

# **26th Annual Report 2016-17**

**Megrisoft**

**Megri Soft Limited**

## Board of Directors

Mr. Mohnesh Kohli	<i>Director</i>
Mr. Rajnesh Sharma	<i>Whole Time Director</i>
Ms. Aprajita Kohli	<i>Director</i>
Mr. Mahesh Kumar	<i>Independent Director</i>

### Chief Financial Officer

Mr. Rajnesh Sharma

### Company Secretary

Ms. Ankita Jain

### Registered Office

Megri Soft Limited  
S.C.O. 80, Sector 47-D,  
Chandigarh-160047

**Ph. No.:** +91-172-2631561

**E-mail:** [legal@megrisoft.net](mailto:legal@megrisoft.net)

**Web Site:** [www.megrisoft.com](http://www.megrisoft.com)

**CIN:** L72200CH1992PLC011996

**PAN:** AABCC2466Q

### Auditors

M/s K.K. Bassi & Associates  
Chartered Accountants  
Gurgaon

### Registrar & Transfer Agent

Beetal Financial & Computer Services  
Pvt. Ltd.  
Beetal House, 3rd Floor, 99 Madangir,  
Behind Local Shopping Centre, New  
Delhi.

### Bankers

Karnataka Bank Limited

## **Board's Report**

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Megrisoft') along with the Audited Financial Statements for the financial year ended March 31, 2017.

### ➤ **Results of operations**

Particulars	Year Ended 31.03.2017 (Rs. In Lacs)	Year Ended 31.03.2016 (Rs. In Lacs)
Total Income	226.70	324.47
Depreciation	23.84	29.85
Profit/(Loss) Before Taxes	50.24	89.04
Provision for Taxation	13.39	(2.35)
Net Profit/(Loss) After Tax	36.85	91.39
Net Profit/(Loss) Carried To Balance Sheet	36.85	91.39
Paid Up Share Capital (Face Value Rs. 10/- each fully paid up)	314.07	314.07

### ➤ **Financial Review**

This year the Company registered income from operation around Rs. 226.70 Lacs as compared to last year of Rs. 324.47 Lacs and also registered a net profit (after taxes) of Rs. 36.85 Lacs which is lower than last year's profits of Rs. 91.39 Lacs (after taxes). There has been decline in profit as well as sale as compare to previous year because of decline in major services relating to search engine optimization carried out by Company. However Company has already starting diversifying to new technologies of mobile and web application development. The Company has started further development of its web portal and votral on various subjects.

### ➤ **Dividend & Reserves**

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. Therefore, your Directors propose to transfer Rs. 3.69 Lacs (10% of the standalone net profit of the year) to the general reserve. An amount of 33.16 Lacs proposed to be retained in surplus.

### ➤ **Loans, Guarantees or Investments in Securities**

The Company has not given any loans or given any guarantees or provided any securities to any person or body corporate mentioned under Section 186 of the Companies Act, 2013. The details of the investments made by the Company are as follows:

During the year under review, the Company has invested Rs. 38,00,000/- in the equity capital of Basel Investments Limited, Rs. 38,50,000/- in the equity capital of Kohli & Kohli Financial Consultants Limited (the proceeds from investment is proposed to be utilized by the recipient for meeting its working capital requirements) & Rs. 9,645/- in the equity capital of Megrisoft Limited, UK (a wholly owned subsidiary of Megri Soft Limited) subscription in initial share capital.

### ➤ **Listing of Shares**

The Company's shares are listed on BSE Ltd. (BSE) & Metropolitan Stock Exchange of India Limited (MSEI). The annual listing fees for the financial year 2017-18 to BSE and MSEI has been paid. The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were applicable w.e.f. December 1, 2015. Accordingly, all listed entities were required to enter into a Uniform Listing Agreement within six months from the effective date. The Company has entered into the requisite Listing Agreement with both the above Stock Exchanges.

### ➤ **Subsidiaries and associates**

The Company has incorporated a wholly owned subsidiary "Megrisoft Limited" in London, United Kingdom under the Registrar of Companies for England and Wales on October 18, 2016 which is in the process of establishment as on March 31, 2017 and total business establishment expenditure amounted to Rs. 11.20 Lacs till 31st March 2017. Detail about the aforesaid wholly owned subsidiary is annexed as **Annexure I** in Form AOC 1 to Board's report.

### ➤ **Particulars of Contracts & Arrangements made with Related Parties**

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2 is appended as **Annexure II to the Board's report**.

## ➤ Details of significant and material orders passed by the regulators/courts/ tribunals

1. The Company has filed an appeal with CIT (Appeals), Chandigarh for a demand of amount to Rs. 73,47,744/- raised by disallowing deduction u/s 80IC of Income Tax Act, 1961 for the Assessment Year 2013-14. Taxes are already paid with the Income Tax Department. So Company does not see any liability in future.
2. The Company has filed an appeal with CIT (Appeals), Chandigarh for a demand of amount to Rs. 65,15,710/- raised by disallowing deduction u/s 80IC of Income Tax Act, 1961 for the Assessment Year 2014-15. Taxes are already paid with the Income Tax Department. So Company does not see any liability in future.

## Board of Directors & Key Managerial Personnel (KMP's)

### ☐ Appointment

During the year under review, one director Mr. Mahesh Kumar have been appointed on the Board of the Company as an additional director (independent) w.e.f. August 12, 2016 on the place of Mr. Ajay Jagga, Independent Director who has resigned from the said designation w.e.f. August 12, 2016.

### ☐ Change in Designation (Mr. Mahesh Kumar)

During the year under review, the designation of Mr. Mahesh Kumar has been changed from Additional Director to Director by passing an Ordinary Resolution in the Annual General Meeting of the Company held on September 30, 2016. Earlier he has been appointed as a non-executive Additional Director on the Board of the Company w.e.f. August 12, 2016.

### ☐ Cessation

During the year under review, one director Mr. Ajay Jagga has resigned from the designation of independent Director of the Board w.e.f. August 12, 2016.

### ☐ Retirement by Rotation (Mr. Rajnesh Sharma)

In terms of Section 152 of the Companies Act, 2013, Mr. Rajnesh Sharma, being director liable to retire by rotation, shall retire at the ensuing AGM and being eligible for reappointment, offers himself for re-appointment. The Board of Directors recommended his appointment for consideration of the members at the forthcoming Annual General Meeting.

### ☐ Key Managerial Personnel

Mr. Rajnesh Sharma, Whole Time Director & Chief Financial Officer, Ms. Aprajita Kohli, Whole Time Director and Ms. Ankita Jain, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

### ☐ Declaration by Independent Directors

The Company has received necessary declaration from Mr. Anil Kumar Goyal & Mr. Mahesh Kumar (Independent Directors) under Section 149(6) & (7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), that they meet the criteria of independence laid down in the Companies Act, 2013 and Listing Regulations.

### ☐ Performance Evaluation of the Board

Listing Regulations laying down the key functions of the Board mandates that the Board shall monitor and review the Board Evaluation Process and also stipulates that the Nomination and Remuneration Committee of the Company shall lay down the evaluation criteria for performance evaluation of Independent Directors. Section 134 of the Companies Act, 2013 states that a formal evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Further, schedule IV to the Companies Act, 2013 states that performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

In accordance with the aforesaid provisions, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

### ☐ Separate Meeting of Independent Directors

Pursuant to Schedule IV to the Companies Act, 2013 and Listing Regulations, one meeting of Independent Directors were held during the year i.e. on February 07, 2017, without the attendance of Executive directors and members of Management. In addition, the Company encourages regular separate meetings of its independent directors to update them on all business-related issues and new initiatives.

### ☐ Familiarization Program for Independent Directors

Pursuant to provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Schedule IV of the Companies Act, 2013 the company has formulated 'Familiarisation Programmes' for the Independent Directors and it may be accessed on the Company's website at <http://www.megrisoft.com/pdfs/fp-id.pdf>. Further, at the time of the appointment of an independent director, the company issues a formal letter of appointment outlining his/her role, function, duties & responsibilities.

## ➤ Meetings of the Board

During the Financial Year 2016-17, the Board met Ten (10) times i.e. on 09.04.2016, 30.05.2016, 12.08.2016, 31.08.2016, 01.10.2016, 12.11.2016, 01.02.2017, 07.02.2017, 09.03.2017 and 15.03.2017. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013. Detailed information on the meetings of the Board are included in the report on Corporate Governance, which forms part of this Annual Report.

## ➤ Committees of the Board

The Company has several Committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Committee of Independent Directors

The details with respect to the compositions, powers, roles, terms of reference, etc. of relevant committees are given in the report on Corporate Governance of the Company which forms part of this Annual Report.

## ➤ Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings & Outgo

Since the Company (Megri Soft Limited) is a Service Sector Company and does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable.

The particulars regarding foreign exchange earnings during the year of Rs. 156.70 Lacs only (Previous Year Rs. 255.65 Lacs) and expenditure in foreign currency is Rs. 3.80 Lacs only (Previous year Rs. 6.52 Lacs).

We operate in the internet/ information technology industry where new developments happen on a continuous basis. We regularly evaluate these developments & factor their suitability to us. Accordingly, research and development of new services, designs, frameworks, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements/innovation.

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.

## ➤ Audit Reports & Auditors

### ☐ Audit Reports

- The Auditors' Report for financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditor's Report for financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark. The Secretarial Auditor's Report is enclosed as **Annexure III** to the Board's report in this Annual report.
- As required by the Listing Regulations, the Auditor's Certificate on corporate governance is enclosed to the Board's report. The Auditor's Certificate for financial year 2017 does not contain any qualification, reservation or adverse remark.

### ☐ Statutory Auditor

Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. The Audit Committee of the Company has proposed and on May 29, 2017, the Board of Directors of the Company has recommended the appointment of Kapil Sandeep & Associates, Chartered Accountants (Firm Registration No. 0016244N) as the statutory auditors of the Company. Kapil Sandeep & Associates will hold office for a period of five consecutive years from the conclusion of the 26th Annual General Meeting of the Company scheduled to be held on September 30, 2017, till the conclusion of the 31st Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders of the Company. The first year of audit will be of financial statements for the year ended March 31, 2018, which will include the audit of the quarterly financial statements for the year.

### ☐ Secretarial Auditor

As required under Section 204 of the Companies Act, 2013 and rules thereunder, the Board has appointed Ankur Mahindru, proprietor of M/s A.M. & Associates, Practicing Company Secretaries as its Secretarial Auditors of the Company for financial year 2017-18.

## ➤ Management Discussion And Analysis

The Management Discussion and Analysis Report for the year under review as stipulated SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

## ➤ Corporate Governance

Corporate governance is an ethically driven business organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. Your Company is committed to achieve the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by the Regulators/ applicable laws. Accordingly, the Company understands and respects its fiduciary role and responsibility towards its stakeholders and society at large and strives to serve their interests, resulting in creation of value and wealth for all its stakeholders.

A certificate from M/s K.K. Bassi & Associates, Statutory Auditors of the Company confirming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

## ➤ Director's Responsibility Statement

Pursuant to the requirement under Section Section 134(3)(c) and 134(5) of the Companies Act, 2013, the directors confirm that:

1. In the preparation of annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed.
2. They 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 period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis;
5. They have laid down internal financial controls which are adequate and are operating effectively; and
6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ➤ 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.

## ➤ Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as **Annexure IV** to the Board's Report.

## ➤ Internal Financial Control and its Adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of its fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

## ➤ Particulars of the Employees

No employee of the Company is in receipt of remuneration in excess of the limits prescribed under the provisions of Section 197(12) of the Act read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## ➤ General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of this report.
4. No change in nature of Business of the Company.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## ➤ Green Initiatives

Electronic copies of the Annual Report 2016-17 and the Notice of the 26th Annual General Meeting are sent to all members whose email addresses are registered with the Company/depository participant(s). For members who have not registered their email addresses, physical copies are sent in permitted mode.

## ➤ 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 various countries where we have our operations. 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 and industry, the Ministry of Corporate Affairs, the Ministry of Finance, the Reserve Bank of India, the state governments, the Software Technology Parks (STPs)–Mohali/ Special Economic Zones (SEZs) and other government agencies for their support, and look forward to their continued support in the future.

**For and on behalf of the Board**

**Place: Chandigarh**  
**Date: May 29, 2017**

**Mohnesh Kohli**  
**Director**  
**DIN:01784617**

**Rajnesh Sharma**  
**Whole-Time Director**  
**DIN:02528435**

## Management Discussion and Analysis

Management Discussion and Analysis Report as stipulated under Regulation 34 (2) - e of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, forms part of this Annual Report.

## ➤ Overview

Megri Soft Limited (also referred to as “the Company”) is leading provider of comprehensive web products and solutions from iphone, android, cloud applications, cms development, domain investments, paid search advertising work, web design, hosting, development, programming, web softwares, mobile and web applications, SEO, PPC, social media and internet marketing outsourcing Company. As more and more people start to use the world-wide-web or the internet, the businesses of web based services and websites are growing. However, the key to success in this space remains the ability to attract as many customers for web development and digital marketing.

With the advent of newer technologies and widespread penetration of communication channels like smartphones and tablet PCs in India, businesses in web based industry is on the rise.

During the year under review, the Company has been carrying on dotcom and information technology business, 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 IT/ITES services to the clients also.

## ➤ Industry Structure and Development

The Internet 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 newbies with an edge over competitors. The dotcom companies have added a 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 Government too is playing the 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 IT export business in the coming times and have growth in sales because of the having technology edge which it has in comparison with other competitor firms as well as in the international business sector. The Company is already taking step to increase web apps and mobile development work which is trending.

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's 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. The Company being in IT sector is having risk of Data Security, Attrition, Content Liability, IPR Protect, Obsolescence and Competition Risk.

## ➤ **Outlook**

The Company is increasing the Search Engine Optimization and IT related services in United Kingdom (UK) since past few years. Considering the fact, the Company has incorporated a wholly owned subsidiary in London, United Kingdom in order to expand its business in coming years.

## ➤ **Risk Concerns**

The Company has a well-structured and robust risk management mechanism, which includes a comprehensive register that lists the identified risks, its impact and the mitigation strategy.

## ➤ **Discussion on Financial Performance**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The Management of the Company 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.

The Company is adequately funded to take care of its current growth plans through the funds generated by its operations. The financial performance of the Company reflects its position in the industry. Being an industry leader with its core business of SEO, the Company has grown its revenues contributing to higher profits in past few years. However, there is decline in sales and profit as compared to previous year but the Company foresees to cover such shortfall in future.

## ➤ **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. People are the key differentiators for business success today and ensuring the development of right skills and behaviours at all levels in the organizations is of paramount importance at Megrisoft.

## ➤ **Internal Financial Control**

Megri Soft has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and those transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and the Audit Committee, and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

## ➤ **Forward Looking Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the Indian online sector, advertising spends, new disruptive technologies or business models, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.



## **Corporate Governance Report**

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2017)

### ➤ **Our corporate governance philosophy**

Our corporate governance is a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

### ➤ **Corporate governance framework**

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company. We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At Megri Soft, the Board of Directors ('the Board') is at the core of our corporate governance practice. The Board oversees the Management's functions and protects the long term interest of our stakeholders. As on March 31, 2017, the Board comprised 5 members, of which 2 members are independent directors. An independent director is nominated as the chairperson of each of the Board committees, namely audit, nomination & remuneration, stakeholders relationship.

### ➤ **Corporate governance guidelines**

The Board has defined a set of corporate governance best practices and guidelines to help fulfill our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and process to review and evaluate our operations as and when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines regularly to achieve our stated objectives.

### ➤ **Board Composition**

#### ☐ **Size & composition of the Board**

We believe that our Board needs to have an appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. Listing regulations mandate that for a company with a non-executive chairman, at least one-third of the Board should be independent directors. As on March 31, 2017, our Board comprised 5 members, two of whom were executive or whole-time directors, one was non-executive director while two members were independent directors. One out of 5 Board members or 30% of the Board are women. The Board periodically evaluates the need for change in its composition and size.

#### ☐ **Role of the Board of Directors**

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. As trustees, the Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. It sets strategic goals and seeks accountability for their fulfillment. It also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations.

#### ☐ **Definition of independent directors**

The Companies Act, 2013 and the Listing Regulations define an 'independent director' as a person who is not a promoter or employee or one of the key managerial personnel (KMP) of the Company or its subsidiaries. The laws also state that the person should not have a material pecuniary relationship or transactions with the Company or its subsidiaries, apart from receiving remuneration as an independent director.

#### ☐ **Board membership criteria**

The nomination and remuneration committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Members are expected to possess the required qualifications, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors / areas relevant to the Company, and ability to contribute to the Company's growth.

#### ☐ **Membership term**

The Board constantly evaluates the contribution of members and periodically shares updates with the shareholders about reappointments consistent with applicable statutes. The current law in India mandates the retirement of two-third of the non-independent directors (who are liable to retire by rotation) every year, and qualifies the retiring members for reappointment. Executive directors are appointed by the shareholders for a maximum period of five years, but are eligible for reappointment by retire by rotation. An independent director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for reappointment on the passing of a special resolution by the shareholders.

#### ☐ **Performance Evaluation Criteria**

The Company believes in conducting its business affairs in a fair and transparent manner; giving highest regard to good Corporate Governance practices and ensuring transparency, accountability and equity across all facets of operation and in all interactions with Stakeholders. The Nomination and Remuneration Committee had laid down the evaluation criteria for performance evaluation of every director including Independent director and the Board pursuant to the Corporate Governance norms prescribed by the Companies Act, 2013 and SEBI Listing Regulations.

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the Directors who are subject to evaluation had not participated.

The Composition of the Board of Directors of the Company as on March 31, 2017, was as follows:

Name of the Director	Mr. Mohnesh Kohli	Mr. Anil Kumar Goyal	Ms. Aprajita Kohli	Mr. Mahesh Kumar	Mr. Rajnesh Sharma
Category	Promoter & Non-Executive Director	Non-Executive & Independent Director	Executive Director	Chairman, Non-Executive & Independent Director	Executive Director
Director Identification Number (DIN)	01784617	00874488	02489600	07584152	02528435
Date of Birth	16.08.1962	25.08.1953	25.10.1990	26.06.1989	27.05.1969
Date of Appointment	09.09.1994	30.09.2014	30.09.2009	12.08.2016	18.08.1998
Expertise in Specific Functional Area	Accountancy & Financial Consultancy	Accountancy & Financial Consultancy	Internet Technology	Corporate Laws, Financial Consultancy & Income Tax related matters	Finance & Web Services
Qualification	B. Com., FCA & Grad. CWA	B. Com., FCA	Graduation in Journalism & PR, Advanced IT Course and MBA in International Business from University of Greenwich, London.	B. Com, LL.B. & CS	Graduate in Arts
No. of Shares Held	6,38,000	0	1,51,700	0	60,800
Relationship with Other Directors	Related to Aprajita Kohli	Not Related to any Director	Related to Mohnesh Kohli	Not Related to any Director	Not Related to any Director

## ➤ Board Meetings

### ❑ Scheduling and selection of agenda items for Board meetings

- The meetings of the Board are convened by giving appropriate advance notice to the members of the Board. The Company Secretary circulates internal notice to all the Board members asking for the suggestions/details of any matter which requires discussion or approval of the Board so that the same could be incorporated in the agenda of the Board meeting. The date of the Board meeting is fixed taking into account convenience and availability of the Board members.
- The agenda papers are circulated to the Directors in advance along with suitable explanatory notes. At each meeting detailed presentation and important documents are placed at the table of the meeting for discussion of individual agenda items. The minutes of the Committees of Board are taken as read at the meeting of Board for information of the members. The follow up actions of important agenda items of previous Board meeting are placed at the Board meeting for review of the Board.
- The Company Secretary conducts the Board meetings and prepares all documents including minutes of the meeting in compliance with the provisions of the Companies Act and other statutory enactments. The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/Board Committee members for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.
- Pursuant to Schedule IV to the Companies Act, 2013 and Listing Regulations, one meeting of Independent Directors were held during the year i.e. on February 07, 2017, without the attendance of Executive directors and members of Management. In addition, the Company encourages regular separate meetings of its independent directors to update them on all business-related issues and new initiatives.
- Total Number of Board Meetings held during the FY. 2016-17 : **10**

#### Quarter – I [April'16-June'16]

- 09.04.2016
- 30.05.2016

#### Quarter – II [July'16-Sept'16]

- 12.08.2016
- 31.08.2016

#### Quarter – III [Oct'16-Dec'16]

- 01.10.2016
- 12.11.2016

#### Quarter – IV [Jan'17-Mar'17]

- 01.02.2017
- 07.02.2017
- 09.03.2017