

21st
ANNUAL REPORT
2011-2012



MEGRI SOFT
LIMITED

Board of Directors

Mohnesh Kohli
Director

Rajnesh Sharma
Director

Ajay Jagga
Director

Aprajita Kohli
Director

Auditors

K.K. Bassi & Associates
Chartered Accountants
SCO 1130-31, Sector - 22-B
Chandigarh-160 022

Registered Office

SCF 80, Sector 47-D
Chandigarh-160 047

Bankers

Karnataka Bank Limited
ICICI Bank Limited
Citi Bank NA

MEGRI SOFT LIMITED

Notice

NOTICE is hereby given that the 21st Annual General Meeting of the Members of MEGRI SOFT LIMITED will be held at SCF 80, Sector 47-D Chandigarh on Saturday, the 29th day of September 2012 at 11.00 A.M. to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Ajay Jagga, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of The Companies Act, 1956, M/S K.K.Bassi & Associates, Chartered accountants, the retiring auditors be and are hereby re-appointed as the Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General meeting of the Company.

RESOLVED FURTHER THAT the Statutory Auditors to be paid such remuneration as may be mutually agreed upon between the Board of Directors of the company and the Statutory Auditors, plus reimbursement of out of pocket expenses."

Chandigarh 03rd September 2012

**Registered Office:
SCF 80,
Sector 47-D
Chandigarh**

**By Order of the Board
For Megri Soft Limited**

**--SD--
(R.Sharma)
Director**

Notes

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy and attend and vote in the meeting and a proxy need not be a member of the company.
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Share Transfer Books will remain closed from September 27, 2012 to September 29, 2012 (both days inclusive).
5. Members are requested to address all correspondences, change of address including other matters, to the registered office of the company.

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6. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them in physical mode. Nomination form can be obtained from the Registrar of the Company.
7. Queries on accounts and operations of the Company, if any, should be sent to the Company at least seven days before the date of Annual General Meeting so that answers may be made readily available at the meeting.

Details of Directors seeking Re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Additional Information to be provided as per clause 49 of the Listing Agreement

A brief profile of the Directors recommended for re-appointment at the Annual General Meeting is given below:

Ajay Jagga

Mr. Ajay Jagga is an Advocate by profession. He has got an expert knowledge of Information technology industry. His experience will be helpful in handling various matters of the company.

MEGRI SOFT LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 21st (Twenty First) Annual Report and the Audited statement of Accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

| Particulars | (Rs. In Lacs) | (Rs. In Lacs) |
|-----------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
| Total Income | 687.22 | 451.02 |
| Gross Operating Profit/Loss | 322.64 | 222.29 |
| Depreciation | 21.55 | 3.53 |
| Profit/Loss Before Taxes | 301.09 | 218.76 |
| Provision for Taxation | 80.86 | 2.53 |
| Net Profit/Loss After Tax | 220.23 | 216.23 |
| Net Profit/Loss Carried | | |
| To Balance Sheet | 220.23 | 216.23 |

OPERATIONAL REVIEW AND PROSPECTS

During the year under review, company has been carrying on dotcom and information technology business. The company during the year has been engaged in the business of Domain Registration, Web Hosting, Web Designing, Web Development, Web Scripting, Web Based Software Development, Web Promotion, Search Engine optimization, Link building and SEO services in addition to development of its own Indian and International Web Portals/Vortals on various subjects as well as provided software services to the clients also. This year the company registered income from operation around Rs.687.22 Lacs as compared to last year of Rs. 451.02 Lacs and also registered a net profit (before taxes) of Rs.301.09 Lacs (37.63%) which is higher than last year's profits of Rs. 218.76 (before taxes). **The Company has also paid taxes of Rs. 80.86 Lacs, as exemption has been withdrawn under section 10 of IT act.**

SEGMENT REPORTING

Your Company is organizing itself to become a leading player in the IT services and other IT related applications which will provide your Company the competitive edge over the others. The company has developed around 65 of its own web portals. Although they are still in their developing stage but they are attracting heavy traffic and have a large online presence. The web portals have attracted International traffic and successfully catered to quite a large viewer base.

The planned list of the company's web portals is very large, which have made quite a significant presence on web. Also the web portals of the company are having top ranking at premium search engines. The company is in the process of developing a large online web clientage as well as a large offline customer base. Your Directors are putting in their best so as to extract the best potential of the Company and make it a leading Dotcom Company. The Directors have also planned to diversify and have already started to develop in other related fields like E-commerce, web applications and development, directory scripts, readymade website sellers, payment gateway and other internet and IT related activities which will result in increasing the present clientele of the company and thereby increasing its revenue. The Directors are hopeful of achieving better results in the next year barring unforeseen circumstances.

SHARE CAPITAL

There have been no changes in the Authorized Share Capital, issued subscribed and paid share capital during the year under review. The authorized share capital was Rs. 33,000,000.00 divided into 33,00,000 equity shares of Rs. 10/- and the issued, subscribed and paid up share capital remained Rs. 3,14,07,000 divided into 31,40,700 equity shares of Rs. 10/- each fully paid.

MEGRI SOFT LIMITED

CORPORATE GOVERNANCE

As per schedule of implementation of Corporate Governance Code mentioned in the clause 49 of listing Agreement, the company has implemented the mandatory requirements of the Code.

Pursuant to the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, a report on Corporate Governance figures as a part of the Annual Report. As required under Clause 49 of the Listing Agreement, the Auditors' Certificate regarding compliance of conditions of corporate governance is enclosed as Annexure

Your Company will continue to implement and adhere in letter and spirit to the policies of good corporate governance.

DIRECTORS

Mr. Ajay Jagga retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Anil Goyal left the Company during financial year 2011-12, and we appreciate his services.

None of the Directors of the Company are disqualified under the provisions of the Companies Act, 1956 or under the Listing Agreement entered with the Stock Exchanges.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the retiring directors are provided as an annexure to the Notice convening the Annual General Meeting.

AUDITORS

M/s K.K.Bassi & Associates, Chartered Accountants, the statutory auditors of the company, retires at the forthcoming Annual General Meeting and being eligible and offered themselves for reappointment as Statutory Auditor. The said firm has furnished a certificate to the company to the effect that the proposed appointment, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956.

As regards their observation in the Auditors Report, the respective notes to the accounts are self-explanatory and therefore do not call for any further comments.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of Section 217 of the Companies Act, your directors confirm that:

- (i) In the preparation of Balance Sheet and the Profit & Loss Account of the Company, the applicable accounting standards have been followed and there are no material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the company for that year.
- (iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

LISTING

The Shares of the company are listed at Ludhiana and Delhi Stock Exchange. All listing fees due of Stock Exchange paid up to 2012.

DIVIDEND

In order to strengthen the financial position of the company, your directors proposed to retain the profits for future growth & expansions therefore do not recommend any dividend for the year.

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Audit Committee

The Committee met five times during the year. The Board of Directors has accepted all the recommendations of the Audit Committee.

Public Deposits

The Company is not accepting any deposits from the public within the meaning of Section 58A of Companies Act, 1956.

Human Resources

Human resources play a key role in the performance of every organization. Your Company strongly believes that it is the employees who will make significant contribution to the success and growth of a business. The employee relations remained steady and harmonious throughout the year under review resulting in high level of performance.

Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees.

PARTICULARS OF THE EMPLOYEES

The Company has no employee covered under Section 217(2A) of the Companies Act 1956; and thus the required information has not been furnished.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE

The company is neither engaged in the generation of energy thus the particulars as required under sub-clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 are not given. The particulars regarding foreign exchange earnings during the year of Rs. 648.45 Lacs only (Previous Year Rs. 430.64 Lacs) and expenditure in foreign currency is Rs.11.52 Lacs only (Previous year 9.93 Lacs).

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

Disclosure of materially significant related party transactions

The Company has not entered into any transactions of material nature with the directors or management or their relatives etc. during the year, which may have potential conflicts with the interest of the Company. There is no pecuniary transaction with the independent/non-executive directors other than rent paid to Mr. M. Kohli and relatives.

Sh. Rajnesh Sharma, Director of the company who is also holding the position of a Director in Consolidated Dealers Limited, which is holding 1,49,000 shares of Rs. 10 each in the Company.

CASH FLOW STATEMENT

As required under clause 32 of the Listing Agreement, a cash flow statement is appended.

ENVIRONMENT AND SAFETY MEASURES

Adequate safety and environmental precautions have been implemented wherever deemed necessary.

Management Discussion And analysis Report

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is set out as Annexure to this Report.

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CEO's DECLARATION

Pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, a declaration by the Director of the Company stating that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company is set out as Annexure to this Report.

Acknowledgment

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Income Tax Department, the Ministry of Commerce, the Ministry of Finance, the Reserve Bank of India, the state governments, the Software Technology Parks (STPs) –Chandigarh and other government agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board

Chandigarh 03rd September 2012

**--SD--
(R.Sharma)
Director**

MEGRI SOFT LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report under the Listing Agreement with the Stock Exchange forms part of this Annual Report.

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

Industry Overview and Development

The software industry in fact has spawned an emerging dotcom sector, and is responsible in large part for its current high powered growth. The strong software sector is now playing parent to the nascent dot com brigade, providing newbie with an edge over competitors. The dotcom companies have added repertoire of skills by including e-business and e-commerce solutions and expertise which is currently the hottest and most in-demand both in the overseas and in the domestic markets.

The dot com wave has also received a vital shot in the arm through the staunch backing of the strong NRI (Non-Resident Indian) community which has been spending power of the order of \$100 billion.

The Government too is playing indulgent patron. The Government of India's decision to increase Internet bandwidth will enable Internet penetration to rise which will help in expanding the dotcom business and increase the overall efficiency of the internet export business industry.

Opportunities and Threats

The company has a lot of scope of increasing its business in the coming times and have increased growth in sales because of the following edge which it has in comparison with other competitor firms as well as in the international business sector.

The company has a vast pool of English speaking and skilled manpower, which rates high on qualification, capabilities, and quality of work and work ethics which will help the company in its growth and expansion in the coming times.

The company's unique geographical location enables 24x7 service offering and reduction in turnaround time due to time zone difference, thereby giving the best to its clients who will ultimately increase the company business and its performance. Our motto of manpower is providing services with not only proficiency but also efficiency.

With the increase in the dotcom business more and more firms are opting in this field which will increase the competition in the market with regards to cost and pricing. But the company has competed with the number of foreign firms as well as domestic competition in the past and is very confident of facing the future competition as well as emerging as a winner.

Because of the opening up of the software business sector and increasing work pressure of project deadlines there is a lot of pressure on people and salaries. The company has had a good track record of employee retention; therefore, it would be able to maintain the quality of the employees in the future as well.

Internal Control System and their Adequacy

Megri Soft Limited has adequate internal control system and monitored by the Internal Audit Committee. The Audit Company is meeting periodically for reviewing the performance of the company and formulating policies/issuing guidance to the management as well as for the internal audit of the company.

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Financial Overview

The company is adequately funded to take care of its current growth plans through the funds generated by its operations.

Material Development in Human Resources and Environment

The company's track record in terms of people retention is very good. To effectively meet the future challenges of the company, plans have been drawn up and they are being executed to equip the human resources accordingly. Therefore, the company is adequately prepared for any risk in this business. The business of the company is non-polluting.

Statutory Compliance

The compliance officer ensures statutory compliance.

Cautionary Statement

Statement in the management discussion and analysis describing the company objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities law and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in domestic as well as overseas markets in which the company operates changes in the government regulation, tax law and other statutes and other incidental factors.

For and on behalf of the Board

Chandigarh 03rd September 2011

**--SD--
(R.Sharma)
Director**