

**21st**  
**ANNUAL REPORT**

**2011-2012**



**MEGRI SOFT**  
**LIMITED**

**Board of Directors**

**Mohnesh Kohli**  
Director

**Rajnesh Sharma**  
Director

**Ajay Jagga**  
Director

**Aprajita Kohli**  
Director

**Auditors**

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

**Registered Office**

SCF 80, Sector 47-D  
Chandigarh-160 047

**Bankers**

Karnataka Bank Limited  
ICICI Bank Limited  
Citi Bank NA

# MEGRI SOFT LIMITED

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## Notice

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

### **Ordinary Business**

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

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

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

**Chandigarh 03<sup>rd</sup> September 2012**

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

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

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

### **Notes**

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

## **MEGRI SOFT LIMITED**

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

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

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

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

#### **Ajay Jagga**

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

# MEGRI SOFT LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

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

## FINANCIAL HIGHLIGHTS

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

## OPERATIONAL REVIEW AND PROSPECTS

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

## SEGMENT REPORTING

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

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

## SHARE CAPITAL

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

# MEGRI SOFT LIMITED

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## **CORPORATE GOVERNANCE**

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

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

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

## **DIRECTORS**

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

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

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

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

## **AUDITORS**

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

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

## **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

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

## **LISTING**

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

## **DIVIDEND**

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

# MEGRI SOFT LIMITED

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## **Audit Committee**

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

## **Public Deposits**

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

## **Human Resources**

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

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

## **PARTICULARS OF THE EMPLOYEES**

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

## **ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE**

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

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

## **Disclosure of materially significant related party transactions**

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

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

## **CASH FLOW STATEMENT**

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

## **ENVIRONMENT AND SAFETY MEASURES**

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

## **Management Discussion And analysis Report**

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

# MEGRI SOFT LIMITED

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## **CEO's DECLARATION**

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

## **Acknowledgment**

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

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

**For and on behalf of the Board**

**Chandigarh 03<sup>rd</sup> September 2012**

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



# MEGRI SOFT LIMITED

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### Overview

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

### Industry Overview and Development

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

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

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

### Opportunities and Threats

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

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

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

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

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

### Internal Control System and their Adequacy

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

# MEGRI SOFT LIMITED

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## **Financial Overview**

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

## **Material Development in Human Resources and Environment**

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

## **Statutory Compliance**

The compliance officer ensures statutory compliance.

## **Cautionary Statement**

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

**For and on behalf of the Board**

**Chandigarh 03<sup>rd</sup> September 2011**

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

# MEGRI SOFT LIMITED

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## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE

Corporate Governance can be defined as a set of systems, processes and principals which ensures that the Company is governed in the best interest of all the stakeholders of the Company.

In compliance with Clause 49 to the Listing Agreement with the Stock Exchanges, the company submits the report on the matters mentioned in the said clause and practices followed by the Company.

#### Company's Philosophy on Code of governance

Megri Soft's philosophy on Corporate Governance envisages the attainment of the highest level of transparency and accountability, in all facets of its operations and in all transactions with its stakeholders including shareholders, employees, the Government and the lenders.

Megri Soft team believes that all its operations and actions must serve the underlining goal of enhancing overall shareholders value over a sustained period of time.

For upholding the level of corporate governance, company adheres to the best corporate practices and policies, adherence to the financial, legal and environmental obligations, maintaining customer's confidence by providing quality products and services, ensuring professional soundness and competency at all times.

#### Board of Directors

The Board of Directors of the Company directs the Company by formulating and reviewing Company's policies, strategies and business plans. The Board of the Company provides leadership and strategic guidance to the Company and exercises control over the Company, while remaining at all times accountable to the shareholders.

#### Composition of Board of Directors

The Board of Directors of the Company presently comprises of five Directors. The Board consists of eminent persons with considerable professional expertise and experience in business and industry, finance, audit, law and public enterprises. None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees in which he/she is Director. All the directors have made disclosure regarding their directorships and memberships on various Committees across all Companies in which they are Directors and Members.

The Company is not having any pecuniary relationship with any of its Directors hence no disclosure regarding the same is required.

#### Board Procedure

The meetings of the Board are convened by giving appropriate advance notice to the members of the Board.

The Secretary of the Company circulates internal notice to all the Board members and division heads asking for the suggestions/ details of any matter which requires discussion or approval of the Board so that the same could be incorporated in the agenda of the Board meeting. The date of the Board meeting is fixed taking into account convenience and availability of the Board members.

The agenda papers are circulated to the Directors in advance along with suitable explanatory notes. At each meeting detailed presentation and important documents are placed at the table of the meeting for discussion of individual agenda items. The minutes of the Committee of Board of Directors are taken as read at the meeting of Board for information of the members. The follow up actions of important agenda items of previous Board meeting are placed at the Board meeting for review of the Board.

The Secretary of the Company 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.

# MEGRI SOFT LIMITED

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## Directors retiring by Rotation

In compliance with provisions of the Companies Act, 1956, Sh. Ajay Jagga will be retiring by rotation and offer himself for re-appointment at the forthcoming Annual General Meeting.

## Board Meetings

Total Number of Board Meetings held: 8

Quarter – I [April'11-June'11]	Quarter – II [July'11-Sept'11]	Quarter – III [Oct'11-Dec'11]	Quarter – IV [Jan'12-March'12]
18.04.2011 30.06.2011	20.09.2011	08.10.2011 24.10.2011	31.01.2012 12.03.2012 24.03.2012

Attendance of Directors at the Board of Directors Meetings held during 2011-12 and the last Annual General Meeting (AGM) held on 30.09.2011 are as follows:

Sr. No.	Name of Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting	No. of other Directorship as on 31 <sup>st</sup> March, 2011
1.	Sh. Mohnesh Kohli	8	Yes	1
2.	Sh. Rajneesh Sharma	8	Yes	2
3.	Sh. Ajay Jagga	2	Yes	1
4.	Aprajita Kohli	3	NO	1

## Committees of the Board

The Board of Directors has constituted different committees to discuss, deal with matters in detail and to monitor the activities falling within the terms of reference and to discharge the roles and responsibilities as prescribed under Listing Agreement and/or the Companies Act, 1956 from time to time.

### Audit committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee of the Board is primarily responsible for internal controls and the financial reporting process. The Statutory Auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing and accounting standards, and for issuing reports based on such audits. The Audit Committee has been entrusted by the Board of Directors to supervise these processes and reporting.

The Company has a qualified Audit Committee comprising of 3 Directors that is

1. Sh. R.Sharma
2. Sh. Ajay Jagga
3. Sh. Mohnesh Kohli

## MEGRI SOFT LIMITED

During the Financial Year 2011-12, 5 (Five) meetings of the committee were held on 26<sup>h</sup> April 2011, 27<sup>th</sup> May 2011, 19<sup>th</sup> July 2011, 26<sup>th</sup> October 2011 and 19<sup>th</sup> January 2012. For review of the annual financial results for the year 31<sup>st</sup> March, 2012, the meeting of the Audit Committee was held on 28<sup>th</sup> May, 2012.

**The details of present composition of the committee and attendance of the members at the meetings are as under:**

Name	Position	Date of Audit Committee meetings held				
		26.04.11	27.05.11	19.07.11	26.10.11	19.01.12
Sh. Rajneesh Sharma	Chairman	✓	✓	✓	✓	✓
Sh. Ajay Jagga	Member	✓	✓	✓	✓	✓
Sh. Mohnesh Kohli	Member	✓	✓	✓	✓	✓

The broad terms of reference of the Audit Committee are:

1. Oversee the Company's financial reporting process and review its financial statements.
2. Recommend the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of their fees.
3. Review of internal control and internal audit system.
4. Review of risk management policies and practices and also includes the following:
  - a. To investigate any activity within its terms of reference.
  - b. To seek information from any employee, if needed.
  - c. To obtain outside legal or other professional advice.
  - d. To secure attendance of outsiders with relevant expertise.

### Share Transfer and Investors' Grievance Committee

The Share Transfer and Investors' Grievance Committee specifically looks in to redressing of shareholding and investors' complaints such as transfer of shares, non receipt of share certificates, non receipt of declared dividends and to ensure expeditious transfer process.

During the year five meetings of the Committee were held on 26<sup>h</sup> April 2011, 15<sup>th</sup> June 2011, 19<sup>th</sup> July 2011, 26<sup>th</sup> October 2011 and 19<sup>th</sup> January 2012.

**The details of present composition of the committee and attendance of the members at the meetings are as under:**

Name	Position	Date of Committee meetings held				
		26.04.11	15.06.11	19.07.11	26.10.11	19.01.12
Sh. R. Sharma	Chairman	✓	✓	✓	✓	✓
Sh. Ajay Jagga	Member	✓	✓	✓	✓	✓
Sh. Mohnesh Kohli	Member	✓	✓	✓	✓	✓

All complaints received from the shareholders were resolved to their satisfaction.

The minutes of this committee are placed in the subsequent Board meeting. The Company Secretary in practice closely supervises the shareholders' grievances and co-ordinates with the regulatory authorities and other agencies.

# MEGRI SOFT LIMITED

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## General Body Meetings

**Particulars of Annual General Meetings and Extra Ordinary General Meetings held in last three years**

<b>Meeting</b>	<b>Year</b>	<b>Venue</b>	<b>Day &amp; Date</b>	<b>Time</b>
20 <sup>th</sup> A.G.M.	2011	SCF 80, Sector 47D, Chandigarh	Friday 30 <sup>th</sup> Sep., 2011	11.00 AM
19 <sup>th</sup> A.G.M.	2010	SCF 80, Sector 47D, Chandigarh	Thursday 30 <sup>th</sup> Sep., 2010	11.00 AM
18 <sup>th</sup> A.G.M.	2009	SCF 80, Sector 47D, Chandigarh	Wednesday 30 <sup>th</sup> Sep., 2009	11.00 AM

## Insider Trading

Pursuant to Securities and Exchange Board of India [Prohibition of Insider Trading] Regulations 1992, the company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

## Code of Conduct

The company has formulated a Code of Conduct for the Board members and Senior Management Personnel.

## Secretarial Audit

The company has appointed a qualified Practicing Company Secretary to carry out secretarial audit regarding the total issued and listed capital.

## Postal Ballot

No special resolution was put through Postal Ballot during the year 2011-2012.

## Disclosures

There are no materially significant related party transactions of the Company which have potential conflict with the interests of the company at large.

No penalties have been imposed on the company by the stock exchanges where the company's shares are listed or by SEBI or any other statutory authority on any matter.

## Means of Communication

The quarterly provisional financial results and annual financial results are filed in time with the Stock Exchange. The management discussion and analysis report giving an overview of the Industry, Company's Business and its financials is provided separately as a part of this Annual Report.

# MEGRI SOFT LIMITED

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## GENERAL SHAREHOLDERS' INFORMATION

### Annual General Meeting

**Day, Date & Time**  
**Venue**

**Saturday, 29<sup>th</sup> September 2012**  
**SCF 80, Sector 47D, Chandigarh**

### Financial Calendar 2011-2012 (Tentative)

Results for the quarter ended 30 <sup>th</sup> June, 2012	By 31 <sup>st</sup> July, 2011
Results for the quarter ended 30 <sup>th</sup> Sep, 2011	By 31 <sup>st</sup> Oct, 2011
Results for the quarter ended 31 <sup>st</sup> Dec, 2011	By 30 <sup>th</sup> Jan, 2012
Audited Results for the quarter ended 31 <sup>st</sup> March, 2012	By 30 <sup>th</sup> April, 2012

### Book Closure Dates:

Thursday, 27<sup>th</sup> September 2012 to Saturday, 29<sup>th</sup> September 2012 (Both days inclusive)

### Listing on Stock Exchange

At present the Equity Shares of the Company are listed on Ludhiana Stock Exchange and Delhi Stock Exchanges.

### Share Transfer System

Presently the share transfer, which are received in physical form, are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to their validity and completion of all formalities. The company has already initiated the process and procedure for dematerialization of shares.

Pursuant to Clause 47C of the Listing Agreement, certificate on half yearly basis has been issued by the Company Secretary in Practice for due Compliance of Share Transfer Formalities by the Company. As per SEBI (Depositories & Participants) Regulations, 1996, Certificates have also been received from the Company Secretary in Practice for timely dematerialization of shares and conduct of Secretarial Compliance on quarterly basis for reconciliation of the Share Capital of the Company.

### Plant Location (Approved by STPI)

#### Plant - I

Megri Soft Limited, 539, Sector 36-B, Chandigarh 160036

#### Plant - II

Megri Soft Limited, SCO: 210-11, Second Floor, Sector - 34A, Chandigarh 160036

### Address for Correspondence and Registered Office

Megri Soft Limited, SCF 80 First floor, Backside Sector 47-D, Chandigarh 160047

# **MEGRI SOFT LIMITED**

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## **Declaration by CEO under Clause 49 of the Listing Agreement Regarding Adherence to the Code of Conduct**

In accordance with Clause 49 sub-section I (D) of the listing agreement with the stock exchange, I hereby confirm that, all the Directors and the Senior Management personnel of the company have affirmed compliance to their respective Codes of conduct, as applicable to them for the Financial Year Ended March 31, 2012.

The shareholder is treated like a customer at Megri Soft. The Company continues to improve quality of information by increasing transparency and investor friendly approach in its Annual Report. Queries and grievances are replied and we try to be as responsive to the shareholders.

The above represents the Company's philosophy on Corporate Governance.

The Auditors' Certificate as required and the annexure mentioned in the report forms a part of the Annual Report.

**For and on behalf of the Board**

**Chandigarh 03<sup>rd</sup> September 2012**

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



# **MEGRI SOFT LIMITED**

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## **AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)**

TO THE MEMBERS OF  
MEGRI SOFT LIMITED

We have examined the compliance of conditions of corporate governance by MEGRI SOFT LIMITED ("the Company"), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For and behalf of  
K.K.Bassi & Associates  
Chartered Accountants**

--SD--  
**K.K.Bassi**  
**Prop.**

**Chandigarh, 3<sup>rd</sup> September, 2012.**

# MEGRI SOFT LIMITED

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## **REPORT OF AUDITORS**

To the Members of **M/S Megri Soft Limited.**

We have audited the attached Balance Sheet of Megri Soft Limited, as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto for. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) Order, 2003 (as amended ('the Order') issued by the Central Government Of India in terms of sub-section (4A) of Section 227 Of the Companies Act 1956, we enclose in the Annexure a statement on the matter specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books

(iii) the balance sheet , profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) on the basis of the written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March 2012 from being appointed as director in term of clause (g) of sub section (1) of Section 274 of Companies Act, 1956;

(vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.

b) in the case of Profit and Loss Account, of the profit of the company for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For and on behalf of  
K.K.Bassi & Associates  
Chartered Accountants**

--SD--  
**(K.K.Bassi)**  
Prop.

**CHANDIGARH 03<sup>rd</sup> September 2012**

# MEGRI SOFT LIMITED

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## ANNEXURE TO AUDITORS REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the period ended 31.03.2012 of **M/S MEGRI SOFT LIMITED**.

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected
2. The company does not have any inventory and hence Para 4(ii) of the Companies (Auditors Report) Order 2003 is not attracted
3. The Company has not taken or given loans to any Companies, firms or other parties covered under the register maintained pursuant to Section 301 of the Companies Act, 1956 and hence Para 4(iii) is not of the Companies (Auditors Report) Order 2003 is not attracted.
4. The Company has an Internal control Procedure for purchase of Capital Goods and commensurate with the size of the Company and the Nature of its operations. No weakness has been noticed in the Internal Control Procedures adopted by the Company
5. In our opinion and according to the information and explanation given to us , there were no contracts, particulars of which needed to be entered in the register maintained under section 301 of the Company Act, 1956 and hence provisions of paragraph 4(v)(b) of the said Order relating to reasonableness of price having regard to prevailing market price is not applicable to the company.
6. The Company has not accepted any deposit during the year and Hence Para 4(vi) of the Companies (Auditors Report) Order 2003 is not attracted
7. The Company has an Internal Audit System commensurate with the size of the Company and the Nature of its operations.
8. Cost Records are not prescribed under Clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 for the Industry in which the Company is engaged in and hence Para 4(vii) of the Companies (Auditors Report) Order 2003 is not attracted
9. The Company is regular in remitting dues to the Statutory Authorities and there are no outstanding Disputes with the authorities as on the date of Balance Sheet
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year
11. According to the information and explanations provided to us and the records of the Company examined by us, in our opinion, the Company was regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed arrears that were outstanding as at 31<sup>st</sup> March 2012 for a period of more than six months from the date they became payable.
12. In our opinion and according to information and as per explanation given to us, the Company has not defaulted in repayment of dues to banks and Financial Institutions.

## MEGRI SOFT LIMITED

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13. In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
14. The Company is not a Chit Fund Company and hence Para 4(xiii) of the Companies (Auditors Report) Order 2003 is not attracted
15. The Company has maintained proper records of the transactions and contracts in respect of Investment in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name or with valid ownership documents
16. The Company has not given any guarantees for loans taken by others and hence Para 4(xv) of the Companies (Auditors Report) Order 2003 is not attracted
17. According to the information and explanation given to us and on the basis of our verification of books of accounts of the Company, we are of the opinion that the vehicle loan have been applied for the purpose for which they were raised.
18. According to the information and explanation given to us and on the basis of our verification of books of accounts of the Company, we are of the opinion that funds raised for short term basis were nor used for long term investment.
19. No allotment of share were made during the year and hence Para 4(xviii) of the Companies (Auditors Report) Order 2003 is not attracted
20. No debentures were issued by the Company and hence Para 4(xix) of the Companies (Auditors Report) Order 2003 is not attracted
21. No public issues were made by the Company and hence Para (4(xx) of the Companies (Auditors Report) Order 2003 is not attracted
22. As per the information and explanations provided to us and based on the evidences available on records, No fraud was detected or reported during the year under review.

**--SD--**  
**(K.K.Bassi)**  
**Prop.**

For and on behalf of  
**K.K.Bassi & Associates**  
**Chartered Accountants**  
**Chandigarh 03<sup>rd</sup> September 2012**

**MEGRI SOFT LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2012**

S.NO.	PARTICULARS	Notes	(Rs.) AS AT 31.03.2012	(Rs.) AS AT 31.03.2011
<b>EQUITY &amp; LIABILITIES</b>				
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>			
	Share Capital	2	31407000	31407000
	Reserve & Surplus	3	<u>77141150</u>	<u>55118463</u>
			<b>108548150</b>	<b>86525463</b>
<b>2</b>	<b>NON CURRENT LIABILITIES</b>			
	Long-term borrowings	4	3000000	-
	Deffered Tax Liability	5	737324	244191
	Other long term liabilities		-	-
	Long- term provisions		<u>-</u>	<u>-</u>
			<b>3737324</b>	<b>244191</b>
<b>3</b>	<b>CURRENT LIABILITIES</b>			
	Trade Payable	6	120227	-
	Other Current Liabilities	7	4718166	4832857
	Short-term provisions		<u>-</u>	<u>-</u>
			<b>4838393</b>	<b>4832857</b>
	<b>TOTAL</b>		<u><b>117123867</b></u>	<u><b>91602511</b></u>
<b>1</b>	<b>ASSETS</b>			
	<b>NON-CURRENT ASSETS</b>			
	Tangible Assets	8	9825517	3105270
	Intangible Assets		<u>7653666</u>	<u>7972155</u>
	Non-current Investments	9	17720716	23288100
	Long-term loans and advances	10	<u>37236695</u>	<u>12598175</u>
			<b>72436594</b>	<b>46963700</b>
<b>2</b>	<b>CURRENT ASSETS</b>			
	Inventories		-	-
	Trade Receivable	11	3244569	4395580
	Cash and cash equivalents	12	39948274	39064136
	Short-term loans and advances	13	1494430	1179095
	Other current assets		<u>-</u>	<u>-</u>
			<b>44687273</b>	<b>44638811</b>
	<b>TOTAL</b>		<u><b>117123867</b></u>	<u><b>91602511</b></u>
	<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	<b>1</b>		
	<b>NOTES ON FINANCIAL STATEMENT</b>		<b>2-30</b>	

The Notes referred to herein form an integral part of the Balance Sheet

This is the Balance Sheet referred to our report of even Date

--SD--

(K.K.Bassi)

Prop.

For and on behalf of

**K.K.Bassi & Associates**

Chartered Accountants

Chandigarh 3rd September 2012

For and on the behalf of Board

--SD--

**M.Kohli**  
Director

--SD--

**R.Sharma**  
Director

**MEGRI SOFT LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2012**

S.NO.	PARTICULARS	Notes	(Rs.)	
			AS AT 31.03.2012	AS AT 31.03.2011
<b>REVENUE</b>				
	Revenue from Opertation	14	64844561	43063743
	Other Income	15	3877021	2038184
	<b>TOTAL REVENUE</b>		<b>68721582</b>	<b>45101927</b>
<b>EXPENSES</b>				
	Software Development Expenses	16	16049754	6116638
	Employees benefit Expenses	17	13270522	7760722
	Administrative Expenses	18	6736849	7964789
	Finance Expenses	19	400364	1029771
	Depreciation & Amortization Expenses	20	2155479	353321
	<b>TOTAL EXPENSES</b>		<b>38612968</b>	<b>23225241</b>
	<b>PROFIT BEFORE TAX</b>		<b>30108614</b>	<b>21876686</b>
	Tax Expenses:-			
	Provision for Tax		7592794	151800
	Deffered Tax		493133	101596
	<b>PROFIT FOR THE YEAR</b>		<b>8085927</b>	<b>253396</b>
			<b>22022687</b>	<b>21623290</b>
	Earning per Equity share of Rs. 10/- each:			
	1) Basic		7.01	6.88
	2) Diluted		7.01	6.88
	<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	<b>1</b>		
	<b>NOTES ON FINANCIAL STATEMENT</b>		<b>2-30</b>	

The Notes referred to herein form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to our report of even Date

--SD--

(K.K.Bassi)

Prop.

For and on behalf of

K.K.Bassi & Associates

Chartered Accountants

Chandigarh 3rd September 2012

For and on the behalf of Board

--SD--

M.Kohli

Director

--SD--

R.Sharma

Director

# MEGRI SOFT LIMITED

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## NOTES FORMING THE PARTS OF THE FINANCIAL STATEMENT

### 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are set out below and are consistent with those of the previous year unless otherwise stated.

#### (a) Basis of Presentation

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles ("GAAP") on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. These accounting policies have been consistently applied for except primary market brokerage which is accounted on cash basis.

#### (b) Fixed Assets

Fixed Assets are stated at cost of acquisition including any attributable cost to bring the assets to their working condition, less depreciation which is provided using the straight-line method, based on useful lives as estimated by the management.

#### (c) Depreciation

Depreciation on assets for own use is provided on straight-line method on pro-rata basis at the rates prescribed in Schedule XIV to the Company's Act, 1956. No depreciation charged on Assets not put in to use during the year. The assets which have been used by the company for running its revenue operations have been charged to the revenue account and the depreciation on rest of the assets used for development of portals is being capitalized.

#### (d) Valuation of stock-in-trade

Stock-in-Trade is valued at cost or market value whichever is lower

#### (e) Revenue Recognition:

The company's revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably. Revenue is recognized in the Income Statement as follows:

- (i) Revenue from services rendered is recognized as the service is performed.
- (ii) Revenue from the sale of Software products is recognized when the sale is completed with the passing of title.
- (iii) Incomes from domain registration, web hosting, set-up and configuration charges are recognized on activation of customer account.
- (iv) Revenue from software and web development contracts are priced on the completion of development work.

#### (f) Investments

Long term investments are stated at cost. Provision for diminution in long term investments is made, if it is permanent. Short term Investments if any are stated at cost or fair market value Whichever is lower.

#### (g) Capital Work in progress

The company is in process developing certain Web portals/vortals and the expenditure on the same is being treated as Capital Work in progress like expenditure in the nature of salaries, travel expenses, internet expenses, server maintenance expenses etc. The expenditure is treated as *deferred revenue expenditure is being amortized over a period of five years from the date of completion of the project (web portals)*, as the company expects to derive benefits of the same in the coming future years.

# MEGRI SOFT LIMITED

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**(h) Foreign Exchange**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Any income or expense on account of exchange differences either on settlement or on translation of transaction other than those relating to fixed assets is recognized in the Profit and Loss in the respective head.

**(i) Taxation**

Provision for taxation (if any) is to be made in accordance with the provisions of the Income Tax Laws prevailing in the relevant assessment year. Deferred tax resulting from timing differences between book and tax profits is to be accounted for, by the Company, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

**(j) Accounting for Contingencies**

Accounting for contingences (gains & losses) arising out of contractual obligations are made only on the basis of mutual acceptance. Events occurring after the date of balance sheet, where material, are considered up to the date of adoption of accounts.

**(k) Earnings per Share**

The earnings considered in ascertaining the Company's earnings per share comprise the net profit or loss for the year attributable to the equity shareholders. Earning per share are computed using the weighted average number of shares outstanding during the year.



Note 2	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
3300000 Equity Shares of Rs. 10/- each	33000000	33000000
	<u>33000000</u>	<u>33000000</u>
<b>Issued &amp; subscribed</b>		
3140700 equity shares of Rs. 10/- each fully paid	31407000	31407000
	<u>31407000</u>	<u>31407000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
3140700 equity shares of Rs. 10/- each fully paid	31407000	31407000
	<u>31407000</u>	<u>31407000</u>

The company itself being ultimate holding company, therefore, disclosure requirements about its parent company are not applicable in the present case. Shareholders holding more than 5% shares is as per detail. During last 5 years immediately preceding the balance sheet date, no Equity Shares has been issued pursuant to any contract without payment being received in cash. Further the company has neither allotted any share by way of bonus shares, nor it had bought back any equity shares during aforesaid period of 5 years. No shares have been forfeited by the company during the year. Disclosure about calls un paid is Nil.

Note 3	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>RESERVE AND SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
Opening Balance	55118463	33495173
Profit during the year	22022687	21623290
Closing Balance	<u>77141150</u>	<u>55118463</u>

Note 4	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
Other Loans	3000000	-
	<u>3000000</u>	<u>-</u>

Other loan represent vehicle loan, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme. The company has not taken any unsecured loan. There is no delay repayment of term loan & Interest thereon.

Year of Repayment	2012-13	2013-14	2014-15	2015-16	2015-17	Total
Annual Repayment Amount (Rs./Lacs)	8	8	8	8	7	39
Annual Rate of Interest	10.84%	10.84%	10.84%	10.84%	10.84%	

Note 5	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>DEFERRED TAX LIABILITIES</b>		
Opening Balance	244191	142595
Add:- during the year	493133	101596
	<u>737324</u>	<u>244191</u>

Note 6	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>TRADE PAYABLE</b>		
Trade Payable	120227	-
	<u>120227</u>	<u>-</u>

Note 7	(Rs.)	(Rs.)
	AS AT	AS AT
	31.03.2012	31.03.2011
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturity of short-term debts	3613907	1400000
Other Liabilities	1104259	3432857
	<u>4718166</u>	<u>4832857</u>

M/S MEGRI SOFT LIMITED  
Note 8

FIXED ASSETS

Depreciation as per company Act

Particulars	OPENING BALANCE				DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2011	Additions to Assets	Deduction & Adjustment	Total as on 31.03.2012	Depreciation as on 01.04.2011	Depreciation Charged to capital	Deduction & Adjustment	Total as on 31.03.2012	As on 31.03.12	As on 31.03.2011
<b>Tangible Assets</b>										
Furniture & Fixtures	576390	1202307	----	1778697	308596	42583	----	351179	1427518	267794
Computer	2381684	1118252	----	3499936	1121673	460669	----	1582342	1917594	1260011
Generator	14625	712000	----	726625	3248	14816	----	18064	708561	11377
Air Conditioner	327750	37500	----	365250	86555	15596	----	102151	263099	241195
Office Equipment	293101	120251	----	413352	169291	14891	----	184182	229170	123810
Vehicles	1878699	4301061	----	6179760	677616	222569	----	900185	5279575	1201083
<b>Total</b>	<b>5472249</b>	<b>7491371</b>	<b>----</b>	<b>12963620</b>	<b>2366979</b>	<b>771124</b>	<b>----</b>	<b>3138103</b>	<b>9825517</b>	<b>3105270</b>
<b>Intangible Assets</b>										
Computer Software	0	128866	----	128866	0	11302	----	11302	117564	0
Web Properties	7972155	937000	----	8909155	0	1373053	----	1373053	7536102	7972155
<b>Total</b>	<b>7972155</b>	<b>1065866</b>	<b>----</b>	<b>9038021</b>	<b>0</b>	<b>1384355</b>	<b>----</b>	<b>1384355</b>	<b>7653666</b>	<b>7972155</b>
<b>GRAND TOTAL</b>	<b>13444404</b>	<b>8557237</b>	<b>----</b>	<b>22001641</b>	<b>2366979</b>	<b>2155479</b>	<b>----</b>	<b>4522458</b>	<b>17479183</b>	<b>11077425</b>

Note 9	(Rs.)		(Rs.)	
	AS AT	AS AT	AS AT	AS AT
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>NON-CURRENT INVESTMENTS</b>				
A. Trade Investments			-	-
B. Other Investments (At Cost)				
a) Investment in Equity shares (Quoted)	<b>Qty.</b>	<b>Value</b>	<b>Qty.</b>	<b>Value</b>
Himalyan Financial Services Ltd.	281600	2816000	281600	2816000
Infosys Limited	35	89848	-	-
NTPC Limited	200	35667	-	-
Power Grid Corporation	50	5527	-	-
Reliance Industries	10	8446	-	-
State Bank of India	25	38826	-	-
	<u>281920</u>	<u>2994313</u>	<u>281600</u>	<u>2816000</u>
b) Investment in Equity shares (Unquoted)				
Basel Investments Limited	440000	4400000	440000	4400000
Consolidated Dealers Limited	149000	1490000	149000	1490000
Dynamic Petro Products Ltd..	262000	2620000	262000	2620000
Kohli & Kohli Financial Consultants Limited	152000	1520000	152000	1520000
Megri Export Limited	24500	245000	24500	245000
Nannu Holdings Limited	36000	360000	36000	360000
Plato Polymers Limited	20000	200000	20000	200000
Consolidated Capital Investcare Limited	122210	1222100	122210	1222100
	<u>1205710</u>	<u>12057100</u>	<u>1205710</u>	<u>12057100</u>
c) Investment in Mutual Fund				
Birla Sunlife Frontline Fund		20971		10000
HDFC Equity Fund		110000		100000
HDFC Top 200		15000		75000
Principal Emerging Bluechip Funds		75000		50000
Principal Monthly Income Plan		-		600000
Principal Floting Rate Fund		-		300000
Reliance Growth Fund		101532		45000
Reliance Pharma Fund		60000		-
Reliance Regular Saving Funds		120000		725000
Reliance Growth Fund II		170000		155000
Reliance Pharma Fund II		90000		100000
Reliance monthly income fund		-		50000
Reliance monthly income Plan fund		-		800000
Reliance Regular Saving Funds II		85000		145000
Reliance money manager fund		-		900000
Birlasunlife Dividend Yield Fund		35000		-
Birla Sunlife MIT		-		100000
Birla monthly income plan		-		100000
Birla Sunlife Mid Cap Fund		-		50000
Birla monthly income MIP		-		50000
Franklin India Blue Chip		30000		-
HDFC Equity Fund II		35000		-
HDFC Mid Cap Opportunity Fund		35000		-
ICICI Prudential Focused Blue Chip Fund		35000		-
IDFC Premier Equity Fund		35000		-
Kotak Gold Fund		17500		-
Reliance Equity Opportunity Fund		30000		-
Reliance Gold Saving Fund		15000		-
UTI Mutual Fund		35000		-
HDFC Balanced Fund		504984		-
HDFC Top 200 II		50000		-
HDFC MF Plan		-		100000
HDFC Mutual Fund		-		50000
HDFC Cash Management fund		-		700000
Birla monthly income plan		-		450000
ICICI Prudential Discovery Fund		290000		55000
ICICI Prudential Dynamic Fund		205000		5000
ICICI Liquid Plan Fund		-		400000
Reliance diversified power sector fund		-		25000
Reliance diversified power sector fund II		-		25000
Reliance Dual Advantage Funds		200000		-
Reliance monthly Interval fund		-		500000
Reliance Quarterly Interval Fund		44316		1000000
Reliance Small Capital Fund		200000		200000
SBI monthly income plan		-		200000
Standard Chartered Saving Fund		-		25000
HSBC Monthly Income Plan		-		300000
Tata Smart Investment Fund		25000		25000
		<u>2669303</u>		<u>8415000</u>
		<u>17720716</u>		<u>23288100</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 10</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>LONG TERM LOANS AND ADVANCES - SECURED &amp; CONSIDERES GOOD</b>		
Capital Advances	28504380	1200000
Advances for Bussiness	3333870	4653870
MAT Credit entitlement	5398445	6744305
	<u>37236695</u>	<u>12598175</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 11</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>TRADE RECEIVABLE</b>		
Trade receivable outstanding for a period exceeding six months:-		
Unsecured	-	-
Considered good	3115000	4220000
Considered doubtful	-	-
	<u>3115000</u>	<u>4220000</u>
Other Debts:-		
Unsecured	-	-
Considered good	129569	175580
Considered doubtful	-	-
	<u>129569</u>	<u>175580</u>
	<u>3244569</u>	<u>4395580</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 12</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<u>Balances with bank:-</u>		
In Current Accounts	2064281	13340281
In Fixed deposited	37865306	25461676
Cash in hand	18687	262179
	<u>39948274</u>	<u>39064136</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 13</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>SHORT TERM LOAN AND ADVANCES</b>		
Advances with suppliers & others	106211	-
Other advances	1388219	1179095
	<u>1494430</u>	<u>1179095</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 14</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**REVENUE FROM OPERATION**  
Information Technology Services

Domestic	-	-
Export	64844561	43063743
	<u>64844561</u>	<u>43063743</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 15</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**OTHER INCOME**

Interest Income	3297082	1738954
Dividend & Profit on Mutual Fund	390231	299230
Foreign Exchange Fluctuation	189708	-
	<u>3877021</u>	<u>2038184</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 16</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**SOFTWARE DEVELOPMENT EXPENSES**

SEO web expenses	13463898	5874638
Web development expenses	2585856	242000
	<u>16049754</u>	<u>6116638</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 17</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**EMPLOYEE BENEFIT EXPENSES**

Salary & Wages	12045002	6890236
Contribution to Provident and other fund	100664	11442
Staff Welfare	465590	533923
Other Employees Expenses	659266	325121
	<u>13270522</u>	<u>7760722</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 18</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**ADMINISTRATIVE EXPENSES**

Communication Expenses	715270	1000410
Office Expenses	2858321	214429
Rent Rates & Taxes	2187099	1124525
Operating Expenses	946159	5595425
Audit Fee	30000	30000
	<u>6736849</u>	<u>7964789</u>

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 19</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**FINANCE EXPENSES**

Bank Charges	43916	47776
Other Financial Charges	356448	981995
	<u>400364</u>	<u>1029771</u>

Other financial charges of previous year included Foreign Exchange Fluctuation expenses of Rs. 495919/=

	(Rs.)	(Rs.)
	AS AT	AS AT
<b>Note 20</b>	<b>31.03.2012</b>	<b>31.03.2011</b>

**DEPRICIATION & AMORTIZATION**

Depreciation & amortization	2155479	353321
	<u>2155479</u>	<u>353321</u>

## MEGRI SOFT LIMITED

21. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the Company for presentation of its financial statements for the year ending March 31, 2012. The adoption of the Schedule VI requirement has significantly modified the presentation and disclosure which have been compiled with in these financial statements. Previous year figures have been reclassified in accordance with the current year requirements.
22. In the opinion of the Board, current assets, loan and advances have a value at least equal to the amounts shown in the balance sheet, if realized in the ordinary course of the business. The provisions for all known liabilities are adequate and not in excess of the amount considered reasonably necessary.
23. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to Section 3 of the Industrial (Development and Regulation) Act, 1951.
24. Sitting Fees payable to Directors have been waived by each one of them.
25. Contingent Liabilities in respect of:  
Guarantee given by bank on behalf of the company Rs.23000/-
26. The particulars regarding foreign exchange earnings during the year of Rs. 648.45 Lacs only (Previous Year Rs. 430.64 Lacs) and expenditure in foreign currency is Rs.11.52 Lacs only (Previous year 9.93 Lacs).
27. The expenses incurred by the directors on foreign traveling during the financial year 2011-12 is Rs. 7.15 Lacs (Previous Year Rs.5.72 Lacs). Auditors remuneration paid for the financial year 2011-12 is Rs.30000/- (Previous Year Rs. 30000/-)
28. Disclosure as required by accounting standard "Related Party Disclosures" issued by the Institute of Chartered Accountants of India. As on date there is no subsidiary of the Company. Rent amounting to Rs.10.62 Lacs (Previous Year Rs.3.84 Lacs) is paid to Mr. M. Kohli and relatives.

29. Earnings per share	Year ended 31.03.2012	Year ended 31.03.2011
a) Calculation if weighted		
Average number of equity shares of Rs.10 each		
No. of shares at the beginning of the year	3140700	3140700
Shares issued during the year	NIL	NIL
Total Equity Shares at the end of the year	3140700	3140700
Weighted average no. of equity shares during The year	3140700	3140700
b) Net Profit after tax available for Equity shareholders (in Rs.)		
	22022687	21623290
c) Basic and diluted earnings per share (in Rs.)		
	7.01	6.88

# MEGRI SOFT LIMITED

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30. Total Income include Interest Amount of Rs. 3297082/- (Previous Year Rs. 1738954/-)

**"AUDITOR'S REPORT"**  
As Per our report of even  
Date attached.

**For and on Behalf of Board of Directors**

--SD--  
(K.K.Bassi)  
Prop.

--SD--  
(M.Kohli)  
Director

--SD--  
(R.Sharma)  
Director

For and on behalf of  
For K.K.Bassi & Associates  
Chartered Accountants

Chandigarh 03<sup>rd</sup> September 2012

# MEGRI SOFT LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER IV TO SCHEDULE VI OF THE COMPANIES ACT, 1956

### I. REGISTRATION DETAILS:

Registration No.	State Code		
11996	53		
Balance Sheet Date:	31	03	2012
	Date	Month	Year

### II. CAPITAL RAISED DURING THE YEAR: (Amount in Lacs)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Amount in Lacs)

Total Liabilities	Total Assets
1171.24	1171.24

#### SOURCES OF FUNDS:

Paid Up Capital	Reserves and Surplus
314.07	771.41
Non Current Liabilities	Current Liabilities
37.37	48.39

#### APPLICATION OF FUNDS:

Net Fixed Assets	Investments
174.79	177.21
Net Current Assets	Long term loan & Advances
446.87	372.37
Accumulated Losses	Miscellaneous
NIL	NIL

### IV. PERFORMANCE OF COMPANY: (Amount in Lacs)

Turnover (Total)	Total Expenditure
687.22	386.13
Profit before Tax	Profit after Tax
301.09	220.23
Earnings per Share (in Rs.)	Dividend Rate
7.01	NIL

### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY: (As per monetary term)

Item Code No. (ITC Code)	Product Description
Not Applicable	Information Technology and Software Development.

As per our report of even date attached.

--SD--

(K.K.Bassi)

Prop.

For and on behalf of

For K.K.Bassi & Associates

Chartered Accountants

Chandigarh 03<sup>rd</sup> September 2012

--SD--

(M.Kohli)

Director

--SD--

(R.Sharma)

Director



# MEGRI SOFT LIMITED

## MEGRI SOFT LIMITED

Cash Flow Statement for the year ended 31st March, 2012 as per clause 32 of the Listing Agreement Previous Year

	Rs. 31.03.2012	Rs. 31.03.2011
<b>A.CASH FLOW FROM OPERATING ACTIVITIES NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	30108614	21876686
<b>Adjustments for:</b>		
Depreciation & Miscl. Expenditure	2155479	353321
Other Income	(3877021)	(2038184)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>28387072</b>	<b>20191823</b>
<u>Capital Changes:-</u>		
Trade and Other Receivables	1151011	987405
Trade Payable	120227	3926281
<u>Cash Generated From Operations:-</u>		
Interest Paid	--	--
Tax Paid	(7592794)	(253396)
<b><u>NET CASH FROM OPERATING ACTIVITIES</u></b>	<b>22065516</b>	<b>24852113</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(8557237)	(2979253)
Advance for Capital Expenditure	(24638520)	--
Sale of Investments	5567384	(14529970)
Deposit In FDR	(12403630)	--
Other Income	3877021	2038184
Change In Loan & Advances	(315335)	504662
Change In Current Liabilities	(114691)	--
<b><u>NET CASH USED IN INVESTING ACTIVITIES</u></b>	<b>(36585008)</b>	<b>(14966377)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Term Loan	--	--
Proceeds from long term borrowing	3000000	--
Dividend Paid	--	--
<b><u>NET CASH FROM FINANCING ACTIVITIES</u></b>	<b>3000000</b>	<b>--</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>	<b>(11519492)</b>	<b>9885736</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>13602460</b>	<b>3716724</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>2082968</b>	<b>13602460</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(11519492)</b>	<b>9885736</b>

# MEGRI SOFT LIMITED

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- Note:**
1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as Set out in Accounting Standard – 3 on Cash Flow Statement issued by The Institute of Chartered Accountants Of India.
  2. All Figures in brackets are negative figures.
  3. Previous years' figures have been regrouped wherever necessary.

**As per our report of even date attached.**

**--SD--  
(K.K.Bassi)  
Prop.  
For and on behalf of  
For K.K.Bassi & Associates  
Chartered Accountants**

**--SD--  
(M.Kohli)  
Director**

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

# MEGRI SOFT LIMITED

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**MEGRI SOFT LIMITED**  
**Registered Office:**  
**SCF 80**  
**Sector 47-D**  
**Chandigarh 160047**

## ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL (Folio No., name and address of the members/joint holder(s) given on the envelope in BLOCK LETTERS TO BE FURNISHED BELOW)

FOLIO/REF. NO.	NO. OF SHARES
NAME OF MEMBER	
ADDRESS	

I hereby record my presence at the 21<sup>ST</sup> Annual General Meeting of the Company held on Saturday, the 29<sup>th</sup> day of September 2012, at 11:00 A.M, at SCF 80, Sector 47-D Chandigarh

\_\_\_\_\_  
Signature of the Member or Proxy

- Note: (i) Member(s)/Proxy (ies) are requested to bring Attendance Slip duly signed and filled in at the Meeting and hand it over at the gate.  
(ii) Members attending the Meeting are requested to carry their copy of the Annual Report.

✕

**MEGRI SOFT LIMITED**  
**Registered Office: # SCF 80 Sector 47-D Chandigarh 160047**

## PROXY FORM

(folio No. name and address of the member/joint holder(s) given on the envelope in BLOCK LETTERS to be furnished below)

I/We, (Name/s) \_\_\_\_\_

(Address) \_\_\_\_\_

being a Member/Members of Megri Soft Limited hereby appoint

(Name) \_\_\_\_\_

(Address) \_\_\_\_\_ or failing him

(Name) \_\_\_\_\_

(Address) \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Saturday, the 29<sup>th</sup> day of September 2012, at 11:00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signed by the said \_\_\_\_\_

Affix Revenue Stamp of Re 1/-
--

Note: The proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

# MEGRI SOFT LIMITED

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**MEGRI SOFT LIMITED**  
**Registered Office: # SCF 80 Sector 47-D Chandigarh 160047**

## **E-COMMUNICATION REGISTRATION FORM**

I/we shareholder(s) of **Megri Soft Limited** agree to receive all communications from the Company in electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs vide circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th, April 2011 respectively.

Please register my E-mail ID as given below, in your records, for sending communications through E-mail.

Folio No. / DP ID & Client ID : \_\_\_\_\_

Name of 1st Registered Holder : \_\_\_\_\_

Name of Joint Holder(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

No. of Shares held : \_\_\_\_\_

E-mail ID (to be registered) : \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
(First Holder)

If undelivered, please return to :  
**Megri Soft Limited**  
SCF 80, Sector 47-D,  
Chandigarh-160 047