

29th Annual Report 2019-20

Megrisoft

Megri Soft Limited

COMPANY INFORMATION:

BOARD OF DIRECTORS

Mr. Mohnesh Kohli	Director
Mr. Rajnesh Sharma	Whole-time Director
Ms. Aprajita Kohli	Non-Executive Director and Women Director
Mr. Mahesh Kumar	Independent Director
Ms. Diksha	Independent Director

STATUTORY AUDITOR

M/s Sanjay Arora & Associates
Chartered Accountants
Chandigarh

COMPANY SECRETARY & COMPLIANCE OFFICER

CS Aman Priya

CHIEF FINANCIAL OFFICER (CFO)

Mr. Rajnesh 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
Web Site: 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 of your Company take pleasure in presenting the Twenty-Ninth Annual Report on the business and operations of the Company together with the audited Standalone & Consolidated Financial Statements and the Auditor's Report thereon for the financial year ended March 31, 2020.

The results of operations for the year under review are given below:

➤ Results of operations

(₹ Lakhs)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
1. Revenue	160.83	180.32	221.41	246.03
2. Other Income	34.36	42.29	34.36	42.31
3. Total Income (1+2)	195.19	222.61	255.77	288.34
Expenditure:				
a) Employees Benefits Expenses	41.21	39.73	78.24	75.77
b) Depreciation and Amortization expenses	6.45	11.94	6.96	12.22
c) Finance Cost	0.02	0.52	0.02	0.52
d) Other Expenses	101.37	120.32	121.41	144.04
4. Total Expenditure	149.05	172.51	206.63	232.55
5. Earnings Before Interest and Tax (EBIT) (3-4)	46.14	50.10	49.14	55.79
6. Exceptional Item	0.00	0.00	0.00	2.30
7. Net Profit before tax (5-6)	46.14	50.10	49.14	53.49
8. Tax Expenses	11.91	12.13	12.52	13.26
9. Net Profit After Tax (7-8)	34.23	37.97	36.62	40.23

➤ Financial Review

Standalone Financial Statements

The annual audited Standalone Financial Statements for the year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable. Necessary disclosures as regards to the key impact areas & other adjustments upon transition to Ind-AS reporting have been made under the Notes to Financial Statements.

Your Company's revenue from operations is ₹ 160.83 Lakh during the year under review as against ₹180.32 Lakh during the previous financial year.`

Operating EBIT, for the year is ₹ 46.14 Lakh in comparison with ₹ 50.10 Lakh in FY 2018-19. Profit before tax (PBT) from ordinary activities (before exceptional items) is ₹ 46.14. Lakh in FY 2019-20 as against ₹ 50.10 Lakh in FY 2018-19.

Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

The Consolidated Financial Statements have been prepared on the basis of the audited financial statements of the wholly owned subsidiary (Megrisoft Limited) which is incorporated in the United Kingdom, as approved by their respective Board of Directors.

Your Company, on a consolidated basis, achieved net revenue of ₹ 221.41 Lakh during the year under review as against ₹ 246.03 Lakh during the previous financial year. The total consolidated income for the year is ₹ 255.77. Lakh as compared to ₹ 288.34 Lakh in FY 2018-19.

➤ Covid-19

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our clients globally. From a highly centralized model consisting of work spaces set in large delivery campuses capable of accommodating employees, the switch to work from home for employees all over extending all the elements of the Company's Open Agile Delivery model concept into a next-generation Secure Borderless Workspaces (SBWS) model was carried out seamlessly.

As of March 31, 2020, work from home was enabled to close to 90 percent of the employees to work remotely and securely. This response has reinforced clients' confidence in Megrisoft and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

➤ **Dividend**

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

➤ **Transfer to Reserves**

During the year under review the balance in Other Equity stands at ₹ 1637.45 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 ₹ 3,30,00,000/- divided into 33,00,000 equity shares of ₹10/- each and the issued, subscribed and paid up share capital remained ₹ 3,14,07,000/- divided into 31,40,700 equity shares of ₹ 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 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.

➤ **Fixed Deposits**

During the year under review, your Company has not invited or accepted any Deposits from the public/members pursuant to the provisions of Sections 73 and 76 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

➤ **Operations Review**

The Company has primarily one business segment of IT/ITES services and therefore has only one reportable with IND AS 108 "Operating Segment".

➤ **Details of 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. During the year, the Board of Directors of your Company reviewed the affairs of the subsidiaries. A statement containing the salient features of the financial statements of our wholly owned subsidiary company in the prescribed format AOC-I is given as **Annexure-I** to this report. The statement also provides the details of performance and financial positions of the wholly owned subsidiary and their contribution to the overall performance of the Company.

➤ **Particulars of Loans, Guarantees or Investments in Securities**

The particulars of investments made, are given in the notes to the standalone financial statements. (Please refer to Note No. 4 to the standalone financial statements). The company has not given any loans nor provided any securities or guarantee.

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

As per the provisions of the Act and the Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <http://www.megrisoft.com/pdfs/rptp.pdf>.

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is also obtained for related party transactions on an annual basis for transactions which are of repetitive nature and/ or entered in the ordinary course of business and at arm's length basis. The Company has entered into material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed Form AOC-2 are given in **Annexure II**.

➤ **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:**

There have been no material changes affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the Report.

As required under section 134(3) of the Act, the Board of Directors informs the members that during the financial year, there have been no material changes, except as disclosed elsewhere in report:

- In the nature of Company's business
- In the nature of subsidiary business carried out by them and
- In the classes of business in which the Company has an interest

➤ Future Outlook

The Company is increasing the Search Engine Optimization and IT related services in the United Kingdom (UK) since the 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.

➤ 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. Accordingly, the paid-up Share Capital of our Company is ₹ 3,14.07 Lakh (Rupees Three Crore Fourteen Lakhs & Seven Thousand Only) i.e. below Rs. 10 Crore and Net Worth of the Company is ₹ 1951.52 Lakh as on March 31, 2020 which is not exceeding Rs. 25 Crore. Hence, Corporate Governance provisions are not applicable to the Company.

➤ Management Discussion And Analysis

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

➤ 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 presentations 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 was held during the year i.e. on February 08, 2020, 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 2019-20, the Board met 7 (seven) times i.e. on 22.05.2019, 07.08.2019, 30.08.2019, 01.10.2019, 14.11.2019, 08.02.2020 and 18.02.2020. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

Quarter - I [April'19-June'19]

1) 22.05.2019

Quarter - II [July'19-Sept'19]

1) 07.08.2019

2) 30.08.2019

Quarter - III [Oct'19-Dec'19]

1) 14.11.2019

2) 01.10.2019

Quarter - IV [Jan'20-Mar'20]

1) 08.02.2020

2) 18.02.2020

➤ No. of Meetings Attended by the Board of Directors

S.No	Name of the Directors	Number of Meeting Attended
1.	Mohnesh Kohli	7
2.	Aprajita Kohli	2
3.	Rajnesh Sharma	7
4.	Diksha	7
5.	Mahesh Kumar	7

➤ General Meetings

During the Financial Year 2019-20, There were 2 (Two) Meetings held by the Shareholders of the Company. The details of Meetings are as Follows:

S.No.	Meeting	Date of Meeting
1.	Annual General Meeting	30.09.2019
2.	Extra ordinary General Meeting	18.03.2020

➤ 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 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, 2020 out of which two are independent directors and one is non-executive director. The Company Secretary acts as the secretary to the audit committee.

- | | | | |
|---|-------------------|---|--|
| ❑ | Mr. Mahesh Kumar | - | Chairman (Non- Executive & Independent Director) |
| ❑ | Ms. Diksha | - | Member (Non- Executive & Independent Director) |
| ❑ | Mr. Mohnesh Kohli | - | Member (Non- Executive Director) |

Audit Committee Meetings

During the Financial Year 2019-20, there were 7 (Seven) meetings held by the Members of the Audit committee. The details pertaining to the number of Audit Committee Meetings held during the financial year under review.

S.No	Date of Board Meeting
1.	22.05.2019
2.	07.08.2019
3.	01.10.2019
4.	14.11.2019
5.	08.02.2020
6.	10.02.2020
7.	11.02.2020

Number of Meetings attended by the Members of the Audit Committee

S.No	Name of the Directors	Numbers of Meeting Attended
1.	Mahesh Kumar	7
2.	Diksha	7
3.	Mohnesh Kohli	7

❑ Nomination & Remuneration Committee

The primary objective of the Committee is to recommend suggestions to the Board of Directors pertaining to the Remuneration Policy for Directors, KMP and all other employees of the Company.

Our nomination and remuneration committee comprised the following directors as on March 31, 2020 :

- | | | | |
|---|-------------------|---|--|
| ❑ | Ms. Diksha | - | Chairman (Non- Executive & Independent Director) |
| ❑ | Mr. Mohnesh Kohli | - | Member (Non- Executive Director) |
| ❑ | 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 2019-20, there were 3 (Three) meetings held by the Members of the Nomination & Remuneration committee and requisite quorum attended the said meeting. The details pertaining to the number of Nomination & Remuneration Committee Meetings held during the financial year under review.

S.No	Date of Board Meeting
1.	22.05.2019
2.	01.10.2019
3.	18.02.2020

Number of Meetings attended by the Members of the Nomination & Remuneration Committee

S.No	Name of the Directors	Numbers of Meeting Attended
1.	Maresh Kumar	3
2.	Diksha	3
3.	Mohnesh Kohli	3

☐ 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, 2020 :

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

During the Financial Year 2019-20, there were 2 (Two) meetings held by the Members of the stakeholder's relationship committee and requisite quorum attended the said meeting. The details pertaining to number of stakeholder's relationship Committee Meetings held during the financial year under review

S.No	Date of Board Meeting
1.	19.06.2019
2.	14.02.2020

Number of Meetings attended by the Members of the stakeholder's relationship committee

S.No	Name of the Directors	Numbers of Meeting Attended
1.	Maresh Kumar	2
2.	Diksha	2
3.	Mohnesh Kohli	2

During the Financial Year 2019-20, 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 2019-20 was held on February 08, 2020 to discuss:

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

➤ **Disclosure Under Section 164(2) of the Companies Act, 2013**

The Company has received the disclosure in Form DIR-8 from its Directors being appointed or reappointed and has noted that none of the Directors are disqualified under Section 164(2) of the Companies Act, 2013 read with Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

➤ **Vigil Mechanism/Whistle Blower Policy**

Pursuant to Section 177(9-10) of the Companies Act, 2013 and regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a whistle blower policy for vigil mechanism for directors and employees reporting for unethical behavior, fraud and mismanagement or violation of Company's code of conduct. The said policy has been uploaded on the website of the Company at <https://www.megrisoft.com/pdfs/wbp.pdf>.

➤ **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 reviewing critical risks impacting the achievement of Company's objectives or threatening 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>

➤ **Internal Financial Control**

Your Company has put in place adequate internal financial controls with reference to the financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed. The Company has also put in place adequate systems of Internal Control to ensure compliance with policies and procedures which is commensurate with size, scale and complexity of its operations.

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.

➤ **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) 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.
- 4) During the FY 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 case also has been disposed off as settled by the Delhi High Court on 02.08.2019 by payment of a lump sum amount of 15.00 lacs. The amount paid and execution proceeding has been withdrawn MS Shoes East Limited (now known as Tomorrowland Technologies Exports Limited). Therefore no Contingent Liability as on date.

➤ **Directors and Key Managerial Personnel (KMP's)**

☐ **Appointment**

During the year under review, Mr. Rajnesh Sharma whose term as whole Time Director has expired on 30.09.2019 has been reappointed as Whole Time Director of the Company on 01.10.2019 by the Board subject to the approval of terms and conditions of reappointment by the Shareholders in the ensuing Annual General Meeting.

☐ **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, none of the directors have resigned from the designation of Director of the Board.

☐ **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 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, 2020:

S.No.	Name	Designation
1.	Mr. Rajnesh Sharma	Whole Time Director

2.	Mr. Rajnesh Sharma	Chief Financial Officer
3.	Ms. Aman Priya*	Company Secretary

*Ms. Aman Priya has been appointed as Company Secretary of the Company w.e.f. 22nd May, 2019 in the place of Ms. Pratima Yadav, Company Secretary who has resigned from the said designation w.e.f. 29th March, 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 February 08, 2020, 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 III** and it may also be accessed on the Company's website at <https://www.megrisoft.com/pdfs/NMR-Policy.pdf>

➤ Auditors & Auditor's Report

☐ Statutory Auditor

During the year M/s Kapil Sandeep & Associates, Chartered Accountants (Firm Registration No. 0016244N) resigned as the statutory auditors of the Company due to their preoccupations in other assignments and M/s. Sanjay Arora & Associates, Chartered Accountants, Chandigarh, [FRN: 008445N] were appointed as Statutory Auditors of the Company by the Members at Extraordinary General Meeting held on 18th March, 2020 till the conclusion of the ensuing Annual General Meeting to conduct the Statutory Audit for the period ending 31st March, 2020.

Further M/s. Sanjay Arora & Associates, Chartered Accountants, Chandigarh, [FRN: 008445N] being eligible for re-appointment, the Board on recommendation of Audit Committee hereby recommends their re-appointment as the statutory auditors of the Company for a period of 4 (four) year, on such remuneration as may be fixed by the board.

The Board received a certificate from M/s. Sanjay Arora & Associates, Chartered Accountants, Chandigarh, [FRN: 008445N] intimating that, if that firm will be appointed at ensuing Annual General Meeting, it shall be in accordance with the limits specified under Section 139(1) read with qualification as prescribed under Section 141 of the Companies Act, 2013.

☐ Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. A.M. & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company to undertake Secretarial Audit of the Company for FY 2019-20.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

☐ Audit Reports

- The Auditors' Report for the financial year ended March 31, 2020 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, 2020 does not contain any qualification, reservation or adverse remark. The Secretarial Auditor's Report is enclosed as **Annexure IV** to the Board's report in this Annual report.

➤ 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 2019-20 in Form MGT-9 is annexed hereto and form part of this report as **Annexure V**.

The Annual return of the Company for Financial Year 2019-20 can also be accessed on the Company's website i.e <https://www.megrisoft.com/>

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

❑ Conservation of Energy and Technology Absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review. The Company is a Service Sector Company and does not own any manufacturing facility, hence the clause is not applicable.

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.

❑ Foreign Exchange Earnings and Outgo

The particulars regarding foreign exchange earnings during the year of Rs. 160.83 Lakhs only (Previous Year Rs. 180.32 Lakhs) and expenditure in foreign currency is Rs. 10.81 Lakhs only (Previous year Rs. 7.33 Lakhs).

➤ Green Initiatives

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, The Company has implemented the "Green Initiative" to sent the Annual Report, Notice of e-AGM and e-voting instructions only in electronic form to the registered E-mail addresses of the shareholders. whose e-mail addresses are registered with the Company/Depository Participant(s). those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of e-AGM, may temporarily get themselves registered by writing to the Company or RTA quoting their folio number(s).

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 read with relevant rules thereon. The instructions for e-voting are provided in the Notice of the AGM.

➤ Human Resources Management

Human resources management at Megri Soft Ltd. goes beyond the set boundaries of compensation, performance reviews and development. Your Company considers people as its biggest assets and 'Believing in People' is at the heart of its human resource strategy. Your Company has put concerted efforts in talent management and succession planning, practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership.

During the year, the focus of your Company was to ensure that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. Your Company has established an organization structure that is agile and focused on delivering business results.

With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company strongly believes in fostering a culture of trust and mutual respect in all its employees and seeks to ensure that company's values and principles are understood by all and are the reference point in all people's matters.

➤ The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

During the FY 2019-20, the Company received no complaint on sexual harassment under The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

➤ 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 VI** and forms part of this report.

None of the employees has received a salary of `1.02 crores per annum or `8.50 lakh per month or more during the Financial Year 2019-20. 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.

➤ Directors Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that: