promoters includes shareholding of Promoter group as well.

ii) Shareholding of Promoters								
Sr. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered of total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered of total shares	
1	Vijay Gupta	3,681,234	52.21	4.25	3,681,234	39.07	3.18	(13.14)
2	Priti Gupta	33,090	0.47	-	33,090	0.35	0.00	(0.12)
3	Chirag Gupta	-	0.00	-	36,800	0.39	0.00	0.39
3	Covisible Solutions (India) Private Limited	299,148	4.24	-	299,148	3.17	0.00	(1.07)
iii) Change in Promoters Shareholding								
Sr. No.	Particulars	Shareholding		Cumulative shareholding				
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company			
Vijay Gupta (Promoter)								
1	At the beginning of the year	3,681,234	52.21%	3,681,234	52.21%			
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR						
3	At the end of the year	3,681,234	39.07%	3,681,234	39.07%			
Priti Gupta (Promoter Group)								
1	At the beginning of the year	33,090	0.47%	33,090	0.47%			
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR						
3	At the end of the year	33,090	0.35%	33,090	0.35%			
Chirag Gupta (Promoter Group)								
1	At the beginning of the year	-	0.00%	-	0.00%			
	Purchase 26.09.2018	3,200	0.03%	3,200	0.03%			
	Purchase 27.09.2018	3,200	0.03%	6,400	0.07%			
	Purchase 28.09.2018	3,200	0.03%	9,600	0.10%			
	Purchase 08.10.2018	6,400	0.07%	16,000	0.17%			
	Purchase 09.01.2019	1,600	0.02%	17,600	0.19%			
	Purchase 15.01.2019	1,600	0.02%	19,200	0.20%			
	Purchase 18.01.2019	1,600	0.02%	20,800	0.22%			
	Purchase 21.01.2019	1,600	0.02%	22,400	0.24%			
	Purchase 04.02.2019	1,600	0.02%	24,000	0.25%			
	Purchase 05.02.2019	3,200	0.03%	27,200	0.29%			
	Purchase 06.02.2019	1,600	0.02%	28,800	0.31%			
	Purchase 08.02.2019	3,200	0.03%	32,000	0.34%			
	Purchase 11.02.2019	3,200	0.03%	35,200	0.37%			
	Purchase 14.02.2019	1,600	0.02%	36,800	0.39%			
3	At the end of the year	36,800	0.39%	36,800	0.39%			
Covisible Solutions (India) Private Limited (Promoter Group)								
1	At the beginning of the year	299,148	8.48%	299,148	8.48%			
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR						
3	At the end of the year	299,148	3.17%	299,148	3.17%			

iv) Shareholding of top ten Shareholders (other than Directors, Promoters and Holders of GDR & ADR):					
Sr. no	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
I RAJASTHAN TRUSTEE COMPANY PVT LTD					
1	At the beginning of the year	1,887,796	26.77%	1,887,796	26.77%
2	Sale through Offer for sale 09.05.2018	480,000	5.09%	1,407,796	14.94%
3	At the end of the year	1,407,796	14.94%	1,407,796	14.94%
II BABUBHAI KANJIBHAI PATEL					
1	At the beginning of the year	650,304	9.22%	650,304	9.22%
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
3	At the end of the year	650,304	6.90%	650,304	6.90%
III AJAY KUMAR JAIN					
1	At the beginning of the year	236,820	3.36%	236,820	3.36%
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
3	At the end of the year	236,820	2.51%	236,820	2.51%
IV SIDBI TRUSTEE COMPANY LIMITED A/C MAHARASHTRA STATE SOCIAL VENTURE FUND					
1	At the beginning of the year	0	0.00%	0	0.00%
2	Allotment under Initial Public Offer 09.05.2018	217600	2.31%	217,600	2.31%
3	At the end of the year	217600	2.31%	217,600	2.31%
V PANTOMATH SABRIMALA AIF PANTOMATH SABRIMALA SME GROWTH FUND SERIES I					
1	At the beginning of the year	0	0.00%	0	0.00%
2	Allotment under Initial Public Offer 09.05.2018	174400	1.85%	174,400	1.85%
3	At the end of the year	174400	1.85%	174,400	1.85%
VI DHRUBJYOTI DEBCHOUDURY					
1	At the beginning of the year	131,442	1.86%	131,442	1.86%
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
3	At the end of the year	131,442	1.39%	131,442	1.39%
VII DEVENDRA KUMAR TRIPATHI					
1	At the beginning of the year	131,442	1.86%	65,721	1.86%
2	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
3	At the end of the year	131,442	1.39%	131,442	1.39%
VIII SANJAY POPATLAL JAIN					
1	At the beginning of the year	0	0.00%	0	0.00%
2	transfer 18.05.2018	27200	0.29%	27,200	0.29%
	transfer 01.06.2018	99200	1.05%	126,400	1.34%
3	At the end of the year	126400	1.34%	126,400	1.34%
IX SUNIL MADANLAL BHUTADA					
1	At the beginning of the year	0	0.00%	0	0.00%
2	transfer 11.05.2018	1600	0.02%	1,600	0.02%
	transfer 18.05.2018	105600	1.12%	107,200	1.14%
	transfer 15.06.2018	4800	0.05%	112,000	1.19%
	transfer 22.06.2018	4800	0.05%	116,800	1.24%
3	At the end of the year	116800	1.24%	116,800	1.24%

iv) Shareholding of top ten Shareholders (other than Directors, Promoters and Holders of GDR & ADR):						
Sr. no	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
X	PANTOMATH STOCK BROKERS PRIVATE LIMITED					
1	At the beginning of the year	0	0.00%	0	0.00%	
2	transfer 18.05.2018	150400	1.60%	150,400	1.60%	
	transfer 25.05.2018	20800	0.22%	171,200	1.82%	
	transfer 8.06.2018	1600	0.02%	172,800	1.83%	
	transfer 15.06.2018	1600	0.02%	174,400	1.85%	
	transfer 22.06.2018	1600	0.02%	176,000	1.87%	
	transfer 30.06.2018	(25600)	-0.27%	150,400	1.60%	
	transfer 06.07.2018	1600	0.02%	152,000	1.61%	
	transfer 13.07.2018	1600	0.02%	153,600	1.63%	
	transfer 20.07.2018	(1600)	-0.02%	152,000	1.61%	
	transfer 27.07.2018	(3200)	-0.03%	148,800	1.58%	
	transfer 10.08.2018	(4800)	-0.05%	144,000	1.53%	
	transfer 24.08.2018	9600	0.10%	153,600	1.63%	
	transfer 31.08.2018	(4800)	-0.05%	148,800	1.58%	
	transfer 07.09.2018	(3200)	-0.03%	145,600	1.55%	
	transfer 14.09.2018	1600	0.02%	147,200	1.56%	
	transfer 29.09.2018	(43200)	-0.46%	104,000	1.10%	
	transfer 05.10.2018	40000	0.42%	144,000	1.53%	
	transfer 12.10.2018	9600	0.10%	153,600	1.63%	
	transfer 19.10.2018	1600	0.02%	155,200	1.65%	
	transfer 26.10.2018	7600	0.08%	162,800	1.73%	
	transfer 02.11.2018	(1600)	-0.02%	161,200	1.71%	
	transfer 16.11.2018	(1600)	-0.02%	159,600	1.69%	
	transfer 14.12.2018	1600	0.02%	161,200	1.71%	
	transfer 21.12.2018	(3200)	-0.03%	158,000	1.68%	
	transfer 31.12.2018	(12400)	-0.13%	145,600	1.55%	
	transfer 11.01.2019	5200	0.06%	150,800	1.60%	
	transfer 01.02.2019	(9600)	-0.10%	141,200	1.50%	
	transfer 22.02.2019	(16000)	-0.17%	125,200	1.33%	
	transfer 01.03.2019	(19200)	-0.20%	106,000	1.12%	
	transfer 08.03.2019	(8000)	-0.08%	98,000	1.04%	
	transfer 15.03.2019	(1600)	-0.02%	96,400	1.02%	
	transfer 22.03.2019	(3200)	-0.03%	93,200	0.99%	
	transfer 29.03.2019	(3200)	-0.03%	90,000	0.96%	
	transfer 30.03.2019	(2800)	-0.03%	87,200	0.93%	
3	At the end of the year	87200	0.93%	87,200	0.93%	

v) Shareholding of Director and Key Managerial Person					
Sr No.	Particulars	Shareholding		Cumulative shareholding	
		No. of shares	% of total of the company	No. of shares	% of total of the company
a)	Mr. Vijay Gupta				
	At the beginning of the year	3,681,234	52.21%	3,681,234	52.21%
	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
	At the end of the year	3,681,234	39.07%	3,681,234	39.07%
b)	Mrs. Priti Gupta				
	At the beginning of the year	33,090	0.47%	33,090	0.47%
	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
	At the end of the year	33,090	0.35%	33,090	0.35%
c)	Mr. Rahul Gupta				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
	At the end of the year	Nil	Nil	Nil	Nil
d)	Mr. Sridhar Pillalamarri				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Directors shareholding during the year specifying the reasons for increase/decrease	NO CHANGE DURING THE YEAR			
	At the end of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	112,432,675	38,402,022	-	150,834,697
ii.) Interest due but not paid			-	0
iii.) Interest accrued but not due	331,077	196,263		527,340
Total(i+ii+iii)	112,763,752	38,598,285	-	151,362,037
Change in Indebtedness during the Financial year				
i.) Addition	42,830,675	4,216,278	-	47,046,953
ii.) Reduction	15,027,963	24,139,684	-	39,167,647
Net Change	27,802,712	-19,923,406	-	7,879,306
Indebtedness at the end of the Financial year				
i.) Principal Amount	140,255,350	17,576,637	0	157,831,987
ii.) Interest due but not paid	0		-	0
iii.) Interest accrued but not due	311,114	1,098,243	-	1,409,357
Total(i+ii+iii)	140,566,464	18,674,880	0	159,241,344

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSON					
A. Remuneration to Managing Director, Whole Time Director and/or Manager					
Sr. No.	Particulars of Remuneration	MD	WTD	Total Amount	
		Mr. Vijay Gupta	Ms. Priti Gupta		
1	Gross Salary				
a.	Salary as per provisions contained in Sec 17(1) of Income Tax Act, 1961	4,200,000.00	1,081,080.00	5,281,080.00	
b.	Value of perquisites u/s 17(2) income Tax Act, 1961	-	-	-	
c.	Profits in lieu of salary u/s 17(3) Income Tax Act, 1961	-	-	-	
2	Stock option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission as % of Profit	-	-	-	
	Others, please specify	-	-	-	
5	Others, please specify				
	Total (A)	4,200,000.00	1,081,080.00	0.00	
	Ceiling as per the act	Being 10% of the net profit of the Company as per section 198 of the Companies Act, 2013		12,714,755.00	
B. Remuneration to other Directors:					
Sr. No	Particulars of Remuneration	Name of Directors		Total Amount	
		Mr. Rahul Gupta	Mr. Sridhar Pillalamarri		
3	Independent Directors	-	-	-	
i	Fee for attending board committee meeting	100,000.00	100,000.00	200,000.00	
ii	Commission	-	-	-	
iii	Others, please specify	-	-	-	
	Total (1)			200,000.00	
4	Other Non Executive Directors	-	-	-	
i.	Fee for attending board committee meeting	-	-	-	
ii.	Commission	-	-	-	
iii.	Others, please specify	-	-	-	
	Professional fees	-	-	-	
	Total (2)	-	-	-	
	Total (B)= (1+2)	-	-	200,000.00	
	Total Managerial Remuneration	-	-	5,481,080.00	
	Overall ceiling as per act	-	-	13,986,231.00	
C. Remuneration to Key Managerial personnel other than MD/Manager/WTD					
Sr.No	Particulars of Remuneration	Key Managerial Person			
		Company Secretary	CFO		TOTAL
		Aishwarya Patwardhan	Anand Dad	Amit Katariya	
		-	(upto 6 October 2018)	(From 6 October 2018 to 1 April 2019)	
1	Gross Salary	281,264.00	361,936.00	999,195.00	1,642,395.00
a.	Salary as per provisions contained in Sec 17(1) of Income Tax Act, 1961				0
b.	Value of perquisites u/s 17(2) income Tax Act, 1961	0	0		0
c.	Profits in lieu of salary u/s 17(3) Income Tax Act, 1961	0	0		0
2	Stock option	0	0		0
3	Sweat Equity	0	0		0
4	Commission as % of Profit	0	0		0
	Others, specify	0	0		0
5	Others, please specify	0	0		0
	Total	281,264.00	361,936.00	999,195.00	1,642,395.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:					
TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY/PUNISHMENT/COMPOUNDING FEES IMPOSED	AUTHORITY [RD/NCLT/COURT]	APPEAL MADE IF ANY (GIVE DETAILS)
A. COMPANY					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
	Nil				
B. DIRECTORS					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
<p>For and on behalf of the board of Directors SOFTTECH ENGINEERS LIMITED</p> <p>Sd/- VIJAY GUPTA CHAIRMAN & MANAGING DIRECTOR DIN: 01653314 DATE: 27.08.2019 PLACE: PUNE</p>					

Annexure C- Particulars of Contract/Arrangement with Related Parties in Form AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)						
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto						
1. Details of contracts or arrangements or transactions not at arm's length basis						
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)	(g)
NIL						
NA						
2. Details of material contracts or arrangement or transactions at arm's length basis						
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:
(a)					(d)	(e)
Nil						
For and on behalf of the board of Directors SOFTTECH ENGINEERS LIMITED						
Sd/- VIJAY GUPTA CHAIRMAN & MANAGING DIRECTOR DIN: 01653314 DATE: 27.08.2019 PLACE: PUNE						

Annexure D- Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st of March, 2019

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

To,
The Members,
SOFTTECH ENGINEERS LIMITED
CIN- L30107PN1996PLC016718
The Pentagon Unit No 5A Near Satara Road Telephone Exchange
Shahu College Road Parvati Pune 411009

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SOFTTECH ENGINEERS 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, 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 the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and The Companies Amendment Act, 2017 and the rules made thereunder **(in so far as they are made applicable)**;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made **(to the extent applicable)**;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(to the extent applicable)**;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment **(to the extent applicable)**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(to the extent applicable)**;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015) **(to the extent applicable)**;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 (as applicable till 8th November 2018) and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 effective from 9th November, 2018 **(to the extent applicable)**;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(to the extent applicable)**;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(not applicable to the Company during audit period)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(to the extent applicable);**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(not applicable to the Company during audit period)** and

(h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 as applicable till 10th September, 2018 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 effective from 11th September, 2018 **(not applicable to the Company during the Audit Period);**

(vi) I further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company except:

- a) Trade Mark Act, 1999 and rules made thereunder
- b) Information Technology Act, 2000 and rules made thereunder

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) *The composition of Nomination and Remuneration Committee after 4th March, 2019 is not in compliance with the provisions of Section 178 of Companies Act, 2013, as one of the Investor has withdrawn the nomination from the Board of Directors of the Company and the Nominee director ceased to be part of the Board and Nomination and Remuneration Committee with effect from 4th March, 2019.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, the composition of the Nomination and Remuneration committee was not duly constituted as mentioned above.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally 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. Further, in the incidences where, for the purpose of any Board or Committee Meeting, notice, agenda or notes to agenda are circulated with shorter period of less than seven days, all the Directors including Independent Directors have consented to the shorter period of circulation of the same.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that 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, there were no specific events/ actions has occurred with a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, Standards etc. except that:

- a) During the year under review, the Initial Public Offer of 28,51,200 equity shares was made by the Company which includes fresh issue of 23,71,200 equity shares and the offer for sale of 4,80,000 equity shares by one of the shareholders i.e Rajasthan Trustee Company Private Limited.

- b) Bonus issue made by the Company before the Initial Public Offer (IPO) was not considered in disclosure of Employee Stock Option Plan (ESOP) in Draft Red Herring prospectus/Red Herring Prospectus/Prospectus of the Company. The Company later in its Annual General Meeting dated 28th September, 2018 passed a special resolution w.r.t. ratification of SoftTech ESOP 2017 thereby giving effect to the reservation of Bonus Issue of Equity Shares in favour of the employees. However, caution letter for the same has been issued by NSE while giving In principle approval for listing of equity shares to be issued under SoftTech ESOP 2017.

Place: Pune
Date: 27.08.2019

Sd/-
(Devesh Tudekar)
Company Secretary
FCS No. 5712
C.P. No. : 2506

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

‘ANNEXURE A’ FORMING PART OF FORM MR-3’

To,
The Members,
SOFTTECH ENGINEERS LIMITED
CIN- L30107PN1996PLC016718
The Pentagon Unit No 5A Near Satara Road Telephone Exchange
Shahu College Road Parvati Pune 411009

Secretarial Audit Report of even date is to be read along with this letter.

Management’s Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor’s Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company’s management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, I have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. 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.

Place: Pune
Date: 27.08.2019

Sd/-
(Devesh Tudekar)
Company Secretary
FCS No. 5712
C.P. No. : 2506

ANNEXURE E

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES

To,
The Members of
SoftTech Engineers Limited (the “Company”),
Pune.

Your directors hereby presenting the Annual Report on Corporate Social Responsibility (“CSR”) Activities of your Company for the financial year 2018-19.

1. A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Vision:

Being a responsible business house through adoption of appropriate business processes and strategies and by carrying out various initiatives towards its social obligations.

Mission:

The Company has a philosophy of built-in, self-regulating mechanism whereby the Company monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms.

CSR Objective:

The focus of CSR activities of the company has been in the following broad areas.



- 1) Promoting education including special education
- 2) Giving medical aid, Promoting preventive health care and sanitation and making available safe drinking water
- 3) Eradicating hunger, poverty and malnutrition
- 4) Promoting education, gender equality and empowering women and physically handicap and disabled.
- 5) Ensuring Environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water
- 6) Measures for the benefit of armed forces veterans, war widows and their dependents
- 7) Rural Development Projects
- 8) Such other activities as specified in schedule VII of the Companies Act, 2013.

Company’s Corporate Social Responsibility Policy:

Your Company maintains standard of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Corporate Social responsibility will help in ensuring a long-term balanced & inclusive growth.

To that effect, SoftTech Engineers Limited has adopted the policy of Corporate Social Responsibility to comply with CSR.

2. The Composition of the CSR Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted Corporate Social Responsibility (“CSR”) Committee. As on 31st March, 2019 the CSR Committee consists of:

Sr. No.	Name of the Members	Designation
1.	Mr. Vijay Gupta	Member
2.	Mrs. Priti Gupta	Member
3.	Mr. Rahul Gupta	Member

3. Average net profit of the Company for last three financial years: INR. 73,062,084 /-

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): INR 1,461,242 /-

5. Details of CSR spent during the financial year: As per point no. 5(c)

(a) Total amount to be spent for the financial year: INR 1,461,242 /-

(b) Amount unspent: INR 1,111,242/-

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)		(5)	(6)		(7)	(8)
Sr. No	CSR project or activity identified	Relevant Section of Schedule VII in which the project is covered	Projects or programs (Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			Local area or other	Specify the State and district where projects or programs was taken		Direct	Overheads		
1	Education and skill development for underprivileged, differently abled and needy children. Empowering young girls and women for self-hygiene & health care.	(ii)	Local area	Pune, Maharashtra	INR 621,500/-	INR 350,000/-	-	INR 350,000/-	Through Implementing agency



6. Reasons for not spending the prescribed amount:

Major inflows of the Company are from the Government sectors and there is a considerable time lag in receipt of the sale proceeds. However the fixed monthly expenses like salary, rent, interest, taxes etc are recurring in nature and time bound. The time gap in realization of the inflows is filled up by cash credit facility from the bankers. As the major inflows were during the last quarter, the Company has made a part of CSR expenditure in the month of March 2019. The Company has identified the areas for spending CSR amount and the Company has also additionally incurred CSR expenses of INR 2,71,500/- in May, 2019 on the identified project. The Company is in search for adoption of long term CSR programs and projects and was unable to find such program during the previous year under review. The Company will spend further amount during the course of time as and when projects are identified. SoftTech is fully committed towards its Social Responsibilities and will ensure the CSR activities are undertaken and executed.

7. Responsibility Statement:

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.”

For and on behalf of the board of Directors
SOFTTECH ENGINEERS LIMITED

Sd/-
VIJAY GUPTA
CHAIRMAN & MANAGING DIRECTOR
DIN: 01653314
DATE:
PLACE: PUNE

Sd/-
PRITI GUPTA
DIRECTOR
DIN: 01735673
DATE:
PLACE: PUNE





Auditor's Report and Financial Statement



Independent Auditor’s Report

To the Members of SoftTech Engineers Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of SoftTech Engineers Limited (‘the Company’), which comprise the Standalone Balance Sheet as at 31 March 2019, the Standalone Statement of Profit and Loss and the Standalone Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 (‘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 Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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 there under, 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.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. 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.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition – fixed price contracts:</p> <p>(Refer note 2(d) to the accompanying standalone financial statements for accounting policy and Note 21 for the revenue recorded during the year).</p> <p>Revenue from fixed price contracts are recognised based on the milestones achieved as specified in the contracts and for interim stages, until the next milestone is achieved, on the basis of proportionate completion method.</p> <p>The fixed price revenue contracts of the Company are by their nature complex given the significant judgements involved in estimation of efforts required to complete any particular project.</p> <p>This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date and efforts required to complete the remaining contract performance obligations, and the ability to deliver the contracts within planned timelines. These contract estimates are reviewed by the management on periodic basis. Changes in the estimates as contract progresses can result in</p>	<p>Our audit of recognition of revenue in respect of fixed price contracts included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained and updated understanding of the revenue stream relating to fixed price contracts. • Evaluated the appropriateness of the Company’s revenue recognition policies; • Evaluated the design and implementation of key controls over the recognition of contract revenue and tested the operating effectiveness of these controls; • For a sample of contracts, evaluated key management judgments inherent in the estimated hours to complete the underlying ongoing projects, that drive the accounting under proportionate completion method, by performing the following procedures: <ul style="list-style-type: none"> - Evaluated the contract terms and conditions; - obtained an understanding of the assumptions applied in determining the estimated hours to complete, and tested the same for appropriateness basis our understanding of the business and inspecting underlying estimate calculations; - performed a retrospective review of hours expended with estimated hours in prior periods to identify

<p>material adjustments to revenue recorded by the Company.</p> <p>As a result of the complexities and judgment involved, and significance of the matter with respect to the standalone financial statements, this area has been considered as a key audit matter in the audit of the accompanying standalone financial statements for the current year.</p>	<p>significant variations, if any.</p> <ul style="list-style-type: none"> - obtained reasons for any change in estimates of continuing contracts from prior period impacting revenue recognition in previous periods. - assessed the ability to deliver contracts within budgeted timescales. <ul style="list-style-type: none"> - Tested a sample of contracts with unbilled revenue to identify possible delays in achieving milestones, which requires change in estimated efforts to complete the remaining performance obligations. - Evaluated the appropriateness of the disclosures made in the standalone financial statements with respect to fixed price contract revenue in accordance with the requirements of the applicable accounting standards.
<p>Recoverability of trade receivables</p> <p>(Refer Note 2(e) to the accompanying standalone financial statements for accounting policy and Note 16 for related disclosure)</p> <p>As at 31 March 2019, the total receivable balance net of provisions, included in Note 16 is INR 188,227,694 (as at 31 March 2018: INR 218,027,120)</p> <p>Owing to the nature of operations of the Company and the related customer profiles, the Company has significant receivable balances that are past the credit period for the products and services offered by the Company. Allowance for doubtful accounts are established through evaluation of the accounts receivable ageing and prior collection experience, current market conditions, customers' financial conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables.</p> <p>The recoverability of trade receivables and the level of provisions for bad and doubtful debts are considered to be key risk due to significance of these balances to the financial statements and the judgements required in making appropriate provisions, and accordingly, this matter has been determined to be a key audit matter for the current year audit.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's process for computation of trade receivables provisioning, and related accounting policies adopted by the management. • Tested the design, implementation and operating effectiveness of the controls that the Company has established in relation to revenue recognition and allowance for trade receivables; • Tested the ageing profile of trade receivable balances; • Assessed the recoverability on a sample basis by testing the amounts received subsequent to year-end, confirmations received from customers, information collected from sales team, external available information regarding parties with significant balance outstanding as at year end, etc.; • Evaluated the consistency of judgements applied by the management regarding provision for trade receivables to identify any evidence of management bias in this accounting estimate; • Evaluated the management's response to the recoverability of the long outstanding receivable balance which have not been assessed as doubtful, by corroborating the same with underlying documentation and correspondence with the customer. • Evaluated the appropriateness of disclosures made in the standalone financial statements with respect to the trade receivables and provisioning thereof.
<p>Development costs towards intangible assets under development</p> <p>(Refer Note 2(l) to the accompanying standalone financial statements for accounting policy and Note 11 and Standalone Balance Sheet for related disclosure)</p> <p>The Company's research and development personnel are involved in the development of new software offerings, enhancements to existing software and maintenance. Such development costs are being capitalized by the Company in accordance with AS 26, Intangible assets.</p> <p>Significant judgements relevant for capitalization of development expenses include determining whether the recognition criteria under AS 26 have been met which includes assessment of technical and economic feasibility of completing the intangible asset, the entity's intention and</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the assessment of cost to be capitalized through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process of identifying and measuring costs incurred towards research and development of intangible assets, allocation of such costs between research phase and development phase, and determining the appropriate accounting treatment of such items; • Tested the design and operating effectiveness of the controls that the Company has established in relation to intangible assets under development including controls around approvals, cost estimation, allocation of costs and capitalization; • Evaluated the accounting policy for appropriateness in accordance with AS 26, Intangible Assets.

<p>ability to sell/use the intangible asset in order to generate future economic benefits, and the entity's ability to measure reliably the expenditure attributable to the intangible asset during its development</p> <p>Our audit focused on this area due to the value of the research and development costs incurred by the Company, the bi-furcation required between research expenses to be expensed off and the development costs to be capitalized, the allocation of costs incurred towards the development activities of the respective ongoing projects, and the judgement involved in assessing recognition criteria for capitalization of development costs as per specific accounting standard requirements. Accordingly, this matter has been determined to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> • Discussed with management, including development personnel, the nature and amount of work completed for each product group, and their assessment of the areas of judgement for each, in particular the stage of technical development and economic feasibility, and their assessment of recognition criteria of intangible assets under AS 26; • Tested the underlying costs by inspection of supporting documents such as payroll records, vendor contracts, invoices and delivery evidence. • For intangible assets under development that are capitalized upon successful completion of their development, tested the accuracy of cost calculations and evaluated management's assessment of amortization period and amortization method used. • Evaluated the appropriateness of the disclosures made in the standalone financial statements with respect to intangible assets under development in accordance with the requirements of the applicable accounting standards.
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Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The Company's Board of Directors is 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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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.
8. In preparing the standalone 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.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

10. 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.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 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 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.
12. 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.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. 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

15. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;

- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27 May 2019 as per Annexure B expressed an unmodified opinion;
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 20 to the financial statements, has disclosed the impact of pending litigations on its financial position;;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio& Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty
Partner
Membership No.: 106815

Place: Pune
Date: 27 May 2019

Annexure A to the Independent Auditor’s Report of even date to the members of SoftTech Engineers Limited, on the standalone financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Property, plant and equipment have been physically verified by the management during the year (except Service cell system) and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of ‘property, plant and equipment’). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company’s products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Due date	Date of payment
Central Goods and Services Tax (CGST) Act, 2017	Goods and Services Tax (GST)	2,696	Apr-18	20-May-18	20-Apr-19
Central Goods and Services Tax (CGST) Act, 2017	GST	14,271	May-18	20-Jun-18	20-Apr-19
Central Goods and Services Tax (CGST) Act, 2017	GST	8,096	Jun-18	20-Jul-18	20-Apr-19
Central Goods and Services Tax (CGST) Act, 2017	GST	4,780	Jul-18	20-Aug-18	20-Apr-19
Central Goods and Services Tax (CGST) Act, 2017	GST	2,250	Aug-18	20-Sep-18	20-Apr-19

Annexure A to the Independent Auditor's Report of even date to the members of SoftTech Engineers Limited, on the standalone financial statements for the year ended 31 March 2019

Act, 2017						
State Goods and Services Tax (SGST) Act, 2017	GST	2,696	Apr-18	20-May-18	20-Apr-19	
State Goods and Services Tax (SGST) Act, 2017	GST	14,271	May-18	20-Jun-18	20-Apr-19	
State Goods and Services Tax (SGST) Act, 2017	GST	8,096	Jun-18	20-Jul-18	20-Apr-19	
State Goods and Services Tax (SGST) Act, 2017	GST	4,780	Jul-18	20-Aug-18	20-Apr-19	
State Goods and Services Tax (SGST) Act, 2017	GST	2,250	Aug-18	20-Sep-18	20-Apr-19	
Integrated Goods and Services Tax (IGST) Act, 2017	GST	118,940	Apr-18	20-May-18	20-Apr-19	
Integrated Goods and Services Tax (IGST) Act, 2017	GST	123,941	May-18	20-Jun-18	20-Apr-19	
Integrated Goods and Services Tax (IGST) Act, 2017	GST	125,331	Aug-18	20-Sep-18	20-Apr-19	

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Central Sales Tax Act, 1956	Sales tax	4,131,770	250,000	F.Y. 2012-13	Joint Commissioner of Sales Tax	
Maharashtra Value Added Tax Act, 2002	Sales tax	55,505	25,000	F.Y. 2012-13	Joint Commissioner of Sales Tax	

- viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has applied moneys raised by way of initial public offer and term loans for the purposes for which these were raised.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.

Annexure A to the Independent Auditor's Report of even date to the members of SoftTech Engineers Limited, on the standalone financial statements for the year ended 31 March 2019

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty
Partner
Membership No.: 106815

Place: Pune
Date: 27May 2019

Annexure B to the Independent Auditor's Report of even date to the members of SoftTech Engineers Limited on the standalone financial statements for the year ended 31 March 2019

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of SoftTech Engineers Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. 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 control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure B to the Independent Auditor's Report of even date to the members of SoftTech Engineers Limited on the standalone financial statements for the year ended 31 March 2019

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty
Partner
Membership No.: 106815

Place: Pune
Date: 27May 2019

SoftTech Engineers Limited
Standalone Balance Sheet as at 31 March 2019

	Notes	As at 31 March 2019 In ₹	As at 31 March 2018 In ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	9,42,24,760	7,05,12,760
Reserves and surplus	4	51,73,08,252	30,34,67,620
		61,15,33,012	37,39,80,380
Non-current liabilities			
Long-term borrowings	5	5,67,34,747	5,10,25,639
Other long-term liabilities	6	50,000	1,00,000
Long-term provisions	7	64,63,991	52,77,117
		6,32,48,738	5,64,02,756
Current liabilities			
Short-term borrowings	5	7,06,92,697	4,50,75,675
Trade payables - outstanding dues to micro, small and medium enterprises	8	-	-
Trade payables - outstanding dues to other than micro, small and medium enterprises	8	1,67,46,412	7,55,18,697
Other current liabilities	9	8,94,72,920	13,13,16,472
Short-term provisions	7	30,20,672	23,54,162
		17,99,32,701	25,42,65,006
Total		85,47,14,451	68,46,48,142
Assets			
Non-current assets			
Property, plant and equipment	10	1,08,65,912	99,75,743
Intangible assets	11	7,73,77,080	7,68,31,770
Intangible assets under development		5,10,78,849	3,80,31,647
Non-current investments	12	58,72,374	3,79,800
Deferred tax assets	13	1,16,03,167	76,34,000
Long-term loans and advances	14	1,92,51,651	1,28,00,117
Other non-current assets	15	8,16,70,934	5,71,28,980
		25,77,19,967	20,27,82,057
Current assets			
Trade receivables	16	18,82,27,694	21,80,27,120
Current investments	17	10,89,65,141	-
Cash and bank balances	18	1,29,44,533	1,26,96,174
Short-term loans and advances	14	1,40,39,657	1,58,01,131
Other current assets	19	27,28,17,459	23,53,41,660
		59,69,94,484	48,18,66,085
Total		85,47,14,451	68,46,48,142
Significant accounting policies and other explanatory information			
	1 to 35		

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner

Membership No.: 106815

Place : Pune

Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-

Vijay Gupta

Managing Director

DIN: 1653314

Sd/-

Aishwarya Patwardhan

Company Secretary

Membership No. A54477

Place : Pune

Date : 27 May 2019

Sd/-

Priti Gupta

Director

DIN: 1735673

Sd/-

Piranvez Irani

Chief Financial Officer

SoftTech Engineers Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 In ₹	Year ended 31 March 2018 In ₹
Revenue			
Revenue from operations	21	62,75,54,789	51,54,23,246
Other income	22	80,13,525	45,01,462
Total revenue		63,55,68,314	51,99,24,708
Expenses			
Purchases of stock-in-trade		4,92,29,196	4,40,88,668
Employee benefits expense	23	9,83,29,133	8,36,82,877
Finance costs	24	1,68,37,085	2,26,83,389
Depreciation and amortisation expense	25	4,04,19,359	3,78,01,546
Other expenses	26	32,15,07,916	23,53,60,290
Total expenses		52,63,22,689	42,36,16,770
Profit before tax		10,92,45,625	9,63,07,938
Tax expense			
Current tax		3,52,80,000	3,23,93,518
Deferred tax credit		(39,69,167)	(40,22,431)
Profit for the year		7,79,34,792	6,79,36,851
Earnings per equity share	32		
Basic		8.50	9.63
Diluted		8.44	9.55
Significant accounting policies and other explanatory information	1 to 35		

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner

Membership No.: 106815

Place : Pune

Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-

Vijay Gupta

Managing Director

DIN: 1653314

Sd/-

Aishwarya Patwardhan

Company Secretary

Membership No. A54477

Place : Pune

Date : 27 May 2019

Sd/-

Priti Gupta

Director

DIN: 1735673

Sd/-

Piranvez Irani

Chief Financial Officer

SoftTech Engineers Limited
Standalone Cash Flow Statement for the year ended 31 March 2019

	Year ended 31 March 2019 In ₹	Year ended 31 March 2018 In ₹
Cash flow from operating activities		
Profit before tax	10,92,45,625	9,63,07,938
Adjustments for:		
Depreciation and amortisation expense	4,04,19,359	3,78,01,546
Loss on sale of equipment	39,190	-
Unrealised (gain)/loss on foreign currency transactions and translations (net)	(5,75,486)	55,710
Employees' stock option compensation	10,94,253	7,07,895
Finance costs	1,60,66,188	2,16,24,774
Bad debts and advances written off	1,20,23,608	91,62,823
Provision for doubtful debts	5,97,239	56,72,713
Dividend income	(19,87,818)	(42,900)
Interest income on deposits	(34,58,773)	(33,48,339)
Operating profit before working capital changes	17,34,63,385	16,79,42,160
Changes in working capital:		
Increase/(decrease) in trade payables, liabilities and provisions	(7,47,22,038)	3,81,50,876
(Increase)/decrease in trade receivables	1,77,54,065	(5,54,39,615)
Increase in loans and advances and other assets	(3,13,77,009)	(3,88,89,481)
Cash generated from operations	8,51,18,403	11,17,63,940
Direct taxes paid (net)	(4,41,92,579)	(3,31,03,157)
Net cash generated from operating activities	(A) 4,09,25,824	7,86,60,783
Cash flow from investing activities		
Purchase of property, plant and equipment (including intangible assets and intangible assets under development)	(5,49,41,230)	(4,77,31,091)
Investments in subsidiary companies	(54,92,574)	-
Purchase of mutual fund units	(10,89,65,141)	-
Fixed deposits including balances in escrow account realised/(placed)	(2,60,47,376)	1,01,48,102
Interest received	24,44,457	3,44,279
Dividend received	19,87,818	42,900
Net cash used in investing activities	(B) (19,10,14,046)	(3,71,95,810)
Cash flow from financing activities		
Proceeds from shares issued	18,96,96,000	-
Share issue expenses incurred	(2,54,82,857)	-
Repayment of long-term borrowings	(5,55,37,733)	(6,07,51,642)
Proceeds from long-term borrowings	3,69,18,000	3,60,50,000
Dividend paid (including dividend distribution tax paid)	(56,89,556)	(42,43,375)
Proceeds from short-term borrowings (net)	2,56,17,022	23,91,740
Interest paid	(1,51,84,171)	(2,20,86,370)
Net cash generated from / (used in) financing activities	(C) 15,03,36,705	(4,86,39,647)

SoftTech Engineers Limited
Standalone Cash Flow Statement for the year ended 31 March 2019

		Year ended 31 March 2019 In ₹	Year ended 31 March 2018 In ₹
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	2,48,483	(71,74,674)
Cash and cash equivalents at the beginning of the year		1,26,81,404	1,98,56,078
Cash and cash equivalents at the end of the year		<u>1,29,29,887</u>	<u>1,26,81,404</u>
Cash and cash equivalents comprise of :			
Cash on hand		5,120	14,79,252
Balances with banks (in current accounts)		<u>1,29,24,767</u>	<u>1,12,02,152</u>
		<u>1,29,29,887</u>	<u>1,26,81,404</u>

Notes:

1. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard - 3 on "Cash Flow Statements" notified under Section 133 to the Companies Act, 2013.

2. Figures in brackets indicate cash outgo.

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner

Membership No.: 106815

Place : Pune

Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-

Vijay Gupta

Managing Director

DIN: 1653314

Sd/-

Aishwarya Patwardhan

Company Secretary

Membership No. A54477

Place : Pune

Date : 27 May 2019

Sd/-

Priti Gupta

Director

DIN: 1735673

Sd/-

Piranvez Irani

Chief Financial Officer

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

1. Background of the Company

SoftTech Engineers Limited (the "Company") was founded in 1996 and is based out of Pune. The Company was converted from private limited to public limited company and consequently, has changed its name from "SoftTech Engineers Private Limited" to "SoftTech Engineers Limited", the same being registered with Registrar of Companies on 1 March 2018. The equity shares of the Company have been listed in the SME portal of National Stock Exchange of India Limited ('NSE') on 11 May 2018.

The Company is an information technology and software services organisation, delivering end to end solution in Architectural-Engineering-Construction (AEC) space, catering to property developers, investors, real estate companies, contractors, architects and consultants.

2. Summary of significant accounting policies

a) Basis of preparation of standalone financial statements

These standalone financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. These standalone financial statements have been prepared to comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and Section 133 of the Companies Act, 2013 (the "Act").

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Schedule III to the Companies Act, 2013. Based on nature of products/services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Use of estimates

The preparation of standalone financial statements in conformity with GAAP requires that the management of the Company make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of the standalone financial statements. Examples of such estimates include the useful lives of property, plant and equipment and intangible assets, provision for doubtful debts/ advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

c) Depreciation

Depreciation on property, plant and equipment is provided using the straight-line method based on the useful lives of assets as estimated by the management. Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

The following assets are depreciated at a rate which is different than the depreciation rates prescribed in Schedule II of the Companies Act, 2013 considering the estimated useful life of the assets and obsolescence:

Class of assets	Useful life as specified in Schedule II of the Companies Act, 2013 (in Years)	Useful life as followed by the Company (in Years)
Office equipment	5	5
Office equipment – AC equipments	5	15
Furniture, fixtures and fittings	10	10
Computers	3	3
Servers	6	6
Vehicles	8	8
Service cell system	5	5

The Company believes that the useful lives as given above best represent the useful lives of these assets, based on internal assessment and supported by technical advice where necessary, which are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

d) Revenue recognition

- i) Revenue from services is recognised when the provision of services is complete and there is either no unfulfilled obligations on the Company or unfulfilled obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services.
- ii) Revenue from fixed price contracts are recognised based on the milestones achieved as specified in the contracts and for interim stages, until the next milestone is achieved, on the basis of proportionate completion method. Provisions for future estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.
- iii) Revenue from annual technical service contracts is recognised on a pro-rata basis over the period in which such services are rendered.
- iv) Revenue from sale of traded software licenses is recognised on delivery to the customer.
- v) Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue.
- vi) Dividend income is recognised when the right to receive the dividend is established.
- vii) Interest income is recognised on time proportion basis.

e) Trade Receivables

Trade receivables are recorded net of allowance for doubtful accounts. Allowance for doubtful accounts are established through evaluation of the trade receivables ageing and prior collection experience, current market conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment (if any). The cost of property, plant and equipment comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The cost of internally generated computer software developed for providing services by integrating it with computer system is recognised as tangible asset. The cost of computer and computer software for providing such services are grouped as 'Service Cell System'.

g) Foreign currency transactions

The reporting currency of the Company is Indian Rupee.

- i) Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rates prevailing at the date of the transaction.
- ii) Monetary assets and monetary liabilities denominated in foreign currencies are converted at rate of exchange prevailing on the date of the Balance Sheet.
- iii) Exchange differences on settlement/conversion are included in the Statement of Profit and Loss in the period in which they arise.

h) Investments

Investments are classified into current investments and non-current investments. Current investments, i.e. investments that are readily realisable and intended to be held for not more than a year are valued at lower of cost and net realisable value. Any reduction in the carrying amount or any reversal of such provision towards reductions are charged or credited to the Statement of Profit and Loss.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the management.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

i) Employee benefits

I. Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences etc. are recognised in the period in which the employee renders the related service.

II. Post-employment benefits:

a) Defined contribution plans:

The Company's state governed provident fund and ESIC are its defined contribution plans. The contribution paid/payable under the scheme is recognised during the period in which the employee renders the related service.

b) Defined benefit plans:

The Company has defined benefit plan in the form of gratuity. The same is determined by actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid.

The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the compensated absences is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

III. Share based payments

Stock options granted by the Company are accounted using intrinsic value method. Intrinsic value of the option represents excess of the market value of the underlying share over its exercise price. Share based employee compensation is charged to the Statement of Profit and Loss together with a corresponding increase in share options outstanding account, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

j) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

k) Taxes on income

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on the timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised in the future. Where there is no unabsorbed depreciation / carry forward loss, deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

l) Intangible assets

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when development is complete and the asset is available for use. Internally generated intangible assets are amortised on a straight line basis over the period of 4 years. Amortisation is recognised in the Statement of Profit and Loss.

Computer Software are amortised on a straight line basis over their estimated useful life of five years.

m) Impairment of assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realisable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

n) Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to their present value.

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 or a reliable estimate of the amount cannot be made.

o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

SoffTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	1,10,00,000	11,00,00,000	1,10,00,000	11,00,00,000
	1,10,00,000	11,00,00,000	1,10,00,000	11,00,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	94,22,476	9,42,24,760	70,51,276	7,05,12,760
	94,22,476	9,42,24,760	70,51,276	7,05,12,760

a) Reconciliation of share capital

Equity shares

Balance at the beginning of the year	70,51,276	7,05,12,760	35,25,638	3,52,56,380
Add : Bonus shares issued during the year	-	-	35,25,638	3,52,56,380
Add: Shares issued during the year	23,71,200	2,37,12,000	-	-
Balance at the end of the year	94,22,476	9,42,24,760	70,51,276	7,05,12,760

b) Rights, preferences and restrictions attached to equity shares

The Company has equity shares, having par value of ₹ 10 per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

Pursuant to the investor agreement entered into with the shareholders, in the event of occurrence of a liquidation event or winding up subject to applicable laws, the total proceeds from such an event will be distributed to the Rajasthan Trustee Company Private Limited (the "Investor") in preference to all other shareholders of the Company (including the Promoters) from the assets, cash and/or property of the Company and/or cash or other consideration payable on the occurrence of the liquidation event, as the case may be, prior and in preference to payment of any dividend or distribution of any of the assets or surplus funds of the Company to the shareholders of the Company by reason of their ownership thereof, so that the Investor receives the higher of (liquidation preference amount) :-

- (i) the investment amount plus all declared but unpaid dividends until the date of such payment plus an IRR of 20% p.a; or
- (ii) proportionate share of the valuation as accorded by an independent third party valuer to be mutually appointed by the Investor and Company; or
- (iii) proportionate share of actual liquidation proceeds.

Any proceeds remaining after its distribution to the Investor shall be distributed to all the shareholders (excluding the Investor), in proportion to their shareholding.

In accordance with the investor agreement indicated in the preceding paragraph, subsequent to the listing of the equity shares of the Company on NSE on 11 May 2018, the shares held by the investor rank pari passu with the remaining shares of the Company without any preferential rights.

c) Shareholders holding more than 5% of the shares

	Number of shares held	% holding	Number of shares held	% holding
Equity shares				
Vijay Gupta	36,81,234	39.07%	36,81,234	52.21%
Rajasthan Trustee Company Private Limited	14,07,796	14.94%	18,87,796	26.77%
Babubhai K. Patel	6,50,304	6.90%	6,50,304	9.22%
	57,39,334	60.91%	62,19,334	88.20%

SoffTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)
d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the Standalone Balance Sheet date -

1. During the financial year ended 31 March 2018, 3,525,638 equity shares of ₹ 10 each had been allotted as fully paid up bonus shares by way of capitalisation of general reserves.
2. Pursuant to the resolution passed by the Board of Directors on 21 August 2017 and shareholders on 22 September 2017, the Company has instituted "SoftTech Employees Stock Option Plan 2017" (ESOP 2017) for issue of stock options to the eligible employees. During the financial year ended 31 March 2018, the Company had granted 35,116 shares under ESOP 2017 Plan wherein part consideration will be received in the form of employees' services. As per ESOP 2017, the options get adjusted for any bonus issue subsequent to the date of grant in the similar proportion of the bonus issue on equity shares.

e) The Company had made an initial public offering (IPO) of 2,371,200 equity shares of face value ₹ 10 each fully paid up for cash at a price of ₹ 80 per equity share (including share premium of ₹ 70 per equity share) aggregating to ₹ 189,696,000. The aforementioned equity shares were allotted on 9 May 2018. The equity shares of the Company got listed on NSE on 11 May 2018.

f) The proceeds from IPO were ₹ 189,696,000 and IPO related expenses were ₹ 25,482,857. The utilisation of the net proceeds are as follows:

	Planned as per Prospectus	Utilisation upto 31 March 2019	Balance as at 31 March 2019
Product development and enhancement costs	662.40	399.73	262.67
Funding of the domestic and international product penetration and marketing costs	598.12	156.16	441.96
Repayment/Pre-payment of certain unsecured borrowings availed by the Company	203.47	202.26	1.21
General corporate purposes (excluding transaction costs of IPO)	178.15	-	178.15
	1,642.14	758.15	883.99

The unutilised monies are temporarily parked in mutual fund schemes by the Company.

4 Reserves and surplus	As at 31 March 2019	As at 31 March 2018
Securities premium account		
Balance at the beginning of the year	9,96,28,949	9,96,28,949
Add: Additions made during the year	16,59,84,000	-
Less: Unamortised share issue expenses (refer note 19)	2,54,82,857	-
Balance as at the end of the year	24,01,30,092	9,96,28,949
Share options outstanding account		
Balance at the beginning of the year	7,07,895	-
Add: Employees' stock option compensation expense	10,94,253	7,07,895
Balance at the end of the year	18,02,148	7,07,895
Surplus in the Standalone Statement of Profit and Loss		
Balance at the beginning of the year	20,31,30,776	17,46,93,680
Add : Transferred from Standalone Statement of Profit and Loss	7,79,34,792	6,79,36,851
Less: Dividend on equity shares	47,11,238	35,25,638
Less: Tax on dividend (on equity shares)	9,78,318	7,17,737
Less: Issue of bonus shares	-	3,52,56,380
Balance as at the end of the year	27,53,76,012	20,31,30,776
	51,73,08,252	30,34,67,620

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	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
5 Borrowings				
Secured				
Term loans (from others):				
Small Industries Development Bank of India (SIDBI)	4,48,49,000	-	5,98,57,000	-
Technology Development Board (TDB)	2,20,00,000	-	75,00,000	-
Axis Bank vehicle loan	27,13,653	-	-	-
Loans repayable on demand:				
Working capital loan from banks	-	7,06,92,697	-	4,50,75,675
	6,95,62,653	7,06,92,697	6,73,57,000	4,50,75,675
Unsecured				
Term loans				
From banks	-	-	1,46,89,846	-
From others	-	-	55,35,540	-
Loans from related parties	1,75,76,637	-	1,81,76,637	-
	1,75,76,637	-	3,84,02,023	-
Less : Current maturities of long-term borrowings (refer note 9)	3,04,04,543	-	5,47,33,384	-
	5,67,34,747	7,06,92,697	5,10,25,639	4,50,75,675

a) Details of guarantee for each type of borrowings

Guaranteed by directors (exclusive of interest, which is also guaranteed)

Term loans				
From others	6,95,62,653	-	6,73,57,000	-
Loans repayable on demand				
Working capital loan from banks	-	7,06,92,697	-	4,50,75,675

b) Nature of security and terms of repayment

Loans from related parties

These loans do not have a repayment schedule and are interest free except loan from Mr. Vijay Gupta of ₹ 16,939,662 carrying an interest rate of 14% p.a.

Vehicle loan

Vehicle loan was obtained by the Company in November 2018 at an interest rate of 8.70% p.a., secured against first charge on the underlying vehicle so purchased, repayable in 60 monthly instalments along with interest.

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SoftTech Engineers Limited
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b) Nature of security and terms of repayment

Nature of security Term loans from others	Terms of repayment
<p>(a) SIDBI</p> <p>Loan of ₹ 9,599,000 is secured against :</p> <p>i) first charge by way of hypothecation on the assets acquired from loan.</p> <p>ii) first charge on the Intellectual Property Right (IPR) of products owned by the Company.</p> <p>iii) sub servient charge on movable and current assets.</p> <p>iv) residual charge over all the immovable assets of the Company.</p> <p>v) Personal guarantee from Vijay Gupta and Priti Gupta.</p>	<p>Repayable in 6 monthly instalments from the end of the reporting period of ₹ 1,459,000 per month and ₹ 845,000 for last month along with interest at SIDBI PLR + 200 basis points, currently at 15.75% p.a.</p>
<p>(b) SIDBI</p> <p>Loan of ₹ 18,750,000 is secured against:</p> <p>i) first charge by way of hypothecation on all moveable assets acquired from loan</p> <p>ii) first charge by way of hypothecation on all the book-debts arising out of the project of implementing integrated online building permission management system in urban local bodies in the state of Andhra Pradesh</p> <p>iii) extension of first charge by way of hypothecation on all IPRs owned by the Company and Vijay Gupta, both existing and future</p> <p>iv) pledge of fixed deposits to the tune of 40% of the loan amount</p> <p>v) pledge of fixed deposits of ₹ 1,500,000 towards Debt Service Reserve Account (DSRA)</p> <p>vi) lien on contracted future receivables under the project to be deposited in designated escrow account.</p> <p>vi) Personal guarantee from Vijay Gupta and Priti Gupta.</p>	<p>Repayable in 15 monthly instalments of ₹ 1,250,000 per month from the end of the reporting period along with interest at SIDBI PLR - 100 basis points, currently at 10.50% p.a.</p>
<p>(c) SIDBI</p> <p>Loan of ₹ 16,500,000 is secured against:</p> <p>i) first charge by way of hypothecation on all movable assets acquired from loan.</p> <p>ii) extension of first charge by way of hypothecation of all the movable assets, book debts and actionable claims of the Company, acquired/to be acquired/arising out of earlier assistance of ₹ 500 lakhs.</p> <p>iii) extension of lien on deposits created for earlier borrowings.</p> <p>iv) extension of first charge by way of hypothecation on all IPRs owned by the Company, both existing and future.</p> <p>v) extension of lien on contracted future receivables under the project to be deposited in designated escrow account.</p> <p>vi) Personal guarantee from Vijay Gupta and Priti Gupta.</p>	<p>Loan was obtained in March 2019 and is repayable in 55 monthly instalments of ₹ 300,000 per month after five months of disbursement of loan along with fixed interest at 10% p.a</p>
<p>(d) TDB</p> <p>Loan is secured against:</p> <p>i) Hypothecation of movable assets of the Company including assets created under the project ranking first pari pasu charge with other holders.</p> <p>ii) Personal guarantee from Vijay Gupta and Priti Gupta pledging 3 Lakh shares of ₹ 10 each having face value of ₹ 3,000,000.</p>	<p>Loan of ₹ 24,500,000 will be disbursed in 3 instalments, with two instalments of ₹ 7,500,000 and ₹ 14,500,000 disbursed on 28 March 2017 and 16 February 2019.</p> <p>First repayment of ₹ 2,900,000 in March 2020 which will be followed by 8 half yearly instalments of ₹ 2,700,000 from September 2020 along with interest at 5% p.a.</p>

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b) Nature of security and terms of repayment

Nature of security	Terms of repayment
<p>Loan repayable on demand</p> <p>Working capital loan from banks Loan is secured against:</p> <p>i) First charge by way of hypothecation over entire current assets of the Company, both present and future along with residual / sub-servient charge with SIDBI</p> <p>ii) First pari pasu charge by way of hypothecation over entire movable fixed assets (excluding assets financed by SIDBI) of the Company, both present and future, with TDB and Residual / sub-servient charge with SIDBI</p> <p>iii) First charge over all the immovable assets of the Company with residual / sub-servient charge with SIDBI</p> <p>iv) Equitable mortgage on flat at Bibewadi, Pune, owned jointly in the name of Vijay Gupta and Priti Gupta</p> <p>v) Equitable mortgage on flat at Wagholi, Pune, owned jointly by Vijay Gupta and Priti Gupta</p> <p>vi) Lien on fixed deposits of ₹ 36 lakhs and ₹ 16 lakhs to be created.</p> <p>vii) Lien on recurring deposit of ₹ 42 lakhs (₹ 1.75 lakhs p.m. for 24 months starting from March 2018) and ₹ 120 lakhs (12 monthly installments of ₹ 10 lakhs p.m. started from March 2019)</p> <p>viii) Assignment of LIC policies of ₹ 64 lakhs in the name of Vijay Gupta having surrender value of ₹ 24 lakhs (as on October 2016).</p> <p>ix) Negative lien on the office premises (Unit 5C, 5th Floor, Pentagon) located at Swargate, Pune, owned jointly by Vijay Gupta and Priti Gupta.</p> <p>x) Personal guarantee from Vijay Gupta, Neetesh Singhal and Priti Gupta.</p>	<p>Interest rate is 3 month MCLR rate plus 1.95% p.a. currently 10.65% p.a.</p>

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	As at 31 March 2019	As at 31 March 2018
6 Other long-term liabilities		
Dealer deposits	50,000	1,00,000
	50,000	1,00,000

	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
7 Provisions				
Provision for gratuity (refer note (a) below)	60,81,121	28,23,794	51,47,072	16,26,701
Provision for compensated absences (refer note (b) below)	3,82,870	1,96,878	1,30,045	83,870
Provision for income tax (net of advance tax)	-	-	-	6,43,591
	64,63,991	30,20,672	52,77,117	23,54,162

a Gratuity

Defined Benefit Plan: - The Company provides for gratuity benefit under a defined benefit retirement scheme (the "Gratuity Scheme") as laid out by the Payment of Gratuity Act, 1972 of India covering eligible employees. The Gratuity Scheme provides for a lump-sum payment to employees who have completed at least five years of service with the Company, based on salary and tenure of employment. Liabilities with regard to the Gratuity Scheme are determined by actuarial valuation carried out using the Projected Unit Credit Method by an independent actuary. The Gratuity Scheme is a non-funded scheme and the Company intends to discharge this liability through its internal resources.

The following table sets out the status of the Gratuity Scheme in respect of employees of the Company:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in benefit obligation		
Projected Benefit Obligation ("PBO") at the beginning of the year	67,73,773	52,76,793
Current service cost	14,68,880	12,24,450
Past service cost	-	1,79,382
Interest cost	4,83,394	3,50,720
Actuarial (gain)/loss	2,98,809	(1,73,226)
Benefits paid	(1,19,941)	(84,346)
PBO at the end of the year	89,04,915	67,73,773
Net gratuity cost comprises the following components:		
Current service cost	14,68,880	12,24,450
Past service cost	-	1,79,382
Interest cost	4,83,394	3,50,720
Recognised net actuarial (gain)/loss	2,98,809	(1,73,226)
Net gratuity cost	22,51,083	15,81,326

The actuarial assumptions used in accounting for the gratuity plan were as follows:

Discount rate	7.00%	7.20%
Rate of increase in compensation levels	10.00%	10.00%
Rate of return on plan assets	NA	NA
Mortality rate	IALM Mortality- Tables (2012-14) Ultimate	IALM Mortality- Tables (2006-08) Ultimate

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a Gratuity (Continued)

Details of present value of obligation, plan assets and experience adjustments:

	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Present value of obligation	89,04,915	67,73,773	52,76,793	41,97,826	26,72,717
Fair value of plan assets	-	-	-	-	-
Deficit	89,04,915	67,73,773	52,76,793	41,97,826	26,72,717
Experience adjustments:					
On plan liabilities: (gain)/loss	25,453	(67,154)	62,406	(88,795)	9,87,350

b Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Standalone Statement of Profit and Loss for the period is ₹ 365,833 (Previous Year - ₹ 165,974).

c Employee stock compensation (ESOP 2017 Scheme)

The Company had instituted Employees' Stock Option Plan "ESOP 2017" under which the stock options have been granted to the employees. The scheme was approved by the shareholders at the annual general meeting held on 22 September 2017.

The details of activities under the ESOP 2017 scheme are summarised as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	70,232	5.00	-	-
Granted during the year	-	-	35,116	10.00
Adjusted for bonus#	-	-	35,116	-
Lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	70,232	5.00	70,232	5.00
Exercisable at the end of the year	-	-	-	-

* WAEP denotes weighted average exercise price

During the year 2017- 2018, the Company has issued bonus shares in the ratio of 1:1 in December 2017. The effect on the weighted average exercise price has been consequently considered.

The Company incurred ₹ 1,094,253 (Previous Year - ₹ 707,895) towards employee stock compensation during the year.

The weighted average fair value of the options granted during the earlier year was ₹ 61.43 per share option issued. Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Year ended 31 March 2018
Dividend yield (%)	0.00%
Expected volatility	0.001%
Risk free interest rate	6.61%
Exercise price	10
Expected life of options (in years)	
- Year I	2.00
- Year II	2.01
- Year III	3.01

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c Employee stock compensation (Continued)

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may differ from the actuals.

The Company measures the cost of ESOP using intrinsic value method. Had the Company used fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit after tax attributable to equity shareholders	7,79,34,792	6,79,36,851
Add: ESOP cost using intrinsic value method	10,94,253	7,07,895
Less: ESOP cost using fair value method	13,75,313	5,35,700
Proforma profit after tax	7,76,53,732	6,81,09,046
Basic earnings per share		
- as reported	8.50	9.63
- proforma	8.47	9.66
Diluted earnings per share		
- as reported	8.44	9.55
- proforma	8.41	9.57
	As at	As at
	31 March 2019	31 March 2018

8 Trade payables

Dues to micro, small and medium enterprises (refer note below)	-	-
Dues to other than micro, small and medium enterprises	1,67,46,412	7,55,18,697
	1,67,46,412	7,55,18,697

Note: Micro, Small and Medium Enterprises

The Company is in the process of obtaining necessary confirmations from suppliers regarding their status under the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 (the 'Act') and hence disclosures regarding the following have not been made:

- i. Amount due and outstanding to MSME suppliers as at the end of the accounting period.
- ii. Interest paid during the period to MSME.
- iii. Interest payable at the end of the accounting period to MSME.
- iv. Interest accrued and unpaid at the end of the accounting period to MSME.

Management believes that the figures for disclosures, if any, will not be significant.

Particulars	As at 31 March 2019	As at 31 March 2018
9 Other current liabilities		
Current maturities of long-term borrowings	3,04,04,543	5,47,33,384
Interest accrued but not due on borrowings	14,09,357	5,27,340
Statutory dues	1,66,99,205	64,14,526
Advance from customers	17,51,746	24,92,206
Deferred revenue	-	2,65,933
Payable towards capital purchases	21,18,633	-
Outstanding expenses	3,70,89,436	6,68,83,083
	8,94,72,920	13,13,16,472

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10 Property, plant and equipment

	Gross block	Furniture and fixtures	Vehicles	Office equipment	Computers	Service cell system	Total
Balance as at 1 April 2017		82,01,943	12,21,812	13,96,711	1,85,17,365	3,49,45,137	6,42,82,968
Additions		79,520	-	27,344	9,38,636	1,13,000	11,58,500
Balance as at 31 March 2018		82,81,463	12,21,812	14,24,055	1,94,56,001	3,50,58,137	6,54,41,468
Additions		6,81,366	33,89,082	13,14,463	24,47,017	-	78,31,928
Disposals		-	12,21,812	1,69,390	72,97,481	74,99,574	1,61,88,257
Balance as at 31 March 2019		89,62,829	33,89,082	25,69,128	1,46,05,537	2,75,58,563	5,70,85,139
Accumulated depreciation							
Balance as at 1 April 2017		62,04,162	12,21,812	7,85,963	1,55,19,369	2,25,96,006	4,63,27,312
Depreciation charge		5,63,688	-	1,70,135	19,50,879	64,53,711	91,38,413
Balance as at 31 March 2018		67,67,850	12,21,812	9,56,098	1,74,70,248	2,90,49,717	5,54,65,725
Depreciation charge		5,15,322	1,89,185	2,87,455	16,43,232	42,67,375	69,02,569
Reversal on disposal of assets		-	12,21,812	1,30,200	72,97,481	74,99,574	1,61,49,067
Balance as at 31 March 2019		72,83,172	1,89,185	11,13,353	1,18,15,999	2,58,17,518	4,62,19,227
Net block							
Balance as at 31 March 2019		16,79,657	31,99,897	14,55,775	27,89,538	17,41,045	1,08,65,912
Balance as at 31 March 2018		15,13,613	-	4,67,957	19,85,753	60,08,420	99,75,743

11 Intangible assets

	Gross block	Computer software	Internally generated software	Total
Balance as at 1 April 2017		1,35,42,843	18,89,99,811	20,25,42,654
Additions		-	3,15,84,935	3,15,84,935
Balance as at 31 March 2018		1,35,42,843	22,05,84,746	23,41,27,589
Additions		20,04,512	3,20,57,588	3,40,62,100
Disposals		16,43,785	-	16,43,785
Balance as at 31 March 2019		1,39,03,570	25,26,42,334	26,65,45,904
Accumulated amortisation				
Balance as at 1 April 2017		1,20,30,596	11,66,02,090	12,86,32,686
Amortisation charge		7,37,033	2,79,26,100	2,86,63,133
Balance as at 31 March 2018		1,27,67,629	14,45,28,190	15,72,95,819
Amortisation charge		8,16,547	3,27,00,243	3,35,16,790
Reversal on disposal		16,43,785	-	16,43,785
Balance as at 31 March 2019		1,19,40,391	17,72,28,433	18,91,68,824
Net block				
Balance as at 31 March 2019		19,63,179	7,54,13,901	7,73,77,080
Balance as at 31 March 2018		7,75,214	7,60,56,556	7,68,31,770

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	As at 31 March 2019		As at 31 March 2018	
12 Non-current investments				
Valued at cost unless stated otherwise				
Trade, unquoted investments				
A Investments in subsidiary companies				
Investments in equity shares				
SoftTech Finland OY (1,000 equity shares of Euro 2.50 each fully paid up)	2,02,806		-	
SoftTech Engineers Inc. (800,000 equity shares of USD 0.01 each fully paid up)	6,08,424		-	
Investments in debentures				
SoftTech Finland OY (12,000, 1% optionally convertible debentures of Euro 2.50 each fully paid up)	24,87,300		-	
SoftTech Engineers Inc., (3,000,000, 1% optionally convertible debentures of USD 0.01 each fully paid up)	21,94,044		-	
B Investments in others				
The Mahesh Sahakari Bank Limited (14,192 equity shares (Previous Year: 14,192 equity shares) of ₹ 25 each fully paid up)	3,54,800		3,54,800	
The Saraswat Co-operative Bank Limited (2,500 equity shares (Previous Year: 2,500 equity shares) of ₹ 10 each fully paid up)	25,000		25,000	
	58,72,374		3,79,800	
Aggregate amount of unquoted investment	58,72,374		3,79,800	
13 Deferred tax assets				
Deferred tax assets				
Provision for employee benefits	27,61,934		20,15,249	
Provision for doubtful balances	26,70,513		26,60,051	
On depreciation and amortisation	61,70,720		29,58,700	
	1,16,03,167		76,34,000	
	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
14 Loans and advances				
(Unsecured, considered good (unless otherwise stated))				
Security deposits	41,64,115	53,15,960	32,26,995	30,00,000
Advance taxes (net of provision)	93,75,903	-	11,06,915	-
Advances to related parties	6,18,378	-	6,18,378	-
Prepaid expenses	16,14,232	14,76,598	10,04,880	46,43,179
Advance to employees and others	-	69,92,091	-	76,62,302
Tender deposits (considered good)	34,79,023	2,55,008	68,42,949	4,95,650
Tender deposits (considered doubtful)	-	-	6,50,000	-
Less: Allowance for bad and doubtful advances	-	-	(6,50,000)	-
	1,92,51,651	1,40,39,657	1,28,00,117	1,58,01,131

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	As at 31 March 2019	As at 31 March 2018
15 Other non-current assets		
(Unsecured, considered good (unless otherwise stated))		
Bank deposits with maturity of more than 12 months (Refer note (a) below)	6,75,78,182	4,15,30,682
Interest accrued but not due on bank deposits and others	91,61,792	81,47,476
Trade receivables	49,30,960	74,50,822
	8,16,70,934	5,71,28,980
(a) Details of bank deposits pledged		
(i) Deposit of ₹ 21,500,000 (Previous Year: ₹ 21,500,000) are pledged as security against the long-term borrowings.		
(ii) Deposit of ₹ 8,475,000 (Previous Year: ₹ 3,775,000) are pledged as security against the short-term borrowings.		
(iii) Deposit of ₹ 17,603,182 (Previous Year: ₹ 16,255,682) are held against bank guarantees.		
16 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	9,31,63,383	6,31,09,158
Doubtful	91,70,717	85,73,478
	10,23,34,100	7,16,82,636
Less : Allowances for bad and doubtful debts	(91,70,717)	(85,73,478)
	9,31,63,383	6,31,09,158
Other debts		
Unsecured, considered good	9,50,64,311	15,49,17,962
	18,82,27,694	21,80,27,120
17 Current investments		
Non-trade, unquoted investments in mutual funds		
857.733 Units of HDFC liquid fund- growth plan	30,68,215	-
1,727.431 Units of Reliance liquid fund growth plan- growth option	76,21,401	-
30,101.156 Units of Reliance ultra short duration fund- growth option (refer note (a) below)	8,75,00,000	-
5,379.721 Units of UTI money market fund- regular growth plan	1,07,75,525	-
	10,89,65,141	-
Aggregate amount of unquoted investment	10,89,65,141	-
(a) Amount of ₹ 57,500,000 was paid on 29 March 2019 and 30 March 2019, against which 19742.16 Units of mutual fund were allotted on 2 April 2019		
18 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	5,120	14,79,252
Balances with banks		
- in current accounts	1,29,24,767	1,12,02,152
	1,29,29,887	1,26,81,404
Other bank balances		
Balances in escrow account (refer note 5(b))	14,646	14,770
	1,29,44,533	1,26,96,174

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(Amount in ₹ except for share data, and if otherwise stated)

	As at 31 March 2019	As at 31 March 2018
19 Other current assets		
(Unsecured, considered good (unless otherwise stated))		
Unbilled revenue	27,28,17,459	21,03,27,862
Unamortised share issue expenses*	-	2,50,13,798
	27,28,17,459	23,53,41,660

*Unamortised share issue expenses incurred in connection with the Initial Public Offering (IPO) of the Company, include fees paid to bankers, stock exchanges, lawyers, auditors etc. These expenses are adjusted against securities premium, arising on public issue of equity shares of the Company on 11 May 2018, in accordance with Section 52 of the Companies Act, 2013.

20 Commitments and contingencies

(i) Claims against the Company not acknowledged as debt		
Central Sales Tax liability for Financial Year 2012-13	41,31,770	41,31,770
Value Added Tax liability for Financial Year 2012-13	55,505	55,505
(ii) Bank guarantees	7,21,08,569	6,58,50,973
(iii) Other matters for which the Company is contingently liable		
Potential non-recoverability of certain receivables	7,62,041	7,62,041

(iv) Non-realisation of foreign currency receivables -

There are delays in receipt of foreign currency receivables amounting to ₹ 10,059,478 on export services, beyond the nine months period from the invoice date as stipulated in the RBI Master Direction no. 16/2015-16 under the Foreign Exchange Management Act, 1999 ('FEMA'). The Company intends to make necessary filings to seek such extension, which, in the opinion of the management, would be granted by the authorities. Pending condonation of such delay, the amount of penalty, if any, that may be levied, is not ascertainable. However, the management believes that any adjustment that may arise due to such default would not be material.

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SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
21 Revenue from operations		
Sale of services	57,43,50,762	46,02,05,918
Sale of products	5,32,04,027	5,34,35,470
Other operating revenues	-	17,81,858
	62,75,54,789	51,54,23,246
22 Other income		
Interest income		
From fixed deposits in banks	32,44,765	31,34,304
From other deposits	2,14,008	2,14,035
Dividend income		
From current investments	19,44,918	-
From non-current investments	42,900	42,900
Gain on foreign currency transactions and translations (net)	9,07,925	-
Miscellaneous income	16,59,009	11,10,223
	80,13,525	45,01,462
23 Employee benefits expense		
Salaries and bonus (Refer note 7(a) and 7(b))	9,14,87,150	7,96,83,625
Contribution to provident fund and other funds (Refer note below)	33,69,980	29,84,187
Employees' stock option compensation	10,94,253	7,07,895
Staff welfare expenses	23,77,750	3,07,170
	9,83,29,133	8,36,82,877
Defined Contribution Plan: The amount recognised as an expense during the period is ₹ 3,369,980 (Previous Year: ₹ 2,984,187)		
24 Finance costs		
Interest expense	1,44,06,676	2,04,38,051
Other borrowing costs	16,59,512	11,86,723
Interest on delayed payment of statutory dues	7,70,897	10,58,615
	1,68,37,085	2,26,83,389
25 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (refer note 10)	69,02,569	91,38,413
Amortisation of intangible assets (refer note 11)	3,35,16,790	2,86,63,133
	4,04,19,359	3,78,01,546

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	Year ended 31 March 2019	Year ended 31 March 2018
26 Other expenses		
Electricity charges	13,42,512	11,83,767
Rent (refer note 31)	49,99,614	33,60,042
Repairs and maintenance	28,74,938	18,46,927
Insurance	6,39,622	7,45,177
Rates and taxes	7,79,284	7,51,561
Travelling and conveyance	1,47,20,060	1,02,57,159
Sub-contracting expenses	2,48,52,775	1,13,58,624
Professional fees for technical consultants	22,37,98,699	16,94,64,589
Auditors' remuneration (refer note (a) below)	13,65,250	7,17,500
Legal and professional expenses	1,57,26,023	66,20,639
Bank charges	14,22,145	13,59,603
Sales promotion expenses	30,57,405	34,47,007
Printing and stationery	10,73,388	7,88,548
Office expenses	14,96,085	15,20,880
Postage and telephone	7,16,635	8,42,000
Internet charges	8,75,519	6,12,034
Brokerage and commission	2,69,925	14,00,928
Bad debts and advances written off	1,20,23,608	91,62,823
Provision for doubtful balances	5,97,239	56,72,713
Donation	-	27,000
Expenditure towards Corporate Social Responsibility (CSR) activities (refer note 34)	3,50,000	-
Loss on foreign currency transactions and translations (net)	-	55,710
Prior period expenses	18,25,520	1,02,921
Loss on sale of equipment	39,190	-
Miscellaneous expenses	66,62,480	40,62,138
	32,15,07,916	23,53,60,290
a. Auditors' remuneration (excluding Goods and Services Tax)		
As auditor		
Statutory audit	9,75,000	7,00,000
Limited review	2,00,000	-
Certification fees	1,35,000	-
Other services (disclosed in note 19 as 'Unamortised share issue expenses')	-	19,25,000
Reimbursement of expenses	55,250	17,500
	13,65,250	26,42,500

27 Segment reporting

The Company is primarily an information technology and software services organisation. For the purpose of disclosure of segment information, the Company considers this business as a single business segment (ie. Business consulting and software implementation and related support activities). Further, the Company operates primarily in India and there is no other significant geographical segment. In view of the above, both primary and secondary additional reporting disclosures for business / geographical segments as envisaged in Accounting Standard 17, "Segment Reporting" are not applicable to the Company.

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

28 Related party disclosures

a) Names of related parties and description of relationship:

Name of the related party	Nature of relationship
CoVisible Solutions (India) Private Limited	Enterprise over which key managerial personnel and their relatives exercise significant influence
Vijay Gupta	Managing director
Priti Gupta	Director
Sridhar Pillalamari	Director (w.e.f. 3 March 2018)
Rahul Gupta	Director
Ravi Mathur	Director (Upto 04 March 2019)
Babubhai K. Patel	Director (upto 23 November 2017)
Pawan Gupta	Relative of Director
Anand Chandraprakashji Dad	Chief Financial Officer (upto 6 October 2018)
Amit Katariya	Chief Financial Officer (From 6 October 2018 to 1 April 2019)
Piranvez Irani	Chief Financial Officer (w.e.f. 20 April 2019)
Aishwarya Patwardhan	Company Secretary (w.e.f. 21 February 2018)
SoftTech Finland OY	Subsidiary
SoftTech Engineers Inc.	Subsidiary
SoftTech Government Solutions Inc.	Subsidiary
Rajasthan Trustee Company Private Limited	Enterprise having significant influence over the Company (upto 9 May 2018)

b) Transactions with related parties:

Nature of transactions	Year ended 31 March 2019	Year ended 31 March 2018
Loan taken		
Vijay Gupta	30,00,000	1,78,50,000
Loan repaid		
Vijay Gupta	36,00,000	1,17,50,000
Rent paid		
Priti Gupta	7,12,032	6,78,117
Babubhai K Patel	-	9,05,460
Remuneration paid		
Vijay Gupta	42,00,000	40,00,000
Babubhai K Patel	-	3,00,000
Priti Gupta	10,81,080	10,29,600
Aishwarya Patwardhan	2,81,264	30,817
Anand Dad	3,61,936	1,20,000
Amit Katariya	9,99,195	-
Receiving services		
Pawan Gupta	2,75,000	1,20,000
Dividend paid		
Vijay Gupta	18,40,617	18,40,617
Priti Gupta	16,545	16,545
Babubhai K Patel	-	3,25,152
CoVisible Solutions (India) Private Limited	1,49,574	1,49,574
Rajasthan Trustee Company Private Limited	7,03,898	9,43,893
Services towards intangible assets		
SoftTech Government Solutions Inc.	21,18,633	-
Investment made in equity shares and debentures		
SoftTech Finland OY	26,90,106	-
SoftTech Engineers Inc.	28,02,468	-
Interest income on security deposit		
Babubhai K Patel	-	2,14,035

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

c) **Balances with related parties (as at year end):**

Nature of balances	As at 31 March 2019	As at 31 March 2018
<u>Amount receivable</u>		
Advance towards expenses		
CoVisible Solutions (India) Private Limited	6,18,378	6,18,378
Security deposit		
Vijay Gupta	5,53,395	5,53,395
Babubhai K Patel	-	17,83,400
Priti Gupta	2,02,000	2,02,000
Interest receivable		
Babubhai K Patel	-	18,35,883
<u>Amount payable</u>		
Unsecured loan		
Vijay Gupta	1,69,39,662	1,75,39,662
Priti Gupta	6,36,975	6,36,975
Remuneration payable		
Vijay Gupta	2,86,490	35,40,190
Babubhai K. Patel	-	8,96,388
Priti Gupta	94,380	4,76,908
Rent payable		
Babubhai K. Patel	-	23,00,397
Priti Gupta	54,044	14,49,231
Consultancy fees payable		
Pawan Gupta	1,69,928	1,94,928
Payable towards capital purchases		
SoftTech Government Solutions Inc.	21,18,633	-
<u>Investment in equity shares</u>		
SoftTech Finland OY	2,02,806	-
SoftTech Engineers Inc.	6,08,424	-
<u>Investment in debentures</u>		
SoftTech Finland OY	24,87,300	
SoftTech Engineers Inc.	21,94,044	

29(a) **Value of imports on CIF basis:**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Expenditure incurred towards intangible under development	21,18,633	-

29(b) **Expenditure in foreign currency (accrual basis):**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Travelling and conveyance	13,97,574	4,14,176
Professional fees for technical consultants	42,23,420	13,52,088

30 **Earnings in foreign currency:**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of services	2,49,655	1,12,24,720

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

- 31 The Company has entered into operating lease agreements for office facilities and such leases are basically cancellable in nature with remaining lease period ranging from 1 to 4 years.

Lease rental expense recognised in the Standalone Statement of Profit and Loss for the period 1 April 2018 to 31 March 2019 in respect of operating lease is ₹ 4,999,614. (Previous year: ₹ 3,360,042).

32 Earning per share (EPS)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a) Computation of net profit for the year		
Profit after tax attributable to equity shareholders (₹)	7,79,34,792	6,79,36,851
b) Computation of number of shares for Basic EPS		
Weighted average number of shares	91,69,115	70,51,276
c) Computation of number of shares for Diluted EPS		
Weighted average number of shares	92,31,674	71,15,812
Basic earnings per share(₹)	8.50	9.63
Diluted earnings per share(₹)	8.44	9.55
Nominal value per equity share (₹)	10.00	10.00

- 33 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars		As at 31 March 2019		As at 31 March 2018	
		(₹)	FX	(₹)	FX
Trade receivables	USD	1,00,59,478	1,45,621	1,40,37,850	2,15,821
Trade receivables	AED	-	-	1,83,836	10,375
Investments in debentures	Euro	24,87,300	30,000	-	-
Investments in debentures	USD	21,94,044	30,000	-	-
Payable towards capital goods	USD	21,18,633	30,000	-	-

34 Corporate Social Responsibility (CSR)

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every company having a net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to the Company. The financial details as sought by the Companies Act, 2013 are as follows :

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Average net profit of the Company for last three financial years	7,30,62,084	5,60,97,872
Prescribed CSR expenditure (2% of the average net profits as computed above)	14,61,242	11,21,957
Total amount to be spent for the year	14,61,242	11,21,957
Amount spent	3,50,000	-
Amount unspent	11,11,242	11,21,957

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SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

- 35 The Board of Directors at its meeting held on 27 May 2019 have recommended final dividend of ₹ 0.50 (previous year ₹ 0.50) per equity share. The recommended dividend is subject to shareholders' approval.

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Bharat Shetty
Partner
Membership No.: 106815

Place : Pune
Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-
Vijay Gupta
Managing Director
DIN: 1653314

Sd/-
Aishwarya Patwardhan
Company Secretary
Membership No. A54477

Place : Pune
Date : 27 May 2019

Sd/-
Priti Gupta
Director
DIN: 1735673

Sd/-
Piranvez Irani
Chief Financial Officer

SoftTech Engineers Limited
Independent Auditor’s Report on the Audit of the Consolidated Financial Statements

Independent Auditor’s Report

To the Members of SoftTech Engineers Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of SoftTech Engineers Limited (‘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 31 March 2019, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the consolidated state of affairs of the Group as at 31 March 2019, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 Group 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.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. 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.
5. we have determined the matters described below to be the key audit matters to be communicated in our report.
We

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition – fixed price contracts:</p> <p>(Refer note 2(e) to the accompanying consolidated financial statements for accounting policy and Note 21 for the revenue recorded during the year).</p> <p>Revenue from fixed price contracts are recognised based on the milestones achieved as specified in the contracts and for interim stages, until the next milestone is achieved, on the basis of proportionate completion method.</p> <p>The fixed price revenue contracts of the Holding Company</p>	<p>Our audit of recognition of revenue in respect of fixed price contracts included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained and updated understanding of the revenue stream relating to fixed price contracts. • Evaluated the appropriateness of the Holding Company’s revenue recognition policies; • Evaluated the design and implementation of key controls over the recognition of contract revenue and tested the operating effectiveness of these controls; • For a sample of contracts, evaluated key management

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Key audit matter	How our audit addressed the key audit matter
<p>are by their nature complex given the significant judgements involved in estimation of efforts required to complete any particular project.</p> <p>This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date and efforts required to complete the remaining contract performance obligations, and the ability to deliver the contracts within planned timelines. These contract estimates are reviewed by the management on periodic basis.</p> <p>Changes in the estimates as contract progresses can result in material adjustments to revenue recorded by the Holding Company.</p> <p>As a result of the complexities and judgment involved, and significance of the matter with respect to the consolidated financial statements, this area has been considered as a key audit matter in the audit of the accompanying consolidated financial statements for the current year.</p>	<p>judgements inherent in the estimated hours to complete the underlying ongoing projects, that drive the accounting under proportionate completion method, by performing the following procedures:</p> <ul style="list-style-type: none"> - evaluated the contract terms and conditions; - obtained an understanding of the assumptions applied in determining the estimated hours to complete, and tested the same for appropriateness basis our understanding of the business and inspecting underlying estimate calculations; - performed a retrospective review of hours expended with estimated hours in prior periods to identify significant variations, if any. - obtained reasons for any change in estimates of continuing contracts from prior period impacting revenue recognition in previous periods. - assessed the ability to deliver contracts within budgeted timescales. <ul style="list-style-type: none"> • Tested a sample of contracts with unbilled revenue to identify possible delays in achieving milestones, which requires change in estimated efforts to complete the remaining performance obligations. • Evaluated the appropriateness of the disclosures made in the consolidated financial statements with respect to fixed price contract revenue in accordance with the requirements of the applicable accounting standards.
<p>Recoverability of trade receivables</p> <p>(Refer Note 2(f) to the accompanying consolidated financial statements for accounting policy and Note 16 for related disclosure)</p> <p>As at 31 March 2019, the total receivable balance net of provisions, included in Note 16 is INR 188,227,694</p> <p>Owing to the nature of operations of the Holding Company and the related customer profiles, the Holding Company has significant receivable balances that are past the credit period for the products and services offered by the Holding Company. Allowance for doubtful accounts are established through evaluation of the accounts receivable ageing and prior collection experience, current market conditions, customers' financial conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables.</p> <p>The recoverability of trade receivables and the level of provisions for bad and doubtful debts are considered to be key risk due to significance of these balances to the</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's process for computation of trade receivables provisioning, and related accounting policies adopted by the management. • Tested the design, implementation and operating effectiveness of the controls that the Holding Company has established in relation to revenue recognition and allowance for trade receivables; • Tested the ageing profile of trade receivable balances; • Assessed the recoverability on a sample basis by testing the amounts received subsequent to year-end, confirmations received from customers, information collected from sales team, external available information regarding parties with significant balance outstanding as at year end, etc.; • Evaluated the consistency of judgements applied by the management regarding provision for trade receivables to

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Key audit matter	How our audit addressed the key audit matter
<p>consolidated financial statements and the judgements required in making appropriate provisions, and accordingly, this matter has been determined to be a key audit matter for the current year audit.</p>	<p>identify any evidence of management bias in this accounting estimate;</p> <ul style="list-style-type: none"> • Evaluated the management's response to the recoverability of the long outstanding receivable balance which have not been assessed as doubtful, by corroborating the same with underlying documentation and correspondence with the customer. • Evaluated the appropriateness of disclosures made in the consolidated financial statements with respect to the trade receivables and provisioning thereof.
<p>Development costs towards intangible assets under development</p> <p>(Refer Note 2(m) to the accompanying consolidated financial statements for accounting policy, Note 11 of Consolidated Balance Sheet and Consolidated Balance Sheet and Consolidated Balance Sheet for related disclosure)</p> <p>The Holding Company's research and development personnel are involved in the development of new software offerings, enhancements to existing software and maintenance.</p> <p>Such development costs are being capitalized by the Holding Company in accordance with AS 26, Intangible assets.</p> <p>Significant judgements relevant for capitalization of development expenses include determining whether the recognition criteria under AS 26 have been met which includes assessment of technical and economic feasibility of completing the intangible asset, the entity's intention and ability to sell/use the intangible asset in order to generate future economic benefits, and the entity's ability to measure reliably the expenditure attributable to the intangible asset during its development</p> <p>Our audit focused on this area due to the value of the research and development costs incurred by the Holding Company, the bi-furcation required between research expenses to be expensed off and the development costs to be capitalized, the allocation of costs incurred towards the development activities of the respective ongoing projects, and the judgement involved in assessing recognition criteria for capitalization of development costs as per specific accounting standard requirements. Accordingly, this matter has been determined to be a key audit matter for the current year audit.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the assessment of cost to be capitalized through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process of identifying and measuring costs incurred towards research and development of intangible assets, allocation of such costs between research phase and development phase, and determining the appropriate accounting treatment of such items; • Tested the design and operating effectiveness of the controls that the Holding Company has established in relation to intangible assets under development including controls around approvals, cost estimation, allocation of costs and capitalization; • Evaluated the accounting policy for appropriateness in accordance with AS 26, Intangible Assets. • Discussed with management, including development personnel, the nature and amount of work completed for each product group, and their assessment of the areas of judgement for each, in particular the stage of technical development and economic feasibility, and their assessment of recognition criteria of intangible assets under AS 26; • Tested the underlying costs by inspection of supporting documents such as payroll records, vendor contracts, invoices and delivery evidence. • For intangible assets under development that are capitalized upon successful completion of their development, tested the accuracy of cost calculations and evaluated management's assessment of amortization period and amortization method used. • Evaluated the appropriateness of the disclosures made in the consolidated financial statements with respect to intangible assets under development in accordance with the requirements of the applicable accounting standards.

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

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

6. The Holding Company's Board of Directors is 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is 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 profit or loss (consolidated financial performance) and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information of subsidiaries considered necessary for the preparation of consolidated financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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. These financial information have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Group's financial reporting process.

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

10. 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.
11. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act, 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

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

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 Group'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 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.
12. 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.
13. 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.
14. 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.

Other Matter

15. We did not audit the financial information of three subsidiaries, whose financial information (before eliminating inter-company balances ₹5,523,852) reflects total assets of ₹ 6,483,304 and negative net assets of ₹ 2,185,259 as at 31 March 2019, total revenues (before eliminating inter-company transactions ₹ Nil) of ₹ Nil and net cash inflows amounting to ₹ 939,560 for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act, based on our audit and on the consideration of the financial information of the subsidiaries as certified by the management, referred to in paragraph 15, we report that the Holding Company, covered under the Act paid remuneration to the directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to the subsidiary companies, since none of such companies is covered under the Act.
17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of financial information of the subsidiaries as certified by the management, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) 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;

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

- c) the consolidated financial statements 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;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014(as amended);
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, are disqualified as on 31 March 2019 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 Holding Company, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of financial information of the subsidiaries as certified by the management:
 - i. the Company, as detailed in note 20 to the consolidated financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
 - ii. the Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-

Bharat Shetty
Partner
Membership No.: 106815

Place: Pune
Date: 27 May 2019

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Annexure A to the Independent Auditor's Report of even date to the members of SoftTech Engineers Limited on the consolidated financial statement for the year ended 31 March 2019

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of SoftTech Engineers Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the 'ICAI'). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 of the consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

SoftTech Engineers Limited
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company, as aforesaid, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty
Partner
Membership No.: 106815

Place: Pune
Date: 27May 2019

SoftTech Engineers Limited
Consolidated Balance Sheet as at 31 March 2019

	Notes	As at 31 March 2019 In ₹
Equity and liabilities		
Shareholders' funds		
Share capital	3	9,42,24,760
Reserves and surplus	4	51,36,34,333
		<u>60,78,59,093</u>
Minority interest		34,137
Non-current liabilities		
Long-term borrowings	5	5,67,34,747
Other long-term liabilities	6	50,000
Long-term provisions	7	64,63,991
		<u>6,32,48,738</u>
Current liabilities		
Short-term borrowings	5	7,06,92,697
Trade payables - outstanding dues to micro, small and medium enterprises	8	-
Trade payables - outstanding dues to other than micro, small and medium enterprises	8	1,75,92,133
Other current liabilities	9	8,77,33,859
Short-term provisions	7	30,20,672
		<u>17,90,39,361</u>
Total		<u><u>85,01,81,329</u></u>
Assets		
Non-current assets		
Property, plant and equipment	10	1,08,65,912
Intangible assets	11	7,73,77,080
Intangible assets under development		5,10,78,849
Non-current investments	12	3,79,800
Deferred tax assets	13	1,16,03,167
Long-term loans and advances	14	1,92,51,651
Other non-current assets	15	8,16,70,934
		<u>25,22,27,393</u>
Current assets		
Trade receivables	16	18,82,27,694
Current investments	17	10,89,65,141
Cash and bank balances	18	1,38,84,093
Short-term loans and advances	14	1,40,59,549
Other current assets	19	27,28,17,459
		<u>59,79,53,936</u>
Total		<u><u>85,01,81,329</u></u>
Significant accounting policies and other explanatory information		1 to 34

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner

Membership No.: 106815

Place : Pune

Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-

Vijay Gupta

Managing Director

DIN: 1653314

Sd/-

Aishwarya Patwardhan

Company Secretary

Membership No. A54477

Place : Pune

Date : 27 May 2019

Sd/-

Priti Gupta

Director

DIN: 1735673

Sd/-

Piranvez Irani

Chief Financial Officer

SoftTech Engineers Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 In ₹
Revenue		
Revenue from operations	21	62,75,54,789
Other income	22	78,77,011
Total revenue		63,54,31,800
Expenses		
Purchases of stock-in-trade		4,92,29,196
Employee benefits expense	23	9,99,98,820
Finance costs	24	1,68,37,085
Depreciation and amortisation expense	25	4,04,19,359
Other expenses	26	32,33,89,616
Total expenses		52,98,74,076
Profit before tax		10,55,57,724
Tax expense		
Current tax		3,52,80,000
Deferred tax credit		(39,69,167)
Profit after tax before share in minority interest		7,42,46,891
Add/Less: Minority interest [profit/(loss)]		(13,982)
Profit for the year		7,42,60,873
Earnings per equity share	30	
Basic		8.10
Diluted		8.04
Significant accounting policies and other explanatory information	1 to 34	

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner

Membership No.: 106815

Place : Pune

Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-

Vijay Gupta

Managing Director

DIN: 1653314

Sd/-

Aishwarya Patwardhan

Company Secretary

Membership No. A54477

Place : Pune

Date : 27 May 2019

Sd/-

Priti Gupta

Director

DIN: 1735673

Sd/-

Piranvez Irani

Chief Financial Officer

SoftTech Engineers Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019

	Year ended 31 March 2019 In ₹
Cash flow from operating activities	
Profit before tax	10,55,57,724
Adjustments for:	
Depreciation and amortisation expense	4,04,19,359
Loss on sale of equipment	39,190
Unrealised gain on foreign currency transactions and translations (net)	(4,38,972)
Employees' stock option compensation	10,94,253
Finance costs	1,60,66,188
Bad debts and advances written off	1,20,23,608
Provision for doubtful debts	5,97,239
Dividend income	(19,87,818)
Interest income on deposits	(34,58,773)
Operating profit before working capital changes	16,99,11,998
Changes in working capital:	
Decrease in trade payables, liabilities and provisions	(7,57,51,892)
Decrease in trade receivables	1,77,54,065
Increase in loans and advances and other assets	(3,13,96,901)
Cash generated from operations	8,05,17,270
Direct taxes paid (net)	(4,41,92,579)
Net cash generated from operating activities	(A) 3,63,24,691
Cash flow from investing activities	
Purchase of property, plant and equipment (including intangible assets and intangible assets under development)	(5,49,41,230)
Purchase of mutual fund units	(10,89,65,141)
Fixed deposits including balances in escrow account placed	(2,60,47,376)
Interest received	24,44,457
Dividend received	19,87,818
Net cash used in investing activities	(B) (18,55,21,472)
Cash flow from financing activities	
Proceeds from shares issued	18,96,96,000
Proceeds from shares issued to minority	48,119
Share issue expenses incurred	(2,54,82,857)
Repayment of long-term borrowings	(5,55,37,733)
Proceeds from long-term borrowings	3,69,18,000
Dividend paid (including dividend distribution tax paid)	(56,89,556)
Proceeds from short-term borrowings (net)	2,56,17,022
Interest paid	(1,51,84,171)
Net cash generated from financing activities	(C) 15,03,84,824

SoftTech Engineers Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019

		Year ended 31 March 2019 In ₹
Net increase in cash and cash equivalents	(A+B+C)	11,88,043
Cash and cash equivalents at the beginning of the year		1,26,81,404
Cash and cash equivalents at the end of the year		1,38,69,447
Cash and cash equivalents comprise of :		
Cash on hand		12,037
Balances with banks (in current accounts)		1,38,57,410
		1,38,69,447

Notes:

- The above Consolidated Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard - 3 on "Cash Flow Statements" notified under Section 133 to the Companies Act, 2013.
- Figures in brackets indicate cash outgo.

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants
 Firm Registration No.: 001076N/N500013

Sd/-

Bharat Shetty

Partner
 Membership No.: 106815

Place : Pune
 Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-	Sd/-
Vijay Gupta	Priti Gupta
Managing Director	Director
DIN: 1653314	DIN: 1735673

Sd/-	Sd/-
Aishwarya Patwardhan	Piranvez Irani
Company Secretary	Chief Financial Officer
Membership No. A54477	

Place : Pune
 Date : 27 May 2019

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

1. General information and background

The Consolidated Financial Statements present the Consolidated Accounts of SoftTech Engineers Limited with its following Subsidiaries:

Name	Country of incorporation	Proportion of ownership of interest	
		As at 31 March 2019	As at 31 March 2018
Foreign subsidiaries:			
SoftTech Engineers Inc.	United States of America	92.00%	0%
SoftTech Finland OY	Finland	100.00%	0%
SoftTech Government Solutions Inc.	United States of America	93.00%*	0%

*Held by SoftTech Engineers Inc.

SoftTech Engineers Limited (the 'Holding Company') and its subsidiaries, together referred to as the 'Group', is a part of information technology and software services industry, delivering end to end solution in Architectural-Engineering-Construction (AEC) space, catering to property developers, investors, real estate companies, contractors, architects and consultants.

2. Summary of significant accounting policies

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. These consolidated financial statements have been prepared to comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and Section 133 of the Companies Act, 2013 (the "Act").

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the group and other criteria set out in the Schedule III to the Companies Act, 2013. Based on nature of products/services, the group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Principles of consolidation

The Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits.

The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and consolidated balance sheet respectively.

c) Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires that the Group make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of the consolidated financial statements. Examples of such estimates include the useful lives of property, plant and equipment and intangible assets, provision for doubtful debts/ advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

d) Depreciation

Depreciation on property, plant and equipment is provided using the straight-line method based on the useful lives of assets as estimated by the management. Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

The following assets are depreciated at a rate which is different than the depreciation rates prescribed in Schedule II of the Companies Act, 2013 considering the estimated useful life of the assets and obsolescence:

Class of assets	Useful life as specified in Schedule II of the Companies Act, 2013 (in Years)	Useful life as followed by the group (in Years)
Office equipment	5	5
Office equipment – AC equipments	5	15
Furniture, fixtures and fittings	10	10
Computers	3	3
Servers	6	6
Vehicles	8	8
Service cell system	5	5

The Group believes that the useful lives as given above best represent the useful lives of these assets, based on internal assessment and supported by technical advice where necessary, which are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

e) Revenue recognition

- i) Revenue from services is recognised when the provision of services is complete and there is either no unfulfilled obligations on the group or unfulfilled obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services.
- ii) Revenue from fixed price contracts are recognised based on the milestones achieved as specified in the contracts and for interim stages, until the next milestone is achieved, on the basis of proportionate completion method. Provisions for future estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.
- iii) Revenue from annual technical service contracts is recognised on a pro-rata basis over the period in which such services are rendered.
- iv) Revenue from sale of traded software licenses is recognised on delivery to the customer.
- v) Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue.
- vi) Dividend income is recognised when the right to receive the dividend is established.
- vii) Interest income is recognised on time proportion basis.

f) Trade receivables

Trade receivables are recorded net of allowance for doubtful accounts. Allowance for doubtful accounts are established through evaluation of the trade receivables ageing and prior collection experience, current market conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment (if any). The cost of property, plant and equipment comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The cost of internally generated computer software developed for providing services by integrating it with computer system is recognised as tangible asset. The cost of computer and computer software for providing such services are grouped as 'Service Cell System'.

h) Foreign currency transactions

The consolidated financial statements are presented in Indian Rupee, which is Group's functional and presentation currency.

- i) Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rates prevailing at the date of the transaction.
- ii) Monetary assets and monetary liabilities denominated in foreign currencies are converted at rate of exchange prevailing on the date of the Balance Sheet.
- iii) Exchange differences on settlement/conversion are included in the Consolidated Statement of Profit and Loss in the period in which they arise.
- iv) For the purpose of consolidation, the amounts appearing in foreign currencies in the financial information of the foreign subsidiaries are translated at the following rates of exchange: (a) Average rates for the incomes and expenditure. (b) The year-end rates for the assets and liabilities.

i) Investments

Investments are classified into current investments and non-current investments. Current investments, i.e. investments that are readily realisable and intended to be held for not more than a year are valued at lower of cost and net realisable value. Any reduction in the carrying amount or any reversal of such provision towards reductions are charged or credited to the Consolidated Statement of Profit and Loss.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the management.

j) Employee benefits

I. Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences etc. are recognised in the period in which the employee renders the related service.

II. Post-employment benefits:

a) Defined contribution plans:

The Defined Contribution Plans such as Provident Fund etc., are charged to the Consolidated Statement of Profit and Loss as incurred. The contribution paid/payable under various schemes is recognised during the period in which the employees render the related service.

b) Defined benefit plans:

The Group has defined benefit plan in the form of gratuity. The same is determined by actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid.

The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Consolidated Statement of Profit and Loss as income or expense.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the compensated absences is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Consolidated Statement of Profit and Loss in the year in which they arise.

III. Share based payments

Stock options granted by the Group are accounted using intrinsic value method. Intrinsic value of the option represents excess of the market value of the underlying share over its exercise price. Share based employee compensation is charged to the Consolidated Statement of Profit and Loss together with a corresponding increase in share options outstanding account, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Holding Company's best estimate of the number of equity instruments that will ultimately vest.

k) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Consolidated Statement of Profit and Loss in the period in which they are incurred.

l) Taxes on income

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on the timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised in the future. Where there is no unabsorbed depreciation / carry forward loss, deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

m) Intangible assets

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when development is complete and the asset is available for use. Internally generated intangible assets are amortised on a straight line basis over the period of 4 years. Amortisation is recognised in the Consolidated Statement of Profit and Loss.

Computer Software are amortised on a straight line basis over their estimated useful life of five years.

SoftTech Engineers Limited

Significant accounting policies and other explanatory information

n) Impairment of assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realisable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

o) Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to their present value.

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 or a reliable estimate of the amount cannot be made.

p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

SoftTech Engineers Limited
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	As at 31 March 2019	
	Number	Amount
3 Share capital		
Authorised share capital		
Equity shares of ₹ 10 each	1,10,00,000	11,00,00,000
	1,10,00,000	11,00,00,000
Issued, subscribed and fully paid up		
Equity shares of ₹ 10 each	94,22,476	9,42,24,760
	94,22,476	9,42,24,760
a) Reconciliation of share capital		
Equity shares		
Balance at the beginning of the year	70,51,276	7,05,12,760
Add: Shares issued during the year	23,71,200	2,37,12,000
Balance at the end of the year	94,22,476	9,42,24,760

b) Rights, preferences and restrictions attached to equity shares

The Holding Company has equity shares, having par value of ₹ 10 per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

Pursuant to the investor agreement entered into with the shareholders, in the event of occurrence of a liquidation event or winding up subject to applicable laws, the total proceeds from such an event will be distributed to the Rajasthan Trustee Company Private Limited (the "Investor") in preference to all other shareholders of the Company (including the Promoters) from the assets, cash and/or property of the Company and/or cash or other consideration payable on the occurrence of the liquidation event, as the case may be, prior and in preference to payment of any dividend or distribution of any of the assets or surplus funds of the Company to the shareholders of the Company by reason of their ownership thereof, so that the Investor receives the higher of (liquidation preference amount) :-

- (i) the investment amount plus all declared but unpaid dividends until the date of such payment plus an IRR of 20% p.a; or
- (ii) proportionate share of the valuation as accorded by an independent third party valuer to be mutually appointed by the Investor and Company; or
- (iii) proportionate share of actual liquidation proceeds.

Any proceeds remaining after its distribution to the Investor shall be distributed to all the shareholders (excluding the Investor), in proportion to their shareholding.

In accordance with the investor agreement indicated in the preceding paragraph, subsequent to the listing of the equity shares of the Company on NSE on 11 May 2018, the shares held by the investor rank pari passu with the remaining shares of the Company without any preferential rights.

c) Shareholders holding more than 5% of the shares

	Number of shares held	% holding
Equity shares		
Vijay Gupta	36,81,234	39.07%
Rajasthan Trustee Company Private Limited	14,07,796	14.94%
Babubhai K. Patel	6,50,304	6.90%
	57,39,334	60.91%

SoftTech Engineers Limited
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d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the Consolidated Balance Sheet date -

1. During the financial year ended 31 March 2018, 3,525,638 equity shares of ₹ 10 each had been allotted as fully paid up bonus shares by way of capitalisation of general reserves.
 2. Pursuant to the resolution passed by the Board of Directors of the Holding Company on 21 August 2017 and shareholders on 22 September 2017, the Company has instituted "SoftTech Employees Stock Option Plan 2017" (ESOP 2017) for issue of stock options to the eligible employees. During the financial year ended 31 March 2018, the Company had granted 35,116 shares under ESOP 2017 Plan wherein part consideration will be received in the form of employees' services. As per ESOP 2017, the options get adjusted for any bonus issue subsequent to the date of grant in the similar proportion of the bonus issue on equity shares.
- e) The Holding Company had made an initial public offering (IPO) of 2,371,200 equity shares of face value ₹ 10 each fully paid up for cash at a price of ₹ 80 per equity share (including share premium of ₹ 70 per equity share) aggregating to ₹ 189,696,000. The aforementioned equity shares were allotted on 9 May 2018. The equity shares of the Holding Company got listed on NSE on 11 May 2018.
- f) The proceeds from IPO were ₹ 189,696,000 and IPO related expenses were ₹ 25,482,857. The utilisation of the net proceeds are as follows:

	Planned as per Prospectus	Utilisation upto 31 March 2019	Balance as at 31 March 2019
Product development and enhancement costs	662.40	399.73	262.67
Funding of the domestic and international product penetration and marketing costs	598.12	156.16	441.96
Repayment/Pre-payment of certain unsecured borrowings availed by the Holding Company	203.47	202.26	1.21
General corporate purposes (excluding transaction costs of IPO)	178.15	-	178.15
	1,642.14	758.15	883.99

The unutilised monies are temporarily parked in mutual fund schemes by the Holding Company.

As at
31 March 2019

4 Reserves and surplus

Securities premium account

Balance at the beginning of the year	9,96,28,949
Add: Additions made during the year	16,59,84,000
Less: Unamortised share issue expenses*	2,54,82,857
Balance at the end of the year	24,01,30,092

*Unamortised share issue expenses incurred in connection with the Initial Public Offering (IPO) of the Holding Company, include fees paid to bankers, stock exchanges, lawyers, auditors etc. These expenses are adjusted against securities premium, arising on public issue of equity shares of the Company on 11 May 2018, in accordance with Section 52 of the Companies Act, 2013.

Share options outstanding account

Balance at the beginning of the year	7,07,895
Add: Employees' stock option compensation expense	10,94,253
Balance at the end of the year	18,02,148

Surplus in the Consolidated Statement of Profit and Loss

Balance at the beginning of the year	20,31,30,776
Add: Transferred from Consolidated Statement of Profit and Loss	7,42,60,873
Less: Dividend on equity shares	47,11,238
Less: Tax on dividend (on equity shares)	9,78,318
Balance at the end of the year	27,17,02,093
	51,36,34,333

SoftTech Engineers Limited
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	As at 31 March 2019	
	Long-term	Short-term
5 Borrowings		
Secured		
Term loans (from others):		
Small Industries Development Bank of India (SIDBI)	4,48,49,000	-
Technology Development Board (TDB)	2,20,00,000	-
Axis Bank vehicle loan	27,13,653	-
Loans repayable on demand:		
Working capital loan from banks	-	7,06,92,697
	6,95,62,653	7,06,92,697
Unsecured		
Loans from related parties	1,75,76,637	-
	1,75,76,637	-
Less : Current maturities of long-term borrowings (refer note 9)	3,04,04,543	-
	5,67,34,747	7,06,92,697

a) Details of guarantee for each type of borrowings

Guaranteed by directors (exclusive of interest, which is also guaranteed)

Term loans		
From others	6,95,62,653	-
Loans repayable on demand		
Working capital loan from banks	-	7,06,92,697

b) Nature of security and terms of repayment

Loans from related parties

These loans do not have a repayment schedule and are interest free except loan from Mr. Vijay Gupta of ₹ 16,939,662 carrying an interest rate of 14% p.a.

Vehicle loan

Vehicle loan was obtained by the Holding Company in November 2018 at an interest rate of 8.70% p. a., secured against first charge on the underlying vehicle so purchased, repayable in 60 monthly instalments along with interest.

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SoftTech Engineers Limited
Significant accounting policies and other explanatory information
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b) Nature of security and terms of repayment

Nature of security Term loans (from others)	Terms of repayment
<p>(a) SIDBI Loan of ₹ 9,599,000 is secured against :</p> <ul style="list-style-type: none"> i) first charge by way of hypothecation on the assets acquired from loan. ii) first charge on the Intellectual Property Right (IPR) of products owned by the Company. iii) sub servient charge on movable and current assets. iv) residual charge over all the immovable assets of the Company. v) Personal guarantee from Vijay Gupta and Priti Gupta. 	<p>Repayable in 6 monthly instalments from the end of the reporting period of ₹ 1,459,000 per month and ₹ 845,000 for last month along with interest at SIDBI PLR + 200 basis points, currently at 15.75% p.a.</p>
<p>(b) SIDBI Loan of ₹ 18,750,000 is secured against:</p> <ul style="list-style-type: none"> i) first charge by way of hypothecation on all moveable assets acquired from loan. ii) first charge by way of hypothecation on all the book-debts arising out of the project of implementing integrated online building permission management system in urban local bodies in the state of Andhra Pradesh. iii) extension of first charge by way of hypothecation on all IPRs owned by the Company and Vijay Gupta, both existing and future. iv) pledge of fixed deposits to the tune of 40% of the loan amount. v) pledge of fixed deposits of ₹ 1,500,000 towards Debt Service Reserve Account (DSRA). vi) lien on contracted future receivables under the project to be deposited in designated escrow account. vi) Personal guarantee from Vijay Gupta and Priti Gupta. 	<p>Repayable in 15 monthly instalments of ₹ 1,250,000 per month from the end of the reporting period along with interest at SIDBI PLR - 100 basis points, currently at 10.50% p.a.</p>
<p>(c) SIDBI Loan of ₹ 16,500,000 is secured against:</p> <ul style="list-style-type: none"> i) first charge by way of hypothecation on all movable assets acquired from loan. ii) extension of first charge by way of hypothecation of all the movable assets, book debts and actionable claims of the Company, acquired/to be acquired/arising out of earlier assistance of ₹ 500 lakhs. iii) extension of lien on deposits created for earlier borrowings. iv) extension of first charge by way of hypothecation on all IPRs owned by the Company, both existing and future. v) extension of lien on contracted future receivables under the project to be deposited in designated escrow account. vi) Personal guarantee from Vijay Gupta and Priti Gupta. 	<p>Loan was obtained in March 2019 and is repayable in 55 monthly instalments of ₹ 300,000 per month after five months of disbursement of loan along with fixed interest at 10% p.a</p>
<p>(d) TDB Loan is secured against:</p> <ul style="list-style-type: none"> i) Hypothecation of movable assets of the Company including assets created under the project ranking first pari pasu charge with other holders. ii) Personal guarantee from Vijay Gupta and Priti Gupta pledging 3 lakh shares of ₹ 10 each having face value of ₹ 3,000,000. 	<p>Loan of ₹ 24,500,000 will be disbursed in 3 instalments, with two instalments of ₹ 7,500,000 and ₹ 14,500,000 disbursed on 28 March 2017 and 16 February 2019.</p> <p>First repayment of ₹ 2,900,000 in March 2020 which will be followed by 8 half yearly instalments of ₹ 2,700,000 from September 2020 along with interest at 5% p.a.</p>

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(Amount in ₹ except for share data, and if otherwise stated)

b) Nature of security and terms of repayment

Nature of security	Terms of repayment
Loan repayable on demand	
Working capital loan from banks	
Loan is secured against:	Interest rate is 3 month MCLR rate plus 1.95% p.a. currently 10.65% p.a.
i) First charge by way of hypothecation over entire current assets of the Company, both present and future along with residual / sub-servient charge with SIDBI	
ii) First pari pasu charge by way of hypothecation over entire movable fixed assets (excluding assets financed by SIDBI) of the Company, both present and future, with TDB and Residual / sub-servient charge with SIDBI	
iii) First charge over all the immovable assets of the Company with residual / sub-servient charge with SIDBI	
iv) Equitable mortgage on flat at Bibewadi, Pune, owned jointly in the name of Vijay Gupta and Priti Gupta	
v) Equitable mortgage on flat at Wagholi, Pune, owned jointly by Vijay Gupta and Priti Gupta	
vi) Lien on fixed deposits of ₹ 36 lakhs and ₹ 16 lakhs to be created.	
vii) Lien on recurring deposit of ₹ 42 lakhs (₹ 1.75 lakhs p.m. for 24 months starting from March 2018) and ₹ 120 lakhs (12 monthly instalments of ₹ 10 lakhs p.m. started from March 2019)	
viii) Assignment of LIC policies of ₹ 64 lakhs in the name of Vijay Gupta having surrender value of ₹ 24 lakhs (as on October 2016).	
ix) Negative lien on the office premises (Unit 5C, 5th Floor, Pentagon) located at Swargate, Pune, owned jointly by Vijay Gupta and Priti Gupta.	
x) Personal guarantee from Vijay Gupta, Neetesh Singhal and Priti Gupta.	

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SoftTech Engineers Limited
Significant accounting policies and other explanatory information
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	As at 31 March 2019	
6 Other long-term liabilities		
Dealer deposits		50,000
		<u>50,000</u>
	As at 31 March 2019	
	Long-term	Short-term
7 Provisions		
Provision for gratuity (refer note (a) below)	60,81,121	28,23,794
Provision for compensated absences (refer note (b) below)	3,82,870	1,96,878
	<u>64,63,991</u>	<u>30,20,672</u>

a Gratuity

Defined Benefit Plan: - The Holding Company provides for gratuity benefit under a defined benefit retirement scheme (the "Gratuity Scheme") as laid out by the Payment of Gratuity Act, 1972 of India covering eligible employees. The Gratuity Scheme provides for a lump-sum payment to employees who have completed at least five years of service with the Holding Company, based on salary and tenure of employment. Liabilities with regard to the Gratuity Scheme are determined by actuarial valuation carried out using the Projected Unit Credit Method by an independent actuary. The Gratuity Scheme is a non-funded scheme and the Holding Company intends to discharge this liability through its internal resources.

The following table sets out the status of the Gratuity Scheme in respect of employees of the Holding Company:

Particulars	Year ended 31 March 2019
Change in benefit obligation	
Projected Benefit Obligation ("PBO") at the beginning of the year	67,73,773
Current service cost	14,68,880
Interest cost	4,83,394
Actuarial loss	2,98,809
Benefits paid	(1,19,941)
PBO at the end of the year	<u>89,04,915</u>
Net gratuity cost comprises the following components:	
Current service cost	14,68,880
Interest cost	4,83,394
Recognised net actuarial loss	2,98,809
Net gratuity cost	<u>22,51,083</u>

The actuarial assumptions used in accounting for the gratuity plan were as follows:

Discount rate	7.00%
Rate of increase in compensation levels	10.00%
Rate of return on plan assets	NA
Mortality rate	IALM Mortality- Tables (2012-14) Ultimate

SoftTech Engineers Limited
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a Gratuity (Continued)

Details of present value of obligation, plan assets and experience adjustments:

	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Present value of obligation	89,04,915	67,73,773	52,76,793	41,97,826	26,72,717
Fair value of plan assets	-	-	-	-	-
Deficit	89,04,915	67,73,773	52,76,793	41,97,826	26,72,717
Experience adjustments:					
On plan liabilities: (gain)/loss	25,453	(67,154)	62,406	(88,795)	9,87,350

b Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Consolidated Statement of Profit and Loss for the period is ₹ 365,833.

c Employee stock compensation (ESOP 2017 Scheme)

The Holding Company had instituted Employees' Stock Option Plan "ESOP 2017" under which the stock options have been granted to the employees. The scheme was approved by the shareholders at the annual general meeting held on 22 September 2017.

The details of activities under the ESOP 2017 scheme are summarised as follows:

Particulars	As at 31 March 2019	
	No. of options	WAEP*
Outstanding at the beginning of the year	70,232	5.00
Granted during the year	-	-
Adjusted for bonus#	-	-
Lapsed during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	70,232	5.00
Exercisable at the end of the year	-	-

* WAEP denotes weighted average exercise price

The Holding Company incurred ₹ 1,094,253 towards employee stock compensation during the year.

The weighted average fair value of the options granted during the earlier year was ₹ 61.43 per share option issued. Black Scholes valuation model has been used for computing the weighted average fair value during the year ended 31 March 2018 considering the following inputs:

Particulars	Year ended 31 March 2018
Dividend yield (%)	0.00%
Expected volatility	0.001%
Risk free interest rate	6.61%
Exercise price	10
Expected life of options (in years)	
- Year I	2.00
- Year II	2.01
- Year III	3.01

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c Employee stock compensation (Continued)

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may differ from the actuals.

The Holding Company measures the cost of ESOP using intrinsic value method. Had the Company used fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Year ended 31 March 2019
Profit after tax attributable to equity shareholders	7,42,60,873
Add: ESOP cost using intrinsic value method	10,94,253
Less: ESOP cost using fair value method	13,75,313
Proforma profit after tax	7,39,79,813
Basic earnings per share	
- as reported	8.10
- proforma	8.07
Diluted earnings per share	
- as reported	8.04
- proforma	8.01
	As at 31 March 2019

8 Trade payables

Dues to micro, small and medium enterprises (refer note below)	-
Dues to other than micro, small and medium enterprises	1,75,92,133
	<u>1,75,92,133</u>

Note: Micro, Small and Medium Enterprises

The Holding Company is in the process of obtaining necessary confirmations from suppliers regarding their status under the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 (the 'Act') and hence disclosures regarding the following have not been made:

- i. Amount due and outstanding to MSME suppliers as at the end of the accounting period.
- ii. Interest paid during the period to MSME.
- iii. Interest payable at the end of the accounting period to MSME.
- iv. Interest accrued and unpaid at the end of the accounting period to MSME.

Management believes that the figures for disclosures, if any, will not be significant.

	As at 31 March 2019
9 Other current liabilities	
Current maturities of long-term borrowings	3,04,04,543
Interest accrued but not due on borrowings	14,09,357
Statutory dues	1,66,99,205
Advance from customers	17,51,746
Outstanding expenses	3,74,69,008
	<u>8,77,33,859</u>

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10 Property, plant and equipment

Gross block	Furniture and fixtures	Vehicles	Office equipment	Computers	Service cell system	Total
Balance as at 1 April 2018	82,81,463	12,21,812	14,24,055	1,94,56,001	3,50,58,137	6,54,41,468
Additions	6,81,366	33,89,082	13,14,463	24,47,017	-	78,31,928
Disposals	-	12,21,812	1,69,390	72,97,481	74,99,574	1,61,88,257
Balance as at 31 March 2019	89,62,829	33,89,082	25,69,128	1,46,05,537	2,75,58,563	5,70,85,139
Accumulated depreciation						
Balance as at 1 April 2018	67,67,850	12,21,812	9,56,098	1,74,70,248	2,90,49,717	5,54,65,725
Depreciation charge	5,15,322	1,89,185	2,87,455	16,43,232	42,67,375	69,02,569
Reversal on disposal of assets	-	12,21,812	1,30,200	72,97,481	74,99,574	1,61,49,067
Balance as at 31 March 2019	72,83,172	1,89,185	11,13,353	1,18,15,999	2,58,17,518	4,62,19,227
Net block as at 31 March 2019	16,79,657	31,99,897	14,55,775	27,89,538	17,41,045	1,08,65,912

11 Intangible assets

Gross block	Computer software	Internally generated software	Total
Balance as at 1 April 2018	1,35,42,843	22,05,84,746	23,41,27,589
Additions	20,04,512	3,20,57,588	3,40,62,100
Disposals	16,43,785	-	16,43,785
Balance as at 31 March 2019	1,39,03,570	25,26,42,334	26,65,45,904
Accumulated amortisation			
Balance as at 1 April 2018	1,27,67,629	14,45,28,190	15,72,95,819
Amortisation charge	8,16,547	3,27,00,243	3,35,16,790
Reversal on disposal of assets	16,43,785	-	16,43,785
Balance as at 31 March 2019	1,19,40,391	17,72,28,433	18,91,68,824
Net block as at 31 March 2019	19,63,179	7,54,13,901	7,73,77,080

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	As at 31 March 2019
12 Non-current investments	
Valued at cost unless stated otherwise	
Trade, unquoted investments	
Investments in:	
The Mahesh Sahakari Bank Limited (14,192 equity shares of ₹ 25 each fully paid up)	3,54,800
The Saraswat Co-operative Bank Limited (2,500 equity shares of ₹ 10 each fully paid up)	25,000
	3,79,800
Aggregate amount of unquoted investment	3,79,800
13 Deferred tax assets	
Deferred tax assets:	
Provision for employee benefits	27,61,934
Provision for doubtful balances	26,70,513
On depreciation and amortisation	61,70,720
	1,16,03,167

	As at 31 March 2019	
	Long-term	Short-term
14 Loans and advances		
(Unsecured, considered good (unless otherwise stated))		
Security deposits	41,64,115	53,15,960
Advance taxes (net of provision)	93,75,903	-
Advances to related parties	6,18,378	-
Prepaid expenses	16,14,232	14,96,490
Advance to employees and others	-	69,92,091
Tender deposits	34,79,023	2,55,008
	1,92,51,651	1,40,59,549

	As at 31 March 2019
15 Other non-current assets	
(Unsecured, considered good (unless otherwise stated))	
Bank deposits with maturity of more than 12 months (Refer note (a) below)	6,75,78,182
Interest accrued but not due on bank deposits and others	91,61,792
Trade receivables	49,30,960
	8,16,70,934

(a) Details of bank deposits pledged

- (i) Deposit of ₹ 21,500,000 are pledged as security against the long-term borrowings.
- (ii) Deposit of ₹ 8,475,000 are pledged as security against the short-term borrowings.
- (iii) Deposit of ₹ 17,603,182 are held against bank guarantees.

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31 March 2019

16 Trade receivables

Outstanding for a period exceeding six months from the date they are due for payment	9,31,63,383
Unsecured, considered good	91,70,717
Doubtful	10,23,34,100
	<u>(91,70,717)</u>
Less : Allowances for bad and doubtful debts	9,31,63,383
Other debts	9,50,64,311
Unsecured, considered good	<u>18,82,27,694</u>

17 Current investments

Non-trade, unquoted investments in mutual funds

857.733 Units of HDFC liquid fund- growth plan	30,68,215
1,727.431 Units of Reliance liquid fund growth plan- growth option	76,21,401
30,101.156 Units of Reliance ultra short duration fund- growth option (refer note (a) below)	8,75,00,000
5,379.721 Units of UTI money market fund- regular growth plan	1,07,75,525
	<u>10,89,65,141</u>
Aggregate amount of unquoted investment	10,89,65,141

(a) Amount of ₹ 57,500,000 was paid on 29 March 2019 and 30 March 2019, against which 19,742.16 Units of mutual fund were allotted on 2 April 2019

18 Cash and bank balances

Cash and cash equivalents

Cash in hand	12,037
Balances with banks	
- in current accounts	<u>1,38,57,410</u>
	1,38,69,447

Other bank balances

Balances in escrow account (refer note 5(b))	14,646
	<u>1,38,84,093</u>

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As at
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19 Other current assets	
(Unsecured, considered good (unless otherwise stated))	
Unbilled revenue	27,28,17,459
	<u>27,28,17,459</u>
20 Commitments and contingencies	
(i) Claims against the Group not acknowledged as debt	
Central Sales Tax liability for Financial Year 2012-13	41,31,770
Value Added Tax liability for Financial Year 2012-13	55,505
(ii) Bank guarantees	7,21,08,569
(iii) Other matters for which the Group is contingently liable	
Potential non-recoverability of certain receivables	7,62,041
(iv) Non-realisation of foreign currency receivables -	
<p>There are delays in receipt of foreign currency receivables amounting to ₹ 10,059,478 on export services, beyond the nine months period from the invoice date as stipulated in the RBI Master Direction no. 16/2015-16 under the Foreign Exchange Management Act, 1999 ('FEMA'). The Holding Company intends to make necessary filings to seek such extension, which, in the opinion of the management, would be granted by the authorities. Pending condonation of such delay, the amount of penalty, if any, that may be levied, is not ascertainable. However, the management believes that any adjustment that may arise due to such default would not be material.</p>	

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SoftTech Engineers Limited
Significant accounting policies and other explanatory information
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	Year ended 31 March 2019
21 Revenue from operations	
Sale of services	57,43,50,762
Sale of products	5,32,04,027
	62,75,54,789
22 Other income	
Interest income	
From fixed deposits in banks	32,44,765
From other deposits	2,14,008
Dividend income	
From current investments	19,44,918
From non-current investments	42,900
Gain on foreign currency transactions and translations (net)	7,71,411
Miscellaneous income	16,59,009
	78,77,011
23 Employee benefits expense	
Salaries and bonus (Refer note 7(a) and 7(b))	9,31,56,837
Contribution to provident fund and other funds (Refer note below)	33,69,980
Employees' stock option compensation	10,94,253
Staff welfare expenses	23,77,750
	9,99,98,820
Defined Contribution Plan: The amount recognised as an expense during the period is ₹ 3,369,980.	
24 Finance costs	
Interest expense	1,44,06,676
Other borrowing costs	16,59,512
Interest on delayed payment of statutory dues	7,70,897
	1,68,37,085
25 Depreciation and amortisation expense	
Depreciation of property, plant and equipment (refer note 10)	69,02,569
Amortisation of intangible assets (refer note 11)	3,35,16,790
	4,04,19,359

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

Year ended
31 March 2019

26 Other expenses

Electricity charges	13,42,512
Rent (refer note 29)	50,56,888
Repairs and maintenance	28,74,938
Insurance	6,39,622
Rates and taxes	8,50,306
Travelling and conveyance	1,47,50,990
Sub-contracting expenses	2,48,52,775
Professional fees for technical consultants	22,37,98,699
Auditors' remuneration (refer note (a) below)	13,65,250
Legal and professional expenses	1,74,39,974
Bank charges	14,27,753
Sales promotion expenses	30,57,405
Printing and stationery	10,73,388
Office expenses	14,96,782
Postage and telephone	7,18,853
Internet charges	8,75,519
Brokerage and commission	2,69,925
Bad debts and advances written off	1,20,23,608
Provision for doubtful balances	5,97,239
Expenditure towards Corporate Social Responsibility (CSR) activities	3,50,000
Prior period expenses	18,25,520
Loss on sale of equipment	39,190
Miscellaneous expenses	66,62,480
	32,33,89,616

a. Auditors' remuneration (excluding Goods and Services Tax)

As auditor of the Holding Company	
Statutory audit	9,75,000
Limited review	2,00,000
Certification fees	1,35,000
Reimbursement of expenses	55,250
	13,65,250

27 Segment reporting

The Group is primarily in information technology and software services industry. For the purpose of disclosure of segment information, the Group considers this business as a single business segment (i.e. Business consulting and software implementation and related support activities). Further, the Group operates primarily in India and there is no other significant geographical segment. In view of the above, both primary and secondary additional reporting disclosures for business / geographical segments as envisaged in Accounting Standard 17, "Segment Reporting" are not applicable to the Group.

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

28 Related party disclosures

a) Names of related parties and description of relationship:

Name of the related party	Nature of relationship
SoftTech Engineers Inc.	Subsidiary
SoftTech Finland OY	Subsidiary
SoftTech Government Solutions Inc.	Step-down subsidiary
CoVisible Solutions (India) Private Limited	Enterprise over which key managerial personnel and their relatives exercise significant influence
Vijay Gupta	Managing director
Priti Gupta	Director
Sridhar Pillalamari	Director (w.e.f. 3 March 2018)
Rahul Gupta	Director
Ravi Mathur	Director (upto 04 March 2019)
Pawan Gupta	Relative of Director
Anand Chandraprakashji Dad	Chief Financial Officer (upto 6 October 2018)
Amit Katariya	Chief Financial Officer (From 6 October 2018 to 1 April 2019)
Piranvez Irani	Chief Financial Officer (w.e.f. 20 April 2019)
Aishwarya Patwardhan	Company Secretary (w.e.f. 21 February 2018)
Rajasthan Trustee Company Private Limited	Enterprise having significant influence over the Company (upto 9 May 2018)

b) Transactions with related parties:

Nature of transactions	Year ended 31 March 2019
Loan taken	
Vijay Gupta	30,00,000
Loan repaid	
Vijay Gupta	36,00,000
Rent paid	
Priti Gupta	7,12,032
Remuneration paid	
Vijay Gupta	42,42,462
Priti Gupta	10,81,080
Aishwarya Patwardhan	2,81,264
Anand Dad	3,61,936
Amit Katariya	9,99,195
Receiving services	
Pawan Gupta	2,75,000
Dividend paid	
Vijay Gupta	18,40,617
Priti Gupta	16,545
CoVisible Solutions (India) Private Limited	1,49,574
Rajasthan Trustee Company Private Limited	7,03,898

SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

c) Balances with related parties (as at year end):

Nature of balances	As at 31 March 2019
<u>Amount receivable</u>	
Advance towards expenses	
CoVisible Solutions (India) Private Limited	6,18,378
Security deposit	
Vijay Gupta	5,53,395
Priti Gupta	2,02,000
<u>Amount payable</u>	
Unsecured loan	
Vijay Gupta	1,69,39,662
Priti Gupta	6,36,975
Remuneration payable	
Vijay Gupta	2,86,490
Priti Gupta	94,380
Rent payable	
Priti Gupta	54,044
Consultancy fees payable	
Pawan Gupta	1,69,928

29 The Group has entered into operating lease agreements for office facilities and such leases are basically cancellable in nature with remaining lease period ranging from 1 to 4 years.

Lease rental expense recognised in the Consolidated Statement of Profit and Loss for the period 1 April 2018 to 31 March 2019 in respect of operating lease is ₹ 5,056,888.

30 Earning per share (EPS)

The amount considered in ascertaining the earnings

Particulars	Year ended 31 March 2019
a) Computation of net profit for the year	
Profit after tax attributable to equity shareholders (₹)	7,42,60,873
b) Computation of number of shares for Basic EPS	
Weighted average number of shares	91,69,115
c) Computation of number of shares for Diluted EPS	
Weighted average number of shares	92,31,674
Basic earnings per share(₹)	8.10
Diluted earnings per share(₹)	8.04
Nominal value per equity share (₹)	10.00

So SoftTech Engineers Limited
Significant accounting policies and other explanatory information
(Amount in ₹ except for share data, and if otherwise stated)

31 For disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information, refer below:

Amount in ₹

Name of the entities	2018-19			
	Net assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount
Parent: SoftTech Engineers Limited	100.60%	61,15,33,012	104.97%	7,79,34,792
Subsidiary: - Foreign				
SoftTech Engineers Inc.	0.08%	4,81,764	-0.24%	(1,74,779)
SoftTech Finland OY	-0.54%	(33,10,316)	-4.73%	(35,13,122)
SoftTech Government Solutions Inc.	0.11%	6,43,293	0.00%	(0)
Sub-total	100.24%	60,93,47,753	100.00%	7,42,46,891
Inter-company eliminations and consolidation adjustments	-0.24%	(14,54,523)	0.00%	-
Total	100.00%	60,78,93,230	100.00%	7,42,46,891
Minority interests in subsidiaries	0.01%	34,137	-0.02%	(13,982)

32 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars		As at 31 March 2019	
		(₹)	FX
Trade receivables	USD	1,00,59,478	1,45,621

33 The Holding Company has availed the exemption available under Accounting Standard 21, Consolidated Financial Statements, prescribed under the Act, in respect of first year of presentation of consolidated financial statements. Accordingly, these consolidated financial statements do not include corresponding comparative figures for the immediately preceding financial year in respect of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement.

34 The Board of Directors at its meeting held on 27 May 2019 have recommended final dividend of ₹ 0.50 per equity share. The recommended dividend is subject to shareholders' approval.

As per our report of even date attached

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-
Bharat Shetty
Partner
Membership No.: 106815

Place : Pune
Date : 27 May 2019

For and on behalf of the Board of Directors

Sd/-
Vijay Gupta
Managing Director
DIN: 1653314

Sd/-
Aishwarya Patwardhan
Company Secretary
Membership No. A54477

Place : Pune
Date : 27 May 2019

Sd/-
Priti Gupta
Director
DIN: 1735673

Sd/-
Piranvez Irani
Chief Financial Officer



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AutoDCR[®] A pioneering technology product in building approvals automation system, AutoDCR is designed to back the government initiatives towards smarter cities and digitization. It makes the building plan scrutiny and approval process simpler, seamless and lot faster with e-governance solutions. The software is designed to bring greater efficiency and effectiveness in compliance through collaboration between the organization and the approving authorities.

PWIMS[®]

PWIMS[®] The Public Works Information Management System (PWIMS) is a web-based commercial-off-the-shelf (COTS) application for managing all the core functional processes across the project lifecycle including budgets, estimations, approval, e-tendering, contract management, monitoring and billing. From buildings to roads to infrastructure, PWIMS makes every aspect of infra projects management more system and technology driven.

OPTICON[™]

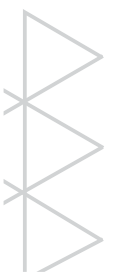
OPTICON[™] is a web-based ERP software that is an absolute must to optimize the complete construction management process. Bidding, cost estimation, project management, accounting, plant and machinery, client billing, subcontractor management, sales, CRM, and HR & Payroll. OPTICON offers real time view and most effective decision making across every aspect. OPTICON reads BIM model to generate BOQ, project schedule and resource calendars automatically.

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BIMDCR[®] is a citizen centric unique & innovative online Single Window system for automation in 3D Building Model Scrutiny and Approval process. It is a Collaborative BIM base Construction Permit Platform which reads single consolidated 3D BIM model having Architectural, Structural, MEP, HVAC, Fire, Water, Drainage and other utilities objects and maps them to development control regulations of respective approving Authorities. It is integrated with online workflow to monitor the model compliance, NOC provisions and approval process.

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SoftTech
Empowering Transformation

Registered Office

SoftTech Engineers Limited
The Pentagon, 5-A, 5th Floor,
Shahu College Road, Pune,
Maharashtra 411009. India

Phone: +91 20 2421 7676

E-mail: investors@softtech-engr.com

www.softtech-engr.com