

ANNUAL REPORT

2019-2020

Megasoft Limited



Quality Policy

Company is committed to create & deliver innovative products, solutions and services that are consistently of high quality, delivered on time, at optimum cost.

Focus Areas



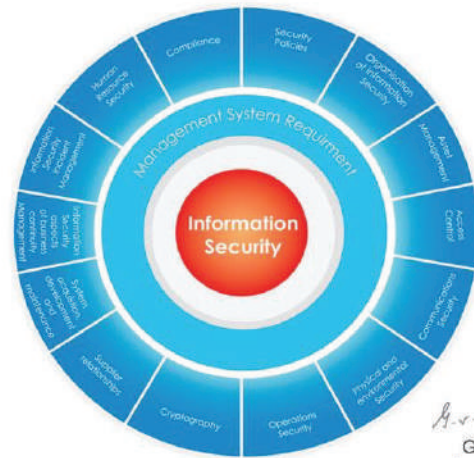
G.V. Kumar
G V Kumar
 Managing Director &
 Chief Executive Officer



Information Security Policy

We will implement adequate security framework with robust controls to ensure integrity, confidentiality & availability of information assets and continuously improve by incorporating best practices from the industry.

Focus Areas



G.V. Kumar
G V Kumar
 Managing Director &
 Chief Executive Officer



Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that:

Megasoft Ltd.
 XIUS (Megasoft Division)
 Cyber Gateway, Block A Wing 1
 Level 5 & 6, Madhapur
 HITEC City
 Hyderabad 500 081
 Telangana
 India

Holds Certificate No: **FM 633409**

and operates a Quality Management System which complies with the requirements of ISO 9001:2015 for the following scope:

The Design, Development, Delivery and Support Services for Mobile Enabled Software Products and Solutions.

For and on behalf of BSI:

Chris Cheung
 Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2012-04-24
 Latest Revision Date: 2018-04-23

Effective Date: 2018-04-25
 Expiry Date: 2021-04-24

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...making excellence a habit™

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 BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
 A Member of the BSI Group of Companies.



Corporate Information:

Board of Directors

GV Kumar, Managing Director
Anil Kumar Sood
Anish Mathew
Leona Ambuja (Ms.)

Chief Financial Officer

Shridhar Thathachary

Company Secretary and Compliance Officer

Srivalli Susarla

Auditors

M/s. N. C. Rajagopal & Co., Chartered Accountants
Office No.22, Krishnaswamy Avenue
Mylapore Road, Opposite Mylapore Club
Chennai 600 004, Tamil Nadu, India

Bankers

Axis Bank Limited

Registered Office

85, Kutchery Road, Mylapore
Chennai 600004, Tamilnadu, India

Corporate Office

01st Floor, Block-3, My Home Hub,
Madhapur, Hyderabad – 500081,
Telangana, India

Registrars and Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Building 1, Club house Road
Chennai 600004, Tamilnadu, India

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MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

20th ANNUAL REPORT

DIRECTORS' REPORT

To The Members

Your Directors have pleasure to present their Report of your Company on the business and operations for the year ended 31 March 2020.

Financial Highlights

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenues	2034.40	2,363.77	5673.26	6,187.37
Expenditure	1921.32	2,828.42	5136.21	5,990.21
Finance cost	366.67	373.25	682.82	614.83
Depreciation	344.73	98.37	437.58	375.76
Operating profit/(loss)	(598.33)	(936.27)	(583.35)	(793.43)
Profit before tax	51.94	77.66	66.93	70.52
Less: Taxes	(3.78)	36.50	(3.78)	37.10
Profit after tax	55.73	41.15	70.71	33.42
Other Comprehensive Income/(Loss)	(0.10)	564.82	(0.10)	564.82
Total Comprehensive Income	55.63	605.98	70.61	598.24
Earnings per share (equity shares, par value Rs. 10 each)				
Basic (Rs.)	0.13	0.09	0.16	0.08
Diluted (Rs.)	0.13	0.09	0.16	0.08

Overview

During the financial year ended 31 March 2020, your company recorded consolidated revenues of ₹ 5673.26 as compared to ₹ 6,187.37 lakhs for the financial year ended 31 March 2019. The consolidated profit was ₹ 70.61 during the current year as compared to ₹ 598.24 lakhs in the previous year.

Further, during the year under review there were no changes in nature of business of the company.

Dividend

On account of inadequacy of profits during the financial year ended 31 March 2020, the Board of Directors of the company have not recommended dividend.

Share Capital

The paid-up equity share capital as on 31 March 2020 was 4,426.73 lakhs comprising of 4,42,67,293 equity shares of Rs. 10 each. During the year under review, the company has not issued shares with differential voting rights nor granted stock options or sweat equity or bonus shares. The Company has not bought back any of its securities during the year under review.

Directors and Key Managerial Personnel

The company has received declarations from all the independent directors of the company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the year under review, Mr. G.V.Kumar has been reappointed as Managing Director & CEO of the Company for a period of three years with effect from 1st April,2019.

During the year under review, Mr. Anil Kumar Sood and Mr. Anish Mathew has been reappointed as an Independent Director of the Company for a period of five years with effect from 26th December,2019.

During the year under review, Ms. Leona Ambuja has been reappointed as an Independent Director of the Company for a period of five years with effect from 01st April,2020.

During the year under review, Mr. D. Sudhakar Reddy, Executive Director of the Company tendered his resignation with effect from 27th October,2019.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. GV Kumar [DIN-00059107] Managing Director of your Company, retire by rotation at the ensuing AGM and being eligible offers for reappointment.

Board Meetings

The Board of Directors met four (4) times during the financial year. The provisions of Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Secretarial Standard - 1 issued by The Institute of Company Secretaries of India were adhered to in respect of meeting of Board of Directors of the company.

Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is available on the website of the company and the terms of reference are given separately in the Corporate Governance Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its committees. The manner in which the evaluation has been carried out has been detailed out in the Corporate Governance Report.

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity, experience (including the proficiency) and maintenance of confidentiality and Independence of behavior and judgment.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of section 134(3)(c) of the Companies Act, 2013:

- (i) in the preparation of the annual financial statements for the year ended 31 March 2020, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) the directors had 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 as at the end of the financial year and of the profit of the company for the year;
- (iii) 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;
- (iv) the directors had prepared the annual accounts on a "going concern basis";
- (v) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Outlook

A detailed discussion on the performance of the company, industry structure, threats, opportunities, risks, future outlook and strategy is given separately in the Management's Discussion and Analysis section, which forms a part of this annual report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

In terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereunder, your Directors furnish the required details below:

(a) Conservation of Energy: Your Company uses electric energy for all its equipment's such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy:

- ❖ through periodic energy audits to identify potential areas for saving
- ❖ by incorporating energy-efficient equipment
- ❖ through automation i.e. using timers, automatic level controllers, etc.

(b) Research and Development (R&D): At the end of each year, management and the Board jointly develop a list of major risks that company plans to prioritize in the next year. Key areas of Risk management for the year 2019-20 include Data Security and privacy, Technology obsolescence, Service delivery, retention and development of Human resources, Business competition, Delayed payments from key customers & resultant Cash flow problems and Foreign exchange fluctuations .

(c) Technology Absorption: In our quest to offer all our products in cloud environment, Your Company re-architected and designed multiple components and technologies to enable porting of the services on to cloud. With our intent to offer all flagship products in cloud, our products require higher configurability, auto scaling and data security frameworks. Your company has made significant progress in this regard during last year.

(d) Foreign exchange earnings and outgo: The details of foreign exchange earnings and outgo are given in note no. 28 and 29 of the Notes forming part of the standalone financial statements of the company.

Particulars of Contracts or Arrangements made with Related Parties under section 188

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with the promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All related party transactions are placed before the Audit/Risk Compliance Committee as also the Board for approval.

The Board of Directors of the company has, on the recommendation of the Audit/Risk Compliance Committee, adopted a policy to regulate transactions between the company and its related parties, in compliance with the applicable provisions of the Companies Act, 2013, the Rules framed thereunder and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. This Policy was considered and approved by the Board and has been uploaded on the website of the company.

The details of the Related Party transactions on arms length basis has been provided in **Annexure -1** appended hereto and forms part of this report.

Particulars of Loans, Guarantees & Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 3, 5 and 26 of the Notes forming part of the standalone financial statements of the company.

Quality certifications

Your company's quality management system (QMS) has its foundation on decades of experience and industry best practices that are aligned with international standard quality models and certifications. This assures that the company maintains confidentiality, integrity, availability of corporate, and client information.

ISO 9001:2015 – Quality Management System

QMS enhancing customer satisfaction.

Your company is certified for ISO 9001:2015 by BSI, India. Our products & solutions therefore ensure customer satisfaction.

ISO 27001:2013 – Information Security Management System

Information security management system enhancing Confidentiality, Availability and Integrity.

Risk Management

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

Therefore, in accordance with Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Board members formally adopted steps for framing, implementing and monitoring the risk management policy for the company.

A disciplined approach to risk is important in a diversified organization like ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate.

At the end of each year, management and the Board jointly develop a list of major risks that company plans to prioritize in the next year. Key areas of Risk Management for the year 2019-20 include Data Security and Privacy, Technology obsolescence, Service Delivery, retention and development of Human Resources, Business competition, Delayed payments from key customers & resultant cash flow problems and Foreign Exchange fluctuations.

The main objective of Your Company's risk management policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. The risk governance structure is led by the Audit/Risk Compliance Committee, chaired by Mr. Anil Kumar Sood. This committee is responsible for the effective management of the risks facing the Company. The Committee meets on a quarterly basis and reports to the Board. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Internal Control Systems and Their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit/Risk Compliance Committee of the Board.

The Internal Audit monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies at all locations of the company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit/Risk Compliance Committee of the Board.

Vigil Mechanism / Whistle Blower Policy

In order to ensure that the activities of the company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the company has adopted a vigil mechanism policy. This policy is explained in corporate governance report and also posted on the website of the company.

Enhancing Shareholder Value

Enhancing Shareholder Value is the common thread that runs through everything we do as a company from innovating new products and broadening our existing portfolio, to successful restructuring efforts and improving our working capital.

Throughout our history, delivering value to our shareholders has been and will continue to be uppermost in our minds as we manage our business. However, in the last few years, due to declining revenues and performance, the company has been unable to declare dividends. Your company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact the stock price and creation of Shareholder Value.

Corporate Social Responsibility

The provisions for corporate social responsibility (“CSR”) under the Companies Act, 2013, are not applicable to the company for the current financial year. However, your company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the company itself in an environment of partnership for inclusive development.

Corporate Governance

A report on Corporate Governance including the relevant Auditors’ Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Regulation 34(3) and Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is annexed. Management’s Discussion and Analysis is also annexed.

Subsidiary Companies

The statement pursuant to Section 129 of the Companies Act, 2013 in respect of subsidiaries is attached as **Annexure-2**. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the company seeking such information at any point of time and are also available for inspection by any member of the company at the registered office of the company. The company shall furnish a copy of annual accounts of subsidiaries to any member on demand.

Consolidated Financial Statements

The consolidated financial statements of the company prepared in accordance with the prescribed Accounting Standards form part of this Annual Report pursuant to the Regulation 34(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 .

Deposits

The Company has neither raised nor renewed any Deposits as on March 31, 2020 so as to attract the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 has been given in the **Annexure-3** appended hereto and forms part of this report.

Auditors’ Report

Except as specified and explained below, there are no other qualifications, reservations, or adverse remarks or disclaimers in the Auditors’ Report. Observations made in the Auditors’ Report are self-explanatory and therefore do not call for any further comments under Section 134(1) of the Companies Act, 2013.

Auditors

Statutory Auditors

Members at its 17th Annual General Meeting held on July 28, 2017 Appointed M/s. N. C. Rajagopal & Co., [Firm Registration No.003398S], Chartered Accountants to hold office as auditors of the company till the conclusion of the 22nd Annual General Meeting to be held in the year 2022. The requirement of annual ratification of auditor’s appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018

The Statutory Auditors have confirmed that they satisfy the independence criteria required under Companies Act, 2013 Code of Ethics issued by institute of Chartered Accountants of India.

Internal Auditor

Mr. R Balasubramanian (FCA-220677), Chartered Accountants, perform the duties of internal auditors of the company and their reports are reviewed by the audit committee from time to time.

Secretarial Auditor

Pursuant to the provisions of Sections 204 of the Companies Act, 2013 and the rules framed thereunder, the company has appointed M/s. M Damodaran & Associates LLP, (COP-5081/FCS-5837), to undertake the Secretarial Audit of the company. The Secretarial Auditors' Report, in the prescribed format, for the year ended 31 March 2020 is annexed to this Directors' Report and forms part of the Annual Report (**Annexure-4**). There are following qualifications and adverse remarks made by the secretarial auditor.

Sr No.	Observations made by the Secretarial Auditor	Comments by the Board of Directors
1.	The Company has complied with the regulation 44 of SEBI (LODR) Regulations, 2015 in respect of intimation of Voting Results of Annual General Meeting for the financial year ended 31.03.2019 to the Stock Exchange with some delay.	The Board of Directors of the Company instructed the Company Secretary to ensure that the Company comply with the regulation in time
2.	The Company has complied the closure of trading window for the approval of financial results for the Quarter ended 30.06.2019 and 30.09.2019 with some delay.	The Board of Directors of the Company instructed the Company Secretary to ensure that the Company comply with the regulation in time

Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

During the year under review, the Statutory Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors as prescribed under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

Details of Significant & material orders passed by the Regulators or Courts or Tribunal impacting the going concern status and company's operations in future

During the financial year under review, there were no significant or material orders issued, impacting the going concern status of the Company.

Material changes from end of financial year to date of this report

The company, in compliance with State and Central Government Lock down orders for the Covid -19 pandemic had shut down its Offices in India for the period 20 March 2019 to 7 May 2020, during which all employees worked from home. The detailed note on the impact of the pandemic on the areas of business has been provided in note number 35 to notes to the consolidated financial statements.

Except as disclosed elsewhere in this report, there have been no other material changes and commitments, which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report.

Human Resources Development

Your Company is committed to provide a holistic experience to employees that fosters a culture of high performance led by innovation. Your Company believes that while Technology can enable processes but it is People who lead the company towards its goals and successes. There is a significant focus on creating a fun-filled, high-energy work environment where personal milestones, organizational successes and special occasions are celebrated with fervor and enthusiasm.

Particulars of Employees

There are no employees falling within the provisions of section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Employee Stock Option Scheme

The company has not issued any employee stock option during the year under review.

Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (“ICC”) has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review the ICC has not received any complaints.

Listing with Stock Exchanges

Your company’s equity shares are listed on BSE [532408] and NSE [MEGASOFT]. Necessary stock exchange regulations are complied with from time to time.

Acknowledgments

Your directors place on record their appreciation of the customers, bankers, Government of India and of other countries, Registrar and Share Transfer Agent, vendors and technology partners for the support extended. Your directors also wish to place on record their appreciation of the contribution made by employees at all levels without whom the growth of the company is unattainable. Your directors seek and look forward to the same support during future years of growth.

For and on behalf of the Board of Directors of
Megasoft Limited

.....
GV Kumar
Managing Director

.....
Anil Kumar Sood
Director

Place: Hyderabad
Date: 30th July 2020

Particulars of contracts/arrangements entered with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 – in Form AOC-2)

Particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

During the year ended 31st March 2020, no contracts or arrangements or transaction were entered with Related Parties, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No.	Name of the Related Party (Nature of relationship)	Nature of Contracts	Duration of contract	Terms of the contract	Amount (₹)
1.	Xius Corp, USA	Sales Services	NA	NA	16,80,26,378.00
2.	Megasoft Consultants Sdn Bhd	Sales Services	NA	NA	95,18,685.00
3.	Megasoft Consultants Sdn Bhd	Trade Receivables	NA	NA	5,33,44,851.00
4.	Xius Corp, USA	Trade Receivables	NA	NA	12,55,95,975.19
5.	XIUS S DE RL DE V	Trade Receivables	NA	NA	79,59,948.00
6.	Xius Holding Corp, USA	Corporate Guarantee	NA	NA	31,16,73,715.00

Notes: No advance was paid in respect of the above contracts/ arrangement/ transactions.

For and on behalf of the Board of Directors of
Megasoft Limited

.....

GV Kumar
Managing Director

.....

Anil Kumar Sood
Director

Place: Hyderabad
Date: 30th July 2020

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statements or Associate Companies or Joint Ventures

Part "A": Subsidiaries

Name of the subsidiary	XIUS Holding Corp (formerly, Boston Communications Group, Inc.) includes XIUS Corp (formerly, Cellular Express, Inc.) & XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L.	Megasoft Consultants Sdn Bhd
Country	USA & Mexico	Malaysia
Reporting period	31-Mar-20	31-Mar-20
Reporting Currency	USD	MR
Exchange rate (₹)	75.1021	17.3067
	₹ in lakhs	₹ in lakhs
Share Capital	9,497.44	86.53
Reserves	(15,208.87)	(634.87)
Total Assets	7,718.81	166.55
Total Liabilities	13,430.24	714.89
Investments	-	-
Turnover	5,073.85	427.30
Profit / (Loss) before taxation	(37.82)	52.81
Provision for taxation	-	-
Profit / (Loss) after taxation	(37.82)	52.81
Proposed Dividend	-	0
% of Shareholding	100.00%	100.00%

Names of Subsidiaries which are yet to commence operations: **NIL**

Names of Subsidiaries which have been liquidated or sold during the Year: **NIL**

Part "B": Associates and Joint Ventures

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

There are no associate companies and joint ventures during the current financial year.

Names of Associates which are yet to commence operations: **NIL**

Names of Associates or joint ventures which have been liquidated or sold during the year: **NIL**

For and on behalf of the Board of Directors of
Megasoft Limited

Place: Hyderabad
Date: 30th July 2020

.....
GV Kumar
Managing Director

.....
Anil Kumar Sood
Director

Form No.MGT-9-Extracts of Annual Return
AS ON THE FINANCIAL YEAR ENDED 31.03.2020

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L72200TN1999PLC042730
2	Registration Date	29/06/1999
3	Name of the Company	Megasoft Limited
4	Category/Sub-Category of the Company	Company limited by Shares / Non-Govt Company
5	Address of the Registered office and contact details	No. 85, Kutchery Road, Mylapore, Chennai 600004, Tamilnadu, India.
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited, Subramanian Buildings 1, Club House Road, Chennai 600004, Tamilnadu, India.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/services	NIC Code of the Product/services	%to total turnover of the company
1	Computer programming, consultancy and related activities	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	%of shares held	Applicable Section
1	Megasoft Consultants Sdn Bhd Suite18-3, D' Wangsa,Jalan Wangsa Delima 11,53300 Kuala Lumpur, Malaysia	Foreign Company	Subsidiary	100%	2(87)
2	XIUS Holding Corp 15 Tyngsboro Road,Unit 8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
3	XIUS Corp 15TyngsboroRoad,Unit8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
4	XIUS DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L.) Paseo de la Reforma 505 piso 32 Col Cuauhtemoc CP 06500, Ciudad de Mexico, Mexico	Foreign Company	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Break up as percentage of Total Equity)

i. Category-wise Share Holding

Sl No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Changeduring the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter									
1	Indian									
A	Individual / HUF	3203956	--	3203956	7.24	3203956	--	3203956	7.24	0
B	Central Govt	--	--	--	--	--	--	--	--	--
C	State Govt(s)	--	--	--	--	--	--	--	--	--
D	Bodies Corp	--	--	--	--	--	--	--	--	--
E	Banks / FI	--	--	--	--	--	--	--	--	--
F	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(1):-	3203956	--	3203956	7.24	3203956	--	3203956	7.24	0
2	Foreign									
A	NRIs-Individuals	--	--	--	--	--	--	--	--	--
B	Other-Individuals	--	--	--	--	--	--	--	--	--
C	Bodies Corp.	--	--	--	--	--	--	--	--	--
D	Banks / FI	--	--	--	--	--	--	--	--	--
E	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(2):-	--	--	--	--	--	--	--	--	--
	Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	3203956	--	3203956	7.24	3203956	--	3203956	7.24	0
B	Public Shareholding									
1	Institutions									
A	Mutual Funds	--	--	--	--	--	--	--	--	--
B	Banks / FI	12	--	12	0.0000	2605	--	2605	0.0058	0.0058
C	Central Govt	--	--	--	--	--	--	--	--	--
D	State Govt(s)	--	--	--	--	--	--	--	--	--
E	Venture Capital Funds	3762375	--	3762375	8.4992	3762375	--	3762375	8.4992	--
F	Insurance Companies	30478	--	30478	0.0688	30478	--	30478	0.0688	--
G	FIs	--	--	--	--	--	--	--	--	--
H	Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
I	Others (specify)									
	Sub-total (B)(1):-	3792865	--	3792865	8.5680	3795458	--	3795458	8.57387	0.0058
2.	Non Institutions									
A	Bodies Corp.									
I	Indian	4039891	2052562	6092381	13.7627	3214894	2052562	5267456	11.8992	-1.8635
II	Overseas	--	--	--	--	--	--	--	--	--
B	Individuals									

i	Individual shareholders holding nominal share capital upto `1 lakh	10519572	320799	10840371	24.4884	9899106	320174	10219280	23.0853	-1.4030
ii	Individual shareholders holding nominal	13419004	1914400	15333404	34.6382	15049272	1914400	16963672	38.3210	3.6827
C	Others (Specify)									
	Clearing Members	28843	--	28843	0.0651	40953	--	40953	0.09254	0.0273
	Directors and their relatives	2367323	--	2367323	5.3477	2367323	--	2367323	5.3477	0.0000
	Hindu Undivided Family	1122254	--	1122254	2.5351	979410	--	979410	2.21249	-0.3226
	Non Resident Indians	1466792	22061	1488853	3.3633	1407619	22061	1429680	3.2296	-0.1336
	Trusts	105	--	105	0.0002	105	--	105	0.002	--
		4985317	22061	5007378	11.3116	4795410	22061	4817471	10.8826	-0.4290
	Sub-total (B)(2):-	32963712	4309822	37273534	84.2010	32958682	4309197	37267879	84.1882	-0.0128
	"Total Public Shareholding(B)=(B)(1)+(B)(2)"	36756577	4309822	41066399	92.7691	36754140	4309197	41063337	92.7622	-0.0070
	TOTAL (A)+(B)	39957471	4309822	44267293	100.00	39958096	4309197	44267293	100.00	--
C	Shares held by Custodian	--	--	--	--	--	--	--	--	--
	GRAND TOTAL (A+B+C)	39957471	4309822	44267293	100.00	39958096	4309197	44267293	100.0000	--

ii. *Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%change in shareholding during the year
		No. of Shares	%of total Shares of the company	%of Shares Pledged/encumbered to total shares	No. of Shares	%of total Shares Of the company	%of Shares Pledged/encumbered to total shares	
1	RavindraBabu S.	2688768	6.07	--	2688768	6.07	--	--
2	S Ravindra Babu(HUF)	512126	1.16	--	512126	1.16	--	--
3	S Rajagopal Reddy	3062	0.01	--	3062	0.01	--	--
	Total	3203956	7.24	--	3203956	7.24	--	--

* During the year the Company has received request from S. Ravindra Babu, S. Ravindra Babu (HUF) and S. Rajagopal Reddy for re-classification of their shareholding from promoter & promoter group category to public category in respect of 32,03,956 (Thirty Two Lakh Three Thousand Nine Hundred and Fifty Six) equity shares held by them. The same was notified to stock exchanges on 01st of October 2019 and was considered by the Board of Directors during the board meeting on 14th November, 2019. The same has been included for shareholder's approval as Special Business in the notice to the upcoming AGM.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	%of total shares of the company	No. of shares	%of total shares of the company
1.	Ravindra Babu S.				
	At the beginning of the year	2688768	6.07	2688768	6.07

	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(e.g.allotment /transfer/bonus/sweat	0	0	0	0
	At the end of the year	2688768	6.07	2688768	6.07
2.	S Ravindra Babu (HUF)				
	At the beginning of the year	512126	1.16	512126	1.16
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(e.g.allotment	0	0	0	0
	At the end of the year	512126	1.16	512126	1.16
3.	Rajagopal Reddy S				
	At the beginning of the year	3062	0.01	3062	0.01
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(e.g.allotment	0	0	0	0
	At the end of the year	3062	0.01	3062	0.01

iv. Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Date of Purchase/ Sale	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year	
		No.of shares	% of total shares of the company				No.of shares	%of total shares of the company
1	ILabs Venture Capital Fund	3762375	8.50	NA	No change	NA	3762375	8.50
2	Sri Power Generation (India) Private Limited	1769822	4.00	NA	No change	NA	1769822	4.00
3	Godavari Greenlands Pvt Ltd	1343750	3.04	NA	No change	NA	1343750	3.04
4	Satyavathi Dendukuri	835500	1.89	NA	No change	NA	835500	1.89
5	Srinivas Raju D	747600	1.69	NA	No change	NA	747600	1.69
6	Krishna Prasad Tumuluri	120760	0.2727					
				14/06/2019	48643	Market Purchase	169403	0.3826
				21/06/2019	78286	Market Purchase	247689	0.5595

		28/06/2019	10091	Market Purchase	257780	0.5823
		05/07/2019	46623	Market Purchase	304403	0.6876
		12/07/2019	40297	Market Purchase	344700	0.7786
		19/07/2019	91854	Market Purchase	436554	0.9861
		06/09/2019	25808	Market Purchase	462362	1.0444
		20/12/2019	8133	Market Purchase	470495	1.0628
		27/12/2019	58892	Market Purchase	529387	1.1958
		31/12/2019	417	Market Purchase	529804	1.1968
		10/01/2020	19911	Market Purchase	549715	1.2418
		17/01/2020	33567	Market	583282	1.3176
		24/01/2020	43094	Market Purchase	626376	1.4149
		31/01/2020	21695	Market Purchase	648071	1.4639
		07/02/2020	17819	Market Purchase	665890	1.5042
		14/02/2020	13698	Market Purchase	679588	1.5351
		21/02/2020	27345	Market Purchase	706933	1.5969
		28/02/2020	20748	Market Purchase	727681	1.6438
		06/03/2020	9749	Market Purchase	737430	1.6658
		13/03/2020	24632	Market Purchase	762062	1.7215
		20/03/2020	71106	Market Purchase	833168	1.8821
		27/03/2020	44899	Market Purchase	878067	1.9835
					878067	1.9835
	0	0				
7	Saudamini Thakkala	14/06/2019	475	Market Purchase	475	0.0010
		12/07/2019	14379	Market Purchase	14854	0.0335
		19/07/2019	1050	Market Purchase	15904	0.0359

		02/08/2019	10585	Market Purchase	26489	0.0598
		05/08/2019	24050	Market Purchase	50539	0.1141
		09/08/2019	26826	Market Purchase	77365	0.1747
		23/08/2019	6000	Market Purchase	83365	0.1883
		06/09/2019	-100	Market Sale	83265	0.1880
		20/09/2019	318	Market Purchase	83583	0.1888
		27/09/2019	32523	Market Purchase	116106	0.2622
		30/09/2019	8659	Market Purchase	124765	0.2818
		04/10/2019	58689	Market Purchase	183454	0.4144
		11/10/2019	24166	Market Purchase	207620	0.4690
		18/10/2019	19259	Market Purchase	226879	0.5125
		25/10/2019	49914	Market Purchase	276793	0.6252
		01/11/2019	58835	Market Purchase	335628	0.7581
		08/11/2019	26718	Market Purchase	362346	0.8185
		22/11/2019	39641	Market Purchase	401987	0.9080
		29/11/2019	21111	Market Purchase	423098	0.9557
		06/12/2019	17784	Market Purchase	440882	0.9959
		13/12/2019	58967	Market Purchase	499849	1.1291
		20/12/2019	4771	Market Purchase	504620	1.1399

				27/12/2019	-149809	Market Sale	354811	0.8015
				06/03/2020	41616	Market Purchase	396427	0.8955
				13/03/2020	40268	Market Purchase	436695	0.9864
				20/03/2020	153787	Market Purchase	590482	1.3339
				27/03/2020	2910	Market Purchase	593392	1.3404
							593392	1.3404
8	Rajendran V	0	0					
				10/01/2020	592224	Market Purchase	592224	1.3378
							592224	1.3378
9	Rajagopalan Shyamsunder	446936	1.0096	NA	No Change	NA	446936	1.0096
10	Rajendra Y Shah	442000	0.9984	NA	No change	NA	442000	0.9984

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	GV Kumar, Managing Director				
	At the beginning of the year	2226911	5.03	2226911	5.03
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	2226911	5.03	2226911	5.03
3	Anil Kumar Sood				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
4	Anish Mathew				

	At the beginning of the year	97570	0.22	97570	0.22
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	97570	0.22	97570	0.22
5	Leona Ambuja (Ms.)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
6	Shridhar Thathachary, KMP				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
7	Srivalli Susarla, KMP				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest out-standing/accrued but not due for payment

Sl. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	Indebtedness at the beginning of the financial year				
i	Principal Amount	1211.37	0.00	0	1211.37
ii	Interest due but not paid		55.00		55.00
iii	Interest accrued but not due				
	Total (i+ii+iii)	1211.37	55.00		1266.37
	Change in Indebtedness during the financial year				
	*Addition	0	13.86		13.86
	*Reduction	363.45			363.45
	Net Change	363.45	13.86		349.59
	Indebtedness at the end of the financial year				
i	Principal Amount	847.92			847.92
ii	Interest due but not paid		68.86		68.86
iii	Interest accrued but not due				
	Total (i+ii+iii)	847.92	68.86	0	916.78

VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		GV Kumar, MD	D Sudhakar Reddy, ED	
		₹ in lakhs	₹ in lakhs	₹ in lakhs
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.98	7.49	46.47
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
(c)	Profits in lieu of salary u/s17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	No stock options were granted during the year under review	No stock options were granted during the year under review	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	- other, specify...	--	--	--
5	Others, please specify	--	--	--
	Total (A)			
	Ceiling as per the Act	It is in accordance with the provisions of the Companies Act, 2013		

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Anil Kumar Sood	Anish Mathew	Leona Ambuja (Ms.)	
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
1	Independent Directors				
	Fee for attending board / committee meetings	1.80	2.40	2.40	6.60
	Commission				
	Others, please specify				
	Total (1)	1.80	2.40	2.40	6.60
2	Other Non-Executive Directors				
	Fee for attending board / committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B) = (1+2)	1.80	2.40	2.40	6.60
	Total Managerial Remuneration				
	Overall ceiling as per the Act	It is in accordance with the provisions of the Companies Act, 2013			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	SHRIDHAR THATHACHARY, CFO	SRIVALLI SUSARLA CS	Total amount
		₹ in lakhs	₹ in lakhs	₹ in lakhs
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.23	3.14	41.37
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961			
(c)	Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	No stock options were granted during the year under review	No stock options were granted during the year under review	
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	- other, specify...	--	--	--
5	Others, please specify	--	--	--
	Total	38.23	3.14	41.37

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority[R D/ NCLT /Court]	Appeal made. If any(give details)
A.	A. Company	}	Penalty	}	}	}
	Penalty					
	Punishment					
	Compounding					
B.	B. Directors					
	Penalty					
	Punishment					
	Compounding					
C.	C. Other Officers In Default					
	Penalty					
	Punishment					
	Compounding					

For and on behalf of the Board of Directors of
Megasoft Limited

Place: Hyderabad
Date: 30th July 2020

.....
GV Kumar
Managing Director

.....
Anil Kumar Sood
Director

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and

Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Megasoft Limited

CIN: L72200TN1999PLC042730

No.85, Kutchery Road,

Mylapore, Chennai – 600 004.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. MEGASOFT LIMITED (herein after called the “Company”)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. MEGASOFT LIMITED’s** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March 2020** complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. MEGASOFT LIMITED** for the financial year ended on **31st March 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (to the extent applicable)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (vi) Other laws as may be applicable specifically to the company – NIL

We have also examined compliance with the applicable Regulations and Standards of the following:

- (a) The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and Bombay Stock Exchange (BSE Ltd) under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
- (b) The Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The company has complied with the regulation 44 of SEBI (LODR) Regulations, 2015 in respect of intimation of Voting Results of Annual General Meeting for the financial year ended 31.03.2019 to the Stock Exchange with some delay.
2. The company has complied the closure of Trading window for the approval of financial results for the Quarter ended 30.06.2019 and 30.09.2019 with some delay.

We further report that the Board of Directors of the Company is constituted with Executive Directors, and Independent Directors. The change in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act. Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no specific/major events in the Company.

For **M DAMODARAN & ASSOCIATES LLP**

Place : Chennai
Date : 14.07.2020

M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.: F005837B000449821

This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report)

To,
The Members,
Megasoft Limited
CIN: L72200TN1999PLC042730
NO.85, Kutchery Road, Mylapore,
Chennai – 600 004.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **M DAMODARAN & ASSOCIATES LLP**

Place : Chennai
Date : 14.07.2020

M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.: F005837B000449821

Corporate Governance Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have incorporated the principles for corporate governance in line with the Organisation for Economic Co-operation and development (OECD) principles and provide board principles for periodic disclosures by listed entities in line with the International Organization of Securities Commissions (IOSCO) principles.

1 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The company believes in adapting and adhering globally recognized standards of corporate conduct towards its employees, clients and society. Corporate Governance is an on-going process ensuring integrity, transparency and accountability in dealing with employees, shareholders, customers and the community at large. The company has benchmarked its practices with the prevailing guidelines by upholding the core values across all aspects of its operations. The company's Board is fully aware of its fiduciary responsibilities in the widest sense of the term. The company's disclosures match, if not go beyond, the best practices recommended by all international corporate governance codes.

2 BOARD OF DIRECTORS

The composition and category of the Directors on the Board of the Company are given below:

Name of Director	Category of director	DIN No./ Date of Appointment	Committee memberships (excluding in the company) #		Name of other Listed Entity(ies) along with Designation held	No of Directorship(s) held in Indian Public Limited Companies (excluding in the Company)*	No of shares held in the company	
			Member	Chairman			No. of shares	%
GV Kumar	Managing Director	00059107 01/09/2004	--	--	--	--	22,26,911	5.03%
Anil Kumar Sood	Independent Non-Executive	00086577 28/04/2007	--	--	--	--	--	--
Anish Mathew	Independent Non-Executive	02545538 31/01/2009	--	--	--	--	97,570	0.22%
Leona Ambuja (Ms.)	Independent Non-Executive	07138817 31/03/2015	--	--	--	--	--	--
**D Sudhakar Reddy	Executive Director	00047707 06/03/2000	--	--	--	--	--	--

* Excludes directorships held in Private Limited Companies, Foreign Companies and Section 8 Companies.

Disclosure of Chairmanship & Membership includes only two committees viz. Audit Committee and Stakeholders' Relationship Committee.

** D Sudhakar Reddy resigned as Director of the Company with effect from 27th October, 2019

The Board of Directors of the company met four times during the financial year 2019-20:

Director	Board meetings held on			
	May 28, 2019	August 13, 2019	November 14, 2019	February 06, 2020
GV Kumar	✓	✓	✓	✓
D Sudhakar Reddy	Leave of Absence	Leave of Absence	NA	NA
Anil Kumar Sood	✓	✓	✓	Leave of Absence
Anish Mathew	✓	✓	✓	✓
Ms Leona Ambuja	✓	✓	✓	✓

The Board periodically reviews the items required to be placed before it in terms of the Companies Act, 2013 (previously Companies The Board periodically reviews the items required to be placed before it in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), in particular reviews and approves quarterly/ half yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance, progress of major projects and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The Agenda for the Board Meeting covers items prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the extent

these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/ her, which inter alia explains the role, function, duties and responsibilities expected of him / her as a director of the company. The Director is also explained in detail the compliances required from him / her under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his / her affirmation taken with respect to the same.

Independent Directors' Meeting

During the financial year under review, the Independent Directors met on May 28, 2019 to discuss:

- Review the performance of the Directors.
- Reviewed the performance of the Executive Directors of the company.
- Assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

3 AUDIT/ RISK & COMPLIANCE COMMITTEE

The primary objective of the Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensuring accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting. The Committee adheres to the Regulation 18 & 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in terms of quorum for its meetings, functioning, role and powers as also those set out in the Companies Act, 2013. The functions of the committee include:

- overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommendation of appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services;
- review of adequacy of internal audit function, including the reporting structure, coverage and frequency of internal audit;
- review of the company's financial and risk management policies;
- review of the financial reporting system and internal control systems;
- approve quarterly, half yearly and annual financial results including major accounting entries involving exercise of judgments by the management;
- representation by the Statutory Auditors to the management in regard to any internal control weaknesses observed by them during the course of their audit and the action taken by the management thereon;
- discussions with Statutory and Internal Auditors on matters related to their area of audit;
- management Discussion & Analysis of the company's operations;
- review of significant related party transactions;
- review of implementation of the Fraud Risk Management Policy and the Fraud Risk Assessment Reports;
- recommendation for appointment of Statutory Auditors and their remuneration;

The Committee consists of qualified and Independent Non-Executive Directors. All the Members on the Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

The Committee members met four times during the financial year 2019-20:

The Company Secretary is the Secretary of the Audit/Risk & Compliance Committee. The Managing Director and Executive Directors of the company as well as the Internal and Statutory Auditors of the company, attend Committee meetings to brief the Members. The Committee also invites Business and Departmental Heads, to discuss matters concerning their business / departments, as and when it deems necessary.

The Committee members met four times during the financial year 2019-20:

Members	Audit/ Risk & Compliance Committee Meetings held on			
	May 28, 2019	August 13, 2019	November 14, 2019	February 06, 2020
Anil Kumar Sood -Chairperson	✓	✓	✓	Leave of Absence
Anish Mathew	✓	✓	✓	✓
D Sudhakar Reddy	Leave of Absence	Leave of Absence	NA	NA
Leona Ambuja	✓	✓	✓	✓

The Company Secretary is the Secretary of the Audit/ Risk & Compliance Committee. The Managing Director and Executive Directors of the company as well as the Internal and Statutory Auditors of the company, attend Committee meetings to brief the Members. The Committee also invites Business and Departmental Heads, to discuss matters concerning their business/ departments, as and when it deems necessary.

4 NOMINATION & REMUNERATION COMMITTEE

The "Nomination and Remuneration committee" is governed by a Charter duly approved by the Board of Directors of the company and in compliance with Section 178 of Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The remuneration policy as adopted by the company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The software engineers as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

The terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

The Committee also approves, allocates and administers the Employee Stock Option Plans delegated by the Board / Shareholders of the company subject to the SEBI Regulations and other statutory regulations from time to time.

The Committee members met four times during the financial year 2019-20:

Director	Nomination & Remuneration Committee Meetings held on			
	May 28, 2019	August 13, 2019	November 14, 2019	February 06, 2020
Anish Mathew - Chairperson	✓	✓	✓	✓
Anil Kumar Sood	✓	✓	✓	Leave of Absence
Leona Ambuja	✓	✓	✓	✓

The company pays sitting fees of Rs 15,000 per meeting to its non-executive directors for attending the board and committee meetings. The company also reimburses the out-of-pocket expenses incurred by the directors for attending meetings.

The members at the 12th Annual General Meeting held on June 29, 2012 had approved payment of commission to the Non-Executive Directors (NED) within the ceiling of 1% of the net profits of the company as computed under the applicable provisions of the Companies Act, 1956. The said commission subject to the available profits as computed in terms of the Act, is decided each year by the Board of Directors and distributed amongst the NEDs based on their contribution at Board and Committee meetings, as well as the time spent on operational matters other than at meetings.

The details of remuneration paid to directors of the company during the year are given below:

Director	Salary / perquisites	Commission	Sitting fees	Total
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
GV Kumar	38.98	--	--	38.98
D Sudhakar Reddy	7.49	--	--	7.49
Anil Kumar Sood	--	--	1.80	1.80
Anish Mathew	--	--	2.40	2.40
Leona Ambuja	--	--	2.40	2.40

The remuneration paid to executive directors exclude contribution to gratuity fund and provision for leave encashment on retirement payable to them since the same is provided on actuarial basis (non-funded) for the company as a whole.

The severance payment to executive directors is in terms of the provisions of Section 202 of the Companies Act, 2013. Notice period of executive directors is as per the company's rules.

5 STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the company is in compliance with Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 comprising of Anish Mathew, Anil Kumar Sood, D Sudhakar Reddy, GV Kumar and Leona Ambuja to deal with various matters relating to:

- approve / refuse / reject registration of transfer / transmission / transposition of shares.
- allot shares on exercise of stock options and to authorize issue of Share Certificates.
- authorise:
 - (i) Issue of duplicate share certificates and issue of share certificates after split / consolidation / re-materialization of shareholding.

- (ii) Printing of Share Certificates.
- (iii) Affixation of Common Seal of the Company on Share Certificates.
- (iv) Directors / Managers / Officers / Signatories for signing / endorsing Share Certificates.
- (v) Necessary applications / corporate actions to Stock Exchanges and Depositories arising out of and incidental to the exercise of options by the employees.
- monitoring expeditious redressal of investors' grievances.
- non-receipt of Annual Report and declared dividend.
- all other matters related to shares.

The process of share transfer is assigned to Cameo Corporate Services Limited, the Registrar & Share Transfer Agent of the company, for taking care of share transfer formalities on an on-going basis.

There were three (3) investor grievances received and resolved during the year under report. There were no pending complaints at the beginning or end of the year. There were no transfers pending at the end of the year. All the investor grievance have been resolved to the satisfaction of the investors.

The Committee met three times during the financial year 2019-20

Members	Stakeholders' Relationship Committee Meetings held on		
	May 28, 2019	August 13,2019	February 06, 2020
Anil Kumar Sood – Chairperson	✓	✓	Leave of Absence
D Sudhakar Reddy	Leave of Absence	Leave of Absence	NA*
G V Kumar	✓	✓	✓
Leona Ambuja	✓	✓	✓

**D Sudhakar Reddy resigned as Director of the Company with effect from 27th October,2019.

The Company Secretary also functions as the Compliance Officer.

6 KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

The Company's Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Company's Board is in compliance with the highest standards of corporate governance.

The table below summarizes the key qualifications, skills, and attributes which are taken into consideration while nominating candidates to serve on the Board.

Definition of Directors Qualifications	
Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions
Gender, ethnic, national, or other diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide
Global business	Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth
Technology	A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models
Board service and governance	Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices

Sales and marketing Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Director	Area of Expertise						
	Financial	Diversity	Global business	Leadership	Technology	Board service and governance	Sales and marketing
GV Kumar	√	√	√	√	√	√	√
Anil Kumar Sood	√	√	√	√	√	√	x
Anish Mathew	√	√	√	√	x	√	√
Leona Ambuja	√	√	√	√	x	√	√

7 GENERAL BODY MEETINGS

Annual General Meetings (AGM)

Year	AGM	Location	Date	Time	Special Resolutions passed
2019	19 th	Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai – 600083	13 th August, 2019	9.00 AM	5
2018	18 th	Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai – 600083	27 th September, 2018	9.00 AM	Nil
2017	17 th	Sri Thyaga Braham Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T Nagar, Chennai 600017	28 th July, 2017	9.00 AM	Nil

The resolutions at the last AGM were passed by e-voting and ballot as prescribed under the Companies Act, 2013.

Extra-ordinary General Meetings (EGM)

During the year, no extra-ordinary general meeting was held.

Postal Ballot

During the year, no resolutions were passed by means of Postal Ballot process.

8 PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Board Committees. A structured performance evaluation was done after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

9 SUBSIDIARY COMPANIES

The company does not have any Indian subsidiary.

The financial statements of the foreign subsidiary companies were / are placed before and reviewed by the Audit/Risk & Compliance

Committee.

10 DETAILS OF TOTAL FEES PAID TO STATUTORY AUDITORS

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, are as follows:

(₹ in Lakhs)

Type of Service	FY 2019-20	FY 2018-19
Audit Fee	26.95	21.30
Tax Fee	-	-
Others	-	5.00

11 CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees of the company and its subsidiaries. The Code has been posted on the website of the company.

The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were required to complete an e-learning module in this regard.

12 DISCLOSURES

There were no materially significant related party transactions, pecuniary transaction or relationships between the company and its directors during the year ended 31 March 2019 that may have a potential conflict with the interests of the company at large.

All details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board, and the interested directors neither participated in the discussion, nor voted on such matters.

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report and they are not in conflict with the interest of the company at large.

Business risk evaluation and managing such risks is an on-going process within the organisation. The Board is regularly briefed of risks assessed and the measures adopted by the company to mitigate the risks.

No strictures / penalties have been imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last three years.

The company's code of conduct has clearly laid down procedures for reporting unethical behaviour, actual or suspected fraud or violation of the ethics policies. No employee of the company is / was denied access to the Audit/Risk & Compliance Committee.

Adoption of non-mandatory requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being reviewed by the Board from time to time.

Internal Controls

The company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The company's business process has a strong monitoring and reporting process resulting in financial discipline and accountability.

CEO & CFO Certification

The certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the company's affairs is annexed and forms part of the Annual Report.

Vigil Mechanism / Whistle Blower Policy

The company is committed to the high standards of Corporate Governance and stakeholder responsibility. The company has a whistle blower policy to deal with instances of fraud and mismanagement, if any. The said policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The said policy is posted on the website of the company.

13 MEANS OF COMMUNICATION

The unaudited quarterly / half yearly financial results are announced within the stipulated time frame in terms of the Regulation 33(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

The audited annual financial results are announced within the stipulated time frame in terms of Regulation 33 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. For the financial year ended 31 March 2020, the company announced the Audited annual financial results on 30.07.2020.

The above mentioned results are being taken on record by the Board of Directors with due review by the Audit / Risk & Compliance Committee and communicated to the Stock Exchanges where the company's securities are listed. The Stock Exchanges are intimated about these results and published within 48 hours in English (Business Standard) and Tamil (Makkal Kural) daily newspapers.

The quarterly / half-yearly and the annual financial results are placed on the website of the company.

14 GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting

Pursuant to the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020, issued by the Ministry of Corporate Affairs, the 20th Annual General Meeting (AGM) of the members of the Company for the year ended March 31, 2020 is scheduled to be held on Tuesday, September 22, 2020 at 10.00 AM IST through Video Conferencing/OAVM. The Members may attend the 20th AGM scheduled to be held on September 22, 2020, 10:00 AM IST onwards, through VC/OAVM or watch the live web-cast at www.evotingindia.com. Detailed instructions for participation are provided in the Notice of the 20th AGM. The proceedings of the 20th AGM will be available through VC/OAVM and live web-cast to the shareholders as on the cut-off date i.e. September 15, 2020

▪ Calendar for Financial Results 2020-21

1 April to 31 March

Unaudited quarterly results for 2020-21 First quarter –August/Sept 2020

Second quarter / half yearly – first half of November 2020

Third quarter – first half of February 2021

Annual results for the year ending 31 March 2021 – May 2021

Annual General Meeting for the year ending 31 March 2021 – August / September 20-21

▪ Date of book closure

September 16, 2020 to September 22, 2020 (both days inclusive)

▪ Listing on Stock Exchanges

The company's equity shares are listed in India:

BSE Limited

Phiroze JeeJee Bhoy Towers
Dalal Street, Fort Mumbai 400001

National Stock Exchange of India Limited

Exchange Plaza
Bandra-Kurla Complex, Bandra (E) Mumbai 400051

The company has paid the listing fees to the stock exchanges where its securities are listed.

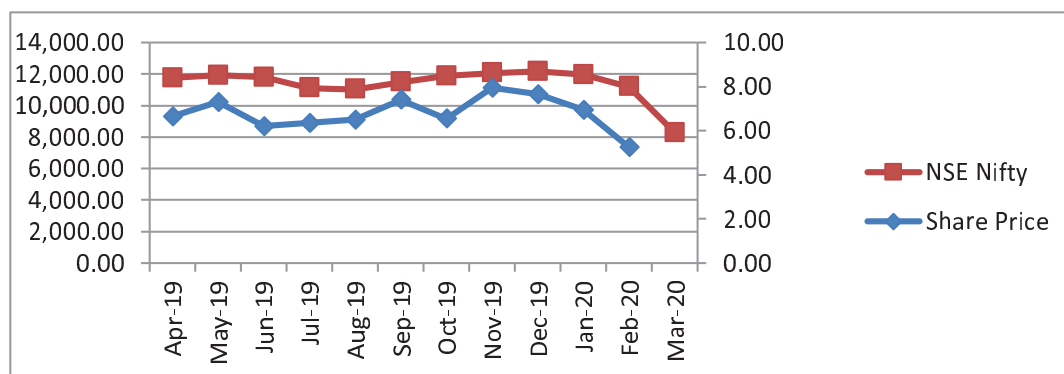
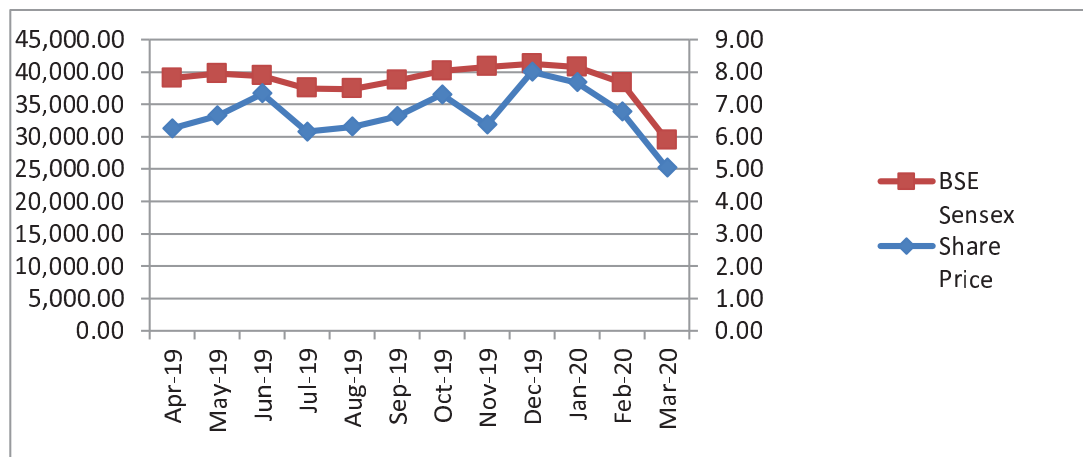
▪ Stock Code

Stock Exchange	Code
BSE Limited	532408
National Stock Exchange of India Limited	MEGASOFT
ISIN number for equity shares	INE933B01012

▪ Stock market data

Months	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
	₹	₹	₹	Nos	₹	₹	₹	Nos
April	7.40	6.00	6.25	44,821	7.25	5.85	6	2,01,387
May	7.69	5.60	6.65	1,75,299	7.7	5.6	6.65	6,03,934
June	8.81	6.50	7.33	3,63,760	8.90	6.50	7.30	986027
July	8.07	5.90	6.15	2,24,355	8.00	5.85	6.20	400143
August	6.61	5.68	6.30	1,42,009	6.60	5.65	6.35	360921
September	7.12	6.07	6.62	1,10,320	7.10	6.20	6.50	202196
October	7.35	6.22	7.30	49,480	7.4	6.10	7.40	294389
November	7.30	6.22	6.36	89,066	7.4	6.10	6.55	344865
December	9.67	6.06	8.00	4,99,026	9.80	5.9	7.95	1636826

January	7.90	6.79	7.67	1,70,532	8.05	6.75	7.65	716176
February	8.55	6.75	6.77	1,73,345	8.50	6.65	6.95	630564
March	7.45	4.60	5.03	1,27,547	7.45	4.55	5.25	848787



▪ **Distribution of shareholding as on 31 March 2020**

No of Shares held	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
10-5000	18808	80.0885	21754030	4.9142
5001-10000	1951	8.3077	16218300	3.6637
10001-20000	1113	4.7393	17533480	3.9608
20001-30000	414	1.7629	10758800	2.4304
30001-40000	214	0.9112	7615390	1.7203
40001-50000	219	0.9325	10523090	2.3771
50001-100000	368	1.5670	28059010	6.3385
100001 & Above	397	1.6905	330210830	74.5947
Total	23484	100.0000	442672930	100.0000

▪ **Dematerialisation of shares**

The company's equity shares are tradable compulsorily in electronic form. The company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Cameo Corporate Services Limited, Registrar and Share Transfer Agents. The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE933B01012. Over 90.26% of outstanding equity shares of the company have been dematerialised as on 31 March 2020.

Category	Number of shareholders	Number of shares	% to total equity
Demat mode			
NSDL	14,430	2,33,14,534	52.67
CDSL	8,221	1,66,43,562	37.60
Physical mode	833	43,09,197	09.73
Total	24,357	44,267,293	100.00

▪ Categories of shareholders

	Category of shareholder	No. of shareholders	Total No. of shares	% of shareholding
A	Shareholding of Promoter and Promoter Group			
	Indian Promoters	3	32,03,956	7.24
	Total Shareholding of Promoter Group	3	32,03,956	7.24
B	Public Shareholding			
1	Institutions			
	Mutual Funds / UTI	0	0	0.00
	Financial Institutions / Banks	3	2,605	0.01
	Venture Capital Funds	1	37,62,375	8.50
	Insurance Companies	1	30,478	0.07
	Foreign Institutional Investors	0	0	0.00
	Others-Foreign Portfolio Investors	0	0	0.00
	Sub Total B(1)	5	37,95,458	8.58
2	Non-institutions			
	Bodies Corporate	259	52,67,456	11.90
	Individuals			
	Individual shareholders holding nominal share capital up to Rs. 2 lakh	21,220	1,21,15,105	27.37
	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	186	1,50,67,847	34.04
	Others:			
	Directors & their Relatives	5	23,67,323	5.35
	HUF	617	9,79,410	2.21
	Trusts	2	105	0.00
	NRI	254	14,29,680	3.23
	Clearing Members	22	40,953	0.09
	Sub Total B(2)	22,565	3,72,67,879	84.19
	Total Public Shareholding (B)=B(1)+B(2)	22,570	4,10,63,337	92.76
	Total (A+B)	22,573	4,42,67,293	100.00

Shareholders holding more than 1% of the equity share capital

	Name of the shareholder	No. of shares	% of shareholding
1.	I Labs Venture Capital Fund	37,62,375	8.50
2.	Ravindra Babu S	26,88,768	6.07
3.	Venkataraman Kumar Gandaravakottai	22,26,911	5.03
4.	Sri Power Generation (India) Private Limited	17,69,822	4.00
5.	Godavari Greenlands Pvt Ltd	13,43,750	3.04
6.	Satyavathi Denukuri	8,35,500	1.89
7.	Srinivas Raju D	7,47,600	1.69
8.	S Ravindra Babu	512,126	1.16
9.	Rajendra Y. Shah	4,67,000	1.05
10.	Saudamini Thakkala	5,93,392	1.34
11.	Rajendran V	5,92,224	1.34
12.	Krishna Prasad Tumuluri	8,78,067	1.98
13.	Rajagopalan Shyamsunder	4,46,936	1.01
	Total	16864471	40.08

▪ Registrar and Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Building, 1, Club House Road, Chennai 600002, India
Tel: +91.44.28460390, Fax: +91.44.28460129, email: cameo@cameoindia.com

▪ Share Transfer System and other related matters

(i) Share transfers

The share transfers in physical form are presently processed and the share certificates are generally returned within a period of 15 days from the date of receipt.

(ii) Nomination facility for shareholding

As per the provisions of the Companies Act 2013, facility for making nomination is available for shareholders in respect of shares held by them. Those shareholders who hold shares in physical form may obtain nomination forms from the company.

(iii) Payment of dividend through Electronic Clearing Service

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and Bank details are available. In the absence of ECS facility the company is required to print the Bank account details, if available, on payment instruments for distribution of dividend to the shareholders. The company is complying with SEBI's directive in this regard.

(iv) Transfer to Investor Education and Protection Fund

The Company was not required to transfer any sums to Investor Education and Protection Fund (IEPF) established by the Central Government during the financial year.

(v) Correspondence regarding Change of Address, etc.

Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates, etc. should be signed by the first named shareholder. The company is now also requesting for supporting documents such as proof of residence and proof of identification whenever a letter requesting for change of address is received. This is being done in the interest of shareholders as there are cases in the corporate world where attempts are made to fraudulently change the registered address of shareholders by unscrupulous parties. Shareholders are requested to kindly co-operate and submit the necessary documents / evidence while sending the letters for change of address. Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account/s.

(vi) Pending Investors' Grievances'

Any shareholder whose grievance has not been resolved to his / her satisfaction may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

▪ **Go Green initiative**

In order to protect the environment and as a Go Green initiative, the company has taken an initiative of sending documents like Notice calling the Annual General Meeting, Directors' Report, Audited Financial Statements, Auditors' Report, dividend intimations, etc. by e-mail. Physical copies shall be sent only to those shareholders whose e-mail addresses are not registered with the company. Shareholders are requested to register / update their e-mail id with RTA/ Depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

▪ **Plant locations**

In view of the nature of the company's business viz. Information Technology (IT) services, the company operates from various offices in India and abroad and does not have any manufacturing plant.

▪ **Address for correspondence**

Company Secretary & Compliance Officer Megasoft Limited
85, Kutchery Road, Mylapore, Chennai 600004
Tel: +91.44.24616768, Fax: +91.44.24617810, email: investors@megasoft.com

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 30th July 2020

.....
GV Kumar
Managing Director

.....
Anil Kumar Sood
Director

Management's Discussion and Analysis

(1) Background and Overview

Your Company derives most of its revenues as a technology supplier to the global telecoms industry, especially mobile carriers. Mobile services is a dynamic industry that is constantly undergoing market changes, regulatory changes, technology changes and changes in customer preferences. Mobile operators need to constantly reinvent themselves and stay relevant in this fast changing market environment and hence their need for key & new technologies is a constant driver for your company's growth opportunities. With OTT Platforms mobile enabling many traditional industries and New emerging areas like 5-G, enterprise mobile markets and the Internet of Things (IoT) opening up wholly new business segments, the mobile technology industry continues its expansion. Your company too is well positioned to take advantage of this constant growth and changes.

2019-20 had been a challenging year globally with Capital spending by mobile operators seeing a decline in the first half and COVID-19 causing a sudden halt to many projects in the last 2 months of the financial year. While the impact of COVID 19 will be severe on new project implementation and expansion especially during the first half of 2020-21, the lock down has actually seen increase in mobile usage by customers and boosted ARPUs for mobile operators. Also new opportunities will arise from changing market conditions, consumer preferences and the first large-scale rollouts of 5G technologies, which are expected to create significant business opportunities for telecom companies like yours especially from year 2021 onwards. Roll out of 5G networks is likely to require core changes in OSS / BSS & support technologies (Your company's product areas traditionally) which can present good opportunities for your company.

Additionally IOT, network security & Digital (Mobile) money transactions are other emerging areas expected to witness huge growth in usage and customer base.

The Latin American Market, where your company has a strong presence, is witnessing a churn with the MVNO players getting fresh momentum and consumer's fast adapting digital money & digital transactions.

Your Company will continue to rely on its agile innovation adoption, democratized customer Strategies and Strategic partnerships.

(2) Financial results

Your company reported a consolidated turnover of ₹ 5673.26 lakhs in 2020 as against ₹ 6187.37 lakhs in 2019. Profit after tax for the financial year under review is ₹ 70.61 lakhs

(A) Sources of Revenue

The company derives revenues through the following revenue models:

- Hosted Managed Services (Annuity)

The company operates its platform end-to-end in datacenters and gets paid monthly, based on a revenue-share or per-subscriber transaction fee model, around a multi-year contract. The company also normally charges an upfront technology implementation fee from these customers.

- Software Licensing and Customization

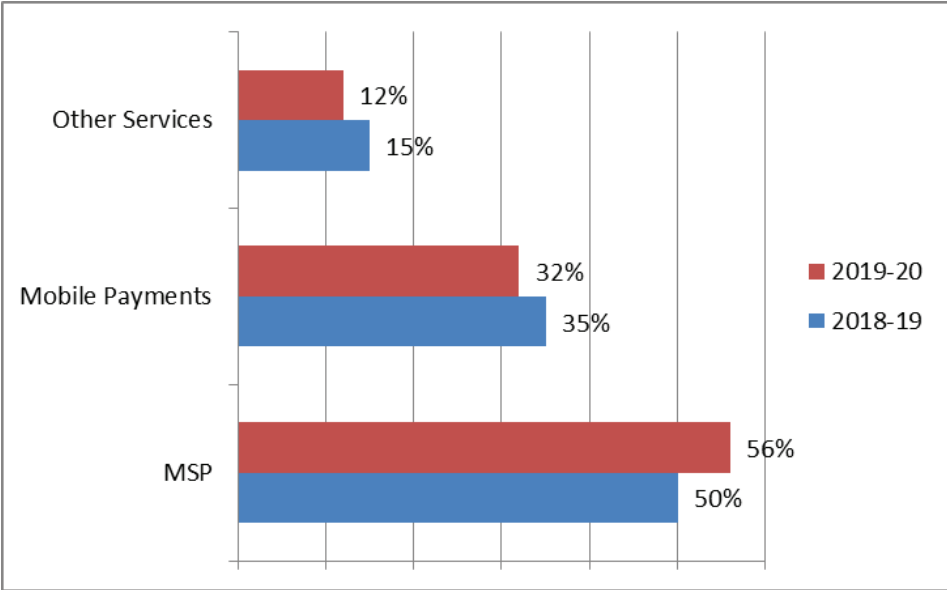
The company also offers its platforms on a capacity licensing basis to mobile operators, wherein its platforms are installed in the carrier's premises in return for a one-time license fee for a stated limited capacity (subscriber, throughput, or other appropriate metric).

- Services and Maintenance

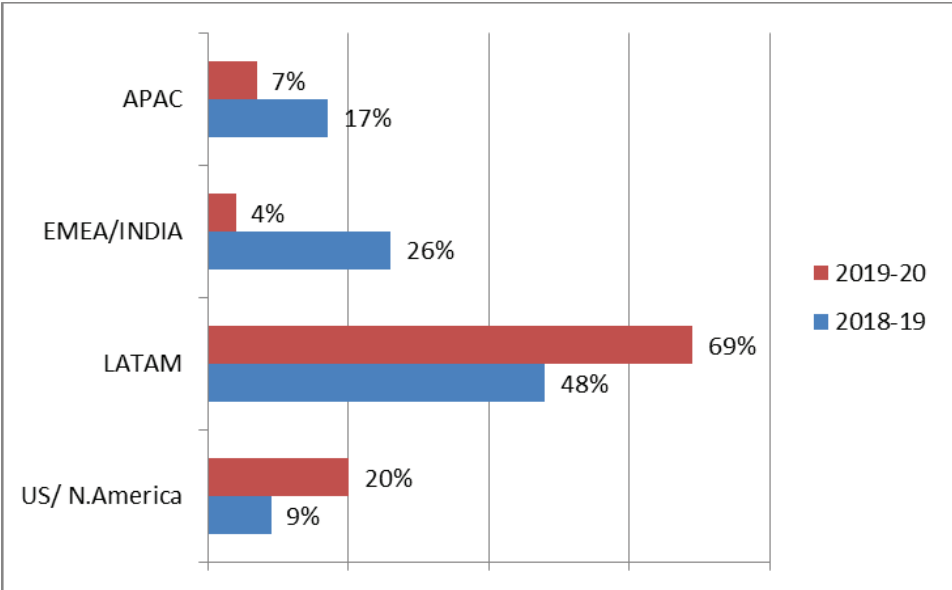
The company also realizes revenues derived from customizing its platforms to suit specific service needs of carrier customers. This is a steady revenue source with AMCs (Annual Maintenance Contracts).

(B) Segment-wise Performance

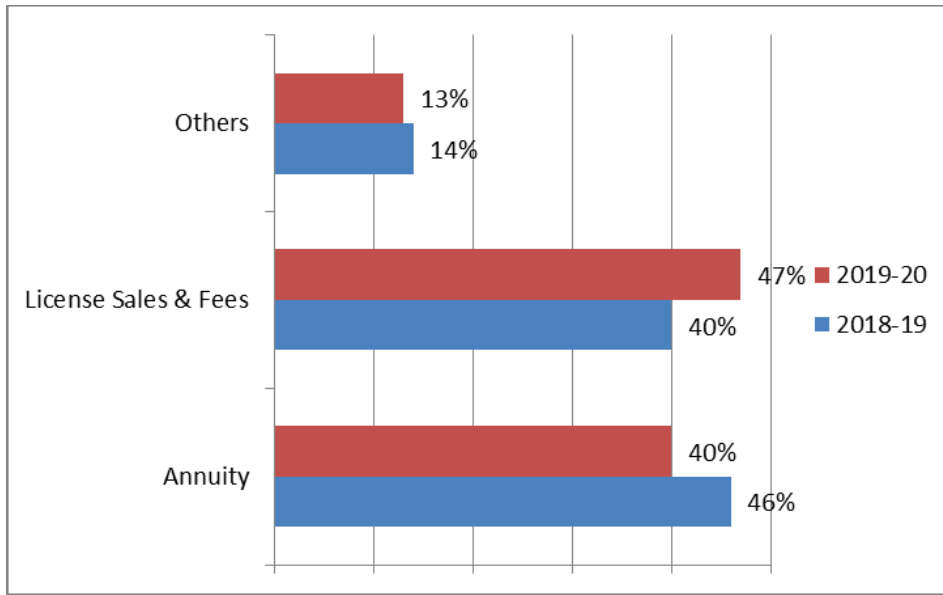
Product Wise



Geography Wise



Business Model-Wise



(C) Significant Transactions during the period under review

During the previous financial year, Block 2 of your Company’s IT facility at Nanamramguda, (Hyderabad) was completed on time and the same as per Joint Development Agreement. With M/S Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company) and as declared by the company vide its disclosure to the Stock Exchanges on 5 February 2020.

(3) Industry Outlook

Any prediction and analysis on the Industry outlook while in the midst of the COVID-19 pandemic and resultant disruption in the global economic environment is fraught with a lot uncertainty and hence need to be viewed in that context. Assessing the extent of delays and slow down in the projected Market growth is currently not feasible and hence what is presented here is an Industry outlook at a steady state.

(A) MVNO market: expansion through new markets and specialized segments

As the MVNO (Mobile Virtual Network Operators – Your company’s important customer segment) market matures across the globe especially in US & Europe, more new launches are seen in South & Central America, Middle-East and Asia.

While the effect of economic recession and de-growth due to the COVID-19 Pandemic is yet to be assessed, previously, ‘Research and Markets’ estimates the global MVNO market size to reach USD 94.82 billion by 2025. This can be attributed to growing demand for data services, increasing number of services such as Mobile enablement ; Internet of Things (IoT) and mobile money are expected to drive MVNO demand further.

LATAM MVNO market presents a significant opportunity that is yet to be effectively realized with further growth and new launches in Peru, Colombia, Central America and Chile.

In addition, several MVNOs are planning to enter the market as specialist providers, combining mobile services with another core service (example financial services) and this trend is expected to drive the market expansion more and more in coming years.

(B) 5G & the Internet of Things (IoT)

5G roll out is expected to create a new range of services and opportunities for technology company like yours especially .– smart city technologies, Fixed Wireless Mobile, fleet management, etc – as well as making Mobile operators primary OTT providers in their own right. AS per Research done by Markets & Markets, The 5G-infrastructure market is estimated to be valued at USD 784 million in 2020 and is projected to reach USD 47,775 million by 2027. As per the report, the major driving factors are, growing adoption of virtual networking architecture in telecommunications, and growth in mobile data traffic is driving the market. Increasing M2M connections across various industries are also expected to drive the 5G-infrastructure growth during the forecast

period. Enterprises and Industrial end users will offer a significant new market segment for technology vendors in the 5G space.

According to a report by Zion Market Research, the global IoT in smart cities market was valued at around USD 79.3 billion in 2018 and is expected to reach approximately USD 330.1 billion by 2025, at a CAGR of slightly above 22.6 percent between 2019 and 2025.

(C) Mobile & Digital Payments

Your Company's other major technology segment is that of Mobile payments. Rapid adaptation of mobile-based fintech and mobile payments, are being witnessed across the globe. India's success with UPI, digital payments is spurring new demands for such technologies across the globe.

According to Allied Market Research, global mobile payment transactions will be worth more than \$3.5 trillion by 2023, Mobile payments have been gaining popularity, as more people now have a mobile device than a bank account.

As more countries develop single digital payment environments like the Indian UPI, Innovations in the mobile payments space are likely to continue and holds large potential for driving growth in the mobile-based financial services.

India and the Asia Pacific are ahead in adoption of such technologies, while regions characterized by mature economies like Europe and North America lag behind. This is rooted in the differing financial infrastructures within both developing and developed markets. South American countries provide a big growth opportunity for mobile payments due to their rapid transition from cash-driven economies to digital payment ones.

Previously under-served customers in lower economic strata as well as in remote areas, are now being given an opportunity to use mobile payments resulting in their financial and commercial inclusion. These newly connected cashless consumers carry enormous growth potential in developing economies, benefitting technology vendors in this area, like your company.

(4) Business Strategy and Focus for 2020-21

As outlined earlier, going forward, Your Company's Strategic Business Units (SBUs) will continue to focus on

1. Mobile Services Platform (MSP) for MVNOs in Americas and (AMEA);
2. Africa, Middle East & Asia (AMEA) for all products & services especially for billing systems, CRM & other BSS technologies that form the core of our MSP Platform.
3. Payment systems for LATAM in specific as well as other regions and
4. Internet of Things (IoT) for the US market.

Your Company expects to roll out its 5G ready platforms for the above technology & market segments by the end of the financial year which will be a key business driver for years to come. Your Company's New Product Group (NPG) is focused on this as well as expanding the Mobile Payments capabilities with a view to cater to the fast expanding digital payment space.

For 2020 and beyond, the company will execute on the following approach to growing the business:

A. MVNOs in Latin America – Growing Opportunities

In Latin America, MVNO offerings are rapidly expanding and new launches are happening all the major countries, Mexico, Colombia, Peru, Chile, Ecuador etc. In Colombia, MVNOs now have double-digit market share with more than 5 million subscribers. Mexico, being the largest Market, is also witnessing a rapid growth of MVNO services with large brands from other industries moving to provide Virtual Mobile services.

Your company has vast operational experience of having deployed its Mobile Services Platform (MSP) for many MVNE/O clients and in this region and is fast emerging as the Market Leader in Latin America. We intend to grow in scale and scope and also leverage our specialty cloud-based MSP to further extend into new services and specialists segments.

B. Mobile Based Digital Payments, Mobile Wallet and Digital financial services

Your Company, with its most comprehensive end-to-end mobile payment platforms and over 10 years of extensive experience, is well poised to take good share of Mobile based digital payment processing and Digital financial market as a technology vendor of choice to Financial service providers, old and new in this vast market.

India is now acknowledged across the world as the biggest success story in adapting digital payments as well as use of mobile connectivity to provide financial inclusivity to all sections of the population. In January 2020, over 97% of payments by volume in India was digital. This phenomenal growth has been achieved through home grown solutions and technology. Thus globally your company has an image advantage in this area.

Designed and developed to address a large variety of payment needs, our Payment Manager system also provides a comprehensive settlement infrastructure connections between payment service providers including banks, channel partners, mobile network operators and electronic money institutions to create a central payment clearing for instant domestic and international transactions across multiple currencies including digital ones.

C. Focus on Internet of Things (IoT) Market

With billions of connected devices predicted to come to market by 2024, IoT will transform usage of telecom networks from consumer centric to a device centric framework. In fact, 5G is touted as a “Network for Networks” and roll out of 5G IS expected to exponentially growth the IOT market globally.

This is likely to put mobile operators in a strong position to have a key relationship with consumers and a wealth of information to foster untapped business potential (within the bounds of privacy laws).

For global mobile service providers who seek to deliver a growing bouquet of services, the end-to-end management and ability to integrate into an operator’s service management systems is fundamental for our XIUS suite of IoT platforms are an ideal choice for the same.

Your Company has gain good traction in USA, has partnered with a leading mobile operator there and will be deploying its platform for a variety of customers there in the coming months / years.

D. Continued Innovation and R&D Efforts

Your Company’s ability to ideate, innovate and successfully launch new technology platforms and services has always been the corner stone for its continued success, survival and growth all these years and your Company will continue this tradition of innovation in this year as well. New Product teams are working on building cutting edge technologies and new offerings to be launched in the coming years and Your Company accordingly expects to launch many new products & services.

(5) Our Offering

(a) Mobile Services Platform (MSP)

XIUS Mobile Infrastructure Solutions and Services enhance the way service providers across an array of industries deliver and capitalize upon next-generation mobile services.

- XIUS MSP provides end-to-end infrastructure for 3G, 4G, (soon full 5G) Mobile Operators, MVNE/MVNOs, Converged Broadband 4G (LTE) Service Providers, Mobile Operator Wholesale Departments, and M2M, IoT Service Providers

- XIUS MSP offers a complete suite of cost-competitive and reliable infrastructure options that enable mobile services delivery along with real-time rating and billing.

- MSP’s comprehensive Billing Module (Real-time Postpaid & prepaid, Inter-connect &Roaming) combined with its vast CRM capabilities offer Mobile operators a comprehensive platform to offer a wide range of services to their subscribers.

Your Company has already successfully upgraded MSP into a fully Cloud enabled Platform to host state-of-the-art features and capabilities on the Cloud – private, hybrid and public cloud networks.

(b) XIUS Internet of Things (IoT) SUITE

XIUS IoT Platform is software-based and unique in the IoT market in being a truly horizontal, end-to-end services delivery framework built for the new mobile world of connected devices and emerging services across a disparate array of devices in a secure and cost-

effective manner.

As the IoT market takes off and mobile service providers begin thinking beyond simple connectivity and beyond one vertical, very few players will emerge as having the capability to create, deliver and manage new services the way Megasoft can.

Leveraging hybrid cloud architecture to resolve one of the most challenging issues facing IoT services, security is assured by distributing data and making any potential system-wide breach of security unlikely with least amount of potential exposure.

Operational simplicity is achieved through seamless integration with mobile operators' existing back-office systems allowing them to rapidly and cost effectively, deploy and manage multi- service solutions without requiring any major investments in new operations systems or staff training.

Being seamlessly integrated with the BSS/ Billing / Support modules of our MSP Platform, Enterprise customers including universities, Fleet operators, Healthcare service providers, large corporates, can additionally avail these systems as well when opting for XIUS IOT Suite.

(c) Mobile Payments Manager (PM)

Your Company's XIUS PM is one of the most comprehensive Digital Mobile payment platform available in the world today. A large highly scalable transaction engine at its core, XIUS PM offers, channel management, Banking & Payment Gateways, Digital wallet and loyalty systems, P-2-P payments, settlements and a fully regulatory compliant reporting system. That makes XIUS PM an ideal choice for a variety of financial services needs.

(6) Risks and Concerns

The company's management embarked on a number of initiatives to manage business risks (given below):

Market Risk

Your company's growth is dependent on mobile telecom industry growth. The telecom industry has historically suffered from an extended sales cycle and high debtors' position, detrimental to cash flows. With the macroeconomic situation still fluid and the Telco industry facing falling ARPUs worldwide, sustained capital expenditure in the mobile industry remains uncertain and this may affect your company's performance.

Additionally the COVID-19 global pandemic and the resultant economic slowdown can severely affect new project roll outs, the effect of which is hard to assess at this moment.

Megasoft is also aiming at non-telco customers for its mobile payment platforms. While this reduces the company's sole dependence on mobile telcos for its revenues, it may also pose unknown challenges and risks due to the company's lack of experience in these segments.

With Megasoft exploring new geographies, new products & services we anticipate new known and unknown competition and market risk.

Revenue Risk

The past two years have seen mobile telcos grapple with rapid financial, operational and market changes. We are helping our clients to navigate through this period of uncertainty but your Company foresees the likelihood of reduced revenues from customers in certain cases, there may be incremental costs to acquire a contract and certain costs to fulfill a contract. With COVID-19 affecting all customers in various ways, Some Customers may wish to reconsider current contract terms and business practices. Additionally there can be delays in implementation of projects and roll out of services in new segments, which can delay your company's revenues.

Protection of Intellectual Property Rights

In a knowledge-driven business, the primary responsibility is to safeguard intellectual property. The company encourages employees to ideate and file patents to protect intellectual property. Megasoft has filed applications for 120 patents of which 35 have been awarded so far. The award of patents only reiterates our strong belief and commitment to continue innovating and contributing to the industry.

Litigation

There is an increasing trend towards litigation regarding intellectual property rights, patents and trademarks in the software and telecom industry. There are also other corporate legal risks including contractual performance and product performance. The company has an insurance policy in place to mitigate these risks.

Foreign Currency Fluctuation

With over 95% of its revenues coming from overseas markets, The Company enjoys a substantial exposure to foreign exchange- related

risks on account of earnings denominated in foreign currencies by exporting software, products and solutions. A majority of the company's revenues are US\$ denominated; the continued depreciation of the Indian rupee vis-à-vis the US\$ can result in much higher interest and capital repayment outflows for the company as witnessed in the fiscal year 2019-20. Also, such huge fluctuations make revenue and profit projections more unpredictable.

Client Concentration

Your Company's Revenue is distributed across all clients and not dependent on any one company. The company expanded its sales focus on new customers and market segments and will expand its revenue base and achieve a better spread in revenues and clients.

(7) Internal Controls

The company possesses an adequate system of internal controls to safeguard assets. Checks and balances were in place and reviewed at regular intervals to ensure that transactions were properly authorized and reported correctly. The Audit Committee, in consultation with Internal Auditors, reviewed the internal control systems at regular intervals and initiated corrective action(s) wherever deemed necessary.

Additionally, the company has already initiated a corporate management initiative to define best practices in processes, methodologies, systems and metrics with a specific focus on customer interaction and service delivery. The company commissioned a new research and development organization with supporting processes, customer support, managed services processes, Management Reporting and Control Systems (MRCS) and automation. Going forward, the company will regularly assess risks and controls for existing and new process flows.

The continuance of the company's 'cash and caution' policy enabled the company to remain profitable at the end of the financial year. The company continues its tight cost controls, debt reduction and repayment.

(8) Human Assets

The company enjoys cordial relationships with employees as it endeavors to provide them with a professionally rewarding and enriching work environment. The company possesses an effective performance management system that focuses on employee development, measuring key result areas, competencies and training needs.

Your Company is targeting the launch of three new products and training resources accordingly to meet the technological and operational demands that each of the products may necessarily require.

The company advocates work-life balance and welfare activities that enhance team cohesiveness. F5, a welfare activity, has become a great success and has brought tremendous enthusiasm and motivation among the employees. To keep the skill set honed and up to date, the employees are professionally trained in technologies like LTE, cyber security, IoT and cloud. To ensure profitable contract closure the company has revised the sales incentive plan to motivate the sales organization with more closures.

(9) Quality Certifications

Our Quality Management System (QMS) has its foundation on decades of experience and industry best practices that are aligned with international standard quality models and certifications.

ISO 9001:2015 – Quality Management System

The company's products & solutions ensure customer satisfaction.

ISO 27001:2013 – Information Security Management System

The certification assures that we maintain confidentiality, integrity and availability of corporate and client information.

(10) Property

During the 2017-18, after the Shareholders' approval through the postal ballot dated 22nd March 2016 for the same, the company entered into a Joint Development Agreement with M/S Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company) & obtained necessary Statutory approvals from TSIC and other regulatory authorities for setting up a large IT facility at its property at Nanakramguda
Annual Report 2019 – 2020

Hyderabad, consisting of 3 blocks. Block 1 of the said IT facility was completed in 2018-19 and block 2 has been completed during this fiscal (2019-20) and the same has also been rented out as announced by the company in its disclosure on 5 February 2020.

(11) Financial results review

The financial statements complied with the requirements of the Companies Act, 2013, and the Indian Accounting Standards.

FINANCIAL PERFORMANCE (CONSOLIDATED)

Share capital

There is no change in the company's equity share capital during the financial year under review.

Reserves and surplus

The movement in Foreign Currency Translation Reserve during the financial year under review was due to fluctuation in foreign currency rate.

The profit earned during the year has been carried forward in full.

Borrowings

The total debt in the current year Decreased to Rs.3,964.65 lakhs from Rs. 4,081.98 lakhs in the previous year. The changes are due to part payment of loans and fluctuations in foreign currency rate.

Deferred tax liability / asset

The deferred tax asset is Rs.60.75 lakhs at the end of the financial year as against deferred tax asset of Rs.56.90 lakhs in the previous year.

Trade Payables & Other liabilities

The trade payables and other current liabilities increased to Rs.15,124.66 lakhs in 2020 from Rs. 14,360.54 lakhs in 2019. The increase is due to deposits received for Tower 2 at Nanakramguda property and also in the normal course of business.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Provision for retirement benefits	16.52	80.81	129.94	126.59	146.46	207.40

The movement in the provisions is in the normal course of business.

Fixed assets

The fixed assets increased to ₹ 16,339.29 lakhs in the current year from ₹ 15,918.52 lakhs in the previous year in the normal course of business and fluctuation of the foreign currency.

Goodwill on consolidation

Goodwill on consolidation was on account of accumulated losses in the overseas companies on the date of their acquisition and the excess consideration paid over and above their respective capital.

Investments

No additional investments were made during the financial year under review.

Trade receivables

The total trade receivables (net of provisions) stood at Rs.5,933.22 lakhs as against Rs.5,847.16 lakhs in the previous year. This is in the normal course of business plus exchange fluctuation.

Cash and bank balances

The current year cash and bank balances of ₹ 583.57 lakhs was higher on account of lower operating expenses. The previous year-end balance was ₹ 258.60 lakhs.

Results of operations (consolidated)

For the period / year ended	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs
Revenues	5673.26	6187.37
EBIDTA	1187.33	1061.10
Finance cost	682.82	614.83
Depreciation	437.58	375.76
Profit before tax	66.93	70.52
Less: Taxes	(3.78)	37.10
Profit after tax	70.71	33.42
Other Comprehensive Income	(0.10)	564.82
Total Comprehensive Income	70.61	598.24

Revenues

The consolidated revenues Decreased to ₹ 5,673.26 lakhs in 2020 from ₹ 6,187.37 lakhs in 2019.

Other Income / (Expenses)

The foreign exchange profit (net) was ₹ 86.30 lakhs in current year 2020 as against ₹ 35.39 lakhs profit (net) in 2019 in the previous financial year. This movement was on account of foreign currency rate fluctuation and also during the year, there also rental income received towards occupancy of Tower 1 at Nanakramguda property for the full period as against a partial period in the previous year.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 1,644.82 lakhs in 2020 and the same was ₹ 2,179.24 lakhs in 2019.

Employee cost

The decrease in employee cost to ₹ 1,246.41 lakhs in 2020 from ₹ 1,677.95 lakhs in 2019 is in the normal course of business.

Other expenses

The increase in other expenses to ₹ 2,244.98 lakhs in 2020 from ₹ 2,133.02 lakhs in 2019 is in the normal course of business.

Finance cost

The finance cost increased to ₹ 682.82 lakhs in 2020 from ₹ 614.83 lakhs in 2019. The increase is primarily due to effect of Ind As translation and others (₹ 169 lakhs)

Depreciation

Depreciation was charged on a pro-rata basis on fixed assets purchased / sold during the year. Depreciation on assets acquired under finance lease / hire purchase was provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset. The movement in depreciation charge from ₹ 375.76 lakhs in the previous financial year to ₹ 437.58 lakhs in 2020 is on account of capitalization of the building at Nanakramguda (₹ 110 lakhs) and also on account of Ind As translation pertaining to ROU asset (₹ 167 lakhs)

FINANCIAL PERFORMANCE (STANDALONE)

Share capital

There is no change in the company's equity share capital during the financial year under review.

Reserves and surplus

The profit earned by the company during the year has been carried forward in full and hence there is an increase in closing balance in Statement of Profit & Loss.

Borrowings

The total debt in the current year decreased to ₹ 847.92 lakhs from ₹ 1,211.37 lakhs in the previous year.

Deferred tax liability/asset

The deferred tax asset was ₹ 61.28 lakhs at the end of the financial year as against deferred tax asset of ₹ 57.50 lakhs in the previous year.

Trade Payables & Other liabilities

The Trade payables and other current liabilities increased to ₹ 13,397.48 lakhs from ₹ 12,674.56 Lakhs in 2019. The increase is due to deposits received for Tower 2 at Nanakramguda property and also in the normal course of business.

	Short term		Long term		Total	
As at	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Provision for retirement benefits	16.52	80.81	129.94	126.59	146.46	207.40

Provisions

The movement in the provisions was in the normal course of business.

Fixed assets

The fixed asset was ₹ 13,468.80 Lakhs as against ₹ 13,555.14 lakhs in the previous year.

Investments

No additional investments were made during the financial year under review.

Trade Receivables

The increase in Trade Receivables from ₹ 3,823.04 lakhs in the previous year to ₹ 4,456.14 lakhs in the current year is in the normal course of the business and foreign currency exchange fluctuations.

Cash and bank balances

The cash and bank balance was ₹ 11.71 lakhs in 2020 as against ₹ 73.81 lakhs in 2019.

Result of Operations (Standalone)

For the period / year ended	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs
Revenues	2034.40	2363.77
EBIDTA	763.35	549.27
Finance cost	366.67	373.25
Depreciation	344.73	98.37
Profit before tax	51.94	77.66
Less: Taxes	(3.78)	36.50
Profit after tax	55.73	41.15
Other Comprehensive Income	(0.10)	564.82
Total Comprehensive Income	55.63	605.98

Revenues

Revenues were ₹ 2034.40 lakhs in 2020 as against ₹ 2363.77 lakhs in 2019.

Other Income / (Expenses)

The foreign exchange gain (net) was ₹ 86.30 lakhs in 2020 as against profit of ₹ 185.37 lakhs in 2019. This movement was on account of foreign currency rate fluctuation and also during the year, there also rental income received towards occupancy of Tower 1 at Nanakramguda property for the full period as against a partial period in the previous year.

Software, hardware and material costs

The Software, hardware and material costs was ₹ 102.33 lakhs in 2020 as against ₹ 234.60 lakhs in 2019.

Employee cost

The decrease in employee cost from ₹ 1,153.31 lakhs in 2019 to ₹ 775.73 lakhs in 2020 in the normal course of the business.

Other expenses

The decrease in other expenses from ₹ 1,440.51 lakhs in 2019 to ₹ 1,043.26 lakhs in 2020.

Finance cost

The decrease in finance cost from ₹ 373.25 lakhs in 2019 to ₹ 366.67 lakhs in 2020. However there has been an incremental adjustment of ₹ 169 lacs due to effect of Ind As translation and others.

Depreciation

Depreciation was charged on a pro-rata basis on fixed assets purchased / sold during the year. Depreciation on assets acquired under finance lease / hire purchase is provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset. The depreciation charge was ₹ 344.73 lakhs in 2020 as against ₹ 98.37 lakhs in 2019. The increase is on account of capitalization of the building at Nanakramguda (₹ 110 lakhs) and also on account of Ind As translation pertaining to ROU asset (₹ 167 lakhs)

Auditors' Certificate on Corporate Governance

To
The Members of Megasoft Limited,

We have examined the compliance of conditions of Corporate Governance by Megasoft Limited for the year ended 31st March 2020, as stipulated in terms of Regulation 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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 explanation given to us, we certify that the Company has complied in all material respect with conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

For N.C. Rajagopal & Co.
Chartered Accountants.,
Firm Reg No : 003398S

Place: Chennai
Date: 30 July 2020

Arjun S
(Partner)
Membership No. 230448
UDIN – 20230448AAAABJ8667

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer (CFO) of Megasoft Limited ("the Company"), to the best of our Knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement for the financial year ended 31 March 2020 and based on our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading; and
 - ii. These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct;
3. we are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the company and have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. we have indicated, based on our most recent evaluation, wherever applicable, to Auditors and Audit Committee:
 - i. Significant changes, if any, in the internal control over financial reporting during the year;
 - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Place: Hyderabad
Date :30th July 2020

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GV Kumar
MD & CEO

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ShridharThathachary
CFO

Declaration regarding compliance by Board members and senior management personnel with the company's code of conduct

This is to confirm that the company has adopted a Code of Conduct for the Board of Directors and senior management of the company. The same is available on website of the company at www.megasoft.com. As Managing Director of Megasoft Limited and as required by Regulation 31 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the Code of Conduct for the financial year 2019-20.

.....
GV Kumar
Managing Director

Place: Hyderabad
Date :30th July 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of MEGASOFT LIMITED,
N0.85, Kutchery Road, Mylapore,
Chennai – 600 004.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of MEGASOFT LIMITED having CIN - L72200TN1999PLC042730 and having registered office at N0.85, Kutchery Road, Mylapore, Chennai - 600 004 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Kumar Venkataraman Gandarvakottai	00059107	01/09/2004
2.	Mr. Anil Kumar Sood	00086577	28/04/2007
3.	Mr. Anish Mathew	02545538	31/01/2009
4.	Ms. Leona Ambuja	07138817	31/03/2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 M DAMODARAN & ASSOCIATES LLP

Place : Chennai
Date : 19/08/2020

M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.:F005837B000594381

INDEPENDENT AUDITOR'S REPORT

To the Members of Megasoft Limited

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the Consolidated Ind AS Financial Statements of **MEGASOFT LIMITED** and its Subsidiaries **Megasoft Consultants Sdn Bhd, XIUS Holding Corp, XIUS Corp and XIUS S DE RL DE CV** (collectively called as “the Group”) which comprise the Consolidated balance sheet as at 31st March 2020, and Consolidated statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Consolidated Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor’s Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers”:</p> <p>The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Accordingly, the Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods has happened in the next financial year.</p>	<p>We assessed the Company’s process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows:</p> <p>Evaluated the process relating to implementation of the new revenue accounting standard.</p> <p>Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard.</p> <p>Identified the distinct performance obligations in these contracts.</p> <p>Compared these performance obligations with that identified and recorded by the Company.</p>

		Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals</p> <p>The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> ➤ We have reviewed the Joint Development Agreement. ➤ We have verified the Partial Occupancy certificate given by the ZM and Commissioner. ➤ We have verified the lease rental agreements entered into by the Company. ➤ We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.
3	<p>Evaluation of uncertain tax positions:</p> <p>The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer “Contingent Liability and Data for Notes on accounts” annexure.</p>	<ul style="list-style-type: none"> ➤ We obtained the list of legal cases filed by and on the Company. ➤ We Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. ➤ We also reviewed Company’s correspondences and appeal documents. ➤ We obtained status reports from the existing counsels handling each case. ➤ Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. ➤ Ensured appropriate disclosure under Notes on accounts.

4. Information Other than the Financial Statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s report, including Annexure to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information but doesn’t include the Consolidated Ind AS Financial Statements and our auditor’s report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

5. Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matter

We did not audit the financial statements of all the 4 subsidiaries whose Financial statements reflect total assets of Rs.7,885.37 lakhs as at 31st March ,2020, total revenues of Rs. Rs. 5,501.15 lakhs and net cash flows amounting to Rs.387.07 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose

reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigation on its financial position in its Consolidated Ind AS Financial Statements – Refer Note no. 26 to the Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

For N.C. Rajagopal & Co.,
Chartered Accountants
(Firm Regn No.003398S)

Arjun S
Partner
(M No. 230448)
UDIN : 20230448AAAABK3440

Place : Chennai
Date : 30 July 2020

ANNEXURE - A TO THE AUDITORS' REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, We have audited the internal financial controls over financial reporting of Megasoft Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in outside India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, its, which are companies incorporated outside India, are responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiary companies, which are companies incorporated in outside India, is based on the corresponding reports of such companies incorporated in outside India.

For N.C. Rajagopal & Co.
Chartered Accountants
Firm Reg No : 003398S

Place: Chennai
Date: 30 July 2020

ArjunS
(Partner)
Membership No. 230448
UDIN : 20230448AAAABK3440

Consolidated Balance Sheet

	Note	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
ASSETS			
Non-Current assets			
Non-Financial Assets			
Property, Plant and Equipment	2	16,339.29	12,837.12
Capital WIP	2	-	3,081.40
Goodwill		7,936.12	7,936.12
Financial Assets			
Investments			
Other Financial Assets	3	137.39	124.87
Deferred Tax Assets	4	60.75	56.90
Other Non Current Assets	5	-	11.49
Current Assets			
Financial Assets			
Trade Receivables	6	5,933.22	5,847.16
Cash And Bank Balances	7	583.57	258.60
Other Balances with Bank	8	33.05	45.05
Current Tax Assets (Net)	9	572.81	469.73
Other Current Assets	10	1,530.09	1,506.13
TOTAL ASSETS		33,126.29	32,174.57
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	9,610.25	9,305.34
Total Equity		14,036.97	13,732.07
Non-Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	12	1,432.04	1,084.60
Provisions	13	129.94	126.59
Current Liabilities			
Financial Liabilities			
Borrowings	14	3,964.65	4,081.98
Trade payables	15	1,210.62	1,469.08
Other financial liabilities	16	1,833.78	1,580.70
Provisions-Current	17	860.35	746.11
Other current liabilities	18	9,657.93	9,353.45
TOTAL EQUITY & LIABILITIES		33,126.29	32,174.57
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-36		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Consolidated Statement of Profit & Loss

	Note	For the year ended 31-Mar-2020 ₹ in lakhs	For the year ended 31-Mar-2019 ₹ in lakhs
Revenue from Operations			
Revenue from sale of services	19	5,673.26	6,187.37
Other Income	20	650.28	863.94
		6,323.54	7,051.31
Expenses			
Software, hardware and material cost		1,644.82	2,179.24
Employee benefits expense	21	1,246.41	1,677.95
Finance costs	22	682.82	614.83
Depreciation and amortisation expense	2	437.58	375.76
Other expenses	23	2,244.98	2,133.02
TOTAL EXPENSES		6,256.61	6,980.79
Profit/(Loss) Before tax		66.93	70.52
Tax expense			
Current tax		-	2.86
Deferred tax		(3.78)	34.24
Total tax expense		(3.78)	37.10
Profit/(Loss) for the year		70.71	33.42
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		(0.10)	12.47
ii) Changes in Revaluation Surplus			2,773.73
B Items that will be reclassified to profit and loss			
i) Fair Value Changes in Equity Instruments through OCI			(2,221.38)
Other Comprehensive Income for the year		(0.10)	564.82
Total Comprehensive Income for the year		70.61	598.24
Earnings per equity share (in ₹)			
(1) Basic		0.16	0.08
(2) Diluted		0.16	0.08
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-36		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached
for **N.C. Rajagopal & Co**

Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Statement of changes in equity

A Equity Share Capital								(Amounts in Lakhs)	
Equity shares of ` 10 each, Issued, Subscribed and Paid up				Balance as at 31st March 2019	Changes in equity share capital		Balance as at 31st March, 2020		
Equity shares with voting rights				4,426.73			4,426.73		
Total				4,426.73			4,426.73		
B Other Equity									
Particulars	Securities Premium Reserve						Retained Earnings	Other Comprehensive Income	Total
		Capital Reserve	Foreign Currency Translation Reserve	General Reserve	Business Reconstitution Reserve	Revaluation Reserve			
Balance as at 1st April 2019	250.66	5.59	(2,484.05)	2,546.71	21.38	2,773.73	8,372.09	(2180.78)	9,305.32
Addition during the current year	-	-	234.31	-	-	-	-	(0.10)	234.21
Profit for the year	-	-	-	-	-	-	70.71	-	70.71
Balance as at 31st March 2020	250.66	5.59	(2,249.74)	2,546.71	21.38	2,773.73	8,442.80	(2,180.88)	9,610.25

As per our Report of even date attached for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448
Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Consolidated Cash Flow Statement

	For the year ended 31-Mar-2020 ₹ in lakhs	For the year ended 31-Mar-2019 ₹ in lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	66.93	70.52
Adjusted for:		
Bad Debts	340.00	700.45
Depreciation	437.58	375.76
Adjustment arising out of ROU Assets	(165.11)	-
Provision for retirement benefits	(0.10)	12.47
Interest Income	(13.68)	(12.32)
Interest & Bank Charges	682.82	513.27
Sundry Credit balance written back	-	619.11
Unrealised Foreign Exchange Fluctuation	234.31	(393.94)
Operating Profit Before Working Capital Changes	1582.74	1885.33
Adjusted for:		
Trade and other Receivables	(429.90)	989.55
Trade and other payables	714.40	2,290.70
Prepaid Expenses	11.49	11.46
Other Financial Assets	(139.56)	(11.35)
Cash Generated from operations	1739.17	5,165.67
Net prior year adjustments	-	-
Current Tax (Current and relating to Previous years)	-	(2.86)
Deferred Tax	3.78	(34.84)
Net Cash from / (Used in) Operating Activities [A]	1,742.95	5,127.97
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(3724.91)	(6,488.07)
Capital Work In Progress (WIP)	3,081.40	2,680.00
Interest Income (Gross)	13.68	12.32
Intangibles	-	-
Net Cash from / (Used in) Investing Activities [B]	(629.83)	(3,795.75)
C. Cash flow from Financial Activities		
Realization of deposits / (Repayment of deposits)	12.00	-
Repayment of Borrowings	(117.33)	(622.48)
Interest & Bank Charges	(682.82)	(513.27)
Net Cash flow from/(Used in) Financing Activities [C]	(788.15)	(1,135.76)
Net Cash Flows during the year {A+B+C}	324.97	197.06
Cash & Cash Equivalents (Opening Balance)	258.60	61.54
Cash & Cash Equivalents (Closing Balance)	583.57	258.60

As per our Report of even date attached
for **N.C. Rajagopal & Co**

Chartered Accountants
Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad

Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Megasoft Limited

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in the financial statements are presented in lakhs, as otherwise stated)

Note 1A: Company information and Significant accounting policies

a. Background

Megasoft Limited, a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, on 29 June 1999 and is registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

Megasoft Limited ("The Company") together with its subsidiary companies (collectively "the Group") is engaged in the business of providing Information Technology services to customer

Name of the Wholly owned Subsidiary Companies	Country of Incorporation	% Holding
XIUS Holding Corp	USA	100%
Xius Corp	USA	100%
XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L)	Mexico	100%
Megasoft Consultants SdnBhd	Malaysia	100%

b. Basis of Preparation

These Financial Statements have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rule, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The Financial Statements upto year ended 31st March 2017 were prepared in accordance with Generally Accepted Accounting principles(GAAP) in India, accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 2013 collectively referred to as "Indian GAAP". The company followed the provisions of IND AS 101 in preparing its opening IND AS Balance Sheet as on the date of transition viz. 1st April, 2016. Some of the Company's IND AS accounting policies used in the opening balance sheet are different from the previous GAAP policies applied as at 31st March, 2016 and accordingly adjustments were made to restate the opening balances as per IND AS. The adjustments arose from events and transactions before the date of transition of IND AS were recognised directly to Retained earnings as at 1st April, 2016, as required by IND AS 101.

Disclosures under IND AS are made only in respect of material items and in respect of the items that will be useful to the users of Financial Statements in making economic decisions.

c. Basis of Measurement

The Financial Statements have been prepared in Going concern basis and on an accrual method of accounting. Historical cost is used in preparation of Financial Statements except for the following items which are measured at Fair value:

- i) Certain Financial assets and liabilities
- ii) Net Defined benefit (Asset)/ Liability

d. Functional and Presentation currency

The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs, except as stated otherwise.

e. Use of estimates and management judgement

The preparation of Financial Statements in conformity with the accounting policies requires the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Note 1B Significant accounting policies

A Summary of significant accounting policies applied in the preparation of Financial Statements is given below. These accounting policies

have been applied consistently to all the periods presented in the Financial Statements.

a. Revenue Recognition

Revenue from software development on time and material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current estimates. Revenue from product licenses and related revenue are recognized as follows:

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end use
- Product maintenance revenues, over the period of the maintenance contract

b. Property, Plant and Equipment

i. Initial and Subsequent Recognition:

All items of Property, Plant and equipment (PPE) are measured at Historical cost, which includes capitalised borrowing cost less accumulated depreciation and impairment loss, if any.

Items of spare parts, standby equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised. Other spare part are carried as inventory and recognised in the Statement of Profit and Loss on consumption.

Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation price adjustment, change in duties or similar factors, and the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Spare parts are recognised when they meet the definition of Property, Plant and Equipment , otherwise, such items are classified as inventory.

On transition to IND AS, the company has elected to adopt the cost model i.e., cost less accumulated depreciation for all of its Property, Plant and Equipment as at 1st April, 2016. Except for land which has been revalued to reflect the fair value.

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

ii. Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight – line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on additions to/ deductions from property, plant and equipment during the year is charged on pro – rata basis from/ up to the month in which the asset is available for use/ disposed.

iii. Goodwill and Other Intangible Assets:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

iv. Capital work – in – progress:

The cost of self – constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis of the cost of related assets.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

v. Leases:

The company's lease assets primarily comprises of buildings. The company assesses whether a contract contains a lease at the inception

of the contract. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 are accounted for as per the provisions of the standard. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Right of Use (ROU) assets have been recognized by the Company at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

c. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in IND AS 7 “Cash Flow Statement”.

d. Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities, and equity for the earliest period presented, are restated.

e. Income Tax

Income tax expense comprises Current and Deferred tax. Current Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for all temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

Deferred Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

f. Employee Benefits

Defined contribution plans: Contribution to defined contribution plans are recognized as expenses when employees have rendered services entitling them to such benefits.

Defined benefit plans: For defined benefit plans, the cost of providing benefits using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other Comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as expenses at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

g. Foreign currency translation

The consolidated financial statements are prepared in Indian Rupees, which is the functional currency for Megasoft Limited. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiary companies at the currency exchange rate which is in effect at the balance sheet date; for revenue, costs and expenses the translation is done using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as "Foreign Currency Translation Reserve" under "Reserve & Surplus".

All income and expenditure transactions of the foreign branch during the year are included in these accounts at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation is translated at the rates used for the transaction of the values of the assets on which depreciation is computed. Net gain/loss on foreign currency translation is recognized in the profit & loss Account.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and / or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expenses or income over the life of the contract.

Gain / Losses on settlement of transaction arising on cancelled or renewal of such a forward exchange contract are recognized as income or expenses for the period. In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) is recognized in the profit or loss account for the period.

h. Borrowing Cost

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

i. Impairment of Non – Financial Assets

The carrying amount of Company's Non – financial Assets are reviewed at each reported date to determine whether there is an indication of impairment 'considering the provisions of IND AS 36 "Intangible Assets".

Impairment loss is recognised if the carrying amount of the assets or its Cash Generating Units (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in Profit and Loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Non-Financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Earnings per share

Basic earnings per share are computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

k. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the Financial Statements and are disclosed in the Notes. A Contingent asset is neither recognized nor disclosed in the Financial Statements.

l. Business Combination

As part of the transition to IND AS, the company has decided to apply the IND AS 103, Business combinations, to only those business combinations that occurred on or after 1st April, 2015.

In respect of Business combinations, prior to 1st April, 2015, goodwill represents the amount recognised under the company's previous accounting framework under Indian GAAP and the same is tested annually for impairment.

m. Financial Instruments

All Financial Assets and Liabilities are recognised and measured initially at fair value adjusted by transaction cost, except for those carried at fair value through Profit or Loss which are measured initially at fair value. For the purpose of subsequent measurement, Financial Assets are classified into following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through Other Comprehensive Income (FVOCI)

➤ **Financial asset**

Amortised Cost

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designed at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income and foreign exchange differences on monetary assets, which are recognised in statement of profit and loss.

➤ **Financial Liabilities**

Initial recognition and measurement

All financial liabilities are initially recognised at Book value and in the case of loans and borrowings and payables, net of attributable transaction costs (example: Upfront processing fees).

The company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts and financial guarantee contracts.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivate financial instruments are accounted for at FVTPL.

2. Fixed Assets

(₹ in lakhs)

Particulars	Gross Block					Depreciation					Net Block	
	Cost as at 1-Apr-2019	Additions/ Revaluation	Deletions / Adjustments	Foreign Exchange translation difference	Cost as at 31-Mar-2020	As at 1-Apr-2019	For the period / year	On Deletions / Adjustments	Foreign Exchange translation difference	Total as at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
(A) Tangible Assets												
Land & Land Development	3673.32	-	-		3,673.32	-	-	-		-	3,673.32	3673.32
Building	6,492.94	3087.43	-		9580.37	25.65	110.72	-		136.37	9444.00	6467.29
Leasehold building(ROU)		214.83			214.83		167.76			167.76	47.07	-
Plant & Machinery	524.73	93.11	-	28.62	646.46	388.87	52.98	-	4.25	446.10	200.36	135.86
Computer systems & Software	13,973.81	368.77	-	932.79	15,275.37	12,013.00	96.65	-	836.06	12,945.71	2,329.66	1960.81
Furniture & Fittings	633.45	45.10		46.34	724.89	504.65	9.47	-	37.56	551.68	173.21	128.80
Vehicles	84.80		-	1.33	86.13	75.82			0.68	76.50	9.63	8.98
Sub Total	25,383.05	3,809.24	-	1,009.08	30,201.36	13,007.99	437.58	-	878.55	14,324.12	15,877.24	12,375.06
(B) Intangible Assets												
Intellectual Property Rights	68.00	-	-		68.00	68.00	-	-		68.00	-	-
Patents	1,253.64	-	-		1,253.64	791.59	-	-		791.59	462.05	462.05
Sub Total	1,321.64	-	-		1,321.64	859.59	-	-		859.59	462.05	462.05
(C) Capital WIP	3081.40	-	3,081.40	-	-	-	-	-		-	-	3081.40
TOTAL	29,786.09	3,809.24	3,081.40	1,009.08	31,523.00	13,867.58	437.58	-	878.55	15,183.71	16,339.29	15,918.52
Previous year	22,880.90	9,907.85	2,481.22	516.12	29,786.09	13,168.42	375.76	-	357.96	13,867.57	15,918.52	9712.48

DESCRIPTION	Property, Plant and equipment	Right of Use Asset	Total
Gross Carrying Value			
As at March 31, 2019	25,383.05	-	25,383.05
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind As 116	-	-	
Additions	3,594.41	214.83	3,809.24
Disposals	-	-	
Foreign exchange translation difference	1,009.08	-	
As at March 31, 2020	29,986.53	214.83	30,201.36
Accumulated Depreciation			
As at March 31, 2019	13,007.98	-	13,007.98
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind AS 116	-	-	
Charge for the year	269.82	167.76	437.58
Adjustment for disposal	-	-	
Foreign exchange translation difference	878.55		
As at March 31, 2020	14,156.35	167.76	14,324.11
Net Block as at March 31, 2019	12,375.07	-	12,375.07
Net Block as at March 31, 2020	15,830.18	47.07	15,877.24

Summary of Depreciation charged In P&L account	
On account of ROU assets (Ind AS 116)	167.76
On account of Others (incl. Building)	269.82
	437.58

	As at 31-Mar-2020 ₹ in lakhs	As at 1st-Apr-2019 ₹ in lakhs
3 Financial Asset		
Security deposit	137.39	124.87
Total	137.39	124.87
4 Deferred Tax Asset - Non Current		
On account of depreciation	160.76	2.97
On account of others	-221.51	53.92
Total	60.75	56.90
5 Other Non Current asset		
Prepaid expenses	-	11.49
Total	-	11.49
6 Trade Receivables		
Unsecured, considered good		
- Exceeding six months from the date they were due for payment	4,723.06	5,000.25
- Others	1,210.16	846.91
Total	5,933.22	5,847.16
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	583.56	258.47
- Cash on hand	0.01	0.13
Total	583.57	258.60
8 Other Bank balances		
Deposits held as Margin Money	33.05	45.05
Total	33.05	45.05
9 Current Tax (Liabilities)/Asset		
Advance Tax (Net off Provision for Taxation: CY-NIL; PY-2.26)	572.81	469.73
Total	572.81	469.73
10 Other Current Assets		
Prepaid Expenses	487.38	482.98
Security Deposits	79.67	57.32
Accrued Interest Receivable	14.99	14.18
Indirect Tax Receivable	421.98	586.17
Other Advances		
-Staff Advances	496.88	30.08
-Others	29.18	335.41
Total	1,530.08	1,506.13
11A : Share Capital		
a) Authorised Capital	7,500.00	7,500.00
7,50,00,000 Equity shares of ₹ 10 each (PYs: 7,50,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00
Issued, Subscribed and Fully Paid up Capital		
4,42,67,293 Equity Shares of ₹ 10/- each, Fully paid up (PY : 2018- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up) (PY : 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)	4,426.73	4,426.73
Total	4,426.73	4,426.73

b) Reconciliation of number of shares outstanding at the beginning and end of reporting period

Particulars	Equity Shares As at 31st March,2020		Equity Shares As at 31st March,2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

c) (i) Rights and Preferences attached to equity shares

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

d) Details of shareholders holding more than 5 % shares in the company

Particulars	As at 31st March,2020		As at 31st March,2019	
	No. of shares	%	No. of shares	%
l labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%
Ravindra Babu S	2,688,768	6.07%	2,688,768	6.07%
Venkatraman Kumar Gandaravakottai	2,226,911	5.03%	2,226,911	5.03%

e) During the period of five years immediately preceding the reporting date including the current year, the company has neither bought back nor issued any bonus shares.

11B Other Equity

A Securities Premium Account				
Opening balance			250.66	250.66
Closing balance			250.66	250.66
B Capital Reserve			5.59	5.59
Closing balance			5.59	5.59
C Foreign Currency Translation Reserve			(2,484.05)	(2,090.11)
Changes during the year			234.31	(393.94)
Closing balance			(2,249.74)	(2,484.05)
d Business Reconstruction Reserve			21.38	21.38
Closing balance			21.38	21.38
e General Reserve			2,546.71	2,546.71
Closing balance			2,546.71	2,546.71
f Retained Earnings				
Opening balance			8,372.09	8,338.67
Net Profit/ (Loss) for the year			70.71	33.42
Closing balance			8,442.80	8,372.09
g Revaluation Surplus				
Opening balance			2,773.33	-
Changes during the year			-	2,773.33
Closing balance			2,773.73	2,773.33
h Other Comprehensive Income				
As per Last Balance Sheet			(2,180.78)	28.13
Add: Movement in OCI during the year (net)			(0.10)	564.82
Less: Transfer to Revaluation Surplus			-	(2,773.73)
Total Other Comprehensive Income			(2,180.88)	(2,180.78)
Total			9,610.25	9,305.32
12 Other Financial Liability - Non Current				
Security Deposit-JDA			1,302.39	1,030.86
Deferred Premium Translation of financial Liabilities			129.64	53.75
Total			1,432.04	1,084.60
13 Provisions - Non Current				
Provision for Gratuity			102.82	102.28
Provision for leave encashment			27.13	24.32
Total			129.94	126.59
14 Borrowings - Current				
Secured				
Loans repayable on demand - Working Capital Loan			3,964.65	4,081.98
Unsecured				
Others			-	-
Total			3,964.65	4,081.98

15 Trade Payables

Dues to micro, small and medium enterprises	-	-
Total outstanding due of creditors other than micro and small enterprises	1,210.62	1,469.08
Total	1,210.62	1,469.08

16 Other Financial Liabilities

Interest Accrued and due on Borrowings	1,744.00	1,486.85
Deferred premium translation of Financial Liabilities	40.06	93.86
Current maturities of finance lease obligations	49.72	-
Total	1,833.78	1,580.70

17 Provisions – Current

Provision for Gratuity	10.41	59.35
Provision for Leave Encashment	6.11	21.46
Provision for Outstanding Expenses	843.83	665.30
Total	860.35	746.11

18 Other current liabilities

Statutory Dues Payable	198.52	88.69
Salary Payable	325.53	259.32
Other Payables*	9,133.88	9,005.44
* Includes amounts received on JDA property.		
Total	9,657.93	9,353.45

19 Revenue From Operation

Revenue from sale of services	5,673.26	6,187.37
Total	5,673.26	6,187.37

20 Other Income

Interest Income - Security Deposit (Ind AS)	12.52	11.35
Amortization Income - JDA Land (Ind AS)	78.31	83.59
Other non-operating income		
Rental Income	471.90	112.90
Interest Received	1.16	0.97
Sub Total	563.89	208.81
Other gains and losses		
Creditor Written Back	-	619.11
Net foreign exchange gain	86.30	35.39
Profit on Sale of Fixed Asset	-	0.63
Miscellaneous	0.09	-
Sub Total	86.39	655.13
Total	650.28	863.94

21 Employee benefit expense

Salaries and Wages	1,159.96	1,584.01
Contribution to Provident Fund and other funds	49.48	59.45
Staff Welfare	36.97	34.49
Total	1,246.41	1,677.95

22 Finance costs

Interest expenses		578.87	513.27
- Interest on Bank loan	408.93		
- Interest on Ind AS and others	169.94		
Bank Charges		103.95	101.56
Total		682.82	614.83

23 Other expenses

Services Rendered by business associates and Others	615.98	469.69
Electricity Charges	67.83	70.27
Insurance Expenses	48.63	69.07
Travelling and conveyance	87.05	89.90
Legal and professional charges	47.88	52.31
Rates and taxes	106.44	24.10
Rent	61.42	240.38
Repairs and Maintenance	98.09	85.61

Security charges	15.80	11.51
Communication costs	28.17	35.49
Business promotion expenses	586.21	210.24
Printing and stationery	5.90	4.98
Audit fees (Excluding Taxes)	-	-
Statutory Audit Fees	26.95	21.30
Tax and Other Matters	-	5.00
Sitting fees paid	6.60	4.35
Bad Debt Written Off	340.00	700.45
Commission	78.65	-
Miscellaneous expenses	23.39	38.36
(under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)		
Total	2,244.98	2,133.02

24 Earnings Per Share

Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	70.71	33.42
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.16	0.08

25 Related party transactions

A. Associates

Entities controlled by Director/s

D Sudhakar Reddy

NMR Property Development Private Limited

Sricity Private Limited

Suprani Farms Private Limited

Sricity Holdings India Private Limited

Sricity Utility Services Private Limited

Sri Dhruva Builders Private Limited

B. Directors & Key Management Personnel

GV Kumar – Managing Director

D Sudhakar Reddy – Executive Director-till 26.10.2019

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2020	For year ended 31.03.2019
Associates :		
1. Reimbursement of Common Expenses received	(2.40)	9.64
2. Due to / (from)	-	(2.40)
Directors & Key Management Personnel :		
3. Remuneration to Executive Directors	46.48	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	6.60	4.35

26. Commitments & Contingencies

- (i) Bank guarantees 176.29 168.84
- (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company.
- (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal.

27. Segmental Information

The company has a single reportable segment, that of Telecom.

Secondary segmental reporting is reported on the basis of the geographical location of customers Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

	Period ended 31-Mar-2020 ₹ in lakhs	Period ended 31-Mar-2019 ₹ in lakhs
Business Segment (Primary)		
Revenues – Telecom	5,673.26	6,187.37

Segment profit	537.05	197.17
Less: Finance cost	682.82	614.83
Less: Depreciation	437.58	375.76
Other Income / (Expenses)	650.28	863.94
Profit before taxes	66.93	70.52
Less: Taxes	(3.78)	37.10
Profit after taxes	70.71	33.42
Other Comprehensive Income	(0.10)	564.82
Total Comprehensive Income	70.61	598.24

Geographical Segment (Secondary)

Revenues

USA & North America	1,159.30	556.86
Latam	3,914.55	2,969.94
EMEA / India / APAC	599.41	2,660.57
	5,673.26	6,187.37

Carrying amount of segment assets

USA & North America	8,943.97	8,934.93
Latam	5,829.84	5,428.40
EMEA / India	8,127.38	7,846.58
APAC	1,518.03	1,365.57
Total	24,419.22	23,575.48

28. Employee benefits:

Gratuity Plan (defined benefit plan): Every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

Based on actuarial valuation necessary provisions have been created in the books to meet the liability as per IndAS 19 - Employee Benefits. Following table presents the disclosure requirements in respect of employee benefit pursuant to IndAS 19 - Employee Benefits:

Reconciliation of balances of the present value of the defined benefit obligation

Particulars	Gratuity	
	31-03-2020	31-03-2019
Present Obligation at period beginning – Current	161.63	156.54
Service cost	9.59	15.58
Interest on defined benefit obligation	12.34	12.17
Past Service Cost	-	-
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(70.44)	(10.20)
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss	1.96	4.76
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	4.99	1.17
Actuarial (gain) / Loss- Due to Change In Financial Experience	(6.85)	(18.41)
Present Value of Benefit Obligation at the End of the Period	113.23	161.63

Amount Recognized in Balance Sheet

Particulars	31 st March 2020	31 st March 2019
(Present Value of Benefit Obligation at the end of the Period)	(113.23)	(161.63)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(113.23)	(161.63)
Net (Liability)/Asset Recognized in the Balance Sheet	(113.23)	(161.63)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2020	31 st March 2019
Current Service Cost	9.59	15.58
Net Interest Cost	12.34	12.17

Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	21.94	27.76

Expenses Recognized in Other Comprehensive Income (OCI) for Current Period

Particulars	31 st March 2020	31 st March 2019
Actuarial (Gains)/Losses on Obligation for the period	(0.10)	(12.47)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	(0.10)	(12.47)

Sensitivity Analysis

Particulars	31 st March 2020	31 st March 2019
Projected Benefit Obligation on Current Assumptions	113.23	161.63
Delta Effect of +1% Change in Rate of Discounting	(7.04)	(7.91)
Delta Effect of -1% Change in Rate of Discounting	7.95	9.03
Delta Effect of +1% Change in Rate of Salary Increase	6.84	7.93
Delta Effect of -1% Change in Rate of Salary Increase	(5.39)	(7.09)
Delta Effect of +1% Change in Rate of Employee Turnover	0.35	1.33
Delta Effect of -1% Change in Rate of Employee Turnover	(0.38)	(1.48)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29. Leases

Information on leases as per Indian Accounting Standards (Ind As) 116 on 'Leases'

(a) Lease Income

Company as a Lessor

Other Income includes ₹ 471.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

(a) Lease Expense

Company as a Lessee

(i) Future minimum lease payments*

As at year end, the future minimum lease payments to be made under non-cancellable operating leases as follows:

	March,31 2020	March,31 2019
Payable within one year	49.72	-
Payable between one and five years	-	-
Payable after five years	-	-
Total	49.72	-

*The above lease payables figures have been arrived at without considering future escalations, which is subject to negotiations.

(ii) Amount recognized in profit or loss

	March,31 2020	March,31 2019
Lease expense-minimum lease payments	13.76	-
Total	13.76	-

(iii) Impact of adoption of Ind AS 116

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases " and applied the standard to all lease contracts existing on 1st April 2019 according to the provisions of standard.

On the transition date, the application of new accounting standard resulted in recognition of "Right of use asset" and corresponding "Lease Liability" to the extent of ₹ 214.82 Lakhs.

Particulars	Apr-Mar'20
Reclassified on account of adoption of Ind AS 116	-
Additions	214.82
Repayments(a)	178.87
Closing Lease liability	35.95
Interest Expenses in Finance cost(b)	13.76
Hitherto accounted as	
Rental Expenses (c) = (a)+(b)	192.63
Depreciation on Right of Use Assets(d)	167.76
Impact of adoption of Ind AS 116 in profit and Loss Account (d+b-c)	(11.11)

Particulars	March,31 2020	March,31 2019
Carrying value of Right of Use Assets	47.07	-

30. Assets Pledged as Security:

Particulars	31st March 2020	31st March 2019
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	13,253.71	10,166.28
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	13,253.71	10,166.28
Current assets		
First Charge		
Financial assets		
Trade receivable	5,933.22	5,847.16
Cash and cash equivalents		
Other bank balances		
Total Current assets pledged as security	5,933.22	5,847.16
Total assets pledged as security	19,186.92	16,013.43

31. Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Security Deposits	137.39	137.39	124.87	124.87
Trade Receivables	5,933.22	5,933.22	5,847.16	5,847.16
Cash and Cash Equivalents	583.57	583.57	258.60	258.60
Other Bank balances	33.05	33.05	45.05	45.05
Total Financial Assets	6,687.23	6,687.23	6,275.68	6,275.68
Financial Liabilities:				
Borrowings	3,964.65	3,964.65	4,081.98	4,081.98
Trade Payables	1,210.62	1,210.62	1,469.08	1,469.08
Other Financial Liabilities	3,265.81	3,265.81	2,665.31	2,665.31
Total Financial Liabilities	8,441.08	8,441.08	8,216.36	8,216.36

b) Fair Value Hierarchy:

The Company has estimated all its financial assets and liabilities under Level 3 prescribed under the Indian Accounting Standards.

c) Valuation Techniques:

The discount rates considered is the borrowing rate charged by the lead lender of the Company after giving effect to the applicable tax rate. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values due to their short-term nature. For financial assets and liabilities that are measured at fair value, the carrying amount is equal to their fair values.

32. Capital Management:

The Company monitors capital on the basis of total equity on periodic basis. Equity comprises of all components of equity including fair value impact and debt includes both long-term and short-term loans.

Particulars	As at 31st March 2020	As at 31st March 2019
Equity	4,426.73	4,426.73
Debt	3,964.65	4081.98
Total	8,391.38	8,508.71

33. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2020 and 31st March, 2019 are as under:

a) Income Tax recognized in Statement of Profit and Loss: (₹ in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current Tax	-	2.86
Deferred Tax	(3.78)	34.24
Total	(3.78)	37.10

Deferred tax asset as at 31st March, 2020 and 31st March, 2019 is recognized to the extent of Deferred tax liability arising out of temporary differences between accounting as per books and accounting as per Income Tax Act, 1961.

b) Reconciliation of Tax expense and the accounting profit multiplied by the tax rate:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit before tax	66.93	70.52
Tax on the above	-	2.86

Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:	-	
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	-	2.86

c) Tax assets / liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Opening tax (asset) / liability	(469.73)	(454.57)
Add : Taxes Paid	(40.00)	-
Add : Credit availed	(63.08)	(15.16)
Less : Refund		
Less: Current tax payable	-	-
Closing tax (asset) / liability	(572.81)	(469.73)

d) Deferred Tax

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liability:		
On account of Depreciation differences	160.76	-
On account of Employee Benefits		
Total Deferred Tax Liability	160.76	-
Deferred Tax Asset:		
On account of Depreciation differences		2.97
On account of Others	(221.51)	53.92
Total Deferred Tax assets available	(221.51)	56.90
Recognition of Deferred Tax Asset (Net)	60.75	56.90

34. Financial Risk Management:

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables and financial assets measured at amortized cost.	Ageing analysis	Diversification of bank deposits and LCs
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

a. Credit Risk:

The Company is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortized cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

b. Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company's objective in relation to its existing operating business is to maintain sufficient funding to operate at an optimal level.

Maturities of Financial Liabilities: 31st March, 2020:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	3,964.65			3,964.65
Trade Payables	1,210.62			1,210.62
Other Financial Liabilities	1,833.78	1,432.04		3,265.81
Total Financial Liabilities	7,009.05	1,432.04	-	8,441.09

31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,081.98	-	-	4,081.98
Trade Payables	1,469.08	-	-	1,469.08
Other Financial Liabilities	1,580.70	1,084.60	-	2,665.31
Total Financial Liabilities	7,131.76	1,084.60	-	8,216.36

c. Market Risk:

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as:

i) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure foreign currency risk in case of Trade and other payables.

ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2019 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS -107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable rate borrowings	3,964.65	4,081.98

Interest Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact of Profit before tax	
	31st March, 2020	31st March, 2019
Interest cost – increase by 5% on existing Interest cost*	28.94	25.66
Interest cost – decrease by 5% on existing Interest cost*	(28.94)	(25.66)

* Holding all other variables constant.

35. Disclosure on the impact of the COVID-19 pandemic

- a) Operations in India: The Company, in compliance with State and Central Government Lock down orders, shut down its Offices in India for the period 20 March 2019 to 7 May 2020, during which all employees worked from home. While Customer support and core operations team functioned fully, certain routine work like product development were not undertaken during this period. All the operations were resumed in a phased manner subsequently, in accordance with the procedures and guidelines issued by the Central, State Governments and the local authorities. Currently about 35% employees are physically attending office while the balance continue to work from home. For the staff who are working from home, the company has provided with appropriate infrastructure to facilitate work from home.
- b) Ability to maintain operations including units, office spaces functioning: Subsequent to receipt of permissions from the authorities, the Company has resumed its operations fully and is able to maintain its operations. Safety of our employees and their well-being being paramount during the current CoVID-19 pandemic, the Company has taken several measures to ensure their well-being including measures such as maintaining physical distancing, frequent use of hand sanitizer, wearing of face masks. The Company has developed a policy in line with directives issued by MHA and WHO. All the facilities have been properly sanitized so that our people are safe and secure at the workplace. All safety protocols of temperature sensing, wearing of safety gears, social distancing, facility and vehicle sanitizing etc are being adhered to stringently. Digital medium of communication for meetings etc is being used extensively and the organization as a whole has evolved to work under the new normal.
- c) Capital and financial resources: The Company did face delay in receipt of payments from its customers, during the period March till the mid of July 2020 resulting in periodic cash flow disruptions. From second half of July onwards the situation has improved. The company will continue to closely watch the situation in the coming month as it happens.
- d) Profitability: The Company did face an abrupt stoppage of on-going projects since beginning of March 2020 (resulting in a marginal revenue drop in 2019-20) but subsequently, most of them have been resumed by the customers. Being part of an essential & core services industry (Mobile Telecom), the company does not expect a major impact on its revenue or profitability during 2020-21 as of now.
- e) Supply chain: Due to impact of Covid-19 on the global supply chain, the delivery of hardware at our customer premises was delayed impacting implementation delivery times. This results in delayed collections from the customer. Also the payment terms and schedules to the suppliers had to be revised with unplanned cash outflows from the company. The Company hopes that the business will become normal soon.
- f) Internal financial reporting and control: The Internal financial reporting control have been intact. Since the offices are closed due to lockdown, challenges in availability of documents and preparation of financial reporting are being faced as compared to normal course. Financial reporting is delayed due to lockdown. All transactions are duly checked and authorized by concerned competent persons through emails.
- g) Ability to service debt and other financing arrangements: The Company did face difficulties during the period of April – June 2020 and availed interest moratorium during that period. However subsequently the operations and the resultant cash flows have returned to near normal levels and the Company has resumed interest payments etc. Hence the Company does not foresee any difficulty in servicing its debt and interest obligations moving forward.
- h) Estimation of future impact of COVID-19 on its operations: Business landscape is fast changing and continuously evolving. The circumstances are extremely dynamic, hence it is not in a position to ascertain, the future impact on its operations. The Company will continue to closely monitor the developments and the material impact, if any, will be disclosed from time to time to the stock exchanges.

36. Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification.

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Megasoftware Limited

Report on the Audit of the Standalone Ind AS Financial Statements

1. Opinion

We have audited the Standalone Ind AS Financial Statements of MEGASOFTWARE LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Standalone Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers":</p> <p>The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.</p> <p>Accordingly, the Company has not recognized revenue for sales</p>	<p>We assessed the Company's process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none">➤ Evaluated the process relating to implementation of the new revenue accounting standard.➤ Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard.➤ Identified the distinct performance obligations in these contracts.

	initiated in the current year for which physical delivery of goods has happened in the next financial year.	<ul style="list-style-type: none"> ➤ Compared these performance obligations with that identified and recorded by the Company. ➤ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals</p> <p>The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> ➤ We have reviewed the Joint Development Agreement. ➤ We have verified the Partial Occupancy certificate given by the ZM and Commissioner. ➤ We have verified the lease rental agreements entered into by the Company. ➤ We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.
3	<p>Evaluation of uncertain tax positions:</p> <p>The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer "Contingent Liability and Data for Notes on accounts" annexure.</p>	<ul style="list-style-type: none"> ➤ We obtained the list of legal cases filed by and on the Company. ➤ We Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. ➤ We also reviewed Company's correspondences and appeal documents. ➤ We obtained status reports from the existing counsels handling each case. ➤ Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. ➤ Ensured appropriate disclosure under Notes on accounts.

4. Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but doesn't include the Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Standalone Ind AS Financial Statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

(g) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigation on its financial position in its Standalone Ind AS Financial Statements – Refer Note no. 26 to the Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

For N.C. Rajagopal & Co.,
Chartered Accountants
(Firm Regn No.003398S)

Arjun S
Partner
(M No. 230448)
UDIN: 20230448AAAABJ8667

Place : Chennai
Date : 30 July 2020

ANNEXURE - A TO THE AUDITOR'S REPORT
(Referred to in Para 7 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment where by which property, plant and equipment are verified in phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment's were verified during the year and no material discrepancies were noticed on such verification. This periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a service company, primarily rendering products and services software services. Accordingly, it does not have any inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans except to its wholly owned subsidiary. The repayments are on demand and the terms are not prejudicial to the Company's interest. There are no overdue amounts on the loans granted to the wholly owned subsidiary.
- (iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act 2013, respectively.
- (v) The company has not accepted deposits from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, hence reporting under this clause does not arise.
- (vi) As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Act.
- (vii) (a) During the Financial Year, there have been delays by the Company in depositing undisputed statutory dues, as applicable to it, to the appropriate authorities.
- There are no arrears of outstanding statutory dues beyond the period mentioned in clause vii (a) of the Order as at the balance sheet date except for Tax deducted at Source of Rs.61.22 lakhs (out of which Rs.28.38 lakhs has been paid subsequently), Employee Provident fund of Rs.20.28 lakhs (paid subsequently), Employee State insurance of Rs.1.60 lakhs (paid subsequently) and Professional tax of Rs.0.58 lakhs (paid subsequently).
- (b) According to the information and explanations given to us following are the disputed dues payable in respect of Income Tax as on 31st March, 2020 : (1) Income tax and Interest amounting to Rs 379.71 lakhs pertaining to the Assessment Year 2012-13 (FY2011-12) is pending before the ITAT of which an amount of Rs. 40.00 Lakhs has been deposited with the Income Tax Department during the year. (2) Income tax and Interest amounting to Rs 248.38 lakhs pertaining to the Assessment Year 2013-14 (FY2012-13) is pending before the CIT Appeals. (3) Tax deducted at Source amounting to Rs 17.79 lakhs for Assessment Years 2014-15 to 2017-18 (FY 2013-14 to 2016-17) is pending at the TDS Circle.
- (viii) As per the information and records produced and verified by us, the company has not defaulted in repayment of dues to financial institution. The company has not raised money by way of debentures and did not have any dues in respect of loans and borrowings payable to banks or government.
- (ix) According to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer or term loans during the year.
- (x) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the company nor any fraud on the Company by its officers or employees during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act. Hence reporting under this clause does not arise.

(xiii) According to the information and explanation given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013 and the details have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not entered into any non cash transactions with directors or person connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, reporting under this clause does not arise.

For N.C. Rajagopal & Co.

Chartered Accountants
Firm Reg No : 003398S

Arjun S

(Partner)

Membership No. 230448

UDIN: 20230448AAAABJ8667

Place : Chennai
Date: 30 July 2020

ANNEXURE - B TO THE AUDITORS' REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Megasoft Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N.C. Rajagopal & Co.

Chartered Accountants
Firm Reg No : 003398S

Arjun S

(Partner)

Membership No. 230448
UDIN: 20230448AAAABJ8667

Place : Chennai
Date: 30 July 2020

Balance Sheet

	Note	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
ASSETS			
Non-Current assets			
Non-Financial assets			
Property, Plant and Equipment	2	13,468.80	10,473.40
Capital WIP	2	-	3,081.40
Financial Assets			
-Investments	3(i)	3,395.70	3,395.70
-Other Financial Assets	3(ii)	137.39	124.87
Deferred Tax Assets	4	61.28	57.50
Other Non Current Assets	5	6,350.59	6,362.08
Current Assets			
-Trade Receivables	6	4,456.14	3,823.04
-Cash And Bank Balances	7	11.71	73.81
Short Term Loans and Advances			
Other Balances with Bank	8	33.05	45.05
Current Tax Assets (Net)	9	571.62	469.73
Other Current Assets	10	582.05	746.34
Total Assets		29,068.33	28,653.26
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	10,396.21	10,340.59
Total Equity		14,822.95	14,767.32
Non-Current Liabilities			
Financial Liabilities			
-Other Financial Liabilities	12	1,432.04	1,084.60
Provisions	13	129.94	126.59
Current Liabilities			
Financial Liabilities			
- Borrowings	14	847.92	1,211.37
- Trade payables	15	1,181.03	1,245.99
- Other financial liabilities	16	158.64	148.86
Provisions-Current	17	860.35	746.11
Other current liabilities	18	9,635.47	9,322.42
TOTAL EQUITY & LIABILITIES		29,068.33	28,653.26
Significant accounting policies	1		
Other notes to Financial Statements	2-39		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil Kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Statement of Profit & Loss

	Note	For the year ended 31-Mar-2020 ₹ in lakhs	As at 31- Mar-2019 ₹ in lakhs
Revenue from Operations			
Revenue from sale of services	19	2,034.40	2,363.77
Other Income	20	650.28	1013.92
		2,684.68	3,377.69
Expenses			
Software, hardware and material cost		102.33	234.60
Employee benefits expense	21	775.73	1,153.31
Finance costs	22	366.67	373.25
Depreciation and amortisation expense		344.73	98.37
Other expenses	23	1,043.26	1,440.51
		2,632.73	3,300.04
Profit/(Loss) Before tax		51.94	77.66
Tax expense			
Current tax		-	2.26
Deferred tax		(3.78)	34.24
Total tax expense		(3.78)	36.50
Profit/(Loss) for the year		55.73	41.15
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		(0.10)	12.47
ii) Changes in Revaluation Surplus		-	2,773.73
B Items that will be reclassified to profit and loss			
i) Fair Value Changes in Equity Instruments through OCI		-	(2,221.38)
Other Comprehensive Income for the year		0.10	564.82
Total Comprehensive Income for the year		55.62	605.98
Earnings per equity share (in `)			
(1) Basic		0.13	0.09
(2) Diluted		0.13	0.09
Significant accounting policies	1		
Other notes to Financial Statements	2-39		
The notes referred to above form integral part of these financial statements			

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448
Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil Kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Statement of changes in equity

A Equity Share Capital				(Amounts in Lakhs)	
Equity shares of ` 10 each, Issued, Subscribed and Paid up	Balance as at 31st March, 2019	Changes in equity share capital	Balance as at 31st March, 2020		
Equity shares with voting rights	4,426.73	-	4,426.73		
Total	4,426.73	-	4,426.73		

B Other Equity							Other Comprehensive Income	Total
Particulars	Securities Premium Reserve	Reserves and Surplus				Retained Earnings		
		Capital Reserve	Business Reconst- ruction Reserve	General Reserve	Revaluation Reserve			
Balance as at 1st April 2019	250.66	5.59	21.38	2,546.75	2,773.73	6,923.26	(2,180.78)	10,340.59
Addition During the Current Year	-	-	-	-	-	-	(0.10)	(0.10)
Profit for the year	-	-	-	-	-	55.73	-	55.73
Balance as at 31st March 2020	250.66	5.59	21.38	2,546.75	2,773.73	6,978.99	(2,180.88)	10,396.21

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil Kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Cash Flow Statement

	For the year ended 31-Mar-2020	For the year ended 31-Mar-2019
	₹ in lakhs	₹ in lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	51.94	77.66
Adjusted for:		
Bad debts written off	340.00	700.45
Depreciation	344.73	98.37
Adjustments arising out of ROU Assets	(165.11)	-
Loss/(Profit) on sale of Fixed Assets	-	(0.63)
Gratuity	(0.10)	12.47
Interest Income	12.52	11.35
Interest & Bank Charges	366.67	373.25
Sundry Credit balance written back	-	(619.11)
Unrealised Foreign Exchange Fluctuation	147.92	(185.37)
Operating Profit Before Working Capital Changes	1098.57	468.44
Adjusted for:		
Trade and other Receivables	(1,062.40)	426.47
Trade and other payables	673.19	3,861.64
Other non - current assets	11.49	89.30
Other Financial Assets	(12.52)	(11.35)
Cash Generated from operations	708.32	4,834.50
Net prior year adjustments		
Current Tax (Current and relating to Previous years)	-	(2.26)
Deferred Tax	3.78	(34.24)
Minimum Alternate Tax Credit Entitlement		
Net Cash from / (Used in) Operating Activities [A]	712.11	4,798.00
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(3,124.96)	(3,843.61)
Capital Work In Progress (WIP)	3,081.40	-
Interest Income (Gross)	(12.52)	(11.35)
Net Cash from / (Used in) Investing Activities [B]	(56.08)	(3,854.96)
C Cash flow from Financial Activities		
Decrease on Short Term Borrowings	(363.45)	(488.06)
Repayment of deposits	12.00	(16.75)
Interest & Bank Charges	(366.67)	(373.25)
Net Cash flow from/(Used in) Financing Activities [C]	(718.12)	(878.05)
Net Cash Flows during the year {A+B+C}	(62.10)	64.98
Cash & Cash Equivalents(Opening Balance)	73.81	8.83
Cash & Cash Equivalents (Closing Balance)	11.71	73.81

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil Kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Megasoft Limited

Notes forming part of Financial Statements for the year ended March 31, 2020

Note 1A: Company information and Significant accounting policies

a. Background

Megasoft Limited, a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, on 29 June 1999 and is registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-national company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

b. Basis of Preparation

These Financial Statements have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rule, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The Financial Statements upto year ended 31st March 2017 were prepared in accordance with Generally Accepted Accounting principles(GAAP) in India, accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 2013 collectively referred to as "Indian GAAP". The company followed the provisions of IND AS 101 in preparing its opening IND AS Balance Sheet as on the date of transition viz. 1st April, 2016. Some of the Company's IND AS accounting policies used in the opening balance sheet are different from the previous GAAP policies applied as at 31st March, 2016 and accordingly adjustments were made to restate the opening balances as per IND AS. The adjustments arose from events and transactions before the date of transition of IND AS were recognised directly to Retained earnings as at 1st April, 2016, as required by IND AS 101.

Disclosures under IND AS are made only in respect of material items and in respect of the items that will be useful to the users of Financial Statements in making economic decisions.

c. Basis of Measurement

The Financial Statements have been prepared in going concern basis and on an accrual method of accounting. Historical cost is used in preparation of Financial Statements except for the following items which are measured at Fair value:

- i) Certain Financial assets and liabilities
- ii) Net Defined benefit (Asset)/ Liability

d. Functional and Presentation currency

The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs, except as stated otherwise.

e. Use of estimates and management judgement

The preparation of Financial Statements in conformity with the accounting policies requires the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Note 1B: Significant accounting policies

A Summary of significant accounting policies applied in the preparation of Financial Statements is given below. These accounting policies have been applied consistently to all the periods presented in the Financial Statements.

a. Revenue Recognition

Revenue from software development on time and material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the

contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current estimates. Revenue from product licenses and related revenue are recognized as follows:

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end use
- Product maintenance revenues, over the period of the maintenance contract

b. Property, Plant and Equipment

i. Initial and Subsequent Recognition:

All items of Property, Plant and equipment (PPE) are measured at Historical cost, which includes capitalised borrowing cost less accumulated depreciation and impairment loss, if any.

Items of spare parts, standby equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised. Other spare part are carried as inventory and recognised in the Statement of Profit and Loss on consumption.

Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation price adjustment, change in duties or similar factors, and the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Spare parts are recognised when they meet the definition of Property, Plant and Equipment , otherwise, such items are classified as inventory. On transition to IND AS, the company has elected to adopt the cost model i.e., cost less accumulated depreciation for all of its Property, Plant and Equipment as at 1st April, 2016. Except for land which has been revalued to reflect the fair value.

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

ii. Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight – line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on additions to/ deductions from property, plant and equipment during the year is charged on pro – rata basis from/ up to the month in which the asset is available for use/ disposed.

iii. Goodwill and Other Intangible Assets:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

iv. Capital work – in – progress:

The cost of self – constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis of the cost of related assets.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

v. Leases:

The company's lease assets primarily comprises of buildings. The company assesses whether a contract contains a lease at the inception of the contract. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 are accounted for as per the provisions of the standard. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Right of Use (ROU) assets have been recognized by the Company at an amount equal to the lease liability , adjusted for previously recognized prepaid or accrued lease payments.

c. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in IND AS 7 “Cash Flow Statement”.

d. Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities, and equity for the earliest period presented, are restated.

e. Income Tax

Income tax expense comprises Current and Deferred tax. Current Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for all temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

Deferred Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

f. Employee Benefits

Defined contribution plans: Contribution to defined contribution plans are recognized as expenses when employees have rendered services entitling them to such benefits.

Defined benefit plans: For defined benefit plans, the cost of providing benefits using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other Comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as expenses at the earlier of (a) when the plan amendment or curtailment occurs: and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

g. Foreign currency translation

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that are closely approximate to the rate at the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss except in cases of

exchange differences on account of depreciable assets are adjusted in cost of depreciable asset and would be depreciated over the balance life of asset.

h. Borrowing Cost

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

i. Impairment of Non – Financial Assets

The carrying amount of Company's Non – financial Assets are reviewed at each reported date to determine whether there is an indication of impairment 'considering the provisions of IND AS 36 "Intangible Assets"'.
Impairment loss is recognised if the carrying amount of the assets or its Cash Generating Units (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in Profit and Loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Non-Financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Earnings per share

Basic earnings per share are computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

k. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the Financial Statements and are disclosed in the Notes. A Contingent asset is neither recognized nor disclosed in the Financial Statements.

l. Business Combination

As part of the transition to IND AS, the company has decided to apply the IND AS 103, Business combinations, to only those business combinations that occurred on or after 1st April, 2015.

In respect of Business combinations, prior to 1st April, 2015, goodwill represents the amount recognised under the company's previous accounting framework under Indian GAAP and the same is tested annually for impairment.

m. Financial Instruments

All Financial Assets and Liabilities are recognised and measured initially at fair value adjusted by transaction cost, except for those carried at fair value through Profit or Loss which are measured initially at fair value. For the purpose of subsequent measurement, Financial Assets are classified into following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through Other Comprehensive Income (FVOCI)

➤ **Financial asset**

Amortised Cost

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income and foreign exchange differences on monetary assets, which are recognised in statement of profit and loss.

➤ **Financial Liabilities**

Initial recognition and measurement

All financial liabilities are initially recognised at Book value and in the case of loans and borrowings and payables, net of attributable transaction costs (example: Upfront processing fees).

The company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts and financial guarantee contracts.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivate financial instruments are accounted for at FVTPL.

2 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1-Apr-2019	Additions/ Revaluation	Deletions / Adjustments	Cost as at 31-Mar-2020	As at 1-Apr-2019	For the period/ year	On Deletions / Adjustments	Total as at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
(A) Tangible Assets										
Land & Land Development	3673.33	-	-	3,673.33	-	-	-	-	3,673.33	3,673.33
Building	6,492.95	3,087.43	-	9,580.38	25.65	110.72	-	136.37	9,444.01	6,467.30
Leasehold building(ROU)		214.83		214.83		167.76		167.76	47.07	
Plant & Machinery	160.07	0.11	-	160.18	65.28	19.98	-	85.26	74.93	94.79
Computer systems & Software	1,480.61	30.31	-	1,510.93	1,385.71	45.65	-	1,431.36	79.57	94.90
Furniture & Fittings	181.97	7.10		189.07	38.54	0.63	-	39.17	149.89	143.42
Vehicles	67.08		-	67.08	67.08			67.08	-	-
Sub Total	12,056.00	3,339.79	-	15,395.79	1,582.26	344.73	-	1,927.00	13,468.80	10,473.74
(B) Intangible Assets										
Intellectual Property Rights	68.00	-	-	68.00	68.00	-	-	68.00	-	-
Patents	2.68	-	-	2.68	2.68	-	-	2.68	-	-
Sub Total	70.68	-	-	70.68	70.68	-	-	70.68	-	-
(C) Capital WIP	3,081.40	-	3,081.40	-	-		-	-	-	3,081.40
Total	15,208.08	3,339.79	3,081.40	15,466.47	1,652.94	344.73	-	1,997.68	13,468.80	13,555.14
Previous year	8,590.12	9,617.96	3,000.00	15,208.08	1,554.57	98.37	-	1,652.94	13,555.14	7,035.55

DESCRIPTION	Property, Plant and equipment	Right of Use Asset	Total
Gross Carrying Value			
As at March 31, 2019	12,056.00	-	12,056.00
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind As 116	-	-	
Additions	3,124.96	214.83	3,339.79
Disposals	-	-	
As at March 31, 2020	15,180.96	214.83	15,395.79
Accumulated Depreciation			
As at March 31, 2019	1,582.26	-	1,582.26
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind AS 116	-	-	
Charge for the year	176.97	167.76	344.73
Adjustment for disposal	-	-	
As at March 31, 2020	1,759.23	167.76	1,927.00
Net Block as at March 31, 2019	10,473.74	-	10,473.74
Net Block as at March 31, 2020	13,421.73	47.07	13,468.80

Summary of Depreciation charged In P&L account	
On account of ROU assets (Ind AS 116)	167.76
On account of Others (incl. Building)	176.97
	344.73

	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
3 Financial Asset		
(i) Investment Measured at Cost		
In Subsidiaries Companies		
Megasoft Consultants Sdn Bhd		
A company incorporated in Malaysia	63.63	63.63
XIUS Holding Corp(Formerly, Boston Communications Group,Inc.)		
A company incorporated in USA	-	-
Sub Total	63.63	63.63
Investment Measured at Fair Value through OCI		
XIUS Holding Corp(Formerly, Boston Communications Group,Inc.)		
Megasoft – Hyderabad	3,332.07	3,332.07
Sub Total	3,332.07	3,332.07
Total	3,395.70	3,395.70
(ii) Security Deposit	137.39	124.87
Sub Total	137.39	124.87
Total	3,533.09	3,520.57
4 Deferred Tax Asset - Non Current		
On account of depreciation	(160.22)	3.58
On account of others(including carried forward loss)	221.51	53.92
Total	61.28	57.50
5 Other Non Current asset		
Loans and Advances to Subsidiary Company	6,350.59	6,350.59
Prepaid expenses	-	11.49
Total	6,350.59	6,362.08
6 Trade Receivables		
Unsecured, considered good		
- Exceeding six months from the date they were due for payment	3,245.98	2,976.13
- Others	1,210.16	846.91
Total	4,456.14	3,823.04
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	11.71	73.69
- Cash on hand	0.01	0.13
Total	11.71	73.81
8 Other Bank balances		
Deposits held as Margin Money	33.05	45.05
Total	33.05	45.05
9 Current Tax (Liabilities)/Asset		
Advance Tax (Net off Provision For Taxation)	571.62	469.73
Total	571.62	469.73
10 Other Current Assets		
Prepaid Expenses	27.76	63.36
Security Deposits	49.85	49.85
Accrued Interest Receivable	14.99	14.18
Indirect Tax Receivable	361.29	528.46
Other Advances		
-Staff Advances	98.98	21.67
-Others	29.18	68.81
Total	582.05	746.34

11A : Share Capital

a) Authorised Capital	7,500.00	7,500.00
7,50,00,000 Equity shares of ₹ 10 each (PYs: 7,50,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00
Issued, Subscribed and Fully Paid up Capital 4,42,67,293 Equity Shares of ₹ 10/- each, Fully paid up (PY : 2018- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up) (PY : 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)	4,426.73	4,426.73
	4,426.73	4,426.73

b) Reconciliation of number of shares outstanding at the beginning and end of reporting period

Particulars	Equity Shares		Equity Shares	
	As at 31st March,2020		As at 31st March,2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

c) (i) Rights and Preferences attached to equity shares

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

d) Details of shareholders holding more than 5 % shares in the company

Particulars	As at 31st March,2020		As at 31st March,2019	
	No. of shares	%	No. of shares	%
I labs Venture Capital Fund	37,62,375	8.50%	37,62,375	8.50%
Ravindra Babu S	26,88,768	6.07%	26,88,768	6.07%
Venkatraman Kumar Gandaravakottai	22,26,911	5.03%	22,26,911	5.03%

e) During the period of five years immediately preceding the reporting date including the current year, the company has neither bought back nor issued any bonus shares.

	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
11 B Other Equity		
a Securities premium account		
Opening balance	250.66	250.66
Closing balance	250.66	250.66
b Capital Reserve	5.59	5.59
Closing balance	5.59	5.59
c Business Reconstruction Reserve	21.38	21.38
Closing balance	21.38	21.38
d General Reserve	2,546.75	2,546.75
Closing balance	2,546.75	2,546.75
e Retained earnings		
Opening balance	6,923.26	6,882.11
Net Profit/ (Loss) for the year	55.73	41.15
f Retained Earnings	6,978.99	6,923.26
g Revaluation Surplus	2,773.73	2,773.73
h Other Comprehensive Income		
As per Last Balance Sheet	(2,180.78)	28.13
Add: Movement in OCI during the year (net)	(0.10)	564.82
Less: Transfer to Revaluation Surplus	-	(2,773.73)
Total Other Comprehensive Income	(2,180.88)	(2,180.78)
Total Other Equity	10,396.21	10340.59

	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
12 Other Financial Liability - Non Current		
Security Deposit-JDA	1,302.39	1,030.86
Deferred Premium Translation of financial Liabilities	129.64	53.75
Total	1,432.04	1,084.60
13 Provisions - Non Current		
Provision for Gratuity	102.28	102.28
Provision for Leave encashment	27.13	24.32
Total	129.24	126.59
14 Borrowings – Current		
Secured		
Loans repayable on demand - Working Capital Loan	847.92	1,211.37
Unsecured		
Others	-	-
Total	847.92	1211.37
15 Trade Payables		
Due to micro, small and medium and micro enterprises	-	-
Due to creditors other than micro, small and medium enterprises	1,181.03	1,245.99
Total	1,181.03	1,245.99
16 Other Financial Liabilities		
Interest Accrued and due on Borrowings	68.86	55.00
Deferred premium translation of Financial Liabilities	40.06	93.86
Current maturities of finance lease obligations	49.72	-
Total	158.64	148.86
17 Provisions – Current		
Provision for Gratuity	10.41	59.35
Provision for Leave Encashment	6.11	21.46
Provision for Outstanding Expenses	843.83	665.30
Total	860.35	746.11
18 Other current liabilities		
Statutory Dues Payable	198.52	88.03
Salary Payable	312.23	248.98
Other Payables*	9,124.72	8,985.42
* Includes amounts on JDA transaction.		
Total	9,635.47	9,322.42
19 Revenue From Operation		
Revenue from sale of services	2034.40	2,363.77
Total	2,034.40	2,363.77
20 Other Income		
Interest Income - Security Deposit (Ind AS)	12.52	11.35
Amortization Income - JDA Land (Ind AS)	78.31	83.59
Other non-operating income		
Rental Income	471.90	112.90
Interest Received	1.16	0.97
Sub Total	563.89	208.81
Other gains and losses		
Creditor Written Back	-	619.11
Net foreign exchange gain	86.30	185.37
Profit on Sale of Fixed Asset	-	0.63
Miscellaneous	0.09	-
Sub Total	86.39	805.11
Total	650.28	1,013.92
21 Employee Benefit expense		
Salaries and Wages	693.77	1,059.37
Contribution to Provident Fund and other funds	45.40	59.45
Staff Welfare	36.57	34.49
Total	775.73	1,153.31

	As at 31-Mar-2020 ₹ in lakhs	As at 31-Mar-2019 ₹ in lakhs
22 Finance costs		
Interest expenses		271.69
- Interest on Bank Loan	131.49	
- Interest on Ind AS and Others	169.94	
Bank Charges	65.24	101.56
Total	366.67	373.25
23 Other expenses		
Services Rendered by business associates and Others	158.23	43.93
Electricity Charges	67.83	70.27
Insurance Expenses	11.79	41.19
Travelling and conveyance	38.91	39.60
Legal and professional charges	29.76	25.73
Rates and taxes	104.62	18.56
Rent	33.98	203.56
Repairs and Maintenance	89.65	82.69
Security charges	15.80	11.51
Communication costs	21.86	19.99
Business promotion expenses	3.42	131.40
Printing and stationery	5.79	4.92
Audit fees (Excluding Taxes)		
For Statutory Audit	13.00	13.00
Tax and Other Matters	-	-
Sitting fees paid	6.60	4.35
Provision for doubtful Debts	-	
Bad Debt Written Off	340.00	700.45
Commission	78.65	-
Miscellaneous expenses	23.39	29.35
(under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ` 10 Lakhs whichever is higher)		
Total	1,043.26	1,440.51
24 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	55,72,717	41,15,494
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.13	0.09
25 Related party transactions		
A. Wholly owned Subsidiary companies		
Megasoft Consultants Sdn Bhd, Malaysia		
XIUS Holding Corp, USA		
XIUS Corp, USA (Step down subsidiary of XIUS Holding Corp, USA)		
XIUS S DE RL DE CV, formerly Boston Communications Group De Mexico, S.R.L (Step down subsidiary of XIUS Holding Corp, USA)		
B Associates		
Entities controlled by Director/s		
D Sudhakar Reddy		
NMR Property Development Private Limited	Sricity Holdings India Private Limited	
Sricity Private Limited	Sricity Utility Services Private Limited	
Suprani Farms Private Limited	Sri Dhruva Builders Private Limited	
C. Directors & Key Management Personnel		
GV Kumar – Managing Director		
D Sudhakar Reddy – Executive Director-till 26.10.2019		

Details of Related Party Transactions during the year :

Particulars	For Year Ended 31.03.2020	For year ended 31.03.2019
Wholly Owned Subsidiary Companies		
Sale of Services :		
1. Megasoft Consultants Sdn Bhd	95.19	749.49
2. XIUS Corp , USA	1,680.26	857.23
Corporate Guarantees for Foreign Currency Loan from Bank :		
1. XIUS Holding Corp , USA	3,116.74	2,870.61
Associates :		
1. Reimbursement of Common Expenses received	(2.40)	9.64
2. Due to / (from)	-	(2.40)
3. Remuneration to Executive Directors	46.48	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	6.60	4.35
Balance at the end of the year :		
A. Trade Receivables :		
Megasoft Consultants Sdn Bhd	533.44	574.81
XIUS Corp, USA	1,255.96	132.58
XIUS S DE RL DE V (formerly Boston Communications Group De Mexico, S.R.L)	79.60	79.60
B.Loans and Advances		
XIUS Holding Corp , USA	6,350.59	6,350.59
Maximum amount Outstanding during the year		
XIUS Holding Corp , USA	6,350.59	6,350.59

26 Commitments & Contingencies

- | | | |
|---|--------|--------|
| (i) Bank guarantees | 176.29 | 168.84 |
| (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company. | | |
| (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal. | | |

27 Payment to Auditors

Audit fee (including taxes)	13.00	13.00
Tax and Other Matters	--	--

28 Expenditure in foreign currency

Travel expenses	2.62	4.83
Software development expenses and hardware material	86.87	488.22

29 Earnings in foreign currency

Software development services	1,916.97	2,275.85
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30 Employee benefits:

Gratuity Plan (defined benefit plan): Every employee is entitled to the benefit equivalent to 15 days of total gross salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

Based on actuarial valuation necessary provisions have been created in the books to meet the liability as per IndAS 19 - Employee Benefits. Following table presents the disclosure requirements in respect of employee benefit pursuant to IndAS 19 - Employee Benefits:

Reconciliation of balances of the present value of the defined benefit obligation

Particulars	Gratuity	
	31-03-2020	31-03-2019
Present Obligation at period beginning – Current	161.63	156.54
Service cost	9.59	15.58
Interest on defined benefit obligation	12.34	12.17
Past Service Cost	-	-

Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(70.44)	(10.20)
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss-Due to Change in Demographic Assumptions	1.96	4.76
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	4.99	1.17
Actuarial (gain) / Loss- Due to Change In Financial Experience	(6.85)	(18.41)
Present Value of Benefit Obligation at the End of the Period	113.23	161.63

Amount Recognized in Balance Sheet

Particulars	31 st March 2020	31 st March 2019
(Present Value of Benefit Obligation at the end of the Period)	(113.23)	(161.63)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(113.23)	(161.63)
Net (Liability)/Asset Recognized in the Balance Sheet	(113.23)	(161.63)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2020	31 st March 2019
Current Service Cost	9.59	15.58
Net Interest Cost	12.34	12.17
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	21.94	27.76

Expenses Recognized in Other Comprehensive Income (OCI) for Current Period

Particulars	31 st March 2020	31 st March 2019
Actuarial (Gains)/Losses on Obligation for the period	0.10	(12.47)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	0.10	(12.47)

Sensitivity Analysis

Particulars	31 st March 2020	31 st March 2019
Projected Benefit Obligation on Current Assumptions	113.23	161.63
Delta Effect of +1% Change in Rate of Discounting	(7.04)	(7.91)
Delta Effect of -1% Change in Rate of Discounting	7.95	9.03
Delta Effect of +1% Change in Rate of Salary Increase	6.84	7.93
Delta Effect of -1% Change in Rate of Salary Increase	(5.39)	(7.09)
Delta Effect of +1% Change in Rate of Employee Turnover	0.35	1.33
Delta Effect of -1% Change in Rate of Employee Turnover	(0.38)	(1.48)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

31 Segment Reporting

The Company prepares consolidated financial statements, hence as per INDAS 108 on Segment Reporting, segment information has not been provided in the stand alone financial statements

32 Leases

Information on leases as per Indian Accounting Standards (Ind As) 116 on 'Leases'

(a) Lease Income

Company as a Lessor

Other Income includes ₹ 471.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

i) Lease Expense

Company as a Lessee

(i) Future minimum lease payments*

As at year end, the future minimum lease payments to be made under non-cancellable operating leases as follows:

	March,31 2020	March,31 2019
Payable within one year	49.72	-
Payable between one and five years	-	-
Payable after five years	-	-
Total	49.72	-

*The above lease payables figures have been arrived at without considering future escalations, which is subject to negotiations.

(ii) Amount recognized in profit or loss

	March,31 2020	March,31 2019
Lease expense-minimum lease payments	13.76	-
Total	13.76	-

(iii) Impact of adoption of Ind AS 116

Effective 1st April 2019, the company has adopted Ind AS 116 " Leases " and applied the standard to all lease contracts existing on 1st April 2019 according to the provisions of standard.

On the transition date, the application of new accounting standard resulted in recognition of " Right of use asset" and corresponding "Lease Liability" to the extent of ₹ 214.82 Lakhs.

Particulars	Apr-Mar'20
Reclassified on account of adoption of Ind AS 116	-
Additions	214.82
Repayments(a)	165.11
Closing Lease liability	49.71
Interest Expenses in Finance cost(b)	13.76
Hitherto accounted as	
Rental Expenses (c) = (a)+(b)	178.87
Depreciation on Right of Use Assets(d)	167.76
Impact of adoption of Ind AS 116 in profit and Loss Account (d+b-c)	2.65

Particulars	March,31 2020	March,31 2019
Carrying value of Right of Use Assets	47.07	-

33 Assets Pledged as Security:

Particulars	31st March 2020	31st March 2019
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	13,253.71	10,166.28
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	13,253.71	10,166.28
Current assets		
First Charge		
Financial assets		
Trade receivable	4,456.14	3,823.04
Cash and cash equivalents		
Other bank balances		
Non - Financial Assets		
Inventories		
Total Current assets pledged as security	4,456.14	3,823.04
Total assets pledged as security	17,709.85	13,989.32

34 Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Investment	3,395.70	3,395.70	3,395.70	3,395.70
Security Deposits	137.39	137.39	124.87	124.87
Trade Receivables	4,456.14	4,459.23	3,823.04	3,823.04
Cash and Cash Equivalents	11.71	11.71	73.81	73.81
Other Bank balances	33.05	33.05	45.05	45.05
Total Financial Assets	8,033.99	8,037.09	7,462.47	7,462.47
Financial Liabilities:				
Borrowings	847.92	847.92	1,211.37	1,211.37
Trade Payables	1,181.03	1,245.99	1,255.59	1,255.59
Other Financial Liabilities	1,590.68	1,590.68	1,233.46	1,233.46
Total Financial Liabilities	3,619.63	3,684.59	3,700.42	3,700.42

b) Fair Value Hierarchy:

The Company has estimated all its financial assets and liabilities under Level 3 prescribed under the Indian Accounting Standards.

c) Valuation Techniques:

The discount rates considered is the borrowing rate charged by the lead lender of the Company after giving effect to the applicable tax rate. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values due to their short-term nature. For financial assets and liabilities that are measured at fair value, the carrying amount is equal to their fair values.

35 Capital Management:

The Company monitors capital on the basis of total equity on periodic basis. Equity comprises of all components of equity including fair value impact and debt includes both long-term and short-term loans.

Particulars	As at 31st March 2020	As at 31st March 2019
Equity	4,426.73	4,426.73
Debt	847.92	1,211.37
Total	5,274.65	5,638.10

36. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2020 and 31st March, 2019 are as under:

a) Income Tax recognized in Statement of Profit and Loss:

(Amounts in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current Tax	-	2.26
Deferred Tax	(3.78)	34.24
Total	(3.78)	36.50

Deferred tax asset as at 31st March, 2020 and 31st March, 2019 is recognized to the extent of Deferred tax liability arising out of temporary differences between accounting as per books and accounting as per Income Tax Act, 1961.

b) Reconciliation of Tax expense and the accounting profit multiplied by the tax rate:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit before tax	51.94	77.66
Tax on the above	-	2.26
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	-	2.26

c) Tax assets / liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Opening tax (asset) / liability	(469.73)	(454.57)
Add : Taxes Paid	(40.00)	-
Add : Credit availed	(61.89)	(15.16)
Less : Refund	-	-
Less: Current tax payable	-	-
Closing tax (asset) / liability	(571.62)	(469.73)

d) Deferred Tax

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liability:		
On Account of Depreciation differences	160.22	-
On account of Employee Benefits	-	-
Total Deferred Tax Liability	160.22-	-
Deferred Tax Asset:		
On account of Depreciation differences		3.58
On account of Employee Benefits	33.51	53.92
On Account of carried forward losses	187.99	
Total Deferred Tax assets available	221.51	57.50
Recognition of Deferred Tax Asset(Net)	61.28	57.50

37 Financial Risk Management:

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables and financial assets measured at amortized cost.	Ageing analysis	Diversification of bank deposits and LCs
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

a) Credit Risk:

The Company is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortized cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company's objective in relation to its existing operating business is to maintain sufficient funding to operate at an optimal level.

Maturities of Financial Liabilities: 31st March, 2020:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	847.92	-	-	847.92
Trade Payables	1,181.03	-	-	1,181.03
Other Financial Liabilities	158.64	1,432.04	-	1,590.68
Total Financial Liabilities	2,187.59	1,432.04	-	3,619.63

31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,211.37	-	-	1,211.37
Trade Payables	1,245.99	-	-	1,245.99
Other Financial Liabilities	148.86	1,084.60	-	1,233.46
Total Financial Liabilities	2,606.22	1,084.60	-	3,690.82

c) Market Risk:

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as:

i) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure foreign currency risk in case of Trade and other payables.

ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2020 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS -107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable Rate Borrowings	847.92	1,211.37

Interest Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact of Profit before tax	
Interest sensitivity	31st March, 2020	31st March, 2019
Interest cost – increase by 5% on existing Interest cost*	15.07	13.58
Interest cost – decrease by 5% on existing Interest cost*	15.07	(13.58)

* Holding all other variables constant.

38. A detailed note is provided under note 35 of notes to consolidated financial statements.

39. Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S
Membership No: 230448
Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer



MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

85, Kutcheri Road, Mylapore, Chennai 600004, Tamilnadu, India.

www.megasoft.com

Notice of the 20th Annual General Meeting

Notice is hereby given that the **20th Annual General Meeting (AGM)** of the Members of **MEGASOFT LIMITED** will be held on Tuesday, the 22nd September, 2020, at 10.00 a.m. IST through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) to transact the following businesses:-

Ordinary Business:

(1) Adoption of Financial Statements

To receive, consider and adopt:

- (i) The Audited Financial Statements of the Company for the year ended 31st March 2020, the report of the Auditors thereon and the Board’s Report.
- (ii) The Audited Consolidated Financial Statements of the Company for the year ended 31st March 2020 and the report of the Auditors thereon.

(2) Re-appointment of Director

To appoint a Director in place of Mr.G. V. Kumar (DIN- 00059107), who retires by rotation and, being eligible offers himself for re-appointment.

Special Business

(3) Appointment of Branch Auditor

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 143(8) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Rules framed thereunder, the Board be and is hereby authorized to appoint from time to time Branch Auditors of any Branch office of the Company, whether existing or which may be opened/acquired hereafter outside India, based on the recommendation of the Audit/ Risk & Compliance Committee, in consultation with the Company’s Auditors, any person(s) qualified to act as Branch Auditor within the meaning of section 143(8) of the Companies Act, 2013 and to fix their remuneration.”

(4) Re-classification of the promoters of the Company:

To consider and if thought fit, to give assent / dissent to the following Resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to Regulation 31A and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed there under (including any statutory modification(s) or re-enactment thereof), subject to necessary approvals from the SEBI, Stock Exchanges and other appropriate statutory authorities, as may be necessary, the approval of the Members of Company be and is hereby accorded for re-classification of Mr. S Ravindra Babu, S.Ravindra Babu (HUF) and S. Rajagopal Reddy, from 'Promoter Category' to 'Public Category' as per their request letter dated 27th September 2019 in respect of 32,03,956 (Thirty Two Lakhs Three Thousand Nine Hundred and Fifty Six equity shares held by them.”

“RESOLVED FURTHER THAT the promoters seeking re-classification along with its promoter group and person acting in concert shall not:

- (i) together, hold more than ten percent of the total voting rights in the listed entity;
- (ii) exercise control over the affairs of the listed entity directly or indirectly;
- (iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;
- (iv) be represented on the board of directors (including not having a nominee director) of the listed entity;
- (v) act as a key managerial person in the listed entity;
- (vi) be a 'willful defaulter' as per the Reserve Bank of India Guidelines;
- (vii) be a fugitive economic offender.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to submit the application for re-classification to the Stock Exchange, wherein the securities of the company are listed or any other regulatory body, as may be required, and to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution including filing of necessary forms / returns with the Ministry of Corporate Affairs / Stock Exchanges / other authorities concerned.”

By order of the Board of Directors
For **Megasoft Limited**

.....
GV Kumar
(DIN: 00059107)
Managing Director

Place: Hyderabad
Date: 30thJuly2020

NOTES:

- 1 In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 14/2020 dated April 8,2020. General Circular No. 17/2020 dated April 13,2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively “MCA Circulars”), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of the members at a common venue. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 20th AGM of the Company is being convened and conducted through VC/ OAVM. The deemed venue of the AGM shall be the Registered Office of the Company.
- 2 The Company has enabled the Members to participate at the 20th AGM through the VC/ OAVM facility and has engaged Central Depository Services Limited (CDSL) to provide the said facility. The instructions for participation by Members are given in the subsequent paragraphs.
- 3 A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to certain ordinary business and the special businesses to be transacted at the 20th AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to investors@megasoft.com.
- 4 As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 20th AGM is being held through VC/ OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 20th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- 5 Since the 20thAGM is being held through VC/ OAVM, the route map of the venue of the Meeting is not annexed to this Notice.
- 6 As per the provisions under the MCA Circulars, Members attending the 20thAGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.The Company has appointed Mr. M Damodaran & Associates, LLP, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.
- 7 The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer’s Report and submit the same to the Chairman. The result of e-voting will be declared within 48 hours of the conclusion of the Meeting and the same, along with the consolidated scrutinizer’s Report will be placed on the website of the company www.megasoft.com and on the website of CDSL at <https://evoting.india.com>. The results will simultaneously be communicated to the stock exchanges.
- 8 The Register of Members and Share Transfer books will remain closed from Wednesday, September 16, 2020 to Tuesday, September 22, 2020 (both days inclusive).
- 9 Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the Company has enabled a process for the limited purpose of receiving the Company’s Annual Report and Notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address by accessing the link <https://investors.cameoindia.com/>
- 10 After due verification, the Company/ CDSL will forward your login credentials to your registered email address.
- 11 You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending further communication(s).
- 12 Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or its Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the Members after

making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.

- 13 In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
- 14 Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be:- a) the change in the residential status on return to India for permanent settlement, and b) the particulars of the NRE account with a Bank in India, if not furnished earlier.
- 15 Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent or the Secretarial Department of the Company at its registered office.
- 16 The following documents will be available for inspection by the Members electronically during the 20th AGM: a) Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013. Members seeking to inspect such documents can send an email to investors@megasoft.com.
- 17 In case of any queries regarding the Annual Report, the Members may write to investors@megasoft.com to receive an email response.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

- 1) In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, the notice of the 20th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at <http://www.megasoft.com/reports.html>?, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
- 2) Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, Cameo Corporate Services Limited, Subramanian Building" No.1 Club House Road Chennai-600002, Tamilnadu at agm@cameoindia.com.

PROCEDURE FOR MEMBERS FOR E-VOTING:

- (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations, the Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting ("**remote e-voting**") and e-voting during the AGM.
- (ii) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (iii) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer M. Damodaran & Associates LLP at the email address at secretarial@mdaassociates.co.in and to the Company at the email address viz; investors@megasoft.com, if they have voted from individual tab & not uploaded

same in the CDSL e-voting system for the scrutinizer to verify the same.

(iv) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

(v) The voting period begins on Friday, September 18,2020 at 9.00 A.M. and ends on Monday, September 21,2020 at 5.00 P.M. The e-voting module shall be disabled by CDSL for voting thereafter.

(vi) A person whose names is recorded in the register of members or in register of beneficial owners maintained by Depositories, as on the cut-off date i.e. September 15 ,2020 shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting at the AGM.

Members joining the meeting through VC/ OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC/ OAVM but shall not be entitled to cast their vote again.

(vii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

(viii) The shareholders should log on to the e-voting website www.evotingindia.com.

- A. Click on Shareholders.
- B. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the company.
- C. Next enter the Image Verification as displayed and Click on Login.
- D. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- E. If you are a first time user follow the steps given below:
- F. After entering these details appropriately, click on “SUBMIT” tab.

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the Megasoft Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/ OAVM:

1. Members as on the cut-off date i.e. Monday, September 14, 2020 may access the platform to attend the AGM through VC/ OAVM or the link for VC/ OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed .
2. The link for the AGM will be available in the shareholder/Members login where the “Event” and the “Name of the company” can be selected. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.
3. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
4. Members are requested to follow the procedure given below:
 - i. Launch internet browser (Google Chrome /Safari/Internet Explorer/Microsoft Edge/Mozilla Firefox 22.
 - ii. Enter the login credentials (i.e. User name and Password for e-voting)
 - iii. Members will be required to grant access to the web-cam to enable two-way video conferencing.
 - iv. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC/ OAVM in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
5. Members who may want to express their views / speak at the AGM may request the Company via an email to investors@megasoft.com and providing their name, demat account number/ folio number, email ID and mobile number. Members who wish to ask questions / queries at the AGM may write to the Company at the email address investors@megasoft.com, by mentioning the question / query, their name, demat account number/ folio number, email ID and mobile number. The request to speak and the questions / queries must be received by the company 7 days prior to the date of AGM. Participation at the AGM through VC/ OAVM shall be allowed on a first-come-first-served basis.
6. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542)
7. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Annexed to the Notice convening the 20th Annual General Meeting to be held on Friday, 18th September, 2020.

Item No.3 – Appointment of Branch Auditor

The Company has branches outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches to meet the compliance of laws applicable in those countries. The Members are requested to authorize the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the Resolution.

Your Directors, therefore, recommend the resolution for your approval as Ordinary Resolution.

Item No.4– Re-classification of the Promoters of the Company:

The Members be informed that the Company has received request vide letter dated 27th September 2019 from S. Ravindra Babu, S. Ravindra Babu (HUF) and S.Rajagopal Reddy for re-classification of their shareholding from promoter & promoter group category to public category in respect of 32,03,956 (Thirty Two Lakh Three Thousand Nine Hundred and Fifty Six) equity shares held, by them stating that they are not engaged in the management of day to day affairs of the Company and also do not have any right or control the management or policy decisions of the Company in any manner whatsoever including by virtue of their shareholding. Accordingly, the Board of Directors of the Company at its Meeting held on 14.11.2019 considered to place the request for the approval by the Members of the Company at the ensuing General Meeting held within the time frame of these regulations i.e. after a time gap of at least three months but not exceeding six months between the date of board meeting and the shareholder's meeting considering the request of the promoter(s) seeking re-classification, subject to the approval of Stock Exchanges and/or such other approval, if any, as may be necessary in this regard. However, due to prevailing Corona Virus (COVID-19) and imposition of total lockdown by the Central Government w.e.f. mid night of 24th March, 2020 resulting into stoppage of inter alia, printing and courier services which was needed to complete the above postal ballot process, the Company was not able to complete the printing of notice and dispatching of the same to the shareholders within the aforesaid timeframe. Hence, the Company made an application to the SEBI on 29.04.2020 requesting for waiver of the time limit for obtaining the approval of the Members as above and since then the Company is awaiting the nod of the regulator. Accordingly, this resolution shall also be subject to approval of the wavier application made by the Company under Regulation 102 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the Resolution.

Your Directors, therefore, recommend the resolution for your approval as Ordinary Resolution.

By order of the Board of Directors
For **Megasoft Limited**

.....
GV Kumar
(DIN: 00059107)
Managing Director

Place: Hyderabad
Date: 30th July, 2020

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Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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