

# ***28th Annual Report 2018-19***

Megrisoft

**Megri Soft Limited**

## COMPANY INFORMATION:

### BOARD OF DIRECTORS

|                    |                                |
|--------------------|--------------------------------|
| Mr. Mohnesh Kohli  | Non-Executive Director         |
| Mr. Rajnesh Sharma | Wholetime Director             |
| Ms. Aprajita Kohli | Non-Executive & Women Director |
| Mr. Mahesh Kumar   | Independent Director           |
| Ms. Diksha         | Independent Director           |

### STATUTORY AUDITOR

M/s Kapil Sandeep & Associates  
Chartered Accountants  
Chandigarh

### COMPANY SECRETARY & COMPLIANCE OFFICER

CS Aman Priya

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Rajesh Sharma

### CONSULTING COMPANY SECRETARY & SECRETARIAL AUDITOR

Mr. Ankur Mahindru  
M/S A.M. & Associates  
#37, M.S. Enclave, Entry Dee Ess Estate Gate, Dhakoli, Teh.-  
Zirakpur  
Distt.-Mohali, Punjab-160104

### BANKERS

Karnataka Bank Limited

### REGISTERED OFFICE OF COMPANY, CIN, EMAIL ID & WEBSITE

Megri Soft Limited  
S.C.O. 80, Sector 47-D,  
Chandigarh-160047  
Ph. No.: +91-172-2631561  
E-mail: [legal@megrisoft.com](mailto:legal@megrisoft.com)  
Web Site: [www.megrisoft.com](http://www.megrisoft.com)  
CIN: L72200CH1992PLC011996  
PAN: AABCC2466Q

### REGISTRAR & SHARE TRANSFER AGENT

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

### LISTING

1. BSE LIMITED  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai-400 001
2. Metropolitan Stock Exchange of India Ltd (MSEI)  
4th floor, Vibgyor Towers, Plot No C 62,  
G - Block, Opp. Trident Hotel, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 098

## **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, 2019.

### ➤ **Results of operations**

| Particulars  | Year Ended<br>31.03.2019<br>(Rs. In Lakhs) | Year Ended<br>31.03.2018<br>(Rs. In Lakhs) |
|--|--|--|
| Total Income   | 222.61                                     | 190.32                                     |
| Depreciation   | 11.94                                      | 22.44                                      |
| Profit/(Loss) Before Taxes                                     | 50.10                                      | 40.25                                      |
| Provision for Taxation   | 12.13                                      | 9.65                                       |
| Net Profit/(Loss) After Tax                                    | 37.97                                      | 30.60                                      |
| Net Profit/(Loss) Carried To Balance Sheet                     | 37.97                                      | 30.60                                      |
| Paid Up Share Capital (Face Value Rs. 10/- each fully paid up) | 314.07                                     | 314.07                                     |

### ➤ **Financial Review**

During the Year under review, Your Company has recorded Income from Operation of Rs 222.61 Lakhs and Net Profit after Tax of Rs 37.97 Lakhs respectively. The financial result as reflected in standalone Statement of Profit & Loss of the Company is self-explanatory. Your directors are of the view that the company has signaled good progress and will continue to access the path of success in succeeding financial years and are hopeful for a bright future prospects. Moreover, it is also assured that the Management will leave no efforts untouched to increase the profitability in the forthcoming years also.

### ➤ **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. The balance in Other Equity stands at 1603.22 Lakhs. The Board of Directors of your company, has decided not to transfer any amount to the Reserves for the year under review

### ➤ **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 2019-20 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 65.72 Lakhs** during year under review. The Net Profit of the Company is Rs.4.54 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 of 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.
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..

3. During the F.Y 2018-19, MS Shoes East Limited (now known as Tomorrowland Technologies Exports Limited) had instituted a suit against the company for execution of ex-parte decree for an amount of Rs 85,16,928/- along with interest @18 % p a till date. The Company has taken suitable legal action in this regard.
4. The Company has filed an appeal with CIT (Appeals), Chandigarh for a demand of amount to Rs. 18,67,998/- raised by disallowing deduction u/s 80IC of Income Tax Act, 1961 for the Assessment Year 2016-17..

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

### ❑ Appointment

During the year under review, Ms. Diksha have been appointed on the Board of the Company as an additional director (independent) w.e.f. 16th July, 2018 in the place of Mr. Raman Seth, Independent Director who has resigned from the said designation w.e.f. 17th April,2018.

However, consent of shareholders was received for appointment of Ms..Diksha as Independent Director in the Annual General Meeting held on 29th September,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. Raman Seth has resigned from the designation of independent Director of the Board w.e.f. 17th April,2018.

### ❑ Retirement by Rotation (Mr. Mohnesh Kohli)

In terms of Section 152 of the Companies Act, 2013, Mr. Mohnesh Kohli, 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

In compliance with the provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2019:

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

\* Ms. Pratima Yadav, Company Secretary resigned from the Company w.e.f. 29th March,2019 and Ms. Aman Priya has been appointed as Company Secretary in her place w.e.f. 22nd May,2019.

### ❑ 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 was held during the year i.e. on January 15, 2019, 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 issued 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:

Pursuant to the provisions of Section 178 (1) of the Companies Act, 2013, the Board has, on their recommendation of the Nomination & Remuneration Committee framed a policy for selection, nomination, appointment and remuneration of Directors suitably containing the criteria determining qualifications, positive attributes and independence of a Director.. 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

### ❑ 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 the 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 the Board are taken as read at the meeting of the Board for information of the members. The follow up actions of important agenda items of previous Board meetings 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 January 15, 2019, 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.
- During the Financial Year 2018-19, the Board met Eight (08) times i.e. on 05.05.2018, 29.05.2018, 16.07.2018, 13.08.2018, 28.08.2018, 10.11.2018, 02.02.2019 and 29.03.2019. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

| Quarter – I<br>[April'18-June'18] | Quarter – II<br>[July'18-Sept'18] | Quarter – III<br>[Oct'18-Dec18] | Quarter – IV<br>[Jan'19-Mar'19] |
|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| 1. 05.05.2018                     | 1. 16.07.2018                     | 1. 10.11.2018                   | 1. 02.02.2019                   |
| 2. 29.05.2018                     | 2. 13.08.2018                     |                                 | 2. 29.03.2019                   |
|                                   | 3. 28.08.2018                     |                                 |                                 |

## ➤ Committees of the Board

During the year, the Board had the following Committees –

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders' Relationship Committee
4. Committee of Independent Directors

Each Committee has its own Charter and have been assigned with scope of responsibilities, duties, and authorities, which is reviewed by the Board from time to time in order to determine the appropriateness of the purpose for which the Committee was formed. Committee composition confirms to applicable laws and regulations. Minutes of all the Committee meetings are placed for information/noting in the subsequent Board meeting.

All decisions pertaining to the constitution of committees and its Charter including fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### ❑ Audit Committee

Our Audit Committee comprised three directors as on March 31, 2019 out of which two are independent directors and one is non-executive director. During the year, Mr. Raman Seth, member of the said committee have been replaced by Ms. Diksha as Mr. Raman Seth has resigned from the Board. The Company Secretary acts as the secretary to the audit committee.

|                          |                   |   |          |
|--------------------------|-------------------|---|----------|
| <input type="checkbox"/> | Mr. Mahesh Kumar  | - | Chairman |
| <input type="checkbox"/> | Ms. Diksha        | - | Member   |
| <input type="checkbox"/> | Mr. Mohnesh Kohli | - | Member   |

#### **Audit Committee attendance:**

During the Financial Year 2018-19, 4 (four) meetings of the committee were held on 29.05.2018, 13.08.2018, 10.11.2018 and 02.02.2019. For review of the annual financial results for the year ended March 31, 2019, the meeting of the Audit Committee was held on 22.05.2019.

#### **☐ Nomination & Remuneration Committee**

Our nomination and remuneration committee comprised the following directors as on March 31, 2019 :

|                          |                   |   |  |
|--------------------------|-------------------|---|--|
| <input type="checkbox"/> | Ms. Diksha        | - | Chairman (Non- Executive & Independent Director) |
| <input type="checkbox"/> | Mr. Mohnesh Kohli | - | Member (Non- Executive Director)                 |
| <input type="checkbox"/> | Mr. Mahesh Kumar  | - | Member (Non- Executive & Independent Director)   |

The Company Secretary acts as the secretary to the nomination and remuneration committee.

During the Financial Year 2018-19, 2(two) meetings of the Committee were held on 29.05.2019 and 02.02.2019 and requisite quorum attended the said meeting.

#### **☐ Shareholders'/Investors' Grievance Committee (Stakeholders Relationship)**

The stakeholders relationship committee has the mandate to review and redress stakeholder grievances.

Our Stakeholders Relationship committee comprised the following directors as on March 31, 2019 :

|                          |                   |   |  |
|--------------------------|-------------------|---|--|
| <input type="checkbox"/> | Mr. Mohnesh Kohli | - | Chairman (Non- Executive Director)             |
| <input type="checkbox"/> | Ms. Diksha        | - | Member (Non- Executive & Independent Director) |
| <input type="checkbox"/> | Mr. Mahesh Kumar  | - | Member (Non- Executive & Independent Director) |

During the Financial Year 2018-19, 22(Twenty Two) meetings of the committee were held on 17.05.2018, 22.05.2018, 25.05.2018, 30.05.2018, 06.06.2018, 11.06.2018, 18.06.2018, 20.06.2018, 25.06.2018, 02.07.2018, 05.07.2018, 06.07.2018, 13.07.2018, 18.07.2018, 05.09.2018, 12.09.2018, 04.10.2018, 13.10.2018, 14.11.2018, 30.11.2018, 08.02.2019 and 18.02.2019 and requisite quorum attended the said meeting.

During the Financial Year 2018-19, the Company has not received any complaints from any shareholder.

#### **☐ Committee of Independent Directors**

The meeting of Independent Directors of the Company for the Financial Year 2018-19 was held on January 15, 2019 to discuss:

- Review & Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.
- Review of the performance of the Executive and Non-Executive Directors.
- Assessment of the quality, quantity and timeliness of flow of information between the Management and the Board.

#### **➤ 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. 180.32 Lakhs only (Previous Year Rs. 160.42 Lakhs) and expenditure in foreign currency is Rs. 7.33 Lakhs only (Previous year Rs. 10.09 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 the financial year ended March 31, 2019 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 the financial year ended March 31, 2019 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.

## ❑ 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 2019

## ❑ 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 2019-20.

## ➤ 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

Pursuant to the provision of Regulation 27(2) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 regarding Corporate Governance Report is not applicable on our Company due to applicability of exemption provided under Regulation 15(2) of SEBI (LODR) Regulations, 2015

As per Regulation 15(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the compliance with the Corporate Governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 shall not apply, in respect of:

- a) the listed entity having **paid up equity share capital not exceeding Rs. 10 Crores** and **Net worth not exceeding Rs. 25 Crores**, as on the last day of the previous financial year.  
Provided that where the provisions of the regulations specified in this regulation becomes applicable to a listed entity at a later date, such listed entity shall comply with the requirements those regulations within six months from the date on which the provisions became applicable to the listed entity.

Accordingly the paid-up Share Capital of our Company is Rs. 3,14,07,000/- (Rupees Three Crore Fourteen Lakhs & Seven Thousand Only) i.e. below Rs. 10 Crore and Net Worth of the Company is Rs. 191729170/- as on March 31, 2019 which is not exceeding Rs. 25 Crore and hence **Corporate Governance provisions are not applicable to the Company.**

## ➤ Directors Responsibility Statement

Pursuant to the requirement under 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, 2019, the applicable Indian accounting standards (IND AS) 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 contributions 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 10 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. 29 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 2018-19 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 2018-19 can also be accessed on the Company's website i.e <https://www.megrisoft.com/>

## ➤ 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 2018-19. 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 commitments, 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 2018-19 and the Notice of the 28th 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 22, 2019**

**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 a 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 software, 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 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 steps 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 qualifications, 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 the 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 the 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 the 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 is increasing its revenues contributing to higher profits in the past few years.