

27th Annual Report 2017-18

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>
Ms. Diksha	<i>Additional Director (Independent)</i>

Chief Financial Officer

Mr. Rajnesh Sharma

Registered Office

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

Ph. No.: +91-172-2631561

E-mail: legal@megrisoft.com

Web Site: www.megrisoft.com

CIN: L72200CH1992PLC011996

PAN: AABCC2466Q

Company Secretary

Ms. Pratima Yadav

Auditors

M/s Kapil Sandeep & Associates
Chartered Accountants
Chandigarh

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, 2018.

➤ Results of operations

Particulars	Year Ended 31.03.2018 (Rs. In Lakhs)	Year Ended 31.03.2017 (Rs. In Lakhs)
Total Income	190.32	226.73
Depreciation	22.44	23.84
Profit/(Loss) Before Taxes	40.25	50.24
Provision for Taxation	9.65	13.39
Net Profit/(Loss) After Tax	30.60	36.85
Net Profit/(Loss) Carried To Balance Sheet	30.60	36.85
Paid Up Share Capital (Face Value Rs. 10/- each fully paid up)	314.07	314.07

Indian Accounting Standards (Ind AS): The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated 16th February, 2015, notified the Ind AS applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable on the Company from 1st April, 2017, with a transition date of 1st April, 2016.

➤ Financial Review

This year the Company registered income from operations around Rs. 190.32 Lakhs as compared to last year of Rs. 226.73 Lakhs and also registered a net profit (after taxes) of Rs. 30.60 Lakhs which is lower than last year's profits of Rs. 36.85 Lakhs (after taxes). There has been decline in profit as well as sales as compared 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 vortal on various subjects.

➤ Consolidated Financial Statement:

In accordance with the Companies Act, 2013 & Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements', the Audited Consolidated Financial Statements is provided in the Annual Report.

➤ 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. 3.06 Lakhs (10% of the standalone net profit of the year) to the general reserve. An amount of 27.54 Lakhs proposed to be retained in surplus.

➤ Share Capital

There have been no changes in the Authorized Share Capital, issued subscribed and paid-up share capital during the year under review. The authorized share capital was Rs. 3,30,00,000/- divided into 33,00,000 equity shares of Rs. 10/- each 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.

➤ 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 2018-19 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

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. The Company has earned revenue from its operations of Rs 50.53 Lakhs during year under review. The Net Profit of the Company after its first year of operations worked out to Rs 4.62 Lakhs. Detail about the aforesaid wholly owned subsidiary is annexed as **Annexure I** in Form AOC 1 to 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.
3. During the year, MS Shoes East Limited (now known as Tomorrowland Technologies Exports Limited) has instituted a suit against the company for execution of ex-parte decree for an amount of Rs 85,76,928/- along with interest @18 % p a till date. The Company has taken suitable legal action in this regard.

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

☐ Appointment

During the year under review, one director Mr. Raman Seth have been appointed on the Board of the Company as an additional director (independent) w.e.f. November 11, 2017 on the place of Mr. Anil Kumar Goyal, Independent Director who has resigned from the said designation w.e.f. August 26, 2017.

However, Mr. Raman Seth has resigned from the board w.e.f 17th April, 2018 which was later replaced by Ms. Diksha on 16th July, 2018.

☐ Change in Designation

During the year under review, there is no change in designation of any director of the Company

☐ Cessation

During the year under review, one director Mr. Anil Kumar Goyal has resigned from the designation of independent Director of the Board w.e.f. August 26, 2017.

☐ Retirement by Rotation (Ms. Aprajita Kohli)

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

☐ Key Managerial Personnel

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2018:

S.No.	Name	Designation
1.	Mr. Rajnesh Sharma	Whole Time Director & Chief Financial Officer,
2.	Ms. Pratima Yadav*	Company Secretary

* Ms. Ankita Jain, Company Secretary resigned from the Company w.e.f. 11th November, 2017 and Ms. Pratima Yadav has been appointed as Company Secretary in her place w.e.f. 20th November, 2017.

☐ Declaration by Independent Directors

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

☐ 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.

☐ Annual Evaluation of the Board Performance:

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 10, 2018, without the attendance of Executive directors and members of Management to evaluate the performance of

Non-Independent Directors, Chairperson of the Company and the Board as a whole.. 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.

❑ **Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties:**

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013. The Nomination & Remuneration Policy is annexed hereto and forms part of this report as **Annexure II** and it may also be accessed on the Company's website at <https://www.megrisoft.com/pdfs/NMR-Policy.pdf>

➤ **Meetings of the Board**

During the Financial Year 2017-18, the Board met Eight (08) times i.e. on 29.05.2017, 12.08.2017, 26.08.2017, 26.08.2017, 28.10.2017, 11.11.2017, 20.11.2017, and 10.02.2018. 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. 160.42 Lakhs only (Previous Year Rs. 156.70 Lakhs) and expenditure in foreign currency is Rs. 10.09 Lakhs only (Previous year Rs. 3.80 Lakhs).

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, 2018 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, 2018 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 2017-18 does not contain any qualification, reservation or adverse remark.

❑ **Statutory Auditor**

M/s Kapil Sandeep & Associates, Chartered Accountants (Firm Registration No. 0016244N) were appointed as the statutory auditors of the Company by the Members at their 26th Annual General Meeting held on 30th September, 2017 to hold office for a period of five consecutive years from the conclusion of the 26th Annual General Meeting of the Company till the conclusion of the 31st Annual General Meeting to be held in the year 2022, subject to the annual ratification by members at every Annual General Meeting,

However, the Ministry of Corporate Affairs has vide notification dated May 7, 2018 omitted the requirement of annual ratification of the appointment of statutory auditors by the members of the company at every Annual General Meeting. Hence annual ratification shall not be required with effect from this Annual General Meeting to be held in the year 2018.

❑ 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 2018-19.

➤ 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.

➤ Risk Management Policy

The Company has an effective risk management procedure, which is governed at the highest level by the Board of Directors, covering the process of identifying, assessing, mitigating, reporting and review of critical risks impacting the achievement of Company's objectives or threaten its existence. To further strengthen & streamline the procedures about risk assessment and minimization procedures, the Board of Directors has formulated a Risk Management Policy which is available for view on the Company's website at the following link: <http://www.megrisoft.com/pdfs/rmp.pdf>

➤ 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 Kapil Sandeep & 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, 2018, 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. During the year, the Company employed around 13 employees on permanent rolls.

➤ 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.

➤ Particulars of Contracts & Arrangements made with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The particulars of Contracts or Arrangements made with related parties as required under Section 134(3)(h) of the Companies Act, 2013 are covered under Note No. 32 to the Financial statement, which is set out for related party transactions.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.megrisoft.com/pdfs/rptp.pdf>

➤ Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92, 134 and Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2017-18 in Form MGT-9 is annexed hereto and form part of this report as **Annexure IV**.

The Annual return of the Company for Financial Year 2017-18 can also be accessed on the Company's website at the link: <http://www.megrisoft.com/pdfs/annualreturn.pdf>

➤ 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

The disclosures in respect of managerial remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is attached in **Annexure V** and forms part of this report. None of the employees has received salary of ` 1.02 crores per annum or ` 8.50 lakh per month or more during the Financial Year 2017-18. Accordingly, no particulars of employees are required to be given as per Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014. Since the Company has no Holding Company, no particulars are required to be given pursuant to the provisions of section 197(14) of the Companies Act, 2013.

➤ Material changes and commitment, if any, affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of the report:

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 on the date of this report.

➤ General Disclosures

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 2017-18 and the Notice of the 27th 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, 2018

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 Indian Accounting Standards (Ind-AS) 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.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	MEGRISOFT LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	British Pound Sterling (Rs. 92.28 as on March 31, 2018)
4.	Share capital	Rs 9,645 (100 pounds)
5.	Reserves & surplus	Rs 4.62 Lakhs
6.	Total assets	Rs 12.53 Lakhs
7.	Total Liabilities	Rs 12.53 Lakhs
8.	Investments	N.A.
9.	Turnover	Rs 50.53 Lakhs
10.	Profit before taxation	Rs 5.71 Lakhs
11.	Provision for taxation	Rs 1.08 Lakhs
12.	Profit after taxation	Rs 4.62 Lakhs
13.	Proposed Dividend	N.A.
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	N.A.		
1. Latest audited Balance Sheet Date			
2. Shares of Associate/Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
3. Description of how there is significant influence			