

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company along with Company's Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended on March 31, 2019.

Financial Highlights

(Rs. in Lakhs)

Particulars	Consolidated FY 2018-19	Consolidated 2017-18	Standalone	Standalone
			FY 2018-19	2017-18
Total Revenue	257,772.74	242,028.43	45,672.41	45,482.82
Gross Profit before Interest, Depreciation & Tax	75,683.00	71,329.30	1,204.80	1,224.90
Less: Interest	1,317.70	1,479.57	1,317.42	1478.75
Depreciation	13,510.19	10,814.98	100.41	107.92
Profit before Tax	60,855.11	59,034.75	(213.03)	(361.77)
Less: Provision for Tax	16,402.62	18,455.01	-	-
Less: Deferred Tax	54.87	(120.89)	107.57	(67.70)
Profit after Tax	44,397.61	40,700.63	(320.60)	(294.07)
Add: Other comprehensive income	(26,542.31)	964.83	322.07	68.53
Total comprehensive income for the period	17,855.31	41,665.46	1.48	(225.54)
Balance Brought forward from the previous year	219,200.54	177,535.08	6,699.09	6,924.63
Profit available for appropriations	237,055.85	219,200.54	6700.56	6,699.09
Less: Dividend	-	-	-	-
Less: Tax on Dividends	-	-	-	-
Less: Amount transferred to retained earnings as per Schedule II of Companies Act, 2013	-	-	-	-
Less: Transferred to General Reserve	-	-	-	-
Profit Carried to Balance Sheet	237,055.85	219,200.54	6700.56	6,699.09

State of Affairs / Company's performance

During the year under review, your Company achieved a consolidated turnover of Rs. 257,772.74 lakhs as against Rs. 242,028.43 lakhs in the previous year. Your Company has earned a consolidated gross profit of Rs. 75,683.00 lakhs before interest, depreciation and tax as against Rs. 71,329.30 lakhs in the previous year. After deducting financial charges of Rs. 1,317.70 lakhs, depreciation of Rs. 13,510.19 lakhs and provision for tax of Rs. 16,457.49 lakhs, the operations resulted in a net profit of Rs. 44,397.61 lakhs as against Rs. 40,700.63 lakhs in the previous year.

There is no change in the nature of business carried on by the Company during the year under review.

There are no Material Changes and Commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this Report.

Transfer to Reserves:

Your Company has not proposed to transfer any amount to the general reserve.

Deposits:

Your Company has not accepted any deposits falling within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the financial year.

Dividend:

The Company has not declared dividend for the financial year ended March 31, 2019.

Particulars of Loans, Guarantees & Investments:

The company makes investments or extends loans/guarantees to its wholly-owned subsidiaries for their business purposes. Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, along with the purpose for which such loan or guarantee was proposed to be utilized by the recipient, form part of the notes to the financial statements provided in this annual report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, there was no change in the nature of business of the company or any of its subsidiaries.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no such changes.

Subsidiary Companies:

The Company has 16 subsidiaries as of March 31, 2019. There was no material change in the nature of the business carried on by the subsidiaries. During the year under review the Company has not floated any new subsidiary Company.

Section 129(3) of the Companies Act, 2013 states that where the company has one or more subsidiaries, it shall, in addition to its financial statements, prepare a consolidated financial statement of the company and of all subsidiaries in the same form and manner as that of its own and also attach along with its financial statement. A statement containing the brief details of performance and financials of the Subsidiary Companies for the financial year ended March 31, 2019 is attached to Financial Statements of the Company.

Consolidated financial statements:

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the provisions of Section 129(3) and other applicable provisions of the Companies Act, 2013 and the Indian Accounting Standards Ind AS-110 and other applicable Accounting Standards, your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31, 2019, which forms part of the Annual Report.

Management's discussion and analysis:

Pursuant to the provisions of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Management Discussion & Analysis is provided as a separate disclosure in the annual report.

Related Party Transactions:

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. There were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

The policy on related party transactions as approved by the Audit Committee and the Board of Directors is hosted on the website of the Company www.brightcomgroup.com. Prior omnibus approvals from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis.

None of the Directors had any pecuniary relationship or transactions with the Company, other than to the extent of their shareholding and except the payments made to them in the form of remuneration/sitting fee.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the requirement of furnishing the requisite details in Form AOC-2 is not applicable to the Company.

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

Corporate Governance:

Pursuant to the provisions of Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of the shareholders. A certificate from the Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated under the said Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Annual Report.

Transfer of Un-Claimed Dividend to the Investor Education and Protection Fund:

Your Company during the year under review transferred the Unclaimed Dividend pertaining to the Financial Year 2010-11 to the Investor Education and Protection Fund in compliance with the provisions of Section 125 of the Companies Act, 2013.

Directors and key Managerial Personnel:

In pursuance of Section 152 of the Companies Act, 2013 and the Rules framed there under Mr. M. Suresh Kumar Reddy, Managing Director is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

The Board of Directors on the recommendation of Nomination and Remuneration Committee in their meeting held on March 28, 2019 subject to the approval of the Members of the Company at the ensuing Annual General Meeting considered and approved the reappointment of Mr. M. Suresh Kumar Reddy as the Chairman & Managing Director and Mr. Vijay Kancharla as Executive Director of the Company for a further period of Five (5) Years commencing from 01.04.2019 to 31.03.2024 and remuneration payable to them.

Pursuant to the provisions of regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by ICSI, brief resume and other disclosures relating to the Directors who are proposed to be appointed/ re-appointed are given in the Annexure to the Notice of the 20th AGM.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under Section 149(6) of the Act and under Regulation 16(1)(b) of SEBI Listing Regulations. None of the directors of the company is disqualified under the provisions of the Companies Act, 2013 ('Act') or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Independent Directors have provided confirmations as contemplated under section 149(7) of the Act.

Evaluation of performance of the Board, Members of the Board and the Committees of the Board of Directors:

The Nomination and Remuneration Committee has laid down criteria for performance evaluation of Directors, Chairperson, Board Level Committees and the Board as a whole and also the evaluation process for the same. The Nomination and Remuneration Committee has reviewed the performance evaluation of the Directors, Chairperson, Audit Committee and Stakeholders Relationship Committee and the Board as a whole.

The statement indicating the manner in which formal annual evaluation of the Directors, the Board and the Board level Committees are given in the report on Corporate Governance, which forms part of this Annual Report.

Policy on Directors' Appointment and remuneration and other Details:

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act have been disclosed in the corporate governance report, which forms part of this annual report and is also hosted on the Company's website www.brightcomgroup.com.

Meetings of Board of Directors:

During the Financial Year Eight (8) meetings of the Board of Directors were held. The details of the meetings of the Board are given under the Section Corporate Governance Report which forms part of this Report.

The details of the familiarization programme formulated for Independent Directors is hosted on the Company's website www.brightcomgroup.com.

Audit Committee:

Audit Committee of the Company meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are as follows:

A. Details of Conservation of Energy

The operations of your company do not consume high levels of energy. The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies.

However, the requirement of disclosure of particulars with respect to conservation of energy as prescribed in the Section 134(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 are not applicable to the Company and hence not provided.

B. Technology Absorption

The Information Technology (IT) and Information Technology Enabled Services (ITES) Industry are subject to high rate of technological obsolescence. The Company's business is Digital Marketing and Software Development. The change in the industry paradigm is dynamic. The Company is continuously updating these changes and constantly evaluating these developments to improve its capabilities towards the industry. Accordingly, research and development of new services, display advertising, platforms and methodologies, continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements and innovations. As part of the continuous thrust on R&D, the company is also focused on Solutions Research and Vertical Focus Research. These would identify new ideas which would enable business process improvement for customers and would be aligned with the business strategy and growth opportunities of the organization. Our R & D activities are not capital intensive and we do not specifically provide for the same in our books.

C. Foreign Exchange Earnings and outgo

The particulars of earnings and expenditure in foreign exchange during the year are given in notes to Standalone financial statements.

Statutory Auditors:

M/s. P C N & Associates (formerly known as Chandra Babu Naidu & Co.,) (Firm Registration No.016016S), Chartered Accountants were appointed as Statutory Auditors of the Company for a term of Five years from the conclusion of the 18th Annual General Meeting till conclusion of 23rd Annual General Meeting conducted the Statutory Audit for the FY-2018-19. The Independent Auditors' Report(s) to the Members of the Company in respect of the Standalone Financial Statements and the Consolidated Financial Statements for the Financial Year ended March 31, 2019 form part of this Annual Report and do not contain any qualification(s) or adverse observations.

There have been no instances of fraud reported by the Auditors including the Statutory of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed there under either to the Company or to the Central Government.

Adequacy of Internal Financial Control Systems & Risk Management:

The company has in place adequate internal financial controls with reference to its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements.

The details relating to internal financial controls and their adequacy and Risk Management are included in the Management Discussion and Analysis Report.

Secretarial Auditors:

In compliance with the provisions of Section 204(1) of the Companies Act, 2013, the Company has appointed Mr. A. Sridhar, Practicing Company Secretary to conduct Secretarial Audit of the records and documents of the Company for the Financial Year 2018-19. The Secretarial Audit Report for the Financial Year ended March 31, 2019 in Form MR-3 is annexed to the Board's Report - Annexure -A and forms part of this Report. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31, 2019 does not contain any qualification(s) or adverse observations.

Compliance with Secretarial Standards:

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under Section 118(10) of the Companies Act, 2013.

Extract of Annual Return:

The extract of the Annual Return of the Company in Form MGT-9 for the Financial Year ended March 31, 2019 is given in Annexure- B and forms part of the Boards' Report.

Vigil Mechanism/ Whistleblower / Ombudsperson Policy:

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The vigil mechanism policy is uploaded on the website of the Company www.brightcomgroup.com.

The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

Particulars of Employees and related disclosures:

No Salary is being paid to Directors of the Company including Managing Director other than sitting fee to Independent Directors and hence the details as required to be disclosed under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration to Key Managerial Personnel) Rules, 2014 is not applicable.

The information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request by any Member of the Company. In terms of Section 136 of the Companies Act, 2013, the Annual Report including the Board's Report and the Audited Accounts are being sent to the Members excluding the same. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

Corporate Social Responsibility:

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company as it ceased to be a Company covered under subsection (1) of Section 135 of the Companies Act, 2013 in the reporting financial year; hence disclosure in this regard is not provided.

Significant and material orders:

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

Information required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has formulated a policy on Prevention of Sexual Harassment of Women at Workplace and also complied with provisions relating to the constitution of Internal Complaints Committee in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2019, the Company has not received any complaints pertaining to Sexual Harassment.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and ability, hereby confirm that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit and loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts for financial year ended March 31, 2019 on a going concern basis;
- (e) the Directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were adequate and operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgment:

Your Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Associates, partners, clients, vendors, and Members of the Company and look forward for the same in equal measure in the coming years.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: August 30, 2019

M. Suresh Kumar Reddy
Chairman and Managing Director
DIN: 00140515